



International Atomic Energy Agency

INFORMATION CIRCULAR

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

A Second Supply Agreement

As a sequel to the assistance which the Agency has provided to the Government of Mexico in connection with a research reactor project [1], a Second Supply Agreement has been concluded between the Agency and the Governments of Mexico and the United States of America. This Agreement entered into force on 4 October 1972, and the text [2] is reproduced herein for the information of all Members.

[1] Pursuant to the agreements reproduced in document INFCIRC/52.

[2] The footnotes to the text have been added in the present information circular.

SECOND SUPPLY AGREEMENT

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

WHEREAS the International Atomic Energy Agency (hereinafter called the "Agency") and the Government of the United Mexican States (hereinafter called "Mexico") on 18 December 1963 signed an Agreement (hereinafter called the "Project Agreement") [3] for assistance by the Agency to Mexico in establishing a training and research project for peaceful purposes relating to the Triga Mark III reactor located at the Mexican Nuclear Centre at Salazar (hereinafter called the "reactor");

WHEREAS the Agency, Mexico and the United States Atomic Energy Commission (hereinafter called the "Commission"), acting on behalf of the Government of the United States of America (hereinafter called the "United States"), on 18 December 1963 signed a Contract for the Transfer of Enriched Uranium (hereinafter called the "First Supply Agreement") [4] for the reactor, pursuant to which a supply of enriched uranium was delivered to Mexico;

WHEREAS Mexico, in connection with the Project Agreement, has requested the assistance of the Agency in securing from the United States additional supplies of enriched uranium over a period of five years;

WHEREAS the Board of Governors of the Agency approved the additional assistance for the project on 22 September 1972 in Mexico City;

WHEREAS the Agency and the United States on 11 May 1959 concluded an Agreement for Co-operation (hereinafter called the "Co-operation Agreement"), [5] 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 for the fabrication of enriched uranium into additional fuel elements for the reactor;

NOW THEREFORE the Agency, the Commission and Mexico hereby agree as follows:

ARTICLE I

Transfer of enriched uranium

Section 1. During a period of five (5) years from the entry into force of this Contract, the Commission, subject to the provisions of the Co-operation Agreement, shall transfer to the Agency, and the Agency shall accept from the Commission, all of Mexico's requirements for uranium enriched to approximately 20 per cent and 70 per cent by weight in the isotope uranium-235 (hereinafter called the "enriched uranium") up to approximately 3860 grams of uranium enriched to approximately 20 per cent and approximately 10 800 grams of uranium enriched to approximately 70 per cent, the exact quantities and enrichments to be determined pursuant to Section 3, contained in fuel elements for use in the reactor.

Section 2. The Agency shall transfer to Mexico, and Mexico shall accept from the Agency, the enriched uranium received by the Agency pursuant to Section 1.

Section 3. The conditions of the transfers specified in Sections 1 and 2 shall be as follows:

[3] INFCIRC/52, part II.

[4] Ibid., part I.

[5] INFCIRC/5, part III.

