



International Atomic Energy Agency

**INFORMATION CIRCULAR**

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**THE TEXTS OF THE INSTRUMENTS CONCERNING THE AGENCY'S ASSISTANCE  
TO MEXICO IN ESTABLISHING A NUCLEAR POWER FACILITY**

1. The texts [1] of the Supply Agreement between the Agency and the Governments of Mexico and the United States of America, and of the Project Agreement between the Agency and the Government of Mexico concerning the Agency's assistance to that Government in establishing a nuclear power facility, are reproduced herein for the information of all Members.
2. The Agreements entered into force on 12 February 1974, pursuant to Articles VIII and IX respectively.

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[1] The footnotes to the texts have been added in the present information circular.

## I. SUPPLY AGREEMENT

### AGREEMENT FOR THE SUPPLY OF URANIUM ENRICHMENT SERVICES FOR A NUCLEAR POWER FACILITY IN MEXICO

WHEREAS the Government of the United Mexican States (hereinafter called "Mexico"), desiring to set up a nuclear power project consisting of a boiling-water reactor with a rated generating capacity of 650 MW(e), has requested the assistance of the International Atomic Energy Agency (hereinafter called the "Agency") in securing, among other things, the supply of uranium enrichment services for the project during the lifetime of the reactor;

WHEREAS Mexico desires to obtain such services from the United States Atomic Energy Commission (hereinafter called the "Commission");

WHEREAS the Commission is willing to provide such services through the Agency, pursuant to the Agreement for Co-operation between the Agency and the Government of the United States of America as amended (hereinafter called the "Co-operation Agreement") [2], and under the terms and conditions particularly set forth in a long-term, fixed-commitment contract to be concluded between the Commission and the Mexican National Nuclear Energy Institute and the Mexican Federal Electricity Commission acting on behalf of Mexico (hereinafter called the "Long-Term Contract"); and

WHEREAS the Board of Governors of the Agency approved the project on 12 February 1974, and the Agency and Mexico are this day concluding an agreement for the provision by the Agency of the assistance requested by Mexico (hereinafter called the "Project Agreement") [3];

NOW, THEREFORE, the Agency, the Commission acting on behalf of the Government of the United States of America and Mexico hereby agree as follows:

#### ARTICLE I

##### Supply of Uranium Enrichment Services through Long-Term, Fixed-Commitment Contract

1. Subject to the provisions of the Co-operation Agreement, the Commission shall furnish to the Agency for Mexico and Mexico shall purchase, during the period of this Agreement, certain uranium enrichment services in connection with the operation of the Nuclear Power Plant of Laguna Verde, Unit 1, in the State of Veracruz.

2. The particular terms and conditions, including charges and advance payment, for the supply of such enrichment services shall be specified in the Long-Term Contract in implementation of this Agreement. As provided for thereunder, the Commission and Mexico shall agree upon (a) a schedule of enrichment services specifying the number of units of separative work to be furnished by the Commission and purchased by Mexico for delivery during an initial firm period beginning in 1976 and ending in 1986; and

[2] The Co-operation Agreement is reproduced in document INFCIRC/5, part III; the amendments will be reproduced in document INFCIRC/5/Mod. 1.

[3] Part II of this document.

(b) procedures for reaching agreement upon a material schedule specifying the quantities (kgU), assays (weight per cent  $^{235}\text{U}$ ) and times of deliveries of material other than natural uranium proposed to be delivered by Mexico, and of enriched uranium proposed to be delivered by the Commission upon performance of the enrichment services for the initial firm period and thereafter.

## ARTICLE II

### Payment

1. Mexico shall pay the Commission all charges for enrichment services provided hereunder, including other charges connected therewith and advance payment therefor, in accordance with the provisions of the Long-Term Contract.
2. It is recognized that in extending its assistance for the project the Agency is not hereunder providing any guarantees or assuming any financial responsibility in connection with the supply of enrichment services by the Commission to Mexico.

