

**No. 8124**

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**INTERNATIONAL ATOMIC ENERGY AGENCY,  
UNITED STATES OF AMERICA and URUGUAY**

**Contract for the lease of enriched uranium and for the transfer of special fissionable material and certain equipment for a research reactor in Uruguay. Signed at Tokyo, on 24 September 1965**

*Official texts: English and Spanish.*

*Registered by the International Atomic Energy Agency on 21 February 1966.*

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**AGENCE INTERNATIONALE DE L'ÉNERGIE ATOMIQUE,  
ÉTATS-UNIS D'AMÉRIQUE et URUGUAY**

**Contrat pour la location d'uranium enrichi et pour la cession de produits fissiles spéciaux et de matériel destinés à un réacteur de recherche en Uruguay. Signé à Tokyo, le 24 septembre 1965**

*Textes officiels anglais et espagnol.*

*Enregistré par l'Agence internationale de l'énergie atomique le 21 février 1966.*

No. 8124. CONTRACT<sup>1</sup> FOR THE LEASE OF ENRICHED URANIUM AND FOR THE TRANSFER OF SPECIAL FISSIONABLE MATERIAL AND CERTAIN EQUIPMENT FOR A RESEARCH REACTOR IN URUGUAY. SIGNED AT TOKYO, ON 24 SEPTEMBER 1965

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WHEREAS the Government of the Oriental Republic of Uruguay (hereinafter called "Uruguay"), desiring to set up a project consisting of a training and research reactor for peaceful purposes, has requested the assistance of the International Atomic Energy Agency (hereinafter called the "Agency") in securing, among other things, certain equipment and the special fissionable material necessary for this purpose ;

WHEREAS the Board of Governors of the Agency approved the project on 24 February 1965, and the Agency and Uruguay are this day concluding an agreement<sup>2</sup> for the provision by the Agency of the assistance requested by Uruguay ;

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<sup>3</sup> (hereinafter called the "Co-operation Agreement"), under which the United States undertook to make available to the Agency pursuant to its Statute<sup>4</sup> certain quantities of special fissionable material ;

WHEREAS Uruguay has made arrangements with a manufacturer in the United States of America (hereinafter called the "Manufacturer") for acquiring the reactor, the fuel elements and other equipment associated with the reactor, all of which are at present stored within the Oriental Republic of Uruguay under the custody of the United States ; and

WHEREAS the United States Atomic Energy Commission (hereinafter called the "Commission"), acting on behalf of the United States, owns certain equipment and special fissionable material associated with the reactor, including a plutonium-beryllium neutron source and two fission counters and the special fissionable material contained therein ;

The Agency, the Commission and Uruguay agree as follows :

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<sup>1</sup> Came into force on 24 September 1965, upon signature, in accordance with article XV.

<sup>2</sup> See p. 117 of this volume.

<sup>3</sup> United Nations, *Treaty Series*, Vol. 339, p. 359.

<sup>4</sup> United Nations, *Treaty Series*, Vol. 276, p. 3, and Vol. 471, p. 334.

## PART I

## THE FUEL MATERIAL

*Article I*

## THE TRANSFER

*Section 1.* Subject to the provisions of the Co-operation Agreement, the Commission shall lease to the Agency, and the Agency shall lease from the Commission, 16,049.57 grams of uranium containing 3,182.63 grams of the isotope  $^{235}\text{U}$  (hereinafter called the "fuel material") in 14 fuel elements, 4 control elements and 5 spare fuel plates for a 100-kilowatt Lockheed Nuclear Products training and research reactor.

*Section 2.* The Agency shall lease to Uruguay, and Uruguay shall lease from the Agency, the fuel material.

*Section 3.* The Commission shall deliver the fuel material to Uruguay, acting on behalf of the Agency, at its present storage location in Montevideo on a date to be specified by the Agency after consultation with the Commission and Uruguay. Uruguay shall accept possession of the fuel material and give appropriate written receipts therefor to the Commission on behalf of the Agency and to the Agency on behalf of Uruguay.

*Section 4.* Any time within thirty days after the transfer of possession of the fuel material in accordance with Section 3, the Agency or Uruguay may check the precise quantity and isotopic composition of the fuel material. The cost of the verification (including the value of any fuel elements destroyed and any consequent Consumption Charge due in accordance with Section 15 (b)) shall be borne by the party performing the verification.

*Section 5.* Except as provided in Article V or X, title to the fuel material shall at all times be vested in the United States.

*Article II*

## THE RETURN

*Section 6.* Except as provided in Article V or X, the Agency shall be responsible to the commission for the return of all the fuel material at or before the date for the termination of the leases in accordance with Section 14.

