ANNEX II

TECHNICAL NOTE

1) PRORATA PRINCIPLE

Where Canadian material is produced, processed or used together with material of other origin, materials produced as well as losses during the operation will be attributed to materials subject to the Canada/Euratom Agreement in proportion to the percentage of materials subject to that agreement initially included in the mixture. The words "produced, processed or used" cover conversion, fabrication, enrichment, reprocessing and irradiation.

2) INTERPRETATION WITH RESPECT TO DOUBLE LABELLING

In many cases, material which originates in one of the Contracting Parties to the 1959 Agreement between the Government of Canada and the European Atomic Energy Community (Euratom) for Co-operation in the Peaceful Uses of Atomic Energy, as amended, is sent to a third State for processing, including conversion, enrichment and fabrication, before delivery to the receiving Contracting Party. Such processed material is obtained by the receiving Contracting Party pursuant to the 1959 Agreement and is therefore subject to the provisions of that Agreement, as amended.

It is recognized that there is legitimate concern regarding the accumulation of safeguard provisions over nuclear material and the resulting administrative problems. These difficulties are being considered in international fora and suppliers and recipients should continue to seek mutually satisfactory solutions, both bilaterally and multilaterally.