



International Atomic Energy Agency

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**THE TEXTS OF THE INSTRUMENTS CONNECTED WITH THE
AGENCY'S ASSISTANCE TO MEXICO IN ESTABLISHING
A RESEARCH REACTOR PROJECT**

The texts of the Supply Agreement between the Agency and the Governments of Mexico and the United States of America, and of the Project Agreement between the Agency and the Government of Mexico, in connection with the Agency's assistance to that Government in establishing a research reactor project, are reproduced in this document for the information of all Members. These Agreements entered into force on 18 December 1963.

I. SUPPLY AGREEMENT

CONTRACT FOR THE TRANSFER OF ENRICHED URANIUM FOR A RESEARCH REACTOR IN MEXICO

WHEREAS the Government of the United Mexican States (hereinafter called "Mexico"), desiring to set up a project consisting of a training and research reactor for peaceful purposes, has requested the assistance of the International Atomic Energy Agency (hereinafter called the "Agency") in securing, among other things, the special fissionable material necessary for this purpose;

WHEREAS the Board of Governors of the Agency approved the project on 4 December 1963, and the Agency and Mexico are this day concluding an agreement for the provision by the Agency of the assistance requested by Mexico (hereinafter called the "Project Agreement");

WHEREAS the Agency and the Government of the United States of America (hereinafter called the "United States") on 11 May 1959 concluded an Agreement for Co-operation (hereinafter called the "Co-operation Agreement"), under which the United States undertook to make available to the Agency pursuant to its Statute certain quantities of special fissionable material; and

WHEREAS Mexico has made arrangements with a manufacturer in the United States of America (hereinafter called the "Manufacturer") for the fabrication of enriched uranium into fuel elements for the reactor and for the provision therefor of fission counters containing enriched uranium;

NOW THEREFORE the Agency, Mexico and the United States Atomic Energy Commission (hereinafter called the "Commission"), acting on behalf of the United States, hereby agree as follows:

ARTICLE I

Transfer of Enriched Uranium

Section 1. Subject to the provisions of the Co-operation Agreement the Commission shall transfer to the Agency and the Agency shall accept from the Commission:

- (i) Approximately 20 000 grams of uranium enriched to approximately 20% by weight in the isotope U^{235} (hereinafter called the "fuel material"), the precise quantities to be determined pursuant to sub-section 3(b), contained in approximately one hundred fuel elements for a one-megawatt Triga Mark III research reactor (hereinafter called the "reactor");

- (ii) Approximately 4 grams of uranium enriched to more than 90% by weight in the isotope U²³⁵ (hereinafter called the "indicator material"), the precise quantities to be determined pursuant to sub-section 3(d), contained in two fission counters for the reactor.

Section 2. The Agency shall transfer to Mexico and Mexico shall accept from the Agency the fuel material and the indicator material.

Section 3. The conditions of the transfer of the fuel material and the indicator material shall be as follows:

