



International Atomic Energy Agency

## INFORMATION CIRCULAR

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INFCIRC/203/Add.1

31 October 1974

GENERAL Distr.

Original: ENGLISH  
and SPANISH

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

#### A Second Supply Agreement

1. As a sequel to the assistance which the Agency provided to the Government of Mexico in establishing a nuclear power facility [1], a Second Supply Agreement has been concluded between the Agency and that Government.
2. The Agreement entered into force on 14 June 1974, pursuant to Article IX, and the text thereof [2] is reproduced herein for the information of all Members.

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[1] Pursuant to the agreements reproduced in document INFCIRC/203.

[2] The footnotes to the text have been added in the present information circular.

## SECOND SUPPLY AGREEMENT

AGREEMENT FOR THE SUPPLY OF URANIUM ENRICHMENT SERVICES FOR  
A SECOND REACTOR UNIT FOR A NUCLEAR POWER FACILITY IN MEXICO

WHEREAS the Government of the United Mexican States (hereinafter called "Mexico"), desiring to set up a second reactor unit at the Nuclear Power Plant of Laguna Verde, has requested the assistance of the International Atomic Energy Agency (hereinafter called the "Agency") in securing a boiling-water reactor with a rated generating capacity of 650 MW(e), which Mexico desires to purchase from a manufacturer in the United States of America (hereinafter called the "Manufacturer"), and in securing the supply of uranium enrichment services for the reactor during its lifetime;

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") [3], the United States may make available to the Agency from time to time certain additional quantities of special fissionable material and may 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;

WHEREAS Mexico desires to obtain uranium enrichment 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 Co-operation Agreement 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");

WHEREAS the Agency and Mexico on 12 February 1974 concluded an agreement for assistance by the Agency to Mexico in establishing a first reactor unit at the Nuclear Power Plant of Laguna Verde (hereinafter called the "Project Agreement") [4]; and

WHEREAS the Board of Governors of the Agency approved the project on 13 June 1974;

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

## ARTICLE I

Amendment of Project Agreement

It is agreed by Mexico and the Agency that:

- (a) Article I of the Project Agreement is hereby amended to include the establishment, at the Nuclear Power Plant of Laguna Verde, located near Alto Lucero, State of Veracruz, of a second 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; and

[3] Reproduced in document INFCIRC/5, part III, as amended by the agreement reproduced in document INFCIRC/5/Mod.1.

[4] Reproduced in document INFCIRC/203, part II.

- (b) Section 2 of Article II of the Project Agreement is hereby amended to include, under the definition of supplied material, the enriched uranium obtained from the performance of uranium enrichment services pursuant to the terms of this Agreement.

## ARTICLE II

### Supply of Reactor

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.

## ARTICLE III

### 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 2, 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 1977 and ending in 1987; and (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 IV

### 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 V

### 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 United States 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 VI

### 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 the use of the material delivered pursuant to Section 1 of Article V.

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 material.

## ARTICLE VII

### 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 as amended pursuant to Article I of this 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 VIII

### 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 IX

##### 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-three (33) 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 X

##### 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 fourteenth day of June 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) Ulises Schmill

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

(signed) William O. Doub