

Canada has concentrated its own efforts, the most practical and fruitful course would seem to be for Canada to associate itself with this joint research programme, thereby making a valuable contribution to it and, at the same time, gaining access to all the research work undertaken in Euratom countries and in the United States under the programme. During informal conversations between the President of AECL and USAEC officials, the latter indicated that they would be in favour of such a joint programme.

6. The cost to Canada of co-operation with Euratom would vary from virtually nothing, in the case of technical co-operation, to tens of millions of dollars if we embarked on a joint reactor programme. If it were agreed that the association of Canada with the U.S.A. and Euratom in a joint research programme were the most desirable form of co-operation to undertake, it is probable that Canada would be expected by its partners to make a reasonable financial contribution. (Seeing that each of the two present partners is contributing \$10 million per annum for the next five years, a Canadian contribution of \$2 million might be acceptable.) The President of AECL considers that Canada's participation in such a joint programme might be undertaken with very little extra expenditure of funds, AECL's present power reactor development work being appropriately reoriented.

7. If it is decided to proceed with some form of co-operation with Euratom, the initial negotiation of an agreement might be undertaken by a special mission, consisting in large measure of senior officials from AECL. Since many of these officials will be in Europe in September for the Second International Conference on the Peaceful Uses of Atomic Energy, this might provide an appropriate opportunity for such negotiations. Subsequently, it would probably be necessary to make arrangements to maintain contact with Euratom headquarters and this could be done, without formal accreditation, by a conveniently located Canadian Mission in Europe. As relations with Euratom developed and seemed to require more formal arrangements for liaison, the accreditation of one of our Heads of Mission to Euratom might be envisaged, or possibly the creation of a special Canadian mission to Euratom. This kind of formal arrangement would, of course, have implications for Canada's relations with the European Economic Community.

8. It must be recognized that the benefits which would flow to Canada from any form of association with Euratom would probably be long term. One possible disadvantage of participating in a joint research programme should also be considered. At the present time, AECL offers a good deal of contractual work to Canadian manufacturers. Under the terms of a joint programme, such contractual work would probably have to be open to tender to industry throughout the whole area of the participating countries and there is no assurance that Canadian manufacturers would retain their present share of atomic development work. On the other hand, the interests of both uranium producers and of Canadian reactor manufacturers are in the long run linked with the establishment abroad of natural uranium reactors, if possible of a type which will lead foreign producers to turn naturally to Canada as the source of the fuel and of reactor components and there would seem to be no better way of promoting this situation than by associating ourselves with the U.S.A. and with Euratom in a development programme, the objectives of which would be to accelerate the development of the natural uranium heavy water reactor.