

JUNE 23, 1958

NO. 345

UNITED STATES-EURATOM PROGRAM

The President today transmitted to Congress and asked early approval of an International Agreement between the United States and the European Atomic Energy Community (EURATOM).

Under the United States Atomic Energy Act, Congressional approval of this instrument is necessary prior to entering into a US-EURATOM Agreement for Cooperation which would embrace a 1 million kilowatt joint program of nuclear power development.

This program involves the construction by 1963 in the six EURATOM countries -- Belgium, France, The Federal Republic of Germany, Italy, Luxembourg, and The Netherlands -- of approximately six large-scale nuclear power plants based on United States type reactors. This would provide sufficient electrical generating capacity to meet the power requirements of more than 5 million people in the EURATOM area.

In submitting the International Agreement, the President sent a special message to Congress describing the importance of this undertaking to the United States and EURATOM. The proposed cooperative program would open the way to using nuclear power in Western Europe to help meet their rising demands for energy.

As current costs of electric power in Europe are higher than in the United States, nuclear power will be economical earlier there than in the United States. Thus the experience gained through the construction and operation of nuclear plants based on reactors of United States design will be an important factor in accelerating the development of nuclear power in the United States. Maximum support by industry in this country and in the EURATOM nations is considered essential to the success of the venture.

In addition, this program should contribute substantially to the success of EURATOM with resultant increase in the strength and solidarity among the free nations of the world.

Cooperation with Europe to the end of continuing economic growth has long been a major element of United States foreign policy. The joint nuclear power program with EURATOM is expected to provide new horizons for further economic and social advances in an integrated Europe. The United States welcomed the formation of the European Atomic Energy Community as an important step towards this goal.

With the approval of the President, the United States began in January 1958 to explore the possibility of reaching agreement with EURATOM on a program under which existing utilities in the EURATOM nations would build and operate

nuclear power plants using equipment produced in the United States and the EURATOM area.

The program worked out involves a joint research and development effort, availability of enriched reactor fuel from the United States, mutually satisfactory safeguards and controls so that both EURATOM and the United States may be assured of the peaceful purposes of the joint program and long-term credits to EURATOM.

The establishment and initiation of the cooperative program are subject to several statutory steps of which the International Agreement is the first. Following approval of this Agreement, an Agreement for Cooperation with EURATOM incorporating the details of the plan will be placed formally before the Joint Committee on Atomic Energy. Congressional approval of authorization and appropriation of funds and certain other enabling legislation will also be required for the United States to carry out its share of the joint program.

The competent bodies of the EURATOM Community (the EURATOM Commission and the EURATOM Council of Ministers) already have taken their necessary statutory actions.

The President in his message to the Congress stressed the urgency in launching this cooperative effort in the peaceful uses of the atom as soon as possible. In the face of challenges to the West, this program offers heartening evidence of the fundamental unity of purpose for the common good which exists among the free nations of the world today and illustrates our basic desire to concentrate on harnessing the atom for peaceful purposes.

Attached is an outline of the proposed program.

OUTLINE

OUTLINE OF PROPOSED UNITED STATES - EURATOM PROGRAM

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 \$350,000,000. 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 \$135,000,000 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 five years, the financial contribution of the Community and the United States will amount to about \$50,000,000 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

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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 program, would be paid for on a current basis.

5. The United States Atomic Energy Commission will process in its facilities, at established US-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, only will be used for peaceful purposes. 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 safeguard system reasonably compatible with that of the Agency. The Agreement for Cooperation, which has been negotiated, will contain all of the guarantees 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.

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CAUTION: The following message of the President scheduled for delivery to the Congress today, June 23, 1958, MUST BE HELD IN STRICT CONFIDENCE and no portion, synopsis or intimation of its contents may be given out or published UNTIL RELEASE TIME.

The same caution applies to all newspapers, radio and television commentators and news broadcasters, both in the United States and abroad.

PLEASE USE EXTREME CARE TO AVOID PREMATURE PUBLICATION OR ANNOUNCEMENT.

James C. Hagerty
Press Secretary to the President

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I am transmitting today for approval by the Congress an International Agreement between the Government of the United States and the European Atomic Energy Community which will be a first step toward mutually beneficial cooperation in the peaceful applications of atomic energy between this new European Community and the United States. The specific program which I am asking the Congress to consider and approve on an urgent basis is a joint undertaking by the United States and Euratom to foster the construction in Europe by 1963 of approximately six major nuclear power reactors which would produce about one million kilowatts of electricity.

This International Agreement is being submitted pursuant to the provisions of Sections 11(L) and 124 of the Atomic Energy Act of 1954, as amended. The cooperation to be undertaken after approval of the International Agreement will be pursuant to the terms and conditions of an Agreement for Cooperation entered into in accordance with Section 123 of that Act.

The elements which combine to make such a joint program possible are the same that led to the first great break-through in the development of atomic energy fifteen years ago: the intimate association of European and American scientists and close association between European and American engineers and industries. While the joint nuclear power program draws heavily on the history of atomic energy development there are important new elements which reflect the changing world scene.

