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COMMITTEE OF THE WHOLE

RECORD OF THE THIRTY-FIFTH MEETING

Held at the Neue Hofburg, Vienna,
on Tuesday, 25 September 1984, at 10.50 a.m.

Chairman: Mr. UMAR (Nigeria)
later: Mr. BASSOY (Turkey)

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*/ A provisional version of this document was issued on 23 October 1984.

**/ GC(XXVIII)/730.

The composition of delegations attending the session is given in document
GC(XXVIII)/INF/223/Rev.4.

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ELECTION OF THE VICE-CHAIRMEN AND ORGANIZATION OF WORK

1. The CHAIRMAN said he understood that a consensus had been reached on the choice of two Vice-Chairmen and proposed Mr. Strulak (Poland) and Mr. Bassoy (Turkey). If there were no objections, he would take it that the Committee of the Whole wished to designate Mr. Strulak and Mr. Bassoy as Vice-Chairmen in accordance with Rule 46 of the Rules of Procedure of the General Conference.

2. It was so decided.

3. The CHAIRMAN pointed out that document GC(XXVIII)/COM.5/31 listed the nine items on the agenda that the General Conference had referred to the Committee for initial consideration. He proposed that those items be considered in the order in which they appeared in that document.

4. It was so agreed.

5. The CHAIRMAN proposed that, as in the past, he himself should present an oral report to the General Conference at a plenary meeting on the deliberations of the Committee, which would also be the subject of detailed summary records.

6. It was so decided.

THE AGENCY'S ACCOUNTS FOR 1983 (GC(XXVIII)/714)

7. Mr. MAHMOUD (Iraq), commending the Secretariat for the high quality and clarity of document GC(XXVIII)/714, stressed the need to increase the number of training programmes, particularly in the field of nuclear power.

8. He proposed that the Committee recommend that the General Conference should adopt the draft resolution contained in Part I of the document.

9. Mr. AAMODT (Norway) said that his delegation was prepared to accept the draft resolution proposed by the Board of Governors.

10. He noted, however, the considerable amount of unliquidated obligations relating to both the Administrative Fund and the Technical Assistance and Co-operation Fund. He further noted that the External Auditor considered that the problem of outstanding assessed contributions to the Regular Budget needed

to be solved. Finally, he was interested to note the Secretariat's efforts to exercise more effective control over expenditure for support services by an improved cost-sharing system.

11. Mr. HAWAS (Egypt) recalled that his delegation had made known its views on the Agency's accounts for 1983 in the Administrative and Budgetary Committee and in the Board of Governors. He reiterated his concern that unliquidated obligations relating to the Technical Assistance and Co-operation Fund represented approximately 40% of total expenditure of the Fund in 1983. The External Auditor's explanation of that fact as a significant growth in programme activities was hardly sufficient. His delegation felt that there were other reasons, such as a low implementation rate and inadequate staffing. Consequently, it would be useful if the Technical Co-operation Evaluation Unit could make a careful study of the question and explore ways of reducing unliquidated obligations as far as possible; he looked forward to the outcome of such a study.

12. That being said, his delegation had no difficulty in accepting the draft resolution proposed by the Board of Governors, and contained in Part I of document GC(XXVIII)/714.

13. Mr. DARTOIS (Belgium) said he wished to bring up the question of cash surpluses referred to by several Governors at the session of the Board in June of the current year.

14. A cash surplus of US \$12 million for 1982 would be available for Member States in 1985. That situation, which was not new, was to a large extent linked to the problem of the considerable fluctuations in the United States dollar/Austrian schilling exchange rate. The Administrative and Budgetary Committee, at its session in May 1984, and the Board of Governors, just before the current session of the Conference, had had an opportunity to deal with that problem, but regrettably the Board had not been able to arrive at a solution.

15. In his delegation's view, it was necessary to find an appropriate solution to that problem, taking fully into account in future the inherent structure of the Agency's expenditures, 75% of which were incurred in Austrian schillings and 25% in United States dollars. He ventured to hope that the

Board of Governors, following the recommendations made by the Administrative and Budgetary Committee, which was to meet in May 1985, would find a way at its meetings in June 1985 to solve the problem of cash surpluses linked to exchange rate fluctuations.

16. Mr. KENYERES (Hungary) said that his delegation endorsed the draft resolution that the Board of Governors had recommended for adoption by the General Conference.

17. He noted with concern the level of unliquidated obligations, particularly those relating to research contracts, and stressed the need to explore the possibility of making the financing mechanism for such contracts more flexible. Precise planning of Agency financing for activities undertaken by research institutes in Member States was difficult owing to unforeseen circumstances that sometimes necessitated changes in the timetable of work and the supply of additional measuring instruments and equipment. That might explain the level of the unobligated balances in the accounts for 1983, but considerable unobligated balances had been shown in the accounts for previous years.

18. The Secretariat should examine the problem and seek possible remedies, suggesting modifications of the Agency's Financial Regulations if necessary.

