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*The Embassy of the United States of America to the Department of External Affairs*

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The Embassy of the United States presents its compliments to the Department of External Affairs and has the honor to refer to discussions which have taken place over the past several months concerning arrangements under which Canadian origin natural uranium imported into the United States for enrichment and subsequent use by our utilities in the nuclear fuel cycle could be brought under mutually acceptable peaceful use guarantees.

The Embassy has the honor to propose that the following interim procedure be applied to such Canadian origin natural uranium as the Government of Canada has notified the Government of the United States in writing and which the Government of the United States has accepted in writing prior to the proposed shipment shall be subject to the terms of this procedure.

It is proposed further that this interim procedure shall remain in effect until such time as the Governments of the United States and Canada have established a mutually acceptable procedure by an agreement which shall take into account the safeguards regime to be established pursuant to an agreement between the Government of the United States and the International Atomic Energy Agency for the application of safeguards in the United States. The Government of Canada and the Government of the United States shall make their best efforts to establish such a procedure within six months of the entry into force of that safeguards regime.

The United States Government guarantees that such uranium and subsequent generations of fissile material derived therefrom shall not be used for the development, manufacture or detonation of any nuclear weapon or other nuclear explosive device.

Prior to entry into force of the aforementioned safeguards regime between the Government of the United States and the International Atomic Energy Agency, the Energy Research and Development Administration will be prepared to hold at its facilities material subject to this interim procedure for use in the fuel cycle of domestic power reactors, and will inform the Atomic Energy Control Board when appropriate arrangements have been made with the affected United States utilities to permit it to implement this understanding. While such material is held at facilities of the Energy Research and Development Administration, arrangements of a mutually satisfactory nature will be made between the Atomic Energy Control Board of Canada and the Energy Research and Development Administration to assure compliance with the foregoing guarantee. During such period, the Energy Research and Development Administration will not transfer such material from its facilities without the prior written consent of the Atomic Energy Control Board of Canada.