

URANIUM

CONTRACT FOR SUPPLY OF URANIUM OXIDE
TO U.K. ATOMIC ENERGY AUTHORITY

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the reason I asked for permission to make a statement at this hour will, I think, become apparent from the nature of my statement because I would like to inform hon. members of the successful completion of negotiations between Rio Algom Mines Ltd. and the United Kingdom Atomic Energy Authority for the sale and purchase of a minimum of 8,000 short tons of uranium oxide (U_3O_8) for delivery to Britain from Rio Algom's Elliot Lake properties during the 1970's. This uranium is needed by Britain for her civil nuclear power program.

The contract was signed subject to the approval of the Canadian and British governments and the issuance of the necessary export permits by the Canadian authorities.

The new contract provides for a continuation of deliveries by Rio Algom to the United Kingdom Atomic Energy Authority following completion of deliveries under previous contract arrangements which run until 1971. A minimum of 8,000 short tons of uranium oxide will be supplied up to the end of 1980, and at the option of the buyer that amount may be increased to 11,500 tons. The basic annual rate of delivery is 1,000 tons, but within prescribed limits the quantity may be varied from year to year.

Mr. Speaker, on June 3, 1965, I stated in the house the policy of the government with respect to exports of uranium. At that time, in recognition of Canada's major interest as a world supplier and the vital importance of the Canadian industry being in the best possible position to take advantage of expanding markets for the peaceful uses of uranium, I announced that the government would be prepared to authorize forward commitments by Canadian producers for fuel supply to reactors in operation, under construction, or committed for construction, for the anticipated life of such reactors. I also announced that the export of reasonable quantities of uranium for the accumulation of stocks in importing countries would be authorized for periods up to five years.

The arrangements which have been made by Rio Algom to supply uranium oxide to the United Kingdom Atomic Energy Authority for Britain's civil nuclear power program are consistent with these features of our policy.

Uranium Contract with U.K.

An important feature of the Canadian government's policy in respect of foreign sales of uranium is the requirement that the government of the importing country accept appropriate verification and control to ensure that the uranium is to be used for peaceful purposes only.

The British and Canadian governments have agreed that uranium supplied under this contract will be used for peaceful purposes only, and that safeguards based upon the principles and procedures of the International Atomic Energy Agency's safeguards system will apply to the use of this material. Discussions on detailed arrangements for the application of these safeguards will be held between Canada and the United Kingdom before commencement of deliveries scheduled to begin after 1971. Such arrangements will be in accord with our international obligations, including those which might arise under a non-proliferation treaty to which the two countries might adhere.

The arrangements that have been made for safeguards and the fact that the contract is in accord with announced government policy on the export of uranium have made it possible for the government to authorize this contract.

Mr. Speaker, the new contract which has been entered into by Rio Algom with the United Kingdom Atomic Energy Authority augurs well for the future of the Canadian uranium industry. It is concrete evidence of the greatly increased world demand for uranium for peaceful purposes to which I referred in announcing government export policy in June, 1965.

Hon. members will appreciate my satisfaction in making this announcement which ensures continuity of operations at Elliot Lake until at least 1980. This city, which was born of such great promise, has endured much with resolution and fortitude. Its people will now be in a position to look ahead with greater confidence than has been possible for some years.

This contract between Rio Algom and the United Kingdom Atomic Energy Authority is, as I have said, an indication of the increasing world demand for uranium. Other countries are also demonstrating interest, and in the knowledge that uranium will make an increasingly important contribution to meeting world requirements for power for peaceful purposes, we can look forward to the revival of this important segment of our economy.