



GC

International Atomic Energy Agency

GENERAL CONFERENCE

GC(XXXVI)/COM.5/OR.87
11 December 1992

GENERAL Distr.

ENGLISH

Original: FRENCH and
ENGLISH

THIRTY-SIXTH (1992) REGULAR SESSION

COMMITTEE OF THE WHOLE

RECORD OF THE EIGHTY-SEVENTH MEETING

Held at the Austria Center Vienna
on Friday, 25 September 1992, at 9.50 a.m.

Chairman: Mr. EL-SAIEDI (Egypt)
later: Mr. VERBEEK (Netherlands)

CONTENTS

<u>Item of the agenda*</u>		<u>Paragraphs</u>
14	Strengthening of the safeguards system (continued)	1 - 125
15	Strengthening of the Agency's main activities (resumed from meeting 82)	126 - 130
20	Scale of assessment of Members' contributions towards the Regular Budget	131 - 138

[*] GC(XXXVI)/1027/Rev.1.

The composition of delegations attending the session is given in document
GC(XXXVI)/INF/313/Rev.2.

92-03870
0703n/0055n

Abbreviations used in this record

CEC	Commission of the European Communities
EURATOM	European Atomic Energy Community
NEA	Nuclear Energy Agency (of OECD)
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
SAGSI	Standing Advisory Group on Safeguards Implementation

STRENGTHENING OF THE SAFEGUARDS SYSTEM (GC(XXXV)/RES/559, GC(XXXVI)/1017, GC(XXXVI)/COM.5/121 and Add.1) (continued)

1. Mr. WAGNER (Czechoslovakia), recalling that an explanation of why the safeguards system needed to be strengthened had been given towards the end of the previous meeting[1], said his delegation appreciated the level of effectiveness that the Agency's safeguards system had reached. It also welcomed the decision of the General Conference at its thirty-fifth session to strengthen the system and noted with satisfaction the efforts made to enable the Agency to increase the system's effectiveness, credibility and efficiency.

2. However, the proposals submitted so far ignored considerable possibilities for strengthening the safeguards system and, in particular, increasing its efficiency. Consequently, his delegation - together with that of Austria - proposed that a concerted effort be made to exploit those possibilities. The basic idea was to increase efficiency through greater flexibility, thereby releasing financial resources to fund the major part of the proposed additional measures needed in order to meet the new demands placed on the Agency's safeguards system. The resulting system might be termed the "Alternative Safeguards System".

3. Such an alternative system should be an integral, universal and uniform instrument enabling the Agency to fulfil all its obligations, including its new ones. It should be based on existing legal provisions and continue to rely mainly on material accountancy, with containment and surveillance as important complementary measures. It should be based on broader and more structured co-operation between the Agency and States' systems, and also with existing or future international or regional systems. It should be flexible but not discriminatory. It should be more country-oriented and less computer-oriented. It should enable the Agency to reach comprehensive conclusions regarding non-proliferation. Finally, it should be attractive from both the effectiveness and the efficiency point of view and consequently negotiable and acceptable.

[1] See GC(XXXVI)/COM.5/OR.86, para. 74 and Annex.

4. He understood that SAGSI had developed and was continuing to develop certain elements of such a system. His delegation, together with others, would like to see that important SAGSI intensified, with increased support from the Secretariat and external experts. His delegation, which fully endorsed draft resolution GC(XXXVI)/COM.5/121, regarded the alternative safeguards system that he had just described as being very much in line with paragraph 4 of the draft. Finally, if such a system or elements of it required field testing, his delegation was willing to make the necessary arrangements for it to take place in Czechoslovakia.

5. Mr. EKECRANTZ (Sweden) said that his delegation fully supported draft resolution GC(XXXVI)/COM.5/121 and wished to co-sponsor it.

6. Mr. VETTOVAGLIA (Switzerland) thanked the delegation of Belgium for having included in the draft resolution a paragraph on the effectiveness and efficiency of the safeguards system; such a paragraph was essential in order to strike a balance between the strengthening and the streamlining of safeguards.

7. The draft resolution - and in particular paragraphs 4 and 5, which were purely procedural and completely anodyne - was so innocuous as to present no problem whatsoever for his delegation.

8. In June 1992 the Board had adopted by consensus the report of the Informal Working Group on the Financing of Safeguards, contained in document GC(XXXVI)/1010. In sub-paragraph 3(e) of that report the Group had recommended that "the question of safeguards effectiveness and efficiency be examined in an appropriate setting decided upon by the Board and the General Conference".

9. The Board had adopted that unanimous recommendation from the Group. Had it established an appropriate framework? Had the General Conference done so during its present session? Did the draft resolution under discussion deal with the problem? Had Member States, by consensus, expressed their wishes in the matter? Had the "brainstorming" session of 24-26 June been open to all Member States? The answer to all those questions was "no".