## ARTICLE III

### Delivery - Title

1.
  - (a) All material delivered by the Commission to Mexico pursuant to the Long-Term Contract will be delivered to Mexico, f. o. b. commercial conveyance, at the Commission facility from which such material is to be furnished, in accordance with the Long-Term Contract. Title to such material shall pass to Mexico upon such delivery.
  - (b) All arrangements for the export from the United States of America of material delivered by the Commission to Mexico shall be the responsibility of Mexico, provided that the Government of the United States of America shall take all appropriate steps to facilitate the issuance of any required licences or permits. Prior to the export of such material, Mexico shall notify the Agency of the amount thereof and of the date and method of shipment. At such time as the material leaves the jurisdiction of the United States of America, title thereto shall pass from Mexico to the Agency and shall thereafter immediately and instantaneously pass back to Mexico.
2. All material delivered or returned to the Commission hereunder and pursuant to the provisions of the Long-Term Contract shall be delivered to the Commission, at the Commission facility or facilities to be designated by the Commission in accordance with the Long-Term Contract. Title to such material shall pass to the Commission upon delivery at such facility or facilities.

## ARTICLE IV

### Responsibility

1. 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 use of materials delivered pursuant to Section 1 of Article III.
2. Neither the Agency nor any person acting on its behalf shall at any time bear any responsibilities towards Mexico or any person claiming through Mexico for the safe handling and the use of such materials.

## ARTICLE V

### Officials not to Benefit

No Member of the Congress of the United States of America or Resident Commissioner of the United States of America shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom.

## ARTICLE VI

### Termination - Suspension - Amendment

1. In the event of termination or suspension of the Long-Term Contract as provided for thereunder, the Commission and Mexico shall jointly notify the Agency of the date on which such termination or suspension is effective. This Agreement shall be terminated or suspended as provided in such notice. It is agreed by Mexico and the Agency that any such termination or suspension shall be without prejudice to the implementation of the rights and responsibilities of the Agency under the Project Agreement.

2. In the event the Long-Term Contract is amended as provided for thereunder, the Commission and Mexico shall, by a written notice to the Agency, notify the Agency of the amendment or amendments. At the request of any party to this Agreement, the parties shall consult each other on corresponding amendments to this Agreement as appropriate.

## ARTICLE VII

### Settlement of Disputes

Any dispute involving the Agency and one or both of the other parties to this Agreement and arising out of the interpretation or application of this Agreement, 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 Agreement, 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 (30) 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 (30) 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 Agreement, 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 (30) 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 (30) 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 final and 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 VIII

### Entry into Force - Duration

This Agreement shall enter into force upon signature by or for the Director General of the Agency and by the authorized representatives of the Commission and Mexico, and shall remain in force for the period of the Long-Term Contract or for a period of thirty two (32) years, whichever is greater, provided that the period of this Agreement shall in no event extend beyond the period during which the Co-operation Agreement is in force.

## ARTICLE IX

### Agreement for Co-operation

This Agreement, as well as the Long-Term Contract, shall be subject to and in accordance with the Co-operation Agreement, as it may be amended.

DONE in Vienna, on the twelfth day of February 1974, in triplicate in the English and Spanish languages, both texts being equally authentic.

For the INTERNATIONAL ATOMIC ENERGY AGENCY:

(signed) Sigvard EKLUND

For the GOVERNMENT OF THE UNITED MEXICAN STATES:

(signed) Fernando ALBA ANDRADE

For the UNITED STATES ATOMIC ENERGY COMMISSION  
on behalf of the GOVERNMENT OF THE UNITED STATES OF AMERICA:

(signed) William O. DOUB

## II. PROJECT AGREEMENT

### AGREEMENT BETWEEN THE INTERNATIONAL ATOMIC ENERGY AGENCY AND THE GOVERNMENT OF THE UNITED MEXICAN STATES FOR ASSISTANCE BY THE AGENCY IN ESTABLISHING A NUCLEAR POWER FACILITY

WHEREAS the Government of the United Mexican States (hereinafter called "Mexico"), desiring to establish a nuclear power project for the production of electricity, has requested the assistance of the International Atomic Energy Agency (hereinafter called the "Agency") in securing a nuclear power reactor which Mexico desires to purchase from a manufacturer in the United States of America (hereinafter called the "Manufacturer"), and in securing uranium enrichment services for the project;

WHEREAS the Board of Governors of the Agency approved the project on 12 February 1974;

WHEREAS under the Agreement for Co-operation between the Agency and the Government of the United States of America (hereinafter called the "United States"), as amended (hereinafter called the "Co-operation Agreement") [2], the United States undertook to make available to the Agency from time to time quantities of special fissionable material as may be authorized by the United States, and also undertook, subject to various applicable provisions and licence requirements, to permit, upon request of the Agency, persons under the jurisdiction of the United States to make arrangements to transfer and export materials, equipment or facilities for a Member of the Agency in connection with an Agency project; and