19. Mr. BUCKLEY (Canada) said that his delegation had no difficulty in endorsing the draft resolution proposed by the Board of Governors. However, he remained concerned at the continuing high levels of non-payment and late payment of Regular Budget contributions. Schedule B.1 showed that as at 31 December 1983 a large number of Member States had not paid their contributions for 1983 and that many of them were in arrears for prior years' contributions. As the External Auditor had pointed out, that situation could have serious consequences for the budget, but his delegation's concerns were of a different order. First, great importance was attached to the universality of the Agency, but his delegation found it difficult to reconcile the claims made for universality with a situation in which 40% of the Member States did not meet their annual financial obligations and nearly 20% seemed prepared to assume that they had none.

20. His delegation realized that the ability of countries to pay differed, but it could be argued that the scale of assessment for Member States' contributions was designed precisely to take that into account. Moreover, in the list of countries which had paid their shares, the names of many States with low per capita national incomes appeared. His delegation was concerned not so much about capacity to pay as about willingness to pay.

21. Secondly, as a result of the present situation a double standard might develop within the Agency, and it would be very unhealthy for the Agency if the membership were to be divided into two distinct groups - those that made an effort to pay their contributions on time and those that did not.

22. Finally, the fact that so large a number of Member States did not pay their contributions at all or were late in paying them had an adverse effect on those which paid their contributions punctually. His delegation hoped that the problem would be settled without delay.

23. Mr. SCHELLER (Federal Republic of Germany) said that his delegation, while accepting the Agency's accounts for 1983, endorsed the comments that had just been made in that context. The External Auditor had drawn attention to the level of unliquidated obligations and unobligated balances. His delegation shared the External Auditor's concern and would like the Secretariat to improve the situation, which also had implications for the programme implementation rate.

24. The CHAIRMAN said he was sure that the Secretariat would take into consideration the remarks that had just been made. If there were no objections he would take it that the Committee wished to recommend to the General Conference that it adopt the draft resolution in Part I of document GC(XXVIII)/714.

25. It was so decided.

THE AGENCY'S PROGRAMME FOR 1985-86 AND BUDGET FOR 1985 (GC(XXVIII)/715 and Mod.1, GC(XXVIII)/COM.5/32 and COM.5/33)

26. The CHAIRMAN drew the Committee's attention to the modified version of the draft resolution on Regular Budget appropriations for 1985 (GC(XXVIII)/715/Mod.1), which reflected decisions taken by the Board of

Governors at its most recent session regarding the adoption of Chinese as a working language of the Board and the United States dollar/Austrian schilling exchange rate to be used as a basis for the Agency's 1985 budget. In addition to draft resolution A, the Committee had before it draft resolution B, concerning Technical Assistance and Co-operation Fund allocations for 1985, and draft resolution C, on the level of the Working Capital Fund in 1985, both of which were contained in Annex III to Part I of document GC(XXVIII)/715.

27. The Committee also had before it a draft resolution concerning the Vienna Convention on Civil Liability for Nuclear Damage (GC(XXVIII)/COM.5/32) and a draft resolution concerning the report by the Joint Inspection Unit on the Agency's technical co-operation activities (GC(XXVIII)/COM.5/33).

28. Mr. HAWAS (Egypt) thanked the Secretariat for the documents that it had prepared, and especially for the initiative taken in regard to the new format of the Agency's programme and budget document. The new format gave a better idea of the distribution of resources for the implementation of approved programmes and a clearer picture of the Agency's activities. Also, it showed how the proposed activities would be affected by increases or decreases in budgetary resources. For that reason his delegation had given preliminary support to the new format, which could be judged only in the light of practical experience; the possibility of future improvement, as needed, should be kept open.

29. His delegation, together with many other delegations, had had occasion to stress that the budget for technical assistance and co-operation and other promotional activities should not be subject to zero real growth. Although one of the main objectives of the Agency, technical assistance had for many years been falling far short of the real needs of developing countries. The current increase in technical assistance would only partly fill the gap, especially considering the inflation rate.

30. In his statement to the Conference, the Director General had said that the Secretariat was engaged in implementing more than 800 projects - which confirmed the increasing needs of the developing countries for technical assistance and co-operation. With the general economic recovery, it was hoped that the Technical Assistance and Co-operation Fund would be able to match

those needs. His delegation was therefore grateful to the countries which had contributed to the Fund and appealed to those which were in a position to do so to make additional contributions so that the largest possible number of footnote a/ projects could be put into effect. The latter were, after all, technically sound and of vital importance to recipient countries.

31. In the meantime, he wished to reiterate his concern at the marked slow-down in the rate of project implementation and would like the Technical Co-operation Evaluation Unit to study the reasons for that tendency and ways and means of remedying it.

32. Also, his delegation had been struck by the Director General's remarks at the opening of the current session to the effect that the Secretariat had reached a point where more staff would be needed if the technical assistance and co-operation programme was to maintain its effectiveness.

33. His delegation supported the technical assistance and co-operation policies proposed by the Director General and approved by the Board of Governors the previous year, particularly with regard to multi-year projects, regional and interregional projects, and technical co-operation among developing countries (TCDC). He therefore welcomed the report prepared by the Joint Inspection Unit on the Agency's technical assistance and co-operation activities, which had been sent to Member States and which the Secretariat was to submit, with its comments, to the Technical Assistance and Co-operation Committee at its meetings in December 1984. For that reason, his delegation had submitted the draft resolution GC(XXVIII)/COM.5/33 for the Committee's approval.

