



AMERICAN INSTITUTE IN TAIWAN

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February 4, 1991

~~CONFIDENTIAL~~

UNCLASSIFIED AS PER 5 FAM 92b.2 *ML*

Mr. Mou-Shih Ding
Representative
Coordination Council for
North American Affairs
4201 Wisconsin Avenue, N.W.
Washington, D.C., 20016-2137

Dear Mr. Ding:

Officials of the Governments of the United States and Canada have conducted discussions concerning cooperation between Canada and the United States on the application of non-proliferation assurances to Canadian uranium to be transferred from Canada to the United States of America for enrichment and fabrication into fuel and thereafter retransferred to Taiwan for use in nuclear reactors for the generation of electricity on Taiwan. In this regard Canada has requested that the United States of America seek certain undertakings that would apply to Canadian uranium if it were made available.

AIT therefore requests CCNAA to confirm in writing to AIT that CCNAA agrees to the following:

(i) an undertaking that source material and special nuclear material identified as Canadian by AIT upon transfer from the United States of America to Taiwan and any special nuclear material produced therefrom:

(a) continuously be identified as Canadian during the whole time that such source material or special nuclear material is on Taiwan, and

(b) be subject to the Agreement for Cooperation Concerning Civil Uses of Atomic Energy, signed April 4, 1972 (reproduced at TIAS 7364; 23 UST 945), as amended, and to the Safeguards Transfer Agreement, signed December 5, 1971 (reproduced in International Atomic Energy Agency document INF/IRC/158 of March 1972);

and

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- 2 -

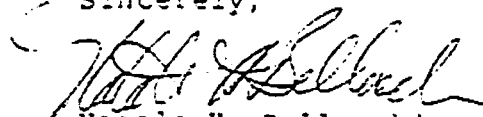
(ii) an undertaking to:

(a) provide an annual report to AIT, covering the twelve month period ending on December 31, on all source material and special nuclear material on Taiwan identified as Canadian. The report shall distinguish each category of nuclear material (e.g., plutonium, natural uranium, enriched uranium, depleted uranium, uranium 233) and shall show for each category the opening inventory, the closing inventory and increases or decreases for the period in terms of element weight and, in the case of enriched uranium, the weight of the U-235 isotope. The report shall be provided as soon as possible, and not later than three (3) months after the close of each annual period, and

(b) advise AIT when a request for the consent of AIT to retransfer, reprocess, or enrich to twenty percent or greater in the isotope U-235 source material or special nuclear material on Taiwan, involves source material or special nuclear material identified as Canadian.

To facilitate the conclusion of the necessary agreement between the United States and Canada, we would appreciate receiving an early response to this letter. Separate from the assurances sought above, new licenses for export of nuclear material to Taiwan or amendments to existing licenses will continue to be subject to the routine request for assurances.

Sincerely,



Natale H. Bellocchi
Chairman of the Board
and Managing Director

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AS PER 5 FAM 92b.2

北美事務協調委員會駐美國辦事處

Coordination Council for North American Affairs
Office in U.S.A.
4201 Wisconsin Avenue, Washington, D.C. 20016

June 6, 1991

CONFIDENTIAL UNCLASSIFIED AS PER 5 FAM 525.2 *ML*

Ambassador Natale H. Bellocchi
Chairman of the Board
and Managing Director
American Institute in Taiwan
1700 North Moore Street, 17th Floor
Arlington, VA 22209

Dear Ambassador Bellocchi:

Reference is made to your letter dated February 4, 1991 concerning cooperation between Canada and the United States on the application of non-proliferation assurances to Canadian uranium to be transferred from Canada to the United States of America for enrichment and fabrication into fuel and thereafter retransferred to Taiwan for use in nuclear reactors for the generation of electricity on Taiwan.

We hereby confirm that CCNAA agrees to the following:

- (i) an undertaking that source material and special nuclear material identified as Canadian by AIT upon transfer from the United States of America to Taiwan and any special nuclear material produced therefrom:
 - (a) continuously be identified as Canadian during the whole time that such source material or special nuclear material is on Taiwan, and
 - (b) be subject to the Agreement for Cooperation Concerning Civil Uses of Atomic Energy, signed April 4, 1972 (reproduced at TIAS 7364; 23 UST 945), as amended, and to the Safeguards Transfer Agreement, signed December 6, 1971 (reproduced in International Atomic Energy Agency document INFCIRC/158 of March 1972);

and

- (ii) an undertaking to:
 - (a) provide an annual report to AIT, covering the twelve-month period ending on December 31, on all source material and special nuclear material on Taiwan identified as Canadian. The report shall

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AS PER S FAM 926.2 *WV*

Ambassador N. H. Bellocchi

-2-

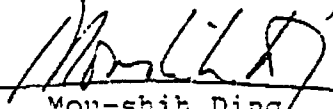
June 6, 1991

distinguish each category of nuclear material (e.g., plutonium, natural uranium, enriched uranium, depleted uranium, uranium 233) and shall show for each category the opening inventory, the closing inventory and increases or decreases for the period in terms of element weight and, in the case of enriched uranium, the weight of the U-235 isotope. The report shall be provided as soon as possible, and not later than three (3) months after the close of each annual period, and

- (b) advise AIT when a request for the consent of AIT to retransfer, reprocess, or enrich to twenty percent or greater in the isotope U-235 source material or special nuclear material on Taiwan, involves source material or special nuclear material identified as Canadian.

If you have further questions, please do not hesitate to let us know.

Sincerely,



Mou-shih Ding
Representative