WHEREAS the Agency, Mexico and the United States Atomic Energy Commission acting on behalf of the United States are this day concluding an agreement for the supply of uranium enrichment services in connection with the project (hereinafter called the "Supply Agreement") [4];

NOW, THEREFORE, the Agency and Mexico hereby agree as follows:

#### ARTICLE I

##### Definition of the Project

The project to which this Agreement relates is the establishment of the Nuclear Power Plant of Laguna Verde, located near Alto Lucero, State of Veracruz, consisting of a boiling-water reactor with a rated core power output of 1931 MW(th) and a rated generating capacity of 650 MW(e) (hereinafter called the "reactor"), to be operated by the Mexican Federal Electricity Commission.

#### ARTICLE II

##### Supply of Reactor and Uranium Enrichment Services

1. The Agency, pursuant to Article IV of the Co-operation Agreement, shall request the United States to permit the transfer and export to Mexico of the reactor, together with components and spare parts, manufactured in accordance with a contract between Mexico and the Manufacturer.

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[4] Part I of this document.

2. The Agency hereby agrees to allocate to the project defined in Article I, and to provide to Mexico enriched uranium (hereinafter called the "supplied material") obtained from the performance of uranium enrichment services pursuant to the terms of the Supply Agreement, which constitutes an integral part of this Agreement to the extent that it creates rights and obligations between the Agency and Mexico.

3. It is understood by the Agency and Mexico that this Agreement shall apply to any additional assistance provided by the Agency to Mexico for the project.

### ARTICLE III

#### Shipment of the Supplied Material

Any part of the supplied material, the shipment of which is arranged by Mexico after title thereto has passed to Mexico in accordance with the Supply Agreement, shall, while the material is in the United States of America, be entrusted to a carrier selected by Mexico and acceptable to the United States Atomic Energy Commission. After export from the United States of America, such material shall be entrusted to a licensed public carrier selected by Mexico or shall be accompanied by a responsible person designated by Mexico.

### ARTICLE IV

#### Agency Safeguards

1. Mexico undertakes that the reactor and any nuclear material contained, used, produced or processed in or by the use of the reactor shall not be used in such a way as to further any military purpose.

2. It is specified that the safeguards rights and responsibilities of the Agency provided for in paragraph A of Article XII of its Statute are relevant to the project, and that their implementation is satisfied by the application of safeguards procedures pursuant to the Agreement between the United Mexican States and the International Atomic Energy Agency for the Application of Safeguards in Connection with the Treaty for the Prohibition of Nuclear Weapons in Latin America and the Treaty on the Non-Proliferation of Nuclear Weapons, signed on 27 September 1972 and which entered into force on 14 September 1973 [5]. If the said Agreement is terminated, the safeguards rights and responsibilities of the Agency shall be implemented pursuant to the Agreement between the International Atomic Energy Agency and Mexico for the Application of Safeguards under the Treaty for the Prohibition of Nuclear Weapons in Latin America, signed on 6 September 1968 and which entered into force on that date [6]. However, if both Agreements are terminated, the safeguards rights and responsibilities of the Agency provided for in paragraph A of Article XII of its Statute shall be implemented in accordance with arrangements which will supplement this Agreement, which shall be agreed forthwith by the Agency and Mexico and shall be based on the then effective Agency's safeguards system applicable to Agency projects, including provisions with respect to Agency inspectors; pending agreement on such arrangements, the Agency will apply safeguards in accordance with the procedures provided for in that system.

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[5] Reproduced in document INFCIRC/197

[6] Reproduced in document INFCIRC/118.



## ARTICLE V

### Health and Safety Measures

The health and safety measures specified in the Annex to this Agreement shall apply to the project.

## ARTICLE VI

### Agency Inspectors

The relevant provisions of the Agreement between the United Mexican States and the International Atomic Energy Agency for the Application of Safeguards in Connection with the Treaty for the Prohibition of Nuclear Weapons in Latin America and the Treaty on the Non-Proliferation of Nuclear Weapons shall apply to Agency inspectors performing functions pursuant to this Agreement.

## ARTICLE VII

### Languages

All reports and other information required for the application of this Agreement shall be submitted to the Agency in one of the working languages of the Board of Governors of the Agency.