34. His delegation supported the draft resolutions referred to by the Chairman when introducing the item on the agenda.

35. Mr. VERMA (India) recalled that his delegation had indicated the previous year, in the Committee of the Whole, that it attached importance to a detailed and continuing dialogue between the Secretariat and Member States during the preparation of the Agency's budget document. It was gratifying to see that there had been such a dialogue in the current year. Full co-operation had been established between India and the other members of the

Group of 77, on the one hand, and the Secretariat, on the other, in the course of consultations and discussions on the budget document prior to its presentation to the Administrative and Budgetary Committee. His delegation hoped that the members of the Group of 77, with the co-operation of the Secretariat, would continue to be associated with that work in future.

36. As his delegation had already commented in detail on the programme for 1985-86 and budget for 1985 in the Administrative and Budgetary Committee, in May 1984, and in the Board of Governors, in June, he would confine himself to highlighting certain important points. The budget as a whole had to be transparent, especially in the section on safeguards. If the Secretariat wished to persuade delegations that it was carefully following a programmatic approach while still adhering to the provisions of the Statute, then it was important that, after receiving the advice of the Standing Advisory Group on Safeguards Implementation (SAGSI), it should submit a work programme to the Board. The definitions and concepts that had lately come into currency within the Department of Safeguards were subjective, opaque and ambiguous. They needed to be explained to delegations, perhaps in the Board.

37. On the one hand there was an increase in safeguards staff and expenditure; on the other there was curtailment of the Agency's promotional programmes as a result of the need to maintain a zero-real-growth budget. His delegation still held that there was no case for increasing any further the number of staff in the Department of Safeguards. Terms like "inspection goals" and "level of assurance" were unclear and stemmed from subjective concepts and criteria which had never received the approval of the Board and should therefore not be used. The Agency should adhere to the terms of Article II and Article III.A.5 and B.1 of the Statute.

38. His delegation still had the reservations regarding the safeguards budget that it and other delegations, like those of Venezuela and Belgium, had expressed during the Board meetings in June 1984. Ideas such as enhancing the "confidence of the international community in Member States' compliance with their non-proliferation and other undertakings" might appear relevant to the

Treaty on the Non-Proliferation of Nuclear Weapons, but could have no relevance in the context of the Agency's Statute. International confidence could not be built up by oblique attempts to divorce vertical proliferation from horizontal proliferation. The broad generalizations that were often employed in the budget document did not help to clarify the situation. The real connection between manpower and facilities in the implementation of safeguards was still not clear. Differing figures for different years had not helped to dispel the confusion. Similarly, his delegation's comments in the Administrative and Budgetary Committee on safeguards techniques remained valid. Greater clarity and consistency were required in order to enable Member States to understand the procedure used in preparing the budget of the Department of Safeguards.

39. At the Board's session in June, India had expressed the view that, instead of providing cost-free experts, Member States should donate the financial resources for the posts in question to the Agency, so that the Secretariat could make a global selection of the best persons available for the job. Also, his delegation had asked whether a similar practice existed in any other United Nations body and whether the Board had ever formally expressed approval of the practice within the Agency. He was reiterating those questions because still no answer had been received. It was important for the Agency to adhere closely to the United Nations system in all such aspects of its activities.

40. In conclusion, it was important that the Secretariat should not take it for granted that the Board had agreed to a particular course of action. It should faithfully carry out the decisions taken by the governing bodies of the Agency. Thus, action should be taken on the points which the Chairman of the Board had made when summing up the decisions and judgements of that body. Although the Chairman of the Board had stated at the meetings in June that amendments would be made to the Annual Report for 1983 and the Safeguards Implementation Report (SIR) for 1983, no such action had been taken.

41. Mr. LAMPARELLI (Italy) recalled that his delegation had already had the opportunity to express its view on the Agency's programme for 1985-86 and budget for 1985, both in the Administrative and Budgetary Committee and in the Board of Governors. He welcomed the improved method of setting out the budget estimates.

42. While appreciating the efforts made to limit the overall increase in the estimates, his delegation urged the Secretariat to ensure that the resources made available were used as effectively as possible and, wherever it could, to cut expenditures - for instance, on meetings, travel, supplies, consultants and temporary staff. He still had misgivings with regard to the expediency of the 1.6% real increase in the safeguards budget, especially when there had been a cash surplus of more than \$2 million in 1983; the transparency of that important budget item must be maintained. Similarly, the continuing rise in staff costs, which had reached about 70% of total expenditure, and the trend towards the upward reclassification of posts and the recruitment of new staff were disturbing.

43. The Secretariat should seek to employ a more stringent, priority-oriented approach, focusing its efforts and resources on activities for which international co-operation was genuinely needed.