- (a) The Commission shall make available to the Manufacturer, at a facility of the Commission designated by it, enriched uranium, in the form of uranium hexafluoride, for the fuel material, subject to such terms, charges and licences as the Commission may require.
- (b) The precise quantity and enrichment of fuel material in the fuel elements shall be determined by the Manufacturer, and Mexico shall cause the Manufacturer to submit to the Agency and to the Commission a written certification of the Manufacturer's determination of the enrichment by weight in the isotope U²³⁵ and of the quantity of enriched uranium contained in the fabricated fuel elements. This determination may be checked by the Agency, by Mexico and by the Commission by means of any review or analysis that any of them may deem appropriate, and shall be approved or revised by unanimous agreement of the parties. The quantity and enrichment shown in the agreed determination shall be considered to be the quantity and enrichment of the fuel material actually transferred under sections 1 and 2 and shall be used for the calculation of the payments required to be made pursuant to Article II.
- (c) The Commission shall make available to the Manufacturer or to a properly licensed supplier of the Manufacturer, at a facility of the Commission designated by it, enriched uranium, in the form of uranium hexafluoride, for the indicator material, subject to such terms, charges and licences as the Commission may require.
- (d) The precise quantity and enrichment of indicator material in the fission counters shall be determined by the Manufacturer or his supplier, and Mexico shall cause the Manufacturer to submit to the Agency and to the Commission a written certification of the Manufacturer's or his supplier's determination of the enrichment by weight in the isotope U²³⁵ and of the quantity of enriched uranium contained in the fission counters. This determination shall be accepted as conclusive by the parties.
- (e) Upon completion of the fabrication and the preparation for shipment of the fuel material and of the indicator material, and upon agreement with respect to the determination concerning the fuel material and receipt by the parties of the determination concerning the indicator material, and upon compliance with paragraph 3 of Annex B to the Project Agreement, Mexico, at the request and on behalf of the Agency, shall arrange for a transporter who, after thirty days' written notice to the Commission and subject to such terms, charges and licences as the Commission may require, shall transport and deliver the fuel material and the indicator material to the port of export at Los Angeles or San Diego. The Commission, at the request of the Agency, shall thereupon transfer possession to the Agency or, at the Agency's request and on its behalf, to Mexico at such port of export and authorize the export of such materials. The Agency or, at the Agency's request and on its behalf, Mexico shall make arrangements for transportation within and outside the United States and for delivering and storing such materials, as well as for physically handling them

and shall pay all costs in connection therewith, including the cost of containers and packaging. The Agency or, at the Agency's request and on its behalf, Mexico shall accept possession of such materials at such port of export and shall sign an appropriate written receipt therefor.

- (f) Title to the fuel material and to the indicator material shall vest in the Agency at the time they leave the jurisdiction of the United States of America and shall thereafter immediately and automatically vest in Mexico.
- (g) If the parties agree, the transactions relating to the fuel material, as detailed in Articles I and II, may be carried out independently of those relating to the indicator material.

ARTICLE II

Payment

Section 4. The Agency shall send an invoice to Mexico at or subsequent to the time the parties have agreed with respect to the determination pursuant to section 3(b) and have received the determination pursuant to section 3(d). Within thirty days from the date of this invoice Mexico shall pay to the Agency in United States currency a sum equal to that which the Agency will be obliged to pay to the Commission pursuant to section 5. If the Agency does not receive payment within thirty days after the date of invoice, it is entitled to an additional charge at the rate of six per cent per annum on the unpaid amount.

Section 5. The Commission shall send an invoice to the Agency at or subsequent to the time the Commission transfers possession pursuant to section 3(e). Within sixty days from the date of this invoice the Agency shall pay for the fuel material and the indicator material as per the schedule of charges for enriched uranium published in the United States Federal Register and in effect on the date of transfer of the materials, provided, however, that in the event said charges in effect on the date of transfer of the materials should exceed the charges set forth below, which are the charges in effect on the date of the entry into force of this Contract pursuant to section 12, the Agency may, and at the request of Mexico shall, cancel this Contract without incurring obligations of any kind thereunder.

<u>Percentage Enrichment by Weight in the Isotope U²³⁵ of the Enriched Uranium</u>	<u>Price US\$/g of Enriched Uranium</u>
16	1.774
18	2.013
20	2.252
25	2.853
90	10.808
92	11.061
93	11.188

Payment shall be made in United States currency to the Commission or its designated agent or contractor. If payment is not received within sixty days after the date of invoice, the Commission shall be entitled to an additional charge at the rate of six per cent per annum on the unpaid amount.