*Section 7.* At or before such date of termination Uruguay shall, at the Agency's request and on its behalf, and after giving ninety days' notice to the Agency and the

Commission, return to the Commission any fuel material to which it has not obtained title in accordance with Article V or X.

*Section 8.* Uruguay shall pack the fuel material for shipment in containers approved for this purpose by the Agency and the Commission.

*Section 9.* Uruguay shall return the fuel material in accordance with appropriate health and safety measures prescribed by the Agency and the Commission, to a port of entry in the United States of America designated by the Commission after consultation with the Agency and Uruguay.

*Section 10.* Upon arrival of the fuel material at the port of entry the Commission shall perform the actions required to authorize the import of such material. Unless otherwise mutually agreed, Uruguay shall thereafter, at the Agency's request and on its behalf, arrange for a carrier, subject to such terms, charges and licences as may be required, to transport such material by commercial conveyance to the Commission facility or location specified by the Commission. The Commission shall accept possession of the fuel material at its specified facility or location and shall give an appropriate written receipt therefor, a certified copy of which Uruguay shall transmit to the Agency.

*Section 11.* The Agency or, at the Agency's request and on its behalf, Uruguay shall pay all costs for transportation within and outside the United States of America and for delivering and storing the fuel material, as well as for physically handling it in connection with the delivery and transfer ; such costs shall not be the responsibility of, nor be borne by, the Commission.

*Section 12.* The parties may agree that the fuel material be returned in more than one shipment, in which case the provisions of this Contract shall apply, as appropriate, to each shipment.

### *Article III*

#### PERIOD OF LEASES

*Section 13.* The leases specified in Sections 1 and 2 shall commence at the time when, pursuant to Section 3, Uruguay, acting on behalf of the Agency, accepts possession of the fuel material. They shall terminate either at the time when, pursuant to Section 10, the Commission accepts possession upon return of the fuel material or, with respect to any material to which title is transferred pursuant to Article V or X, at the time of such transfer. The rights and obligations under Contract, insofar as not specifically restricted to the period of the leases, shall commence on the entry

into force of this Contract and shall, to the extent unfulfilled, extend beyond the termination of the leases.

*Section 14.* The leases shall terminate on 30 June 1967, it being understood that the parties intend to negotiate in due time concerning a renewal of these leases, or the conclusion of appropriately amended leases or another agreement. Any party may specify an earlier termination date by sixty days' notice to the other parties if any obligation of the Co-operation Agreement or of this Contract has not been fulfilled by the other parties thereto. The Agency may specify an earlier termination date :

- (i) Under the conditions specified in Article XII.A.7 and XII.C of its Statute ; or
- (ii) After consultation with or at the request of Uruguay, in case of any increase, pursuant to Section 19, in the Use or Consumption Charges above the rates indicated in Sections 15 (a) and (b) respectively.

After consultation with Uruguay the Agency may, by notification to the Commission, cancel this contract before acceptance of possession of any of the fuel material.

#### *Article IV*

##### PAYMENT

*Section 15.* Uruguay shall pay the Agency and the Agency shall pay the Commission :

- (a) A Use Charge for the fuel material, levied for the period of the leases or until it has been determined in accordance with Section 16 (b) that it is impossible to return the fuel material, and calculated in accordance with the Commission's lease provisions and its schedule of charges for enriched uranium published in the United States Federal Register (hereinafter called the "Commission's published charges") and in effect during the appropriate period. At present the Use Charge is calculated at an annual rate of 4.75% of the values specified in sub-section (b).
- (b) A Consumption Charge equal to the value of any of the fuel material lost, consumed or otherwise not returned, calculated in accordance with the Commission's published charges in effect at the time of the determination called for by Section 16 (b). The present charge is US \$ 2.23 per gram of the uranium. A Consump-

tion Charge shall be calculated at an appropriately lower rate as determined by the Commission for any enriched uranium returned with an enrichment less than that of the material received.

*Section 16.* The Commission shall bill the Agency and the Agency shall thereupon bill Uruguay as follows :

- (a) For the Use Charge, at the end of June and December each year and on acceptance of possession upon return of any fuel material.
- (b) For the Consumption Charge, as soon as a determination has been made and agreed to by the parties that any of the fuel material has been depleted, lost, consumed or that a failure to or impossibility of return has occurred.

*Section 17.* At the request of the Commission Uruguay shall provide the Agency and the Commission with such information concerning the fuel material as may be required for the Commission to prepare its billings in accordance with Section 16.

*Section 18.* Payment shall be made by Uruguay to the Agency and by the Agency to the Commission or its designated agent or contractor, in United States currency. The Commission shall be entitled to an additional charge at the rate of six per cent per annum on all amounts due and not paid within sixty days after the date of the Commission's invoice. Uruguay shall pay the Agency within thirty days after receipt of the Agency's invoice, to be dispatched after receipt of the Commission's invoice, and Uruguay shall reimburse the Agency for or, at the Agency's request and on its behalf, Uruguay shall pay directly to the Commission any additional charge if the delay beyond the sixty-day period was due to the fault of Uruguay.