44. The adoption of a dollar/schilling exchange rate close to the current one, which would lead to a decrease of \$5.4 million in the contributions of Member States, did not imply a decrease in Member States' national currency disbursements; the continuing rise in dollar/national currency exchange rates resulted in an increase in such disbursements for many Member States. For that reason his delegation unreservedly supported the efforts of the Secretariat to devise a new system to be applied in that area, in particular one that took into account the structure of the Agency's expenditures. It was to be hoped that in the near future the Board of Governors would be in a position to agree on the adoption of such a system, which would not only reduce the financial burden on Member States but also check the accumulation of cash surpluses like those generated in previous financial years.

45. He expressed his reservations regarding the preliminary estimates for 1986, which seemed to be too high.

46. Mr. MAHMOUD (Iraq) said that his delegation, when putting forward its views on the Agency's programme for 1985-86 and budget for 1985 in the Board of Governors, had pointed out the imbalance between promotional activities and activities related to safeguards and the clear disproportion between expenditure related to safeguards and the number of safeguarded

facilities. On that occasion his delegation had also stressed the importance, not only to the developing but also to the industrialized countries, of the small and medium power reactor study, which ought to be charged against the Regular Budget. He favoured a reduction in Agency expenditures, particularly administrative expenditures, and the adoption of a financial policy that avoided useless outlay. At the same time, he felt strongly that striving for zero real growth should not be allowed to affect technical assistance and other promotional activities, which were still much too small in volume.

47. Consultations between the Secretariat and Member States in the preparation of the budget were highly important in that they made it possible to avoid errors.

48. His delegation would like to see an increase in budgetary resources assigned to the nuclear power programme, the Joint FAO/IAEA Division of Isotope and Radiation Applications of Atomic Energy for Food and Agricultural Development, the Division of Nuclear Safety and the International Centre for Theoretical Physics.

49. Apart from that, he endorsed the draft resolutions appearing in documents GC(XXVIII)/715 and GC(XXVIII)/715/Mod.1.

50. Mr. DARTOIS (Belgium), recalling that his delegation had already had an opportunity to put forward its view on the Agency's programme for 1985-86 and budget for 1985, said he would confine himself to a few general remarks on document GC(XXVIII)/715.

51. Regarding the figures given for the Regular Budget for 1985, as compared with the budgets for preceding years, his country was still firmly attached to the principle of zero real growth for the budgets of international organizations in the United Nations family. The Belgian authorities had followed with the greatest concern the rapid real growth of the Agency's Regular Budget in 1982, 1983 and 1984. In 1984, the growth had, moreover, been matched by a significant increase in the assessed contributions of Member States. At a time when draconian measures were being taken on the domestic front in Belgium, international organizations should likewise display the greatest austerity in their expenditures.

52. The budget estimates for 1985 marked a halt to the rapid expansion of the Agency's Regular Budget in real terms. His delegation was aware of the efforts made by the Secretariat to submit a draft budget reflecting zero real growth for the Agency's programme as a whole, the overall increase of 6.3% being mainly due to, first, the rise in prices and, second, the use of Chinese as a working language of the General Conference and the Board of Governors. He had no objection to the total amount of the budget for 1985, which, at an exchange rate of AS 19.50 to the United States dollar, would be US \$95 025 000.

53. Nevertheless, zero real growth should not be allowed to affect the major balances within the Agency. There could be no question of sacrificing promotional activities in the interests of regulatory activities under the Regular Budget. As far as the Agency's programmes were concerned, it seemed justified to accord high priority, in the programme area "Nuclear Power and the Fuel Cycle", to the "Radioactive Waste Management" programme, and he was following with great interest the sub-programme "Sea Dumping and Releases of Radioactive Effluents". In the area "Nuclear Applications", an increase in the appropriations for the "Food and Agriculture" and "Human Health" programmes also seemed reasonable.

54. With regard to safeguards, his country attached particular importance to the smooth operation and the credibility of the Agency's safeguards system, since the goal of non-proliferation could not be attained without appropriate inspection activities. His country's programme in that respect was intended to demonstrate the feasibility of having safeguards that were both reliable and acceptable. The growth of the safeguards budget was still a matter of concern, and it was regrettable that the increases proposed were still based on the application of a rule of proportionality - namely, growth of the safeguards budget as a function of the planned increase in the number of facilities to be inspected and man-days of inspection. That ran directly counter to the desire for an increase in the efficiency of existing staff, judicious and rational use of technical facilities and the possibility of reviewing the principles which underlay the application of safeguards. For that reason his delegation had not been able to approve, during the June session of the Board of Governors, the draft safeguards budget for 1985; it

was taking the same stand on that point in the General Conference, although that in no way indicated a lack of confidence in or of respect for the Deputy Director General for Safeguards. Belgium would continue to give firm support to the Agency's safeguards programme and encourage its experts to participate in studies on safeguards.

55. In conclusion, his delegation hoped that the preliminary estimates for 1986 contained in document GC(XXVIII)/715 were really preliminary, since the overall increase of some 10% foreseen for 1986 relative to 1985 would not be acceptable to it.

56. Mr. MATSUMURA (Japan), noting that the 1985 budget was in principle based on zero real growth, expressed his appreciation of the efforts made by the Secretariat to achieve that goal.