Section 6. In order to assist and encourage research on peaceful uses or for medical therapy, the Commission has in each calendar year offered to distribute to the Agency, free of charge, special fissionable material of a value of up to US \$50 000 at the time of transfer, to be supplied from the amounts specified in Article II. A of the

Co-operation Agreement. If the Commission finds the project to which this Contract relates eligible, it shall decide by the end of the calendar year in which this Contract is concluded on the extent, if any, to which the project shall benefit by the gift offer, and shall promptly notify the Agency and Mexico of that decision. The payments provided in sections 4 and 5 shall be reduced by the value of any free material thus made available.

ARTICLE III

Responsibility

Section 7. Neither the Agency nor any person acting on its behalf shall at any time bear any responsibility towards Mexico or any person claiming through Mexico for the safe handling and the use of the fuel material and the indicator material.

Section 8. After acceptance of possession pursuant to sub-section 3(e), the Agency shall assume full responsibility to the Commission for the fuel material and the indicator material, and Mexico shall be equally responsible to the Agency; neither the United States, nor the Commission, nor any person acting on behalf of the Commission shall bear any responsibility for the safe handling and the use of such materials.

ARTICLE IV

Officials not to Benefit

Section 9. No Member of the Congress of the United States of America or Resident Commissioner of the United States of America shall be admitted to or share any part of this Contract or any benefit that may arise therefrom.

ARTICLE V

Settlement of Disputes

Section 10. If the parties should be unable to reach agreement with respect to the determination provided for in sub-section 3(b) within thirty days of the submission of such determination to them by the Manufacturer, any party may request that such a determination be made by a laboratory agreed upon by all the parties. The laboratory may perform any tests or analyses that it may deem necessary, and all parties agree to facilitate its work in every way. The results of the determination by the laboratory shall be considered as final and binding on all parties. The costs of the determination by the laboratory shall be borne equally by the parties, provided that if the determination insisted on by any party or parties is confirmed by the laboratory such party or parties shall not be obliged to bear any share of the costs.

Section 11. Any other dispute arising out of the interpretation or application of this Contract which is not settled by negotiation or as may otherwise be agreed by the parties concerned shall on the request of any party be submitted to an arbitral tribunal composed as follows:

- (a) If the dispute involves only two of the parties to this Contract, all three parties agreeing that the third is not concerned, the two parties involved shall each designate one arbitrator, and the two arbitrators so designated shall elect a third, who shall be the Chairman. If within thirty days of the request for arbitration either party has not designated an arbitrator, either party to the dispute may request the President of the International Court of Justice to

appoint an arbitrator. The same procedure shall apply if, within thirty days of the designation or appointment of the second arbitrator, the third arbitrator has not been elected.

- (b) If the dispute involves all three parties to this Contract, each party shall designate one arbitrator, and the three arbitrators so designated shall by unanimous decision elect a fourth arbitrator, who shall be the Chairman, and a fifth arbitrator. If within thirty days of the request for arbitration any party has not designated an arbitrator, any party may request the President of the International Court of Justice to appoint the necessary number of arbitrators. The same procedure shall apply if, within thirty days of the designation or appointment of the third of the first three arbitrators, the Chairman or the fifth arbitrator has not been elected.

A majority of the members of the arbitral tribunal shall constitute a quorum, and all decisions shall be made by majority vote. The arbitral procedure shall be established by the tribunal, whose decisions, including all rulings concerning its constitution, procedure, jurisdiction and the division of the expenses of arbitration between the parties, shall be binding on all parties. The remuneration of the arbitrators shall be determined on the same basis as that of ad hoc judges of the International Court of Justice under Article 32, paragraph 4, of the Statute of the Court.

ARTICLE VI

Entry into Force

Section 12. This Contract shall enter into force upon signature by or for the Director General of the Agency and by the authorized representatives of the Commission and Mexico.

DONE in Vienna, this 18th day of December 1963, in triplicate in English and Spanish.