The first is the changing face of Europe symbolized by the European Atomic Energy Community, which now takes its place beside the Coal and Steel Community and the European Economic Community (Common Market) in a further major step toward a united Europe. The inspiration of European statesmen which has now come to fruition in Euratom is the simple but profoundly important idea that through concentration of the scientific and industrial potentialities of the six countries it will be possible to develop a single major atomic energy complex, larger than the sum of the parts, and designed to exploit the peaceful potential of atomic energy. One motivation which has therefore led to the creation of this new Community is the growing sense of urgency on the part of Europeans that their destiny requires unity and

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that the road toward this unity is to be found in the development of major common programs such as Euratom makes possible. Another important motivation is the present and growing requirement of Europe for a new source of energy in the face of rapidly increasing requirements and the limited possibilities of increasing the indigenous supply of conventional fuels. The Europeans see atomic energy not merely as an alternative source of energy but as something which they must develop quickly if they are to continue their economic growth and exercise their rightful influence in world affairs. The success of this undertaking, therefore, is of vital importance to the United States, for the 160 million people on the Continent of Europe are crucial to North Atlantic strength.

It is therefore gratifying that the reactor research, development, testing, and construction program in the United States has progressed to the point that United States reactors of proven types are available and will be selected for commercial exploitation in the joint program of large-scale nuclear reactors.

The abundance of conventional fuel in the United States and hence our lower cost of electricity as contrasted with higher energy costs in Europe means that it is possible for nuclear power reactors to produce economic electrical energy in Europe before it will be possible to do so in most parts of the United States.

The basic arrangements which have been worked out with Euratom are designed to take advantage of many favorable factors and circumstances. They promise to result in a program that will initially be of great benefit to Euratom and the United States, and thereafter to nations everywhere that choose to profit from Euratom's experience. American knowledge and industrial capacity will be joined with the scientific and industrial talents of Europe in an accelerated nuclear power program to meet Europe's presently urgent need for a new source of energy.

The plants to be built will be paid for and operated by the existing public and private utilities in the six countries; components will be manufactured by American and European industry. Through this association the basis will be laid for future mutually beneficial commercial collaboration in the atomic energy business. The major portion of the fund for the construction of the plants will come from European sources of capital. The United States, through the Export-Import Bank, is prepared to supplement these funds by making available to the new Community a long-term line of credit.

A central purpose of the proposed joint program is for Euratom and the United States Government to create an institutional and economic environment which will encourage the European utilities to embark quickly upon a large-scale nuclear power program. As this program goes forward, it will make possible significant progress in the development of atomic power elsewhere in the world.

The expectation that nuclear power will be economic rests on the inherent promise of achieving substantially lowered fuel costs which will more than compensate for the higher capital costs of nuclear plants. The principal immediate problem is to limit during this developmental phase the economic uncertainties connected with the burning of nuclear fuel in these reactors. To assist in meeting this problem the United States will provide certain special and limited guarantees and incentives to permit American fuel fabricators and the European utilities and industries to enter into firm contractual

arrangements with greater certainty as to the actual costs of nuclear energy from the reactors than is now possible.

Of major importance, the new European Community and the United States will establish a jointly-financed research and development program, the purpose of which will be to improve the performance of these reactors and thus to further the economic feasibility of nuclear power. Information developed under the joint program will be made available to American and European industry for the general advancement of power reactor technology.

In addition to the International Agreement submitted herewith, the necessary requests for Congressional action required to carry out the program will be submitted shortly.

I believe that the initiation of this program of cooperation with Euratom represents a major step in the application of nuclear technology for the benefit of mankind.

The United States and Euratom have reaffirmed their dedication to the objectives of the International Atomic Energy Agency and intend that the results of this program will benefit the Agency and the nations participating in it. Consideration is now being given to ways in which the United States can work with the Agency in carrying forward its functions. A proposed agreement for cooperation with the International Atomic Energy Agency is now being negotiated and is under review by the Agency. This agreement provides principally for the transfer of the special nuclear material already offered to the Agency by the United States, for certain services such as chemical processing, and for the broad exchange of unclassified information in furtherance of the Agency's program.

In recognition of the importance of the joint United States-Euratom program, I must stress its urgency. It was only on the first of January of this year that the new Community came into being, determined to fulfill its obligation to create the conditions which will permit the earliest development of nuclear power on a major scale. The Community is determined, as are we, that the joint program should be initiated this year. I am sure that the Congress, having in mind the political and economic advantages which will accrue to us and our European friends from such a joint endeavor, will wish to consider quickly and favorably the proposed program.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,

June 23, 1958

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Information regarding the activities of the Communist Party in the United States is being furnished to the appropriate authorities for their consideration.

The information is being furnished to the appropriate authorities for their consideration and is being held in confidence. It is being furnished to the appropriate authorities for their consideration and is being held in confidence.

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