- (a) Within ninety (90) days after the entry into force of this Contract and on or before 1 January of each calendar year thereafter, Mexico shall provide the Agency with a written schedule of Mexico's requirements for enriched uranium for the following twelve (12) month period, and at the same time Mexico shall provide the Commission with a copy of such schedule. Such schedule shall have as its sole purpose facilitating deliveries hereunder and shall not be binding on the parties;
- (b) Mexico shall provide the Agency and the Commission at least sixty (60) days' written notice of the amounts of enriched uranium to be made available to the manufacturer for the implementation of this Contract;
- (c) The Commission shall make available to the manufacturer or to a properly licensed supplier of the manufacturer, at a facility designated by the Commission, enriched uranium for the fuel elements, subject to such terms, charges and licences as the Commission may require;
- (d) The precise quantity and enrichment of the enriched uranium in the fuel elements 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 determination of the enrichment by weight in the isotope uranium-235 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 accepted by the parties as conclusive for all purposes;
- (e) Upon completion of the fabrication and the preparation for shipment of the enriched uranium, and upon determination of the quantity and enrichment of the enriched uranium as specified in Section 3(d), and upon compliance with paragraph 3 of Annex B to the Project Agreement, [3] Mexico shall arrange for a transporter, who, after thirty (30) days' written notice to the Commission and subject to such terms, charges, conditions and licences as the Commission may require, shall transport and deliver the enriched uranium to the port of export at Los Angeles or San Diego, California. The Commission, at the request of the Agency, shall thereupon transfer possession to Mexico at the port so specified and authorize the export of such material. Mexico shall make arrangements, including the payment of all costs, for domestic and overseas transportation and delivery (including the cost of containers and packaging) and for storing as well as for physically handling the material in connection with such delivery and transfer; such arrangements and costs shall not be the responsibility of, nor be borne by, either the Commission or the Agency. Mexico shall accept possession of the material at the designated port of export and shall sign an appropriate written receipt therefor, whereupon Mexico shall assume full and complete responsibility for the enriched uranium contained in the fuel elements;
- (f) Title to the enriched uranium shall vest in the Agency at the time it leaves the jurisdiction of the United States of America and shall thereafter immediately and automatically vest in Mexico.

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(d). Within twenty (20) days from the date of this invoice, Mexico shall pay to the Agency in the United States currency a sum equal to that which the Agency will be obligated to pay to the Commission pursuant to Section 5. On all amounts not received by the Agency within twenty (20) days from the date of invoice, Mexico shall pay interest at the per annum rate (365-day basis) established from time to time by the Commission, such interest to commence on the twenty-first (21st) day from the date of invoice.

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 thirty (30) days from the date of this invoice the Agency shall pay for the enriched uranium 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 material, provided, however, that in the event the charges in effect on the date of transfer of the material should exceed the charges set forth in the Annex to this Contract, which are the charges in effect on the date of the entry into force of this Contract pursuant to Section 9, the Agency may, and at the request of Mexico shall, cancel this Contract without incurring obligations of any kind thereunder. Payment shall be made in United States currency to the Commission or its designated agent or contractor. On all amounts not received by the Commission within thirty (30) days from the date of invoice, the Agency shall pay interest at the per annum rate (365-day basis) established from time to time by the Commission, such interest to commence on the thirty-first (31st) day from the date of invoice, except that, whenever the due date for any payment under this Section falls on a Saturday, a Sunday or a legal holiday, interest shall commence on the day immediately following the next day which is not a Saturday, a Sunday or a legal holiday.

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. [5] If the Commission finds the project to which this Contract relates eligible, it shall decide by the end of each calendar year during a period of five (5) years from the entry into force of this Contract 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 material thus distributed.

ARTICLE III

General provisions

Section 7. Articles III, IV and V of the First Supply Agreement [4] shall apply *mutatis mutandis*, to the transfers specified in Sections 1 and 2 of this Contract.

ARTICLE IV

Amendment of Project Agreement

Section 8. It is understood by the Agency and Mexico that Section 3 of the Project Agreement [3] is hereby amended to include the material covered by this Contract under the definition of enriched uranium.

ARTICLE V

Entry into force

Section 9. 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 Mexico City on the fourth day of October 1972, in triplicate in the English and Spanish languages, both texts being equally authentic.

For the INTERNATIONAL ATOMIC ENERGY AGENCY:

(signed) Sigvard Eklund

For the GOVERNMENT OF THE UNITED MEXICAN STATES:

(signed) F. Alba Andrade

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

(signed) T. Keith Glennan

ANNEX

UNITED STATES ATOMIC ENERGY COMMISSION

CHARGES FOR ENRICHED URANIUM

The rates of charges for enriched uranium, as provided for in Section 5 of this Contract, are as follows:

<u>Percentage enrichment by weight in the isotope ^{235}U of the enriched uranium</u>	<u>Price US \$ /g of enriched uranium</u>
18	2.120
19	2.247
20	2.373
21	2.500
25	3.006
69	8.653
70	8.782
71	8.912