For the INTERNATIONAL ATOMIC ENERGY AGENCY:

(signed) Sigvard Eklund

For the GOVERNMENT OF THE UNITED MEXICAN STATES:

(signed) Manuel Cabrera Maciá

For the UNITED STATES ATOMIC ENERGY COMMISSION
on behalf of the GOVERNMENT OF THE UNITED STATES OF AMERICA:

(signed) Frank K. Hefner

II. PROJECT AGREEMENT

AGREEMENT BETWEEN THE INTERNATIONAL ATOMIC ENERGY AGENCY AND THE GOVERNMENT OF THE UNITED MEXICAN STATES FOR ASSISTANCE BY THE AGENCY TO MEXICO IN ESTABLISHING A RESEARCH REACTOR PROJECT

WHEREAS the Government of the United Mexican States (hereinafter called "Mexico"), desiring to establish a project for research on, and development and practical application of, atomic energy for peaceful purposes, has requested the assistance of the International Atomic Energy Agency (hereinafter called the "Agency") in securing a training and research reactor which Mexico desires to purchase from a particular manufacturer in the United States of America (hereinafter called the "Manufacturer"), and in securing the special fissionable material necessary for that reactor;

WHEREAS the Board of Governors of the Agency approved the project on 4 December 1963;

WHEREAS the Agency and the Government of the United States of America (hereinafter called the "United States") on 11 May 1959 concluded an Agreement for Co-operation (hereinafter called the "Co-operation Agreement"), under which the United States undertook to make available to the Agency pursuant to its Statute certain quantities of special fissionable material, and also undertook, subject to various applicable provisions and licence requirements, to permit, upon request of the Agency, persons under the jurisdiction of the United States to make arrangements to transfer and export materials, equipment or facilities for a Member of the Agency in connection with an Agency project; and

WHEREAS the Agency, Mexico and the United States Atomic Energy Commission acting on behalf of the United States are this day concluding a contract for the transfer of enriched uranium for the research reactor (hereinafter called the "Supply Agreement");

NOW THEREFORE the Agency and Mexico hereby agree as follows:

ARTICLE I

Definition of the Project

Section 1. The project to which this Agreement relates is the establishment of a one-megawatt Triga Mark III training and research reactor (hereinafter called the "reactor") and its associated facilities, to be operated by the Mexican National Nuclear Energy Commission by Salazar, State of Mexico.

ARTICLE II

Supply of Reactor and Special Fissionable Material

Section 2. The Agency, pursuant to Article IV of the Co-operation Agreement, shall request the United States to permit the transfer and export to Mexico of the reactor, together with components and spare parts, manufactured in accordance with a contract between Mexico and the Manufacturer.

Section 3. The Agency hereby allocates to the project described in Article I, and provides to Mexico enriched uranium (hereinafter called the "supplied material") pursuant to the terms of the Supply Agreement, which constitutes an integral part of this Agreement to the extent that it creates rights and obligations between the Agency and Mexico.

ARTICLE III

Shipment of the Supplied Material

Section 4. Any part of the supplied material the shipment of which is arranged by Mexico while the material is in its possession shall be entrusted to a licensed public carrier selected by Mexico or shall be accompanied by a responsible person designated by Mexico.

ARTICLE IV

Agency Safeguards against Diversion

Section 5. Mexico agrees that the reactor and the supplied material, and any special fissionable material produced by their use, shall not be used in such a way as to further any military purpose.

Section 6. It is hereby agreed and specified that the rights and responsibilities provided for in paragraph A of Article XII of the Statute of the Agency are relevant to the project, provided that sub-paragraphs 1, 3, 4 and 6 of that paragraph shall be implemented in accordance with Annex A to this Agreement.

ARTICLE V

Health and Safety Measures

Section 7. The health and safety measures specified in Annex B shall be applied to the project.