10. In paragraph 8 of document GC(XXXVI)/1017 it was stated that the Director General had "decided, as had been suggested during the Board's discussion of document GOV/INF/654, to expand the composition of SAGSI for the purposes of its deliberations on those subjects". Had Member States been informed of such an expansion before being presented with the fait accompli in document GC(XXXVI)/1017? Had the Director General or the Secretariat informed Member States of the identity and number of the additional experts chosen? Had there been a consensus within the Board on that expansion? Was it known on what issues the Director General had requested SAGSI to give its opinions as a matter of priority? The answer was still the same - "no".

11. In the circumstances, was there a genuine information policy within the Agency on matters concerning the streamlining of safeguards? Was there enough transparency within the Agency in matters concerning the streamlining of safeguards? Did the representative of Switzerland have a chance of being heard? Was the keenness of Member States, the Director General and the Secretariat to strengthen safeguards matched by keenness to streamline them? Could it be denied that a satisfactory safeguards financing system would be achieved only through the streamlining of safeguards? Again, the answer was "no".

12. Who would take care of the interests of the Agency's sovereign Member States during the discussions of the options offered by document INFCIRC/153 (which, in better days, had been negotiated by sovereign States)? - a small group of private advisers, known to be conservative in their outlook, responsible to the Director General alone, meeting twice a year in plenary session and now, it would seem, reinforced by the addition of a few "experts".

13. In that connection, was it known whether the pace at which SAGSI had worked in the past would be accelerated in the future? No. Would Member States be involved in the decision-making? No, the authors of draft resolution GC(XXXVI)/COM.5/121 did not provide for that - in paragraph 5 of the draft the Director General was requested only to report on and inform about the action taken and results achieved, with no possibility for Member States to exert any meaningful influence.

14. Did the authors of the draft resolution wish to see rapid progress? The representative of Switzerland had no idea. They had scrupulously avoided talking about substance or what they had in mind, and had chosen to take refuge in procedure - so dear to the diplomatic heart. Did they - like the Austrian delegation - have a vision? No one knew, for no open discussion had taken place on the subject.

15. Had anyone been told when the Director General would present his periodical report? No. That being so, were paragraphs 4 and 5 acceptable to the Swiss delegation? As one might have expected, the answer was "no". The whole situation pointed to an excess of technocracy and a lack of democracy.

16. His delegation demanded to be better informed about the intentions of the Director General and the Secretariat. It also demanded transparency and wished to know which direction SAGSI's endeavours would take.

17. To sum up, his delegation feared that the necessary reform of the safeguard system, within the framework provided by document INFCIRC/153, would not be pursued with sufficient vigour and imagination.

18. Mr. GOESELE (Germany), recalling that his delegation had expressed its views in the Board on the matters being discussed, said it was essential not to lose the momentum gained following the shock caused by the discovery of Iraq's clandestine nuclear programme. Consequently, Germany welcomed the first steps which had been taken by the Board, but felt that further headway must be made, and in particular that the Agency's efforts and limited resources must be concentrated in those areas where they were needed most, so as to provide assurances that nuclear materials were not being diverted.

19. Germany welcomed the progress made in the negotiations between the Agency and EURATOM relating to the partnership approach and hoped that they would bear fruit in the near future. It was encouraging that the two parties believed that such an approach would enable considerable economies to be made. The draft resolution under discussion might be couched in modest terms, but it was nevertheless a clear expression of political will and emphasized the priority which needed to be given to the strengthening of safeguards and the urgent nature of that task. His delegation wished to co-sponsor it.

20. Mr. AGU (Nigeria) proposed that in the second line of paragraph 3 of the draft resolution "welcomes" be replaced by "notes" and that in paragraph 5 the words "and results achieved" be deleted. With those changes, his delegation could support the draft resolution.

21. Mr. McRAE (Canada) said that an early warning system based on the comprehensive reporting of exports of nuclear and non-nuclear material and equipment in accordance with an approved list would considerably strengthen the Agency's safeguards. Every effort should be made to set up a system of that kind. However, as Canada had recently stated in the Board of Governors, to be effective such a system needed to be universal in application and involve all States whether or not they possessed nuclear weapons and whether or not they had concluded comprehensive safeguards agreements.

22. The invitation which had been extended to Member States to provide, on a voluntary basis, the information referred to in documents GOV/2588 and GOV/2589 as they deemed appropriate did not seem to reflect the importance given to "universality" in the statements made at the Board's June session. As a number of the concerns which had been expressed with regard to those documents remained unresolved, the goal of universality might not be achieved in terms either of the number of Member States responding or of the comprehensiveness of the responses. Consequently Canada considered that, until there was a substantial - if not universal - flow of information, the Secretariat should not invest significant resources in studying and analysing the information received.