57. His delegation believed that through careful budget reviews it was possible to achieve economies, improve productivity and allocate limited resources more in line with priorities, promoting growth in the major areas of the Agency's activities. He earnestly hoped that, given the stringent fiscal situation prevailing in many Member States, every effort would continue to be made to restrain budget growth in that way.

58. That being said, his delegation endorsed the proposed Regular Budget appropriations for 1985.

59. As to the target for voluntary contributions to the Technical Assistance and Co-operation Fund for 1985, his country attached great importance to the technical co-operation activities of the Agency and had never failed to contribute its full share to the Fund. While urging the Secretariat to continue to strive for the greatest efficiency in utilizing the Fund's resources, his delegation endorsed the allocation of \$27 million proposed for 1985.

60. With respect to the Working Capital Fund, his delegation supported the proposal that the level of the Fund remain unchanged in 1985.

61. Mr. BARTELL (United States of America) said he was pleased with the Secretariat's efforts to achieve zero real growth and supported the 1985 budget estimates. His Government was seriously concerned, however, by the level of funding for safeguards, and its endorsement of the budget was based on the expectation that there would be no decline in safeguards effectiveness in 1985. Its concern stemmed from figures noted by his delegation at the June session of the Board of Governors.

62. Those figures confirmed that real growth in the safeguards budget had lagged significantly behind the increase in nuclear materials and facilities under safeguards. For example, between 1976 and 1983, the amount of plutonium under safeguards had increased by a factor of more than 6, the amount of low enriched uranium by a factor of almost 14, that of highly enriched uranium by a factor of over 12, and that of source material by a factor of over 5; the number of safeguarded nuclear facilities had almost trebled, that of reprocessing plants had increased by a factor of 6, and that of conversion and fabrication plants had more than trebled; in 1983, four enrichment plants had been subject to safeguards, whereas there had been none in 1976.

63. While that considerable growth in the volume of safeguards had been taking place, the safeguards budget had risen by a factor of less than 2.5 in real terms. Although continued steps needed to be taken to achieve greater efficiency and higher productivity, recognition had also to be given to the obligations imposed on the Department of Safeguards under the agreements approved by the Board. In that regard, it was imperative to increase safeguards effectiveness in 1986 and beyond, especially as new facilities came into service. His Government was also committed to ensuring that the Department of Safeguards had the means - namely, sufficient numbers of managers, inspectors and supporting personnel as well as advanced equipment - to carry out 100% of its safeguards obligations.

64. With respect to the preliminary estimates for 1986, the growth envisaged was not acceptable to his delegation. The 1986 budget must be substantially lower and further ways of reducing expenditures would therefore have to be found. The Secretariat should persevere in its efforts to identify lower priority items in 1986 and future years and to adopt vigorous cost-saving measures.

65. In conclusion, he supported a target of \$26 million for voluntary contributions to the Technical Assistance and Co-operation Fund and a level of \$2 million for the Working Capital Fund.

66. Mr. SOLTANIEH (Islamic Republic of Iran) expressed appreciation to the Secretariat for the efforts it had made in the preparation of the documents and for the new programmatic approach in their presentation, which would make for a better understanding of the budget.

67. His delegation welcomed the activities related to the small and medium power reactor (SMPR) study and the inclusion of it in the Regular Budget; it would assist the developing countries in choosing nuclear power plants. The inclusion in the Regular Budget of the programme "Sea Dumping and Releases of Radioactive Effluents", which his Government had always emphasized in view of the potential threat to world health, was also commendable.

68. In the context of the technical co-operation and safeguards budgets, it had to be kept in mind that the Agency's main objective was not to implement safeguards but to make possible technical co-operation between developed and developing Member States in the field of nuclear energy. While welcoming an increase in the number of inspectors from developing countries, his Government, as a party to NPT accepting Agency safeguards, had always expressed dissatisfaction at the continuing increase in the safeguards budget. He requested further clarification regarding the correlation between the number of facilities under safeguards and inspection activities, and said that he would like generally to have more detailed information on the safeguards budget.

69. His Government had always wanted the Agency's technical assistance and co-operation programme to be funded from the Regular Budget, just like the safeguards programme. All footnote a/ projects needed to have assured funding each year.

70. The Agency's promotional activities should not be reduced any further and should not be sacrificed to the demand for zero real growth in the budget with the aim of channelling funds into other activities with less priority. If the annual budget increase was due to an increase in activities benefiting developing countries and to a greater number of technical assistance requests, his Government was prepared to co-operate in funding the programmes in question.

71. Mr. HOEHNE (German Democratic Republic) said he was happy to endorse the draft programme for 1985-86 and budget for 1985. The Secretariat was to be commended for having applied a system of budgetary review oriented towards results. The new format of the programme and budget highlighted the priority activities - safeguards, technical assistance, safety, nuclear power and INIS - and the funds necessary for them, although that did not mean that his delegation underestimated the Agency's other activities; it welcomed the increased amount of technical assistance in 1983 and the funds envisaged for 1985. The Secretariat was to be commended on having made efficient use of the resources of the Technical Assistance and Co-operation Fund and should be encouraged to continue along those lines. At the same time, his delegation strongly believed that safeguards activities required unstinted financial support.