ARTICLE VI

Changes in the Project

Section 8. Should Mexico desire to use or store the supplied material outside the reactor and its associated facilities, or to use significant amounts of other source or special fissionable material in the reactor, or to process or to arrange for the processing of any supplied or produced material, or to send any such material out of Mexico or to change the design of the reactor or its associated facilities, then Mexico shall inform the Agency sufficiently in advance to permit the Agency to prepare any appropriate safeguards

provisions and health and safety measures before the operation in question takes place. Subject to paragraph A of Article XII of the Statute and to any relevant principles that have been or may be established thereunder, such provisions and measures shall be determined by the Board of Governors of the Agency after the Director General of the Agency has consulted with Mexico. Mexico hereby agrees to comply with any provisions and measures thus established and to co-operate with the Agency in their application.

ARTICLE VII

Agency Inspectors

Section 9. The provisions relating to Agency inspectors shall be those set forth in the Annex to Agency document GC(V)/INF/39. In connection with the project to which this Agreement refers, Mexico shall apply the relevant provisions of the Agreement on the Privileges and Immunities of the International Atomic Energy Agency to Agency inspectors and to any property of the Agency used by them in carrying out their functions, it being understood that:

- (a) The Agency shall not be entitled to acquire immovable property in Mexican territory, in view of the property regulation laid down by the Political Constitution of the United Mexican States; and
- (b) Such inspectors (whether officials or experts) as are of Mexican nationality shall enjoy, in the exercise of their functions in Mexican territory, exclusively those prerogatives included in Section 18(a), sub-paragraphs (i), (iii), (v) and (vi), and in Section 23, paragraphs (a), (b), (c), (d) and (f) respectively, of that Agreement, and that the inviolability established in the aforesaid paragraph (c) of Section 23 shall be granted only for official papers and documents.

ARTICLE VIII

Information and Rights to Inventions and Discoveries

Section 10. In conformity with paragraph B of Article VIII of the Statute of the Agency, Mexico shall make available to the Agency without charge all scientific information developed as a result of the assistance extended by the Agency.

Section 11. In view of its degree of participation, the Agency claims no rights in any inventions or discoveries arising from the execution of the project. The Agency may, however, be granted licences under any patents upon terms to be agreed.

ARTICLE IX

Languages

Section 12. Reports and other information should be submitted to the Agency in one of the working languages of the Board of Governors.

ARTICLE X

Settlement of Disputes

Section 13. Any dispute concerning the interpretation or application of this Agreement which is not settled by negotiation or as may otherwise be agreed shall be settled in accordance with Article V of the Supply Agreement.

Section 14. In case of any dispute involving the application of Article IV, V, VI or VII, decisions of the Board of Governors of the Agency shall, if they so provide, immediately be given effect by Mexico pending the conclusion of any consultation, negotiation or arbitration that may be or may have been invoked with regard to the dispute.

ARTICLE XI

Entry into Force

Section 15. This Agreement shall enter into force upon signature by or for the Director General of the Agency and by the authorized representative of Mexico.

DONE in Vienna, this 18th day of December 1963, in duplicate in English and Spanish.

For the INTERNATIONAL ATOMIC ENERGY AGENCY:

(signed) Sigvard Eklund

For the GOVERNMENT OF THE UNITED MEXICAN STATES:

(signed) Manuel Cabrera Maciá

ANNEX A

AGENCY SAFEGUARDS AGAINST DIVERSION

A. General

1. The project shall be subject to Agency safeguards in accordance with Article XII of the Statute of the Agency, the appropriate provisions of Agency document INFCIRC/26 (hereinafter called the "safeguards document") and Article IV of this Agreement. These safeguards shall be applied in a nominal manner in accordance with paragraph 60 of the safeguards document, as specified in section C below.

2. The reactor facility consists of the reactor and of associated facilities (comprising storing and cooling facilities for the supplied and produced material and ancillary laboratory facilities in which such material is used) to be specified by agreement between the Agency and Mexico.