*Section 19.* The Commission may, in accordance with its general policies, change its published charges on which are based the Use Charge referred to in Section 15 (a) and the Consumption Charge referred to in Section 15 (b), by giving thirty days' prior notice of such change to the Agency and to Uruguay. Any such change shall be effective as of the first day of the following January or July, as stated in the notice of change furnished by the Commission.

#### *Article V*

##### POSSIBLE TRANSFER OF TITLE

*Section 20.* At any time during the period of the leases Uruguay may acquire title to any of the fuel material by paying to the Commission, on behalf of the Agency,

a sum equal to the Consumption Charge for such material. At the end of the month in which the Commission receives such payment, title to the material in question shall automatically vest in the Agency and shall thereafter immediately and automatically vest in Uruguay.

*Section 21.* Upon any transfer of title pursuant to Section 20 or 32 the leases shall immediately terminate with respect to the material in question and no further charges pursuant to Article IV shall accrue with respect to such material.

#### *Article VI*

##### ASSIGNMENT, USE AND RETRANSFER

*Section 22.* Neither the Agency nor Uruguay may transfer any right or interest under this Contract to any third State.

*Section 23.* Unless otherwise agreed, Uruguay shall not use any fuel material to which it has not obtained title in accordance with Article V otherwise than in the reactor, nor transfer any such material outside the jurisdiction of the contracting States.

#### *Article VII*

##### SAFEGUARDS ON RETURN OF THE SUPPLIED MATERIAL

*Section 24.* Before any fuel material is returned to the Commission pursuant to this Contract, the Agency and the United States shall agree on the procedures by which the Agency can safeguard in the United States of America any plutonium produced in such material within the reactor.

#### PART II

##### THE EQUIPMENT AND CONTAINED SPECIAL FISSIONABLE MATERIAL

#### *Article VIII*

##### TRANSFER OF SPECIAL FISSIONABLE MATERIAL AND CERTAIN EQUIPMENT

*Section 25.* Subject to the provisions of the Co-operation Agreement the Commission shall transfer to the Agency and the Agency shall accept from the Commission a 5-curie plutonium-beryllium neutron source containing 79.98 grams of plutonium, and two fission counters each containing 1.51 grams of the isotope <sup>235</sup>U in 1.68

grams of uranium (these items are hereinafter collectively called the "equipment and contained special fissionable material").

*Section 26.* The Agency shall transfer to Uruguay and Uruguay shall accept from the Agency the equipment and contained special fissionable material.

*Section 27.* The Commission shall provide for delivery of the equipment and contained special fissionable material to the Agency or, at the Agency's request and on its behalf, to Uruguay, at its present storage location in Montevideo on a date to be specified by the Agency after consultation with the Commission and Uruguay.

*Section 28.* The Agency or, at the Agency's request and on its behalf, Uruguay shall accept possession of the equipment and contained special fissionable material at the designated location and shall sign an appropriate written receipt therefor.

*Section 29.* Title to the equipment and special fissionable material shall vest in the Agency upon transfer of possession and shall thereafter immediately and automatically vest in Uruguay.

#### *Article IX*

##### PAYMENT

*Section 30. (a)* With respect to the equipment, the Agency shall send an invoice to Uruguay at or subsequent to the transfer of possession pursuant to Section 28. Within thirty days from the date of this invoice Uruguay 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 31 (a).

(b) With respect to the contained fissionable material, the Agency shall send an invoice to Uruguay within thirty days after the end of the calendar year in which this Contract is concluded. Within thirty days from the date of this invoice Uruguay 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 31 (b).

(c) 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 31. (a)* The Commission shall send to the Agency an invoice for the equipment at or subsequent to the time the Commission transfers possession pursuant to Section 28. Within sixty days from the date of this invoice the Agency shall pay for the equipment according to the following schedule of charges :

For the plutonium-beryllium neutron source, excluding the contained plutonium . . . . .	\$1000.00
For the two fission counters, excluding the contained uranium . . .	\$1500.00



(b) The Commission shall send an invoice to the Agency for the contained special fissionable material at the end of the calendar year in which this Contract is concluded. Within sixty days from the date of the invoice the Agency shall pay for the contained special fissionable material according to the following schedule of charges :

	<i>Base Charge</i>	<i>Use Charge</i>
For the plutonium contained in the neutron source . .	\$43.00	4.75 %
	per gram	per annum
For the uranium contained in the fission counters . .	\$10.808	4.75 %
	per gram	per annum

The invoice shall cover an amount equivalent to the value of the contained special fissionable material, in accordance with the applicable Base Charge, and a Use Charge for the period commencing with the date of transfer of possession pursuant to Section 28 and ending with the date of the Commission's invoice ; provided that, to the extent any of the contained special fissionable material is made the subject of a gift, the invoice amount shall be reduced by the value of the free material, but provided further that the Use Charge shall apply for the indicated period whether or not the contained special fissionable material is made the subject of a gift. The Use Charge and the Base Charge provided herein are subject to change by the Commission in the same manner as provided in Section 19.

