

commission. These joint purchasing arrangements were handled by the combined development agency. Reference has been made to the fact that the combined development agency was responsible for allocating uranium supplies as between the programs of the United States and the United Kingdom. While Canadian and United States production was not purchased by the combined development agency, this production was considered as a part of the total uranium available for allocation by the combined development agency. Accordingly, the request of the United Kingdom atomic energy authority to obtain uranium from Canada was considered at a combined development agency meeting in May of 1956. It was agreed at that meeting that the requirements of the United Kingdom over the period up to March 31, 1962—i.e., 11,000,000—would be met from the quantities to be delivered under existing special price contracts, that is, by diversion from quantities which would otherwise be delivered to the United States atomic energy commission. This arrangement was covered in a tripartite exchange of letters and was given effect to in a contract between Eldorado and the United Kingdom atomic energy authority.

63. Reference has been made to the financing difficulty which some of the producers encountered in 1956 and to the modification of the special price arrangement which was made in September 1956, in an effort to assist these producers. Since the requirements of the United Kingdom atomic energy authority referred to above were to be met by certain of these producers, the United Kingdom atomic energy authority was a party to the discussions which took place in Washington in September 1956 and was also a party to the decision taken to modify the special price formula. This modification involved an increase in contract quantities. The increase was approximately 12,000,000 pounds, which quantity it was estimated would be delivered in the period March 31, 1962, to March 31, 1963. In April of 1957 agreement was reached with the United States atomic energy commission and the United Kingdom atomic energy authority with respect to the allocation of this additional quantity between the United States atomic energy commission and the United Kingdom atomic energy authority. Under the agreement the United Kingdom were to purchase 10,000,000 pounds of the 12,000,000-pound quantity and the United States atomic energy commission were to purchase the balance, deliveries to be made in the period March 31, 1962, to March 31, 1963. The United Kingdom atomic energy authority also expressed a desire in 1956 to obtain from Canada in the period March 31, 1963, to December 31, 1966, 24,000,000 pounds of uranium, deliveries to be made in equal annual instalments over that period. On March 29, 1957, the government of Canada, through Eldorado, undertook to make this quantity available in the period required and the United Kingdom government, through the atomic energy authority, agreed to buy the 12,000 tons.

*The "Stretch-Out" Program—Eldorado's offer of November 6, 1959, to the Canadian Uranium Industry*

64. By the last half of 1958 it was becoming quite apparent that the world production rate was well ahead of requirement and that the purchasers would, under existing contracts, receive enough material to suffice for all the possible needs of the remaining years of the fifties and the first half of the sixties, and that stockpiles of considerable proportions would be accumulated in the years immediately ahead. The possibility of the options on the Canadian production between 1962 and 1966 not being exercised became stronger daily. In late 1958 Eldorado received unofficial notice that this would be the case, although a formal statement was not received from the United States government until 1959. This meant that all the Canadian uranium producers would cease operations between March 1962 and March 1963 if no change were made in the