



International Atomic Energy Agency

INFORMATION CIRCULAR

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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

A Second Supply Agreement

As a sequel to the assistance which the Agency provided to the Government of Pakistan in connection with a nuclear power reactor project [1], a Second Supply Agreement has been concluded between the Agency and the Governments of Pakistan and the United States of America. This Agreement entered into force on 22 June 1971, and the text [2] is reproduced herein for the information of all Members.

[1] Pursuant to the agreements reproduced in document INFCIRC/116.

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

SECOND SUPPLY AGREEMENT

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

WHEREAS the International Atomic Energy Agency (hereinafter called the "Agency") and the Government of Pakistan (hereinafter called "Pakistan") on 17 June 1968 signed an Agreement for assistance by the Agency to Pakistan in connection with the establishment of a project for peaceful purposes (hereinafter called the "Project Agreement") [3] consisting of the Karachi Nuclear Power Station (hereinafter called the "KANUPP reactor");

WHEREAS the Agency, Pakistan 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 the same date signed a Contract for the transfer of enriched uranium for the KANUPP reactor (hereinafter called the "First Supply Agreement") [4], pursuant to which a supply of enriched uranium was delivered to Pakistan for use in the booster rods of the reactor;

WHEREAS Pakistan, in connection with the Project Agreement, has requested the assistance of the Agency in securing from the United States an additional supply of enriched uranium over a period of approximately eight years;

WHEREAS the Board of Governors of the Agency approved the additional assistance for the project on 10 June 1971; and

WHEREAS the Agency and the United States on 11 May 1959 concluded an Agreement for Cooperation (hereinafter called the "Cooperation Agreement") [5], under which the United States undertook to make available to the Agency pursuant to its Statute certain quantities of special fissionable material;

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

ARTICLE I

Transfer of enriched uranium

Section 1. During a period of eight (8) years from 6 August, 1971, but in no event longer than the period during which the Cooperation Agreement remains in force, the Commission, subject to the provisions of the Cooperation Agreement, shall transfer to the Agency, and the Agency shall accept from the Commission, all of Pakistan's requirements for uranium enriched to approximately 10.5 per cent by weight in the isotope uranium-235 (hereinafter called the "enriched uranium") up to a total amount of 100 kilograms of uranium, the exact quantities and enrichments to be determined pursuant to Section 3.

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

[3] INFCIRC/116, part II.

[4] Ibid., part I.

[5] INFCIRC/5, part III.

Section 3. The conditions of the transfer of the enriched uranium shall be as follows:

- (a) Within ninety (90) days after the entry into force of this Contract and on or before 1 January of each calendar year thereafter, Pakistan shall provide the Agency with a written schedule of Pakistan's requirements for enriched uranium for the following twelve (12) month period, and at the same time Pakistan 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) Pakistan shall provide the Agency and the Commission at least sixty (60) days' written notice of the amounts of enriched uranium to be made available for the implementation of this Contract.
- (c) The Commission shall make available amounts of enriched uranium necessary for implementation of this Contract, in the standard form meeting the Commission's specifications as of the date of delivery, at a facility of the Commission, and shall deliver such enriched uranium, F.O.B. commercial conveyance (or vehicle provided by Pakistan, acting on behalf of the Agency) at such facility. Pakistan, acting on behalf of the Agency, shall arrange for the transport of such enriched uranium to a United States port of export designated by Pakistan, acting on behalf of the Agency, after consultation with the Commission.
- (d) Unless otherwise agreed, title to the enriched uranium delivered in accordance with Section 3(c) shall vest in the Agency at the port of export designated in accordance with Section 3(c) and shall thereafter immediately and automatically vest in Pakistan.
- (e) Neither the United States, the Commission, nor any person acting on behalf of the Commission shall bear any responsibility for the safe handling and use of the enriched uranium after delivery in accordance with Section 3(c). 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, as amended [6].

ARTICLE II

Payment

Section 4. The Agency shall send an invoice to Pakistan at or subsequent to the time of each delivery of enriched uranium made pursuant to Section 3(c). Within thirty (30) days from the date of this invoice, Pakistan 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 thirty (30) days from the date of invoice, Pakistan shall pay interest at the per annum rate (365-day basis) established from time to time by the Commission for general application to monies due the Commission, such interest to commence on the thirty-first (31st) day from the date of invoice.

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

Section 5. The Commission shall send an invoice to the Agency at or subsequent to the time of each delivery of enriched uranium pursuant to Section 3(c). Within sixty (60) 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 11, the Agency may, and at the request of Pakistan shall, cancel this Contract without incurring additional obligations of any kind hereunder. 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 sixty (60) 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 for general application to monies due the Commission, such interest to commence on the sixty-first (61st) day from the date of invoice.

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 use of the enriched uranium.

ARTICLE IV

Determination of quantities and properties; settlement of disputes

Section 7. Unless otherwise agreed, the Commission's determination of the quantities and properties of enriched uranium delivered hereunder shall be final and binding upon the Parties.

Section 8. Section 10 of Article V of the First Supply Agreement [4] shall apply to the transfers specified in Article I of this Contract.

ARTICLE V

Amendment of Project Agreement

Section 9. It is understood by the Agency and Pakistan that Section 2 of the Project Agreement [3] is hereby amended to include the enriched uranium covered by this Contract under the definition of fuel material.

ARTICLE VI

Officials not to benefit

Section 10. 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 VII

Entry into force and duration

Section 11. 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 Pakistan.

Section 12. This Contract shall remain in force for a period of eight (8) years from 6 August 1971, but in no event longer than the period during which the Cooperation Agreement [5] remains in force, provided, however, that upon extension of the Cooperation Agreement the Parties shall, at the request of any one of them, consult with the objective of amending this Contract to extend its duration.

DONE in Vienna, on the twenty-second day of June 1971, in triplicate in the English language.

For the INTERNATIONAL ATOMIC ENERGY AGENCY:

(signed) Ivan Zheludev

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) Dwight J. Porter

ANNEX

Schedule of Charges

Percentage enrichment by weight in the isotope ^{235}U of the enriched uranium	Price	
	US \$/gram of uranium delivered prior to 6 September 1971	US \$/gram of uranium delivered after 6 September 1971
9	0.93272	0.99351
10	1.04868	1.11754
11	1.16518	1.24215
12	1.28168	1.36676