3. Certain terms employed in this Annex are used as defined in part II of the safeguards document.

B. Attachment, termination and suspension of Agency safeguards

4. Agency safeguards shall be attached to:

- (a) The supplied material, provided that, if Mexico so requests, the portion of the material that is not in excess of the lower limit stated in paragraph 32(b) of the safeguards document shall be exempted;
- (b) The reactor facility, provided that it may be exempted from such attachment after the inspection at initial criticality pursuant to paragraph 36 of the safeguards document;
- (c) The special fissionable material produced (in this Annex called the "produced material") either in the portion of the supplied material to which Agency safeguards are attached or under the conditions specified in paragraph 33 or 35 of the safeguards document.

5. The attachment of Agency safeguards shall be terminated or suspended in accordance with paragraphs 38 and 39 of the safeguards document.

C. Application of Agency safeguards

6. Agency safeguards shall be applied to materials and facilities in accordance with paragraphs 29 and 30 of the safeguards document.

7. Mexico shall arrange for the submission to the Agency of the design and any other data on the reactor facility that the Agency may need in order to fulfil its obligations under paragraph 42 of the safeguards document, to the extent that such information is not already available to the Agency.

8. Mexico shall, in implementing paragraphs 45 and 46 of the safeguards document, arrange for the keeping of records established in accordance with paragraph 44 of that document.

9. Mexico shall, in implementing paragraphs 48 to 53 of the safeguards document, arrange for the submission of routine and special reports established in accordance with paragraph 47 of that document. The routine operating and accounting reports shall be submitted annually; the first report shall be submitted at the time any of the supplied material is first received at the reactor facility.

10. No routine inspections shall be carried out, but special inspections may be made as necessary in accordance with paragraphs 58 and 59 of the safeguards document.

ANNEX B

HEALTH AND SAFETY MEASURES

1. The health and safety measures applicable to the project shall be those set forth in Agency document INFCIRC/18 (hereinafter called the "health and safety document"), as specified below.
2. Mexico shall apply the Agency's Basic Safety Standards and the relevant provisions of the Agency's Regulations for the Safe Transport of Radioactive Materials and shall apply them also as far as possible to any shipment of supplied material outside Mexico and shall endeavour to ensure safety conditions as recommended in the relevant parts of the Agency's codes of practice.
3. Mexico shall arrange for the submission to the Agency, prior to the transport of the supplied material to the port of export, of a detailed health hazards report containing the information specified in paragraph 29 of the health and safety document, with particular reference to the following types of operations, to the extent that such information is relevant and not yet available to the Agency:
 - (a) Receipt and handling of supplied material;
 - (b) Loading of fuel into the reactor;
 - (c) Start-up and pre-operational testing of the reactor;
 - (d) Experimental programme and procedures involving the reactor;
 - (e) Unloading of fuel from the reactor;
 - (f) Handling and storage of fuel after unloading.

The transport shall not take place until 60 days after the report is submitted, and until the Agency has determined that the safety measures, as described in the report, are acceptable. The Agency may require further safety measures in accordance with paragraph 30 of the health and safety document. Should Mexico desire to make substantial modifications or additions to the procedures or the operations with respect to which information was submitted, or to proceed to the final closing down of the reactor, it shall submit to the Agency all relevant information as specified in paragraph 29 of the health and safety document in sufficient time to enable the Agency to perform its task in accordance with paragraph 30 of the health and safety document before such modifications, additions or closing down take place.

4. Mexico shall arrange for the submission of the reports specified in paragraph 25 of the health and safety document, the first report to be submitted not later than twelve months after the entry into force of this Agreement. In addition, the reports specified in paragraphs 26 and 27 of the health and safety document shall be submitted.
5. The Agency may inspect the reactor, in accordance with paragraphs 33 to 35 of the health and safety document, at the time of initial start-up, once during the first year of operation, and thereafter not more than once a year, provided that special inspections may be carried out in the circumstances specified in paragraph 32 of that document.
6. Changes may be made in the safety standards and measures specified in this Annex in accordance with paragraphs 38 and 39 of the health and safety document.