
Uranium

The exemption of Canada from any U.S. restrictions on enrichment of foreign uranium removes a major threat to the continued export of Canadian uranium concentrate to the United States. These exports are valued at approximately \$350 million per year. Moreover, if the U.S. restrictions continue to apply to uranium sourced in third countries, Canada's position in the U.S. uranium market will be considerably enhanced.

Elimination of Canada's further processing policy could have a negative impact on Eldorado Nuclear's processing business. Eldorado Nuclear maintains, however, that the recent \$300 million investment in upgrading their refining and conversion facilities enables them to be cost competitive in the world market for uranium

refining and conversion services, provided they are given fair and equal access to markets in importing countries. The intent of the Canada-U.S. Free Trade Agreement is to provide fair access to the U.S. market, and the further processing policy will remain in place for exports to countries other than the United States, which currently purchase more than 80 per cent of total Canadian exports of processed uranium.

Any loss of revenues due to reduced sales of processed uranium to the United States might be offset by the higher sales of uranium concentrate that should result from the Agreement.