72. The Secretariat's initiative in conducting consultations with representatives from the Permanent Missions when preparing the programme and budget had been welcomed. The consultations had been of great value to the Governments concerned, since they made it possible to strike a fair balance between regulatory and promotional activities, to assign resources to the different programmes according to the Agency's basic priorities, to stress the necessity of saving resources, especially as concerned non-productive administrative costs, and to keep budget growth within reasonable limits. He hoped that the policy in question would be continued and that the budget estimates for 1986 would in due course be discussed with interested countries.

73. Mr. SCHELLER (Federal Republic of Germany), recalling that his Government's position had already been stated in detail in the Administrative and Budgetary Committee and at the most recent session of the Board of Governors, noted that documents GC(XXVIII)/715 and 715/Mod.1 reflected the laudable efforts of the Secretariat to take into account budgetary constraints in Member States; in fact, the Secretariat had achieved virtually zero real growth while maintaining the programme priorities determined in discussions with Member States.

74. His delegation endorsed the figures for the 1985 budget but considered that the estimates for 1986 would have to be revised in due course. To that end, the Agency should establish early contact with interested Member States when preparing the 1986 draft.

75. Subject to approval by his Parliament, his delegation accepted the Agency's budget for 1985 and the totals recommended for the Technical Assistance and Co-operation Fund and the Working Capital Fund.

76. Mr. KHAN (Pakistan) said that his delegation had carefully examined the Agency's programme for 1985-86 and budget for 1985 (GC(XXVIII)/715) and had made detailed comments on the budget for 1985 at the meetings of the Administrative and Budgetary Committee in May and later at the June meetings of the Board; he wished, however, to make a few additional remarks.

77. It was encouraging that the Agency was continuing to support activities in the areas of nuclear power, the nuclear fuel cycle, food and agriculture, health and nuclear safety, which were of growing interest and importance to many developing countries. On the other hand, it was disconcerting to note that the Agency's budget for 1985 had again been prepared under the constraint of zero real growth, which was bound to have serious repercussions on the quantity and quality of various promotional activities which were, to certain developing Member States, the very reason for their participation in the Agency's work. The assistance provided by the Agency in many areas of the peaceful uses of nuclear energy was unique and indispensable, and any lasting financial constraint on such activities could seriously harm its promotional role and effectiveness.

78. The distribution of the funds in the 1985 budget meant a decrease in programme areas related to - inter alia - nuclear power, the nuclear fuel cycle and risk assessment. The reductions were based less on technical considerations than on budgetary exigencies. To avoid such arbitrary budgeting it was absolutely essential that the Agency's technical assistance programmes be provided with assured and predictable funds and that the funds allocated be adequate to meet growing demands and to finance all footnote a/ projects.

79. His delegation supported the Agency's safeguards system, which was the only universal safeguards system, had been adopted by consensus and complied with the Agency's Statute, and he would not welcome any arbitrary change in document INFCIRC/66/Rev.2. It was a source of satisfaction that the safeguards system had worked well so far - even the nuclear-weapon States were using it to place some of their civilian sector nuclear facilities under safeguards, which proved its effectiveness.

80. In his view, the system worked because adherence to a safeguards agreement represented a political commitment with binding force. The real strength of the system lay not so much in sophisticated equipment and measurements but in political good will. His country did not wish to see any change in document INFCIRC/66/Rev.2 nor the introduction of subjective or qualitative concepts that were hard to define and implement.

81. At \$32.5 million, the safeguards budget was the largest budget component, representing 34% of the total (\$95 million). Though it was true that safeguards work was increasing, that budget component ought to be kept in check through more efficient utilization of resources and manpower. The Director General and the Deputy Director General for Safeguards should take action to restrict unnecessary expenditure.

82. With regard to the small and medium power reactor (SMPR) study, developing countries were lagging far behind developed countries in the use of nuclear power. The study had confirmed that developing countries did not have the necessary infrastructure to benefit from the currently available reactors (1000-1500 MW); the efforts made by the Secretariat to carry out the study were therefore encouraging. It was regrettable, however, that the funding of it depended on voluntary contributions, whereas the study of advanced reactors was financed from the Regular Budget. He therefore appealed to the advanced countries to give special assistance, in the form of expert services and grants, for the SMPR study.

83. Finally, he supported expansion of the Agency's activities relating to agriculture, and particularly to agricultural applications of biotechnology, and called on the Secretariat to intensify its co-operation in that area with the Food and Agriculture Organization (FAO) of the United Nations and with other interested international organizations.

84. Mr. NANIOV (Bulgaria), pointing out that his delegation had already expressed its views on the Agency's programme for 1985-86 and budget for 1985 at meetings of the Administrative and Budgetary Committee and the Board of Governors, said he wished to make only a few remarks.