## ARTICLE VIII

### Settlement of Disputes

1. Any dispute concerning the interpretation or application of this Agreement, which is not settled by negotiation or as may otherwise be agreed, shall be settled in the same manner as that described in Article 22 of the Agreement between the United Mexican States and the International Atomic Energy Agency for the Application of Safeguards in Connection with the Treaty for the Prohibition of Nuclear Weapons in Latin America and the Treaty on the Non-Proliferation of Nuclear Weapons.
2. Decisions of the Board of Governors of the Agency concerning the implementation of Article IV, V or VI shall, if they so provide, be given effect immediately by the Agency and Mexico pending the final settlement of any dispute.

## ARTICLE IX

### Entry into Force

This Agreement shall enter into force upon signature by or for the Director General and by the authorized representative of Mexico.

DONE in Vienna, on the twelfth day of February 1974, in duplicate in the English and Spanish languages, both texts being equally authentic.

For the GOVERNMENT OF THE  
UNITED MEXICAN  
STATES:

(signed) Emilio O. RABASA

For the INTERNATIONAL ATOMIC  
ENERGY AGENCY:

(signed) Sigvard EKLUND

## A N N E X

### HEALTH AND SAFETY MEASURES

1. The health and safety measures applicable to the project shall be those set forth in Agency document INFCIRC/18 (hereinafter called the "Health and Safety Document"), as specified below.
2. Mexico shall apply the Agency's Basic Safety Standards [7] and relevant provisions of the Agency's Regulations for the Safe Transport of Radioactive Materials [8], as these Standards and Regulations are revised from time to time, and shall as far as possible apply them also to any shipment of supplied material outside Mexico. Mexico shall endeavour to ensure safety conditions as recommended in the relevant parts of the Agency's codes of practice on the safe operation of nuclear power plants [9] and on safe reactor design and construction, and of the Agency's guidelines for the organization of regulatory activities for nuclear power reactors and earthquake guidelines for reactor siting [10].
3. Mexico shall arrange for the submission to the Agency, at least six months prior to the proposed transfer of any part of the supplied material to the jurisdiction of Mexico, of a detailed safety report containing the information specified in the Agency's guidelines for the layout and content of safety reports for stationary nuclear power plants [11], with particular reference to the following items to the extent that such information is not yet available to the Agency:
  - (a) Information relating to the site of the nuclear power plant;
  - (b) Summary description of the plant, its principal design criteria, its design bases, and its principal operating characteristics and safety implication;
  - (c) Safety analysis in which individual system and component designs should be evaluated for effects of anticipated disturbances and for susceptibility to component malfunction or failures. The consequences of those anticipated disturbances and possible malfunction or failures should be assessed, and the ability built into the plant to control or accommodate such situations from the viewpoint of safety;
  - (d) Information describing the way in which operation of the plant will be conducted;
  - (e) Receipt and handling of the supplied material;
  - (f) Handling and storage of fuel after unloading from the reactor.

The transfer shall not take place until the Agency has determined that the safety measures described in the report are acceptable. The Agency may require further safety measures in accordance with paragraph 30 of the Health and Safety Document. Should Mexico desire to make substantial modifications to the procedures with respect to which information has

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[7] Safety Series No. 9, 1967 Edition (STI/PUB/147).

[8] Ibid., No. 6, 1973 Revised Edition (STI/PUB/323).

[9] Ibid., No. 31, 1969 (STI/PUB/222).

[10] Earthquake Guidelines for Reactor Siting, Technical Reports Series No. 139, 1972 (STI/DOC/10/139).

[11] Safety Series No. 34, 1970 (STI/PUB/272).

been submitted, or to perform any operations with the reactor (including finally closing it down) or with the supplied material as to which operations no such information has been submitted, it shall submit to the Agency all relevant information as specified in paragraph 29 of the Health and Safety Document, in sufficient time to enable the Agency to perform its task in accordance with paragraph 30 of the Document, before such modified procedures or additional operations are carried out.

4. Mexico shall arrange for the submission of the reports specified in paragraphs 25 to 27 of the Health and Safety Document.

5. The Agency may inspect the nuclear power plant, in accordance with paragraphs 33 to 35 of the Health and Safety Document, at the pre-construction review and the construction permit stage, once during the first year of operation, and thereafter not more than once a year, provided that special inspections may be carried out in the circumstances specified in paragraph 32 of the Document.

6. Changes may be made to the safety standards and measures laid down in this Annex, in accordance with paragraphs 38 and 39 of the Health and Safety Document.