



International Atomic Energy Agency

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**THE TEXTS OF THE INSTRUMENTS CONCERNING THE AGENCY'S  
ASSISTANCE TO PAKISTAN IN CONNECTION WITH THE  
ESTABLISHMENT OF A NUCLEAR POWER  
REACTOR PROJECT**

The texts [ 1 ] of the Supply Agreement between the Agency and the Governments of Pakistan and the United States of America, and of the Project Agreement between the Agency and the Government of Pakistan concerning the Agency's assistance to that Government in connection with the establishment of a nuclear power reactor project, are reproduced herein for the information of all Members. Both Agreements entered into force on 17 June 1968.

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[ 1 ] The footnotes to the texts have been added in the present information circular.

## I. SUPPLY AGREEMENT

### CONTRACT FOR THE TRANSFER OF ENRICHED URANIUM FOR A NUCLEAR POWER REACTOR IN PAKISTAN

WHEREAS the Government of Pakistan (hereinafter called "Pakistan"), desiring to set up a project for peaceful purposes consisting of the KANUPP reactor (hereinafter called the "reactor"), has requested the assistance of the International Atomic Energy Agency (hereinafter called the "Agency") in securing the special fissionable material necessary for use in the booster rods of the reactor;

WHEREAS the Board of Governors of the Agency approved the project on 21 February 1968;

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") [ 2 ], under which the United States undertook to make available to the Agency pursuant to the Statute of the Agency certain quantities of special fissionable material;

WHEREAS the Agency and Pakistan are this day concluding an agreement for the provision by the Agency of the assistance requested by Pakistan (hereinafter called the "Project Agreement") [ 3 ]; and

WHEREAS Pakistan has made arrangements with a manufacturer in Canada (hereinafter called the "Manufacturer") for the fabrication of enriched uranium into booster rods for the reactor;

NOW THEREFORE the Agency, Pakistan 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 approximately 17 kilograms of uranium enriched to approximately 10.5% by weight in the isotope uranium-235 (hereinafter called the "fuel material"), the precise quantities to be determined pursuant to Section 3(d).

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

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[ 2 ] INFCIRC/5, part III.

[ 3 ] Part II of this document.

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

- (a) In accordance with supply arrangements between the Commission and the Government of Canada, the Commission shall make available to the Manufacturer, at a facility of the Commission designated by it, enriched uranium in the standard form meeting the Commission's specifications as of the date of this Contract for fabrication of the fuel material by the Manufacturer. The enriched uranium shall be made available subject to such terms, charges and licenses as the Commission may require.
- (b) Pakistan, acting on behalf of the Agency, shall accept transfer of such material at a port of export mutually agreed upon by the Commission and Pakistan and Pakistan shall sign an appropriate written receipt therefor, whereupon Pakistan shall assume full and complete responsibility for the enriched uranium. Pakistan, acting on behalf of the Agency, shall hold the Commission harmless from any and all liability (including third-party liability) for any cause whatsoever arising out of or resulting from the transport of the enriched uranium to the port of export and shall be responsible to the Commission for loss of or damage to the enriched uranium and for such charges (determined in accordance with established Commission pricing policy) as the Commission may require with respect to the enriched uranium. Nothing in this paragraph shall deprive the Agency, Pakistan, or any other person of any rights under Section 170 of the United States Atomic Energy Act of 1954 [ 4 ], as amended.
- (c) 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 Pakistan.
- (d) Upon completion of the fabrication, Pakistan 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 uranium-235, and of the quantity of enriched uranium to be transferred to Pakistan acting on behalf of the Agency. This determination may be checked by the Agency, by Pakistan, 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 prior to transfer from the Manufacturer. 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. Concurrently with the submission of the Manufacturer's determination, Pakistan, acting on behalf of the Agency, and in consultation with the Manufacturer, shall specify in writing to the Commission a date and site for the transfer of the fuel material from the Manufacturer.
- (e) Upon the unanimous agreement of the Agency, Pakistan and the Commission on the quantity and enrichment of the isotope uranium-235 in the fuel material, the Commission shall authorize the transfer of the fuel material from the Manufacturer to Pakistan acting on behalf of the Agency. Thereupon Pakistan shall, on behalf of the Agency, be responsible for transportation of the fuel material from the transfer site and for delivering, storing and physically handling such material, and shall pay all costs in connection therewith, including the cost of containers and packaging. At the time of taking possession of the fuel material at the transfer site, Pakistan shall forward a written receipt therefor to the Agency and to the Commission on behalf of the Agency.

