

# EURATOM

The European Atomic Energy Community

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Information Service  
220 Southern Building  
Washington 5, D. C.

L. B. Tennyson  
Tel. National 8-7067

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## U.S.-EURATOM JOINT AGREEMENT SIGNED TODAY

WASHINGTON, November 8 -- The United States and Euratom signed today the Agreement for Cooperation providing for a joint nuclear-power and research-and-development program. The agreement, signed in Brussels, aims at the construction in the six Euratom countries of several large-scale atomic reactors of a total installed capacity of 1 million electric kilowatts by 1963.

The agreement will now go to the Joint Committee on Atomic Energy of the U.S. Congress for final approval, which will probably take place before February 1.

Meanwhile, talks between Euratom and U.S. experts have already begun in Washington and Brussels, and it is hoped that preparations permitting the construction of the first reactors will be completed during 1959.

The next step will be for private industry in the Euratom countries and the United States to submit proposals for reactor projects to Euratom and the U.S. Government for inclusion in the power program, permitting certain guarantees to the firms. While the target date for completion of the reactor program is 1963, this date may, if necessary, be extended by two years.

The agreement was signed on behalf of the U.S. Government by Mr. John A. McCone, Chairman of the U.S. Atomic Energy Commission, and by Mr. W. Walton Butterworth, U.S. Ambassador to the three European Communities.

Signing on behalf of Euratom were Professor Enrico Medi, Vice President, and the members of the Euratom Commission.

Today's signature is the culmination of a six-month series of constitutional and diplomatic steps in the development of the cooperative program. This began with the signature of a memorandum of understanding between the United States and Euratom, setting forth basic principles, on May 29, and June 12, 1958. The U.S. Congress gave its approval to these principles and provided a basis for more detailed agreement in its passage of the Euratom Cooperation Act on August 18 and 20, 1958. The six Euratom member countries are Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, and the Netherlands.

#### BACKGROUND MATERIAL

##### The Agreement

The agreement is a two-way plan offering benefits to both sides. The Euratom countries will gain from U.S. experience and capacity in order to make a rapid start on the nuclear power development they need to meet their ever-growing shortage of energy, while the United States, for its part, will gain experience in Europe on large-scale atomic reactors which the lower cost of conventional power stations in the United States would make it less economical to build in America.

The reciprocal nature of the agreement is reflected in its twofold provisions: first, for a power program of approximately 1 million ekw installed capacity by 1963 and, secondly, for a joint research and development program to extend over a period of 10 years.

##### Power

The Euratom Commission and the U. S. Government will jointly establish technical standards and procedures for selection of the program's reactor projects, which may be proposed, constructed, and operated by private or public bodies. The reactors, which must be of types on which research and development has been carried to an advanced stage in the U.S., are likely in the initial stage to be pressurized water or boiling water reactors using enriched uranium. It is expected that some six to eight of these reactors will be built in the various Euratom countries, their size varying from 100,000 to 150,000 kilowatts capacity.

The total capital cost, amounting to \$350 million, will be shared as follows: Approximately \$215 million is to be provided by the participating utilities and by other European sources of capital; up to \$135 million will be provided by the United States Government in the form of long-term credits to Euratom which will re-loan such funds for the construction of the facilities.

#### Supply of Fuel

The fuel for the power program is expected to amount to 30,000 kilograms of slightly enriched uranium. The U. S. Atomic Energy Commission guarantees full supply of this material for 20 years' operation at U. S. domestic prices in effect at the time of the transfer. Payment by Euratom on the principal may be deferred up to December 31, 1973, at an interest rate of 4 per cent per annum. The AEC also guarantees the cost and performance of fuel elements and will provide chemical processing and related services at published U. S. domestic charges until such time as this may be possible within the Community itself. This provision, which circumscribes the commercial risk, should provide a major incentive to Community plant operators. Plutonium resulting from the fuel cycle will be bought from Euratom by the U. S. for peaceful uses at the U. S. announced prices in effect at the time of the purchase.

Public or private plant operators whose reactor projects are accepted for the program will have full authority and responsibility for running the power stations according to a program agreed upon. They will in addition be able to incorporate in the construction and operation of the plant any discoveries, improvements, and economies made possible by the research and development program.

#### Research and Development

In addition to the power program, the cooperation agreement provides for research to be pursued in the United States and in Europe within the framework of a joint research and development program based on the types of reactors to be built. Its aims will be to improve reactor performance, to lower fuel cycle costs, and to deal with plutonium recycling and other relevant problems.

Established for a ten-year period, it will be financed by joint U.S.-Euratom contribution of \$50 million each during the first five years. Funds for the second five years may be of the same order of magnitude. The AEC and Euratom are to exchange information resulting from the joint program as well as from research on the same subjects undertaken outside the joint program, subject to mutually available patent guarantees.

#### Guarantees and Control

Euratom guarantees that fissile materials used in the framework of the joint program will be put exclusively to peaceful uses and will not be transferred to unauthorized persons. The Euratom inspection and control system for this purpose will benefit from American technical experience. Inspection and control will be the exclusive responsibility of Euratom.

#### Miscellaneous

The agreement further provides for U.S.-Euratom cooperation on the following problems: the setting up of an organization for administering the program, the training of personnel, and the development of joint industrial activities. In accordance with the Euratom Treaty, the Euratom Commission will work to reduce the impact of customs duties on the import of goods and materials under the program. Existing agreements for cooperation between Euratom member states and the U. S. Government are not modified

by the joint program but will be subject to appropriate negotiations with a view to Euratom's assuming the rights and obligations now set forth in those agreements.

Finally, both parties recognize the necessity of working out suitable measures to secure protection against third-party liability.

#### Euratom's Target

More than a year ago, the report of the "Three Wise Men" set as a target for Euratom the installation of 15 million ekw shortly before 1970. The "Three Wise Men", who visited the United States in the process of preparing their report, were the Messrs. Louis Armand, of France, Franz Etzel, of the Federal Republic of Germany, and Francesco Giordani, of Italy. The joint U.S.-Euratom program, largely in addition to existing national projects, represents a further step toward this objective. Furthermore, it may be complemented by other international agreements such as that now in course of negotiation between Euratom and the United Kingdom. This agreement is expected to be signed before the end of this year.

The studies conducted by the joint Euratom-U.S. working party which prepared the agreement largely confirmed the cost estimates worked out by the "Three Wise Men." These were figured on an overall power cost (including capital and fuel cycle costs) in the range of 10-14 mils per kilowatt-hour.

The U.S.-Euratom agreement follows the suggestion made in the joint communique published after the "Wise Men's" visit to Washington on February 8, 1957, foreseeing "a fruitful two-way exchange of experience and technical development, opening a new area for mutually beneficial action on both the governmental and the industrial level and reinforcing solidarity within Europe and across the Atlantic."

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