

Equipment which Canada has designated as equipment designed, constructed or operated on the basis of or by the use of information obtained from that Member State shall be considered as equipment subject to the Canada/Euratom Agreement of 1959, as amended.

- (c) Material which is subject to the terms of the Canada/Euratom Agreement of 1959 shall not be used for the manufacture of any nuclear weapon or for other military uses of nuclear energy or for the manufacture of any other nuclear explosive device. The foregoing undertaking shall be verified within Canada by the IAEA pursuant to an agreement between Canada and the IAEA and within the Community by the Community and by the IAEA pursuant to the Treaty establishing the European Atomic Energy Community and the agreements concluded between the Community, its Member States and the IAEA or if at any time such verification procedures are not in effect, there shall be agreement between the contracting parties for the application of a safeguards system which conforms with IAEA safeguards, principles and procedures.
- (d) Equipment or material transferred between Canada and the Community after the coming into force of this agreement shall be subject to the Canada/Euratom Agreement of 1959 only if the supplying Contracting party has so informed the other Contracting Party in writing prior to the transfer. In the case of transfer of equipment from the Community to Canada, notifications may also be given by a Member State.
- (e) Material referred to in paragraph (c) shall be enriched beyond 20% or reprocessed and plutonium or uranium enriched beyond 20% shall be stored only according to conditions agreed upon in writing between the parties (see Annex C: Interim Arrangement concerning enrichment, reprocessing and subsequent storage of nuclear material within the Community and Canada).
- (f) In no event shall a Contracting Party use the provisions of the present Agreement for the purpose of securing commercial advantages or for the purpose of interfering with the commercial relations of the other Contracting Party.
- (g) The Community shall inform member States of the levels of physical protection set out in Annex B to this letter which should be applied as minima to the material referred to in paragraph (c) above. Canada will apply such levels of physical protection as minima to material referred to in paragraph (c).
- (h) Any dispute arising out of the interpretation or application of the present Agreement which is not settled by negotiation or as may otherwise be agreed by the Contracting Parties concerned shall, on the request of either Contracting Party, be submitted to an arbitral tribunal, which shall be composed of three arbitrators. Each Contracting Party shall designate one arbitrator and the two arbitrators so designated shall elect a third, who shall be the Chairman. If within thirty (30) days of the request for arbitration either Contracting Party has not designated an arbitrator, either Contracting Party to the dispute may request the Secretary General of the OECD to appoint an arbitrator. The same procedure shall apply if, within thirty (30) days of the designation or appointment of the second arbitrator, the third arbitrator has not been elected. A majority of the members of the arbitral tribunal shall