Outline of the proposed United States–Euratom Program (June 1958)

Caption: On 23 June 1958, the United States and the six Member States of Euratom approve a programme of cooperation in the area of nuclear energy which covers both the supply of uranium and the construction of several nuclear power plants in Europe.

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Outline of Proposed United States-EURATOM Program, June 23, 1958

A. *Objectives*

1. The aim of the joint program will be to bring into operation in the Community by 1963 about one million electric kilowatts of installed nuclear capacity, in reactors of proven types developed in the United States, and to initiate immediately a joint research and development program centered on those reactors. The program would be conducted so as to obtain maximum support of the industries of the Community and of the United States. Their active participation is indispensable to the success of the program.

B. *Major Features*

1. The total capital cost, exclusive of fuel, is estimated not to exceed $350 million. These funds will be provided for by the participating utilities and other European sources of capital, such financing to be arranged with the appropriate assistance of EURATOM. Up to $135 million would be provided by the United States Government to EURATOM in the form of a long-term line of credit from the Export-Import Bank. These funds will be re-lent by EURATOM for the construction of nuclear power plants under the program.

2. The nuclear power plants under the program will be built, owned, and operated by utilities in the member states. All risks due to uncertainties in construction, maintenance, and operating costs and load factors will be borne directly by these utilities. In the course of the negotiation it was determined that the economic risks associated today with the reactor fuel cycle must be minimized if participation by the European utility industry is to be reasonably assured. To this end the United States, for a 10-year period of operation, will guarantee ceiling costs for the fabrication of the fuel elements required, as well as a fixed life for these elements.

3. A proposed research and development program established for a 10-year period will be centered on the improvement in the performance of the reactors involved in the program and the lowering of fuel cycle costs. During the first 5 years the financial contribution of the Community and the United States will amount to about $50 million each, with the sum required for the second 5-year period to be determined at a later date.

4. Under the arrangements proposed the United States would sell to the Community a net quantity of 30,000 kilograms of contained U-235 in uranium to cover the fueling and other requirements of the program for such material over a 20-year operating period. The initial operating inventory, which amounts to approximately 9,000 kilograms of contained U-235 would be sold to the Community on a deferred payment basis. The balance of about 20,000 kilograms which represents estimated burnup and process losses over the 20-year operating period, and 1,000 kilograms to provide for research and test reactors associated with the programs, would be paid for on a current basis.

5. The U.S. Atomic Energy Commission will process in its facilities, at established U.S. domestic prices, spent fuel elements from the reactors to be included in the program.

6. With respect to any special nuclear material produced in reactors fueled with materials obtained from the United States under this joint program, which is in excess of the need of the Community for such material for the peaceful uses of atomic energy, the International Atomic Energy Agency would have the right of first option to purchase such material at the announced fuel value price in effect in the United States at the time of purchase. In the event this option is not exercised by the Agency, the United States would be prepared during the first 10 years of reactor operation to purchase such material at the U.S.-announced fuel value price in effect at the time of purchase.

7. Technological and economic data developed under the program would be made available to the industries within the Community and the United States under provisions designed to assure the widespread dissemination of the information developed in the course of the program.

8. Under the program the Community will assume responsibility for the establishment of a safeguards system which will be formulated in accordance with agreed-upon principles. This system will be designed to assure that the materials received from the United States, as well as special nuclear material produced therefrom, will be used for peaceful purposes only. The proposed agreement for cooperation with the Community provides for frequent consultation between parties on the operation of the system and that the Community will establish a mutually satisfactory safeguards system based on these principles. By exchange of letters both parties have agreed that the terms of the agreement include permission for verification, by mutually approved scientific methods, of the effectiveness of the safeguards and control systems applied to nuclear materials received from the other party or derived therefrom in connection with the joint program. Continuation of the cooperative program will be contingent upon the Community's establishing and maintaining a mutually satisfactory safeguards system. The Community also has agreed to consult with the International Atomic Energy Agency to assure the development of a safeguards system reasonably compatible with that of the Agency. The agreement for cooperation, which has been negotiated, will contain all of the guaranties required by section 123 of the Atomic Energy Act of 1954, as amended. In addition, in the event of the establishment of an international safeguards and control system by the International Atomic Energy Agency, the United States and EURATOM will consult regarding assumption by that Agency of the safeguards and control over fissionable material utilized and produced in implementation of the joint program.