85. His delegation endorsed the Agency's programme for 1985-86 and budget for 1985. The Secretariat had done well and was to be commended for the new method that it had adopted for drafting the budget. His delegation regarded the rapid and sizeable increase in technical assistance activities as a positive development. On the other hand, it was perturbed by the slow-down in safeguards activities; the effectiveness of the Agency's safeguards would have to be maintained if the Agency was to safeguard nuclear facilities properly and thereby achieve the goal of non-proliferation. While accepting the budget based on an exchange rate of 19.5 Austrian schillings to the United States dollar, he hoped that future budgets would be prepared in schillings as well as in dollars; that would enable Member States to reduce expenditures resulting from exchange rate fluctuations and would permit the Agency to budget on a stable basis. His country endorsed the recommended target for voluntary contributions to the Technical Assistance and Co-operation Fund, to which it would not fail to make its own contribution, and endorsed the Agency's programme for 1985-86 and budget for 1985.

86. Mr. COUSINS (Australia) said that, as his delegation had already made detailed statements of its views regarding the budget estimates for 1985 in the Administrative and Budgetary Committee and the Board of Governors, he would confine himself to a few general remarks.

87. In considering the 1985 budget, the overall objective of his delegation had been, as with previous budgets, to ensure that the Agency retained the financial capacity to discharge its statutory responsibilities and to do so in an efficient manner. It remained his view that, if United Nations agencies were to retain the confidence and support of their members, and particularly the major contributors, their budgetary performance should reflect the budgetary circumstances prevailing throughout the world. Consistent with his Government's expenditure policy, he believed that the budgets of international organizations should as far as possible reflect zero or near-zero real growth.

88. It was therefore gratifying that the Secretariat had provided for virtually zero real growth in 1985, and its efforts to produce a budget that met the essential interests of all Member States were appreciated. Furthermore, the Division of Budget and Finance was to be commended, for its tireless consultations with Permanent Missions and its innovative efforts to develop an approach to budgeting based on programme priorities. His delegation would happily continue working with the Secretariat to refine that approach further in 1985; in that connection, he wished to stress his country's view that an increase was desirable in allocations for studying the environmental effects of sea dumping and of radioactive effluent releases. Despite an overall zero-real-growth budget, it had been possible to provide for real growth in priority programmes, including technical assistance. That was due largely to a series of administrative measures taken to improve the efficiency of Agency programmes, to reduce overhead costs and to improve productivity. He welcomed those measures.

89. His delegation supported the proposed substantial increase in the Technical Assistance and Co-operation Fund to \$26 million, and his Government expected once again to meet its full share of the target. Also, he endorsed the 5% real increase in Regular Budget funds for technical co-operation servicing and co-ordination designed to ensure that the Secretariat made the best possible use of the increased resources in the Fund, whose income was derived from voluntary contributions. Australia would continue its extrabudgetary funding of on-going activities within the framework of RCA.

90. It had proved possible to keep the growth of the safeguards budget at a low level. He commended the Department of Safeguards under its Deputy Director General, Mr. Tempus, for endeavouring to increase the efficiency of its activities; also he was grateful for the frank and detailed discussion that had taken place both in the Board and with Missions. The Department should be encouraged to pursue that approach in order to promote greater understanding of the complex safeguards programme, which was of vital importance to all Member States.

91. It was important that the Committee should recognize that the demands on the safeguards system would inevitably increase. A commensurate increase in resources would be required and should be approved at future sessions of the General Conference, so that the effectiveness of safeguards might improve and

the Agency might continue to fulfil its responsibilities under the Statute and under safeguards agreements approved by the Board. Australia would continue its national support programme for safeguards in 1985.

92. Finally, his delegation had pleasure in supporting the draft 1985 budget, as modified in document GC(XXVIII)/715/Mod.1, and draft resolutions B and C contained in Annex III of document GC(XXVIII)/715, while pointing out at the same time that it considered the preliminary estimates for 1986 to be excessive.

93. Mr. HOSSAIN (Bangladesh) concurred with delegations which had voiced their concern about the low priority given to technical assistance and co-operation in the 1985 budget. Although the Director General had sounded an encouraging note in his statement of the previous day regarding the increased availability of extrabudgetary resources, the Regular Budget was disappointing. The importance that certain nuclear Powers attached to safeguards had led to a disproportionately high allocation of budget resources for that purpose. As a representative of a developing country (to be precise, one of the least developed countries), he did not underestimate the importance of safeguards, but his country attached great importance to the development of nuclear power and the transfer of nuclear technology which could be devoted to peaceful uses, for instance in agriculture and industry.

94. His delegation joined those which had expressed concern that the staff of the Department of Safeguards was increasing, whereas the resources allotted to technical assistance were lagging behind.

95. Finally, he was disappointed to note from the "Review of the Agency's Activities" that technical assistance activities devoted to the least developed countries, which numbered nearly 40, had represented only 7% of the technical assistance programme in 1981-82. The Agency should appropriate more funds from its Regular Budget to technical co-operation activities for the least developed countries, which suffered not only from an energy shortage but also from low productivity in agriculture and industry.