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[ 4 ] Statutes of the United States of America, Vol. 68, Part I, page 919 (Public Law 83-703, approved 1954).

ARTICLE II

Payment

Section 4. The Agency shall send an invoice to Pakistan at or subsequent to the time the parties have agreed with respect to the determination pursuant to Section 3(d). Within thirty days from the date of this invoice Pakistan 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 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 possession of the material, provided, however, that in the event said charges in effect on the date of transfer of possession of the material should exceed the charges set forth below, the Agency, at the request of Pakistan, shall cancel this Contract without incurring obligations of any kind thereunder.

<u>Percentage enrichment by weight in the isotope <sup>235</sup>U of the enriched uranium</u>	<u>Price US \$/g of enriched uranium</u>
9	0.883
10	0.992
11	1.102
12	1.212

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.

ARTICLE III

Responsibility

Section 6. Neither the Agency nor any person acting on its behalf shall at any time bear any responsibility towards Pakistan or any person claiming through Pakistan for the safe handling and the use of the fuel material.

Section 7. After acceptance of possession pursuant to Section 3(e), the Agency shall assume full responsibility to the Commission for the fuel material, and Pakistan 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 material.

ARTICLE IV

Officials not to benefit

Section 8. 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 9. If the parties should be unable to reach agreement with respect to the determination provided for in Section 3(d) 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 10. 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 appoint 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 appointed.
- (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 appoint 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 appointed.

A majority of the members of the arbitral tribunal shall constitute a quorum. Decisions shall be made by majority vote. The procedure of the arbitration shall be fixed by the tribunal. Its decisions, including all rulings concerning 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.

## ARTICLE VI

## Entry into Force

Section 11. This Contract shall enter into force upon signature by the Director General of the Agency and the duly authorized representatives of the Commission and Pakistan.

DONE in Vienna, on the seventeenth day of June 1968, in triplicate in the English language.

For the INTERNATIONAL ATOMIC ENERGY AGENCY:

(signed) Sigvard Eklund

For the GOVERNMENT OF PAKISTAN:

(signed) Enver Murad

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

(signed) Henry de Wolf Smyth

## II. PROJECT AGREEMENT

### AGREEMENT BETWEEN THE INTERNATIONAL ATOMIC ENERGY AGENCY AND THE GOVERNMENT OF PAKISTAN FOR ASSISTANCE BY THE AGENCY TO PAKISTAN IN CONNECTION WITH THE ESTABLISHMENT OF A NUCLEAR POWER REACTOR PROJECT

WHEREAS the Government of Pakistan (hereinafter called "Pakistan"), desiring to establish a project for peaceful purposes consisting of the Karachi Nuclear Power Station (hereinafter called the "reactor"), has requested the assistance of the International Atomic Energy Agency (hereinafter called the "Agency") in securing the special fissionable material necessary for use in the booster rods of the reactor;

WHEREAS the Board of Governors of the Agency approved the project on 21 February 1968,

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") [2], under which the United States undertook to make available to the Agency pursuant to the Statute of the Agency certain quantities of special fissionable material; and

WHEREAS the Agency, Pakistan and the United States Atomic Energy Commission acting on behalf of the United States are this day concluding a contract (hereinafter called the "Supply Agreement") [5] for the transfer of enriched uranium for the booster rods of the reactor;

NOW, THEREFORE, the Agency and Pakistan hereby agree as follows:

#### ARTICLE I

##### Definition of the Project

Section 1. The project to which this Agreement relates is the provision by the Agency of assistance in obtaining enriched uranium for use in the form of control (booster) rods in the reactor at the Karachi Nuclear Power Project (KANUPP), to be operated by the Pakistan Atomic Energy Commission.

#### ARTICLE II

##### Supply of Special Fissionable Material

Section 2. The Agency hereby allocates to the project described in Article I, and provides to Pakistan 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 Pakistan.

