

- iv) notification and reporting procedures acceptable to both Parties relating to such transfers have been established.
- b) transfers other than those transfers referred to in a) above shall continue to require the written consent of Canada prior to the transfer.

3. Further to Article III (1) of the Agreement, Canada hereby provides its consent for the transfer beyond the jurisdiction of Sweden, in any given period of 12 months, to any State Party to the Treaty on the Non-Proliferation of Nuclear Weapons or to the IAEA of the following materials and quantities:

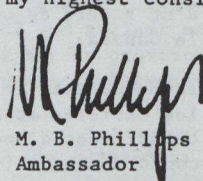
- i) special fissionable material (up to 50 effective grams);
- ii) natural uranium (up to 500 kilograms);
- iii) depleted uranium (up to 1000 kilograms); and
- iv) thorium (up to 1000 kilograms).

The appropriate governmental authorities shall establish reporting procedures for the purpose of reviewing the implementation of this provision.

4. With reference to Article II(i) of the Agreement and in light of the procedures established pursuant to 2.a.iv) above, Canada proposes that Sweden agree that, in cases where natural uranium, depleted uranium, other source material, uranium enriched to less than 20% in the isotope U-235 and heavy water are received by Sweden from a third party, identified in accordance with 2.a.i) above, which has identified the item as being subject to an agreement with Canada, the present Exchange of Letters shall be regarded as satisfying the requirement for prior specification. In such cases, the items shall be subject to the Agreement upon receipt.

I have the honour to propose that if the foregoing is acceptable to the Government of Sweden this letter, which is authentic in English and French, together with your reply to that effect shall constitute an agreement concerning the application of the Agreement.

Please accept the assurances of my highest consideration.



M. B. Phillips
Ambassador