

No. 8534

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

**Contract for the transfer of enriched uranium for a  
research reactor in the Philippines (with annex).  
Signed at Vienna, on 28 September 1966**

*Official text : English.*

*Registered by the International Atomic Energy Agency on 1 February 1967.*

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

**Contrat pour la cession d'uranium enrichi destiné à  
un réacteur de recherche aux Philippines (avec  
annexe). Signé à Vienne, le 28 septembre 1966**

*Texte officiel anglais.*

*Enregistré par l'Agence internationale de l'énergie atomique le 1<sup>er</sup> février 1967.*

No. 8534. CONTRACT<sup>1</sup> BETWEEN THE INTERNATIONAL ATOMIC ENERGY AGENCY, THE PHILIPPINES AND THE UNITED STATES OF AMERICA FOR THE TRANSFER OF ENRICHED URANIUM FOR A RESEARCH REACTOR IN THE PHILIPPINES. SIGNED AT VIENNA, ON 28 SEPTEMBER 1966

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WHEREAS the Government of the Republic of the Philippines (hereinafter called " the Philippines " ), desiring to continue a research project for peaceful purposes relating to the PRR-1 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 this purpose ;

WHEREAS the Board of Governors of the Agency approved the project on 19 September 1966 and the Agency and the Philippines are this day concluding an agreement for the provision by the Agency of the assistance requested by the Philippines (hereinafter called the " Project Agreement " ) ; <sup>2</sup>

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 " ), <sup>3</sup> 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 ; and

WHEREAS the Philippines has made arrangements with a manufacturer in the United States of America (hereinafter called the " Manufacturer " ) for the fabrication of enriched uranium into fuel elements for the reactor ;

NOW, THEREFORE, the Agency, the Philippines and the United States Atomic Energy Commission (hereinafter called the " Commission " ), acting on behalf of the United States, hereby agree as follows :

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<sup>1</sup> Came into force on 28 September 1966, upon signature, in accordance with article VI.

<sup>2</sup> See p. 25 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.

*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 enriched uranium (hereinafter called the "fuel material") as specified in the Annex to this Contract, the precise quantities to be determined pursuant to sub-section 3 (b).

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

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

(a) The Commission shall make available to the Manufacturer, at a facility of the Commission designated by it, enriched uranium, in the form of uranium hexafluoride, for the fuel material, subject to such terms, charges and licences as the Commission may require unless the enriched uranium is to be drawn from the Manufacturer's inventory.

(b) The precise quantity and enrichment of fuel material in the fuel elements shall be determined by the Manufacturer, and the Philippines 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  $^{235}\text{U}$  and of the quantity of enriched uranium contained in the fabricated fuel elements. This determination may be checked by the Agency, by the Philippines 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. 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.

(c) Upon completion of the fabrication and the preparation for shipment of the fuel material, and upon agreement with respect to the determination concerning such material, and upon compliance with paragraph 3 of Annex B to the Project Agreement, the Philippines, at the request and on behalf of the Agency, shall arrange for a transporter who, after thirty days' written notice to the Commission and subject to such terms, charges and licences as the Commission may require, shall transport and deliver the material to the port of export in the United States designated by the Commission after consultation with the Agency and the Philippines. The Commission, at the request of the Agency, shall thereupon transfer possession to the Philippines acting on behalf of the Agency, at such port of export and authorize the export of the material. On behalf of the Agency, the Philippines shall

thereupon make arrangements for transportation within and outside the United States and for delivering and storing the material, as well as for physically handling it and shall pay all costs in connection therewith, including the cost of containers and packaging. On behalf of the Agency, the Philippines shall accept possession of the material at the port of export and shall give appropriate written receipts therefor to the Commission on behalf of the Agency and to the Agency on behalf of the Philippines.

(d) Title to the fuel material shall vest in the Agency at the time such material leaves the jurisdiction of the United States of America and shall thereafter immediately and automatically vest in the Philippines.

## *Article II*

### PAYMENT

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

<i>Percentage enrichment by weight in the isotope <sup>235</sup>U of the enriched uranium</i>	<i>Price US \$/g of enriched uranium</i>
90	10.808
92	11.061
93	11.188

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.

*Section 6.* 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 the Philippines of that decision. The payments provided in Sections 4 and 5 shall be reduced by the value of any free material thus made available.

### *Article III*

#### RESPONSIBILITY

*Section 7.* Neither the Agency nor any person acting on its behalf shall at any time bear any responsibility towards the Philippines or any person claiming through the Philippines for the safe handling and the use of the fuel material.

*Section 8.* After acceptance of possession pursuant to sub-section 3 (c), the Agency shall assume full responsibility to the Commission for the fuel material, and the Philippines 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 9.* 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 10.* If the parties should be unable to reach agreement with respect to the determination provided for in sub-section 3 (b) 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 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 11.* 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 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 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 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 elected.

A majority of the members of the arbitral tribunal shall constitute a quorum, and 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 under Article 32, paragraph 4, of the Statute of the Court.

#### *Article VI*

#### ENTRY INTO FORCE

*Section 12.* 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 the Philippines.

DONE in Vienna, on the 28th day of September 1966, in triplicate in the English language.

For the International Atomic Energy Agency :

Sigvard EKLUND

For the Government of the Republic of the Philippines :

Modesto FAROLAN

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

Henry D. SMYTH

#### ANNEX

#### SCHEDULE OF DELIVERIES OF 93 % ENRICHED URANIUM

Calendar year : 1966, 1967

Approximate quantity of uranium : 1,668 grams, 1,474 grams

Approximate quantity of  $^{235}\text{U}$  : 1,550 grams, 1,370 grams

Number of fuel elements : 10, 10.