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FUND OF SPECIAL FISSIONABLE MATERIALS

The Director General's note in document GC(XIII)/419

Two further replies received on 25 September

Text of a letter received from the Governor from the Union of Soviet Socialist Republics

"513

"25 September 1969

"I am writing in connection with your letter of 10 March concerning possible terms for the enrichment of nuclear fuel and also in reply to your letter of 13 May regarding terms for the supply of fissionable material to Member States.

"As you know, the fund of special fissionable materials was set up as a result of agreements concluded between the Agency and a number of Member States. The Government of the Union of Soviet Socialist Republics in particular concluded an Agreement with the Agency, dated 11 May 1959, under which it has made available to the Agency a certain amount of uranium-235 'as a first step towards the fulfilment of Article IX of the Statute of the International Atomic Energy Agency'. As you are aware, this fund of fissionable materials has so far sufficed to meet requests submitted by Member States. During the ten years of the fund's existence there have been no less than 65 transfers of fissionable material to Member States and yet, according to information provided by the Secretariat, the fund is still largely unused. Accordingly, we take it that there is no need at present to increase the fund of special fissionable material held by the Agency.

"With regard to the terms governing the supply of fissionable material from this fund, we wish to recall that in Article 3 of the Agreement between the Government of the USSR and the IAEA (document INFCIRC/5) it is stated that 'The Government undertakes to base prices on a scale of charges corresponding to the lowest international prices in effect at the time of delivery for enriched uranium hexafluoride and for uranium compounds according to their percentage content of uranium-235'.

"One important means of providing Member States with fissionable materials, particularly for nuclear power generation, is the enrichment of nuclear materials to the concentrations necessary for their use as nuclear fuel.

"At the twelfth regular session of the Agency's General Conference, the delegation of the USSR stated that 'as part of the effort to promote still further the development of the peaceful uses of atomic energy in the developing countries, especially the generation of nuclear power for the purpose of improving the economic welfare and prosperity of the people of these countries, the Soviet Union was prepared to enrich natural uranium for interested non-nuclear countries up to 2.5-5% in uranium-235, i.e. to the level of enrichment required for nuclear power stations'.

"In confirming this statement I have the honour to inform you that in view of the interest expressed by a number of non-nuclear States, the appropriate organizations in the USSR have formulated conditions for natural uranium enrichment in the USSR on behalf of non-nuclear States Parties to the Non-Proliferation Treaty ... [see document reproduced below]. It is envisaged that such uranium enrichment operations will be carried out by the Soviet Union either on a bilateral basis or through the IAEA."

"TERMS GOVERNING NATURAL URANIUM ENRICHMENT (TO 2.5-5% IN URANIUM-235)
IN THE UNION OF SOVIET SOCIALIST REPUBLICS ON BEHALF OF FOREIGN STATES

"Natural uranium reprocessing and enrichment services will be provided by the Soviet Union on the basis of world market conditions.

"All commercial questions relating to the enrichment in the Soviet Union of the natural uranium of foreign customers will be dealt with by the All-Union Export-Import Office 'Tekhsnabeksport' (Moscow G-200 Smolenskaya-Sennaya ploshchad 32/34; telephone 244-32-85; cable 'Tekhsnabeksport', Moscow).

"It is envisaged that uranium reprocessing and enrichment services will be provided on the following basis.

"The initial material accepted from the customer for reprocessing and enrichment must be a natural uranium in the form of a chemical concentrate with a uranium content of at least 50% or in the former of a higher or lower uranium oxide with a uranium content of at least 81%.

"'Tekhsnabeksport' will produce from the initial material and supply to the customer uranium hexafluoride enriched to 5 wt% in uranium-235.

"The initial material must be delivered CIF Soviet port or FOR Soviet frontier station and shall not be subject to payment.

"The enriched uranium will be delivered FOB Soviet port or FOR Soviet frontier station in accordance with scales of charges for uranium reprocessing and enrichment services which are agreed between 'Tekhsnabeksport' and the foreign customers and correspond to world prices.

"The method of taking and analysing samples of the initial material and the enriched uranium will be subject to agreement.

"The customer will be entitled to receive free of charge the 'tails' in the form of uranium hexafluoride delivered FOB Soviet port, or FOR Soviet frontier station.

"The uranium-235 content of the 'tails' delivered to the customer may lie in the range 0.20-0.35 wt%, on condition that the total amount of uranium-235 in the enriched uranium and the 'tails' delivered to the customer shall not exceed the amount of this uranium isotope in the initial material minus production losses during reprocessing and enrichment.

"Shipments of enriched and depleted uranium shall, by agreement with the customer, be made in 'Tekhsnabeksport' containers or in containers of the customer made in accordance with the designs and technical specifications of 'Tekhsnabeksport'. The capacity of the containers will be 160 litres for the enriched hexafluoride and 2.5 m³ for the depleted hexafluoride."

Text of a letter received from the Alternate to the Governor from the United Kingdom of Great Britain and Northern Ireland

"25 September 1969

"You wrote to Mr. Wearing on the above subject on 13 May, drawing attention in particular to resolutions which were adopted by the Conference of Non-Nuclear-Weapon States which requested, among other things, that the IAEA should study the most effective means of ensuring access to special fissionable materials on a commercial basis and that the General Conference of the Agency should consider at its next meeting the establishment of a fund of special fissionable materials for the benefit of non-nuclear-weapon States and, in particular, all developing countries.

"This matter was discussed at the meeting in June 1969 of the Agency's Board of Governors, and at that meeting you described the action you had taken and informed the Board that you had asked the Member States, in a position to supply special fissionable material, to say whether they were prepared to increase the quantity which they had already supplied and to give an up-to-date statement regarding the terms on which they would be prepared to provide such material through the Agency.

"Your letter of 13 May, and the subsequent discussion in the Board of Governors, have been given careful consideration by the United Kingdom authorities and I am now able to reply to your letter on the subject.

"I am instructed to say that, in the first place, the United Kingdom authorities believe that, under the terms of the Agency's Statute, the Board of Governors would be able to authorize the Director General to act as intermediary in the supply of reactor fuel, and nuclear material for use in reactor fuel, in greater amounts than heretofore: and I would add that they would warmly support such activity by the Agency. The United Kingdom authorities envisage that arrangements made through the Agency could relate to the supply of power reactor fuel and to the supply of

fuel or material on a long-term basis. In essence, therefore, the United Kingdom favours the aims and objectives of the resolutions of the Conference of Non-Nuclear Weapon States to which you refer in your letter. If the UK were asked and were able to supply through the Agency, it would propose commercial terms which would not differ from those applying to direct sale. The United Kingdom Government is of course ready to consider any requests for help in this matter which it may receive either through the Agency or directly from Member States.

"For the rest, Sir, as was pointed out in the June discussion in the Board of Governors, and in the responses you have already received from France and the United States of America, the existing fund of special fissionable materials held by the Agency has not yet been fully utilized. Accordingly, the United Kingdom does not think it necessary at the present time to increase the offer of 20 kilograms of contained uranium-235 which it has already made."