Section 3. It is understood by the Agency and Pakistan that this Agreement shall apply to any additional supplies of enriched uranium through the assistance of the Agency for the project referred to in Article I.

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[5] Part I of this document.

## A N N E X

## AGENCY SAFEGUARDS

## A. Inventory of Items subject to Safeguards

1. The Agency shall establish, in accordance with paragraph 2 below, an inventory (hereinafter called the "Inventory") of all nuclear material and facilities subject to safeguards under this Agreement. The Inventory shall be maintained on the basis of the reports received from Pakistan pursuant to the procedures provided for in paragraph 6 below and of other decisions, determinations and arrangements made pursuant to this Annex. Nuclear material referred to in sub-paragraph 2(a)(ii) below shall be considered as being listed in the Inventory from the time that it is produced within the meaning of that sub-paragraph. The Agency shall send copies of the Inventory to Pakistan every twelve months and also at any other times specified by Pakistan in a request communicated to the Agency at least two weeks in advance.
2. The following nuclear material and facilities shall be listed in the indicated parts of the Inventory:
  - (a) Main part:
    - (i) The supplied material, and nuclear material substituted in accordance with paragraph 25 or 26(d) of the Safeguards Document for any nuclear material listed in accordance with this sub-paragraph;
    - (ii) Nuclear material that is being or has been produced in or by the use of any nuclear material listed in the main part of the Inventory, and nuclear material substituted in accordance with paragraph 25 or 26(d) of the Safeguards Document for any nuclear material listed in accordance with this sub-paragraph;
  - (b) Subsidiary part: Any facility while it contains any nuclear material listed in the main part of the Inventory;
  - (c) Inactive part:
    - (i) Nuclear material which has been exempted from safeguards pursuant to paragraph 3 below;
    - (ii) Nuclear material with regard to which safeguards have been suspended pursuant to paragraph 3 below.
3. The Agency shall exempt nuclear material from safeguards under the conditions specified in paragraph 21, 22 or 23 of the Safeguards Document and shall suspend safeguards with respect to nuclear material under the conditions specified in paragraph 24 or 25. Upon such exemption or suspension, the nuclear material affected shall be transferred from the main to the inactive part of the Inventory.
4. The Agency shall terminate safeguards with respect to nuclear material under the conditions specified in paragraph 26 of the Safeguards Document and may make arrangements with Pakistan to terminate safeguards pursuant to paragraph 27. Upon such termination, the nuclear material affected shall be removed from the Inventory.



### B. Safeguards Procedures

5. In applying safeguards, the Agency shall observe the principles set forth in paragraphs 9-14 of the Safeguards Document.
6. The procedures for the application of safeguards by the Agency under this Agreement shall be those set forth in the Safeguards Document. The Agency shall make arrangements with Pakistan concerning the detailed implementation of those procedures.
7. The Agency may request the information referred to in paragraph 41 of the Safeguards Document and make an initial inspection in accordance with paragraphs 51 and 52 of the Document.
8. Pakistan shall inform the Agency of its intention to transfer any nuclear material listed in the main part of the Inventory to a facility within its jurisdiction in connection with which the Agency is not applying safeguards, and shall provide to the Agency sufficient information to enable it to determine whether, and under what conditions, it can apply safeguards in connection with the facility. The material may only be transferred when all necessary arrangements with the Agency have been concluded for the application of safeguards in connection with the facility.
9. Nuclear material listed in the main part of the Inventory may only be transferred beyond the jurisdiction of Pakistan in accordance with the provisions of paragraph 28 of the Safeguards Document. If any material is transferred in accordance with this Section, it shall thereupon be removed from the Inventory.
10. If the Board of Governors of the Agency determines that there has been any non-compliance with this Agreement, the Board shall call upon Pakistan to remedy such non-compliance forthwith, and shall make such reports as it deems appropriate. If Pakistan fails to take fully corrective action within a reasonable time, the Board may take any measures provided for in Article XII. C of the Statute of the Agency.

### C. Interpretation and Amendment

11. This Annex shall be interpreted in the light of the Agency's safeguards system, as set forth in the Safeguards and Inspectors Documents.
12. If the Board of Governors of the Agency decides to make any change in the Safeguards or Inspectors Documents, this Agreement shall be amended, at the request of Pakistan, to take account of such changes.