

ANNEX

Recognizing that Canada and the United States of America have a common desire to ensure that source material and special nuclear material transferred to Taiwan for use in peaceful nuclear activities and any special nuclear material produced therefrom are not used to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices;

Recognizing that Canada seeks to ensure that Canadian uranium on Taiwan and special nuclear material produced therefrom be subject to nuclear non-proliferation assurances consistent with Canadian non-proliferation policy;

Recognizing that uranium destined for use on Taiwan will be transferred from Canada to the United States of America for enrichment in the isotope U-235 to enrichment levels normally required for the generation of electricity (i.e. up to 5 percent in the isotope U-235) and fabrication into fuel;

Recognizing that uranium transferred from Canada to the United States of America for retransfer to Taiwan, pursuant to this Agreement, will be subject to the Agreement for Cooperation Concerning Civil Uses of Atomic Energy between the Government of Canada and the Government of the United States, signed on June 15, 1955, as amended (hereinafter referred to as the "Cooperation Agreement");

Recognizing that Article XII (D) of the Cooperation Agreement provides that "designated nuclear technology, material, equipment and devices, major critical components, components and Restricted Data subject to this Agreement and over which a Party has jurisdiction, shall not be transferred to unauthorized persons, or, unless the Parties agree, beyond the territorial jurisdiction of that Party.";

In order for Canada to make uranium available to Taiwan for use in nuclear reactors for the generation of electricity on Taiwan:

1. Prior to the transfer of uranium from Canada to the United States of America for retransfer to Taiwan pursuant to this Agreement, Canada shall notify the United States of America that such uranium is destined for use in nuclear reactors for the generation of electricity on Taiwan.

Uranium that has been the subject of this notification and has been retransferred from the United States of America to Taiwan is referred to in this Agreement as "Canadian uranium".