



Cameco Welcomes New Agreement Between Canada and Kazakhstan

Description

By Cameron Conway

Not too long ago, I wrote about the ending of the [Megatons to Megawatts](#) treaty and how it would affect both Canadian mining operations and global demand. And less than a month since the ending of the American and Russian treaty, Canada has stepped in and signed a rather important agreement of its own. Not with Russia, though — with Kazakhstan, the #1 exporter of uranium.

Earlier in November, Foreign Affairs Minister John Baird announced that after years of negotiations, Canada and Kazakhstan have agreed to and signed a four-year Nuclear Cooperation Agreement (NCA). This agreement was finalized when Minister Baird recently met with Kazakhstan's Deputy Prime Minister and Minister of Industry and New Technologies, Asset Issekeshov.

According to a government [statement](#), "The agreement with Kazakhstan — together with the administrative arrangements to facilitate implementation — will enable Canadian firms to export and import controlled nuclear materials, equipment, and technology to and from Kazakhstan under safeguards applied by the International Atomic Energy Agency."

Back home

Canadian companies are likely very pleased to hear this announcement — none as much as **Cameco** (TSX: CCO, NYSE: CCJ). In welcoming the agreement, Cameco [said](#) that it "opens opportunities to advance our partnership with KazAtomProm [Kazakhstan's state-owned nuclear holding company], which will strengthen our business and support continued growth."

The reason Cameco was particularly interested in this agreement is plain: it already holds a 60% stake in a joint venture with KazAtomProm, the [Inkai](#) in-situ leach (ISL) uranium mine and processing plant in central Kazakhstan. This 60% stake translates into 53.9 million pounds of U_3O_8 at an average grade of 0.07%, or 2.6 million pound a year in Cameco's pockets.

This deal will also cement the foothold Cameco currently has in the world's top two uranium producers.

As a whole, Canada's nuclear industry generates well over \$5 billion in electricity annually, accounts

for approximately \$1 billion a year in uranium exports and employs more than 30,000 people.

The hope is that this agreement will accelerate Canada's position on the world stage as a leader in the uranium sector. On the smaller stage, currently Canadian merchandise exports are only around \$140 million a year to Kazakhstan (our largest commercial partner in central Asia). This treaty should increase that figure, especially if companies like Cameco continue their investments.

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