96. Mr. MORALES PEDRAZA (Cuba) expressed his appreciation of the procedure followed in preparing the Agency's programme for 1985-86 and budget for 1985, together with the new format of the document. He noted with satisfaction the 5% increase in technical co-operation servicing and co-ordination activities foreseen under the Regular Budget; that should help to raise the implementation rate of the technical assistance programme, which would probably be larger in 1985 owing to the higher target for contributions to the Technical Assistance and Co-operation Fund, and he hoped that the trend would be maintained. Also, the Secretariat had worked hard to make more rational use of budgetary resources, a fact which had been reflected in an expected reduction in the expenditures of the Department of Administration - and especially the Division of General Services. Those efforts should continue in the future.

97. The needs of the developing countries were increasing year by year, so that the Agency's promotional activities were of particular importance. However, in view of current budgetary restrictions, the reduction of funds intended for those activities might make their implementation more difficult, whereas a substantial increase was foreseen in regulatory activities. In his delegation's view, the latter activities should grow only to the extent required by virtue of the Agency's statutory commitments. He favoured real growth in the Agency's budget, particularly with regard to activities that were of decisive influence in utilizing nuclear energy for peaceful purposes in the developing countries. It was therefore regrettable that the growth envisaged for 1985 was virtually zero, and he hoped that the trend would not continue when future budgets were prepared. He expressed reservations regarding the proposal to reclassify certain posts, in view of the possible financial repercussions at a time when severe restrictions were being imposed on certain important programmes.

98. The small and medium power reactor study was of great importance to developing countries and the proposed funding of it from the Regular Budget was a source of satisfaction to his delegation; he hoped that the Secretariat would pursue its efforts to make headway in the study. Also, it was necessary to continue work connected with sea dumping and releases of radioactive effluents in order to arrive at conclusions satisfying the interested countries.

99. Despite its reservations his delegation endorsed document GC(XXVIII)/715; also, it supported in their entirety the draft resolutions contained in documents GC(XXVIII)/COM.5/33 and GC(XXVIII)/COM.5/32.

100. Mr. MELIBARY (Saudi Arabia) approved the policy of reducing expenditures, particularly administrative costs, provided that the reduction did not affect the Agency's promotional activities. It was gratifying to note the co-operation between the Agency and the Group of 77 in preparing the 1985 budget and he hoped that the procedure would be continued in future.

Mr. Bassoy (Turkey) took the Chair.

101. Mr. SPAANS (Netherlands) thought that the draft 1985 budget as modified (GC(XXVIII)/715/Mod.1) provided for a reasonable and balanced distribution of funds between the Agency's major activities. He was pleased to note the absence of real growth, since the economic situation in many Member States made an austerity budget necessary. Given that situation, a budget total of \$95 million, or even \$140 million if one added the other funds available to the Agency, was a positive achievement. Despite their economic difficulties, Member States were demonstrating that they still supported the Agency in the implementation of its principal activities. However, as the Director General had pointed out the day before, it was necessary, in view of the current situation, to define priorities systematically. While growth was essential in areas of vital importance such as safeguards, technical assistance and radioactive waste management, some programmes should be reduced or even brought to an end.

102. His delegation appreciated the way in which the Secretariat had responded to suggestions from Member States in preparing the budget. He commended the presentation; its transparency and professionalism were an example for other agencies in the United Nations system. Nevertheless, he would have preferred a two-year budget, an approach that had been adopted by most other international organizations.

103. Mr. AAMODT (Norway) expressed his satisfaction with document GC(XXVIII)/715. It was gratifying to note that it had been possible to increase funds intended for safeguards and nuclear applications within the context of zero real growth. Also, he was happy to inform the Committee that his delegation had already pledged a contribution to the Technical Assistance and Co-operation Fund for 1985.

104. Mr. ZHOU (China) said that, as his country had only recently been admitted to the Agency, he could not make detailed comments on the 1985 budget; he believed, however, that he could support it. Furthermore, it was very gratifying that Chinese had become a working language of the General Conference and the Board of Governors, for which he thanked the Conference, the Board and the Secretariat.

105. Mr. HADDAD (Syrian Arab Republic) endorsed the remarks of the representatives of Pakistan and Cuba regarding the 1985 budget.

106. He recalled that, after the General Conference had decided in 1981 that Arabic should be an official and working language of the Conference, the Arab countries had provided the necessary funds under an agreement concluded with the Agency. He noted that the 1985 budget included \$329 000 for the creation of four P posts and four GS posts in connection with the introduction of Chinese. While welcoming that fact, he would have liked posts to be created for Arabic as well. He hoped that the Secretariat would take action in that respect.

107. That being said, he was able to support document GC(XXVIII)/715.

108. Mr. OBIAGA (Nigeria) said his delegation had already made its views known at the meetings of the Administrative and Budgetary Committee and the Board in May and June 1984 respectively; he would therefore confine himself to a few general remarks.

109. He concurred with earlier speakers who had expressed their concern at the low level of resources devoted to technical assistance. The principle of zero real growth should not be applied to that area of the Agency's activities, which was far too important in view of the benefits to developing

countries of the acquisition of nuclear technology for peaceful purposes. He was worried that general application of the principle of zero real growth and the economies being made in order to generate sufficient resources for safeguards might lead to a reduction of funds intended for technical assistance. The latter activity should continue to receive maximum support from the Agency.

The meeting rose at 1 p.m.

