

Canadian Embassy



Ambassade du Canada

501 Pennsylvania Avenue, N.W.
Washington, D.C. 20001

July 6, 2000

XSNM-3060

The Honourable Richard Meserve
Chairman
U.S. Nuclear Regulatory Commission
One White Flint North Building
11555 Rockville Pike
Rockville, MD 20852

Dear Chairman Meserve,

I am writing to provide you with some information concerning the official framework in which the export of Highly-Enriched Uranium (HEU) from the United States to Canada takes place for the production of medical isotopes. I understand that the Nuclear Regulatory Commission (NRC) will hold a public meeting on July 10, 2000 on this issue under the terms of the NRC licence #XSNM-03060, granted in June 1999.

I would like to inform you that the Government of Canada is satisfied that the current trade in HEU between Canada and the United States fully meets the requirements of the exchange of diplomatic notes dated September 4, 1997 between Canada and the United States with respect to the export of HEU from the United States for the production of medical isotopes. I have attached a copy of this exchange of diplomatic notes for your information.

I would also like to take this opportunity to bring to your attention the important and unique tradition of nuclear cooperation between our two countries and the framework within which that cooperation takes place. In particular, trade in HEU between Canada and the United States is subject to the *Agreement for Cooperation Concerning the Civil Uses of Atomic Energy Between the Government of Canada and the Government of the United States of America as amended*, signed in 1955 and extended in December 1999 for an additional 30 years, following ratification by the U.S. Congress.

This Agreement is an internationally-recognized, legally-binding treaty which represents the Parties' commitment to nuclear non-proliferation and the peaceful use of nuclear

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energy and provides a safe and secure framework for the transfer of HEU. The Agreement contains a number of provisions to reinforce those political commitments including, inter alia, a peaceful, non-explosive-use assurance; IAEA safeguards; controls over retransfers, reprocessing, high enrichment and storage; and the application of adequate measures of physical protection. These provisions facilitate nuclear cooperation between Canada and the United States with a view to fulfilling their agreement "to assist each other in the achievement of the objectives of their peaceful atomic energy programmes" (Preamble).

I believe it is important to take into account the Nuclear Cooperation Agreement and the exchange of diplomatic notes between Canada and the United States in the context of the NRC's meeting next week on HEU exports to Canada for use in the production of medical isotopes.

Yours sincerely,



D.G. Waddell
Minister (Economic) and
Deputy Head of Mission

cc: Mr. Richard J.K. Stratford
Director, Office of Nuclear Energy Affairs
U.S. Department of State

The Department of State proposes the following understanding regarding assurances pursuant to the United States Atomic Energy Act, Chapter 11, Section 134, with respect to the export of highly enriched uranium (HEU) from the United States of America for the production of medical isotopes.

The Government of the United States and the Government of Canada agree that whenever a low enriched uranium (LEU) target has been qualified by the relevant authorities and does not result in a large percentage increase in the total cost of operating a reactor, including necessary associated equipment, for the production and processing of medical isotopes, such an alternative LEU target will be used in that reactor in lieu of a high enriched uranium (HEU) target after required equipment has been installed and the necessary licenses have been obtained.

The Government of the United States and the Government of Canada intend to consult as appropriate, and at the request of either party, on issues, such as technical, environmental, regulatory and economic considerations, relevant to the use of a LEU target, and on issues related to the supply and pricing of uranium for targets for medical

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isotope production. The object of these consultations will be to ensure that there is a complete understanding of the range of issues associated with the use of uranium targets for medical isotope production so as to provide the basis for a determination whether an alternative LEU target can be used in that particular reactor for the production of medical isotopes.

The Department of State requests that the Embassy of Canada confirm that this understanding is shared by the Government of Canada.

Department of State,

Washington, September 4, 1997



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Ambassade du Canada

Note No. 004

The Embassy of Canada confirms the following understanding set out in the Note of September 4, 1997 from the Department of State regarding assurances pursuant to the United States Atomic Energy Act, Chapter 11, Section 134, with respect to the export of highly enriched uranium (HEU) from the United States of America for the production of medical isotopes, which reads as follows:

"The Government of the United States and the Government of Canada agree that whenever a low enriched uranium (LEU) target has been qualified by the relevant authorities and does not result in a large percentage increase in the total cost of operating a reactor, including necessary associated equipment, for the production and processing of medical isotopes, such an alternative LEU target will be used in that reactor in lieu of a high enriched uranium (HEU) target after required equipment has been installed and the necessary licenses have been obtained.

"The Government of the United States and the Government of Canada intend to consult as appropriate, and at the request of either party, on issues, such as technical, environmental, regulatory and economic considerations, relevant to the use of a LEU target, and on issues related to the supply and pricing of uranium for targets for medical isotope production. The object of these consultations will be to ensure that there is a complete understanding of the range of issues associated with the use of uranium targets for medical isotope production so as to provide the basis for a determination whether an alternative LEU target can be used in that particular reactor for the production of medical isotopes."

The Embassy of Canada confirms that this understanding is shared by the Government of Canada.

Washington, D.C., September 4, 1997





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Date: July 6, 2000

To/à: The Honourable Richard Meserve
Chairman
U.S. Nuclear Regulatory Commission

Fax: 9-301-415-1757

From/de: Carl Hartill
First Secretary

Ref/réf: Export of HEU from the United States to Canada for the production of
medical isotopes

Pages: _7_ (with cover page/avec page de couverture)

Please see attached letter from D.G. Waddell, Minister (Economic) and Deputy Head of
Mission. Original to follow via mail.
