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FROM : ~~Am~~ Embassy BUENOS AIRES

DATE: September 2, 1964

SUBJECT : Israeli Purchase of Argentine Uranium

REF : Dept. CA-528; C-S14-50982

This is an interim report on the subject under reference. The Embassy is hopeful that further information will have become available for transmittal within two or three weeks.

According to the provisions of Decree No. 1098 of February 8, 1963 (Embassy A-58, July 21, 1964), the sale of a total of 100 tons of "yellow cake" at a minimum FOB price of US\$15 per kilogram of U₃O₈ is authorized. Sales contracts are permitted over a period of three years starting January 1, 1963, and the shipment of the material contracted may be extended nine months beyond that period. The decree specifies that the proceeds of sales must exclusively be employed in the acquisition of machinery and equipment for the production and treatment of atomic energy materials and an itemized list of the equipment to be received in exchange for the U₃O₈ exported forms part of the decree. The decree also stipulates that necessary precautions must be taken by the National Atomic Energy Commission to make certain that these exports are "intended only for peaceful uses of nuclear energy".

An official of the Dirección Nacional de Economía Minera has informed an Embassy officer that an agreement with the Israel Government covers the sale of 80 tons of U₃O₈ and that recent exports have gone only to that country. This information is being checked through another source, together with information as to the amount which has already been shipped under the agreement. Data on the price, shipping schedules, and other details requested by the Department are also being developed.

Admiral Quihillalt, Director of the National Atomic Energy Commission, recently indicated to the Embassy's AEC representative that total annual

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File
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9-10-64

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production capacity of U_3O_8 will be about 120 tons, when the plant in Mendoza is completed and in operation within the coming year. Ing. Bancora of the Commission explained that the Commission is currently producing at the rate of about 60 tons per year at the Cordoba plant. The production figure covering 1963, which was given the former AEC representative, was only 10,254 kilograms. However, it is known that production capacities are being increased. From the mentioned statement of Admiral Quihillalt, adequate supplies of the material should be available for fulfillment of any contracts up to 100 tons to be shipped within the 3-year period mentioned in the decree.

MARTIN SECRET