(c) 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.

### PART III

## GENERAL PROVISIONS

### *Article X*

#### PROVISION OF FREE SPECIAL FISSIONABLE MATERIAL

*Section 32.* 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. If the Commission finds the project to which this Contract relates eligible, it shall decide by the end of the calendar year in which this Contract is concluded on the extent, if any, to which the project shall benefit by the gift offer, and shall promptly notify the Agency and Uruguay of that decision. Thereupon, at the

end of that calendar year, title to such part of the fuel material as corresponds to the notified gift of that material shall automatically vest in the Agency and shall thereafter immediately and automatically vest in Uruguay. The payments provided in Sections 30 (b) and 31 (b) shall be reduced by the value of any free material thus made available for the equipment and contained special fissionable material.

### *Article XI*

#### WARRANTY, RESPONSIBILITY AND LIABILITY

*Section 33.* Neither the Agency nor the Commission make any warranty either express, implied, statutory or otherwise with regard to the fuel material.

*Section 34.* The Agency shall assume full responsibility to the Commission, during the period of the leases, for the fuel material, including any loss, destruction, depletion, contamination or consumption thereof, and after acceptance of possession pursuant to Section 28, for the equipment and contained special fissionable material. Uruguay shall be equally responsible to the Agency.

*Section 35.* Neither the Agency nor any person acting on its behalf shall at any time bear any responsibility towards Uruguay or any person claiming through Uruguay, for the safe handling and the use of the fuel material and of the equipment and contained special fissionable material.

*Section 36.* 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 the equipment and contained special fissionable material, or for the fuel material before its return in accordance with Section 10.

*Section 37.* The Agency shall hold harmless the Commission and Uruguay shall hold harmless the Agency against any liability from any cause arising in connection with the fuel material during the period of the leases.

*Section 38.* Unless expressly waived in writing by the Agency and the Commission, Uruguay agrees to indemnify the Agency, the United States, the Commission, or any person acting on behalf of the Agency or the Commission, against liability, and resultant costs and expenses incurred, for infringement of any patent occurring in the utilization by Uruguay of the fuel material.

*Article XII*

## OFFICIALS NOT TO BENEFIT

*Section 39.* 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 XIII*

## WAIVER OF RIGHTS BY COMMISSION

*Section 40.* Nothing in this Contract shall obligate the Agency or Uruguay to pay any charges or observe any provisions of, or established pursuant to, this Contract, if the Commission, in accordance with statutory or other authority available to it, determines that such charges or other provisions are not applicable.

*Article XIV*

## SETTLEMENT OF DISPUTES

*Section 41.* Any question or dispute concerning the quantity or isotopic composition of the fuel material shall, at the request of any party to this Contract, be submitted to a laboratory agreed upon by all parties. The laboratory may perform any tests or analyses that it deems necessary, and all parties agree to facilitate its work in every way. The results of the measurements by the laboratory shall be considered final and binding on all parties. The costs of the measurements by the laboratory shall be borne equally by the parties, provided that if the measurements insisted upon by any party or parties are confirmed by the laboratory such party or parties shall not be obliged to bear any share of the related costs.

*Section 42.* 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 elect 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 do so. The same procedure shall apply if, within thirty days of the designation of the second arbitrator, the third arbitrator has not been elected.

- (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 elect 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 designate the necessary number of arbitrators. The same procedure shall apply if, within thirty days of the designation of the third of the first three arbitrators, the Chairman or the fifth arbitrator has not been elected.

A majority of the members of the arbitral tribunal shall constitute a quorum. All decisions shall be made by majority vote. The arbitral procedure shall be established by the tribunal, whose decisions, including all rulings concerning its constitution, 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 XV

ENTRY INTO FORCE

*Section 43.* 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 Uruguay.

DONE in Tokyo, on the 24th day of September 1965, in triplicate in the English and Spanish languages.

For the International Atomic Energy Agency :

Sigvard EKLUND

For the United States Atomic Energy Commission  
on behalf of the Government of the United States of America :

Robert E. HOLLINGSWORTH

For the Government of the Oriental Republic of Uruguay :

Alfonso FRANGELLA