23. Given the importance it attached to an effective early warning system, Canada was prepared to consider providing some of the information requested by the Director General to the extent allowed by its current practices. However, before changing its own regulations and procedures, Canada wished to see the system defined in such a way as to encourage all the Agency's Member States to participate.

24. With regard to yellowcake production, Canada would continue to provide information on its annual aggregate production for inclusion in the NEA "Red Book". In that connection, his delegation agreed with the comments made by the Governors from Germany and France at the Board's June meetings to the

effect that more frequent reporting or reporting by location did not add anything useful. However, his delegation was open to suggestions as to the best methodology to follow in making reports.

25. Canada would continue to report exports of all nuclear material, including material which had not reached the point where it should be placed under safeguards, regardless of the stated objective of the transaction. He called upon all Member States, whatever the nature of their agreements with the Agency, to do likewise.

26. With regard to the reporting of transfers of equipment and non-nuclear material, his delegation had stated at the Board's June meetings that Canada favoured using the list attached to document INFCIRC/254 as a reference in the development of any protocol; it continued to advocate that procedure. However, if a strong consensus emerged in favour of using a different list published in the same way, his delegation would join it. His delegation was not convinced that it was either necessary or useful to devise a new list or to attach an already published one to a protocol, and it would strongly oppose such an idea.

27. Turning to the nature of the reports to be submitted pursuant to the agreed list, his delegation believed that it would be sufficient to report exports of equipment and non-nuclear material. The reporting of imports was unnecessary and would inevitably oblige the Secretariat to carry out transit matching. The reporting of exports, on the other hand, would allow the Agency to check the compatibility of exported items against the declared programme of the recipient, so that enquiries could be made when there was any reason for concern. As the representative of the CEC had suggested at the Board's June meetings, copies of export reports could also be sent to the recipient State.

28. With regard to a related issue, the reviewing of the safeguards system, his delegation would be interested in any scheme likely to enhance effectiveness and reduce expenditures. In particular, it was interested in any approaches which would strengthen the Agency's ability to identify instances of non-compliance with non-proliferation obligations. His delegation would be prepared, for example, to consider a system providing for inspections in any country at any time. It therefore looked forward with keen

interest to the results of SAGSI's examination of the matter and hoped that the Board would have an opportunity to discuss SAGSI's recommendations. Also, his delegation hoped in that regard that the Secretariat would be able to dispel the misgivings which had just been expressed by the representative of Switzerland.

29. As co-author of the draft resolution under discussion, his delegation expressed the hope, as the Belgian delegation had done the previous day, that it would be adopted by consensus.

30. Mr. PAPADIMITROPOULOS (Greece) said that the events of the previous year had given real momentum to a process which aimed to strengthen the Agency's safeguards through improvements in the current system and the taking of additional measures. The Board had already made appreciable progress to that end. The Agency's right to conduct special inspections had been reaffirmed by the Board and exercised in a number of cases.

31. The time had come for the Agency to consider new ways of increasing the effectiveness and efficiency of the safeguards system. His delegation, which had noted with interest the Director General's response on that subject, believed there was a need to strengthen the system in order to avoid unpleasant surprises in the future.

32. A strengthened safeguards system should include an early warning capacity able to detect any anomaly in good time. The technical elements of a modified safeguards system should make it possible to fully attain the political goal set for it, namely to provide assurance of the peaceful nature of each State's nuclear activities and to deter diversions of material.

33. However, it seemed highly unlikely at the present stage that the funds made available to the Agency would increase significantly. Efforts therefore needed to be made to ensure that the safeguards system was as efficient as possible, and extrabudgetary funds should be provided to the Agency for that purpose. At present, that was the only realistic way of strengthening safeguards. His delegation had noted the agreement between the Agency and EURATOM on a partnership approach, which he hoped would lead to significant savings.

34. The Secretariat should continue the study which it had embarked upon with a view to improving the effectiveness and efficiency of the safeguards system in the light of new requirements. However, the study should be conducted by an expert group such as SAGSI, its members being chosen strictly for their technical knowledge and experience. Finally, his delegation wished to co-sponsor the draft resolution under discussion.

35. Mr. MOHAN (India) said that all delegations had had ample opportunity to express their views on the matter under discussion, either in the Board or in other fora, and he would refrain from repeating what had been said by his delegation in the past in order to focus more on the draft resolution.

36. He appreciated the basic approach adopted in the elaboration of the draft resolution, which consisted in retaining as far as possible wording approved the previous year. During discussions which had taken place within various groups, including the Group of 77, that approach had also been adopted in the elaboration of various other draft resolutions, mainly in order to avoid sterile debates in the Committee.

37. However, his delegation would find it very difficult to accept certain differences between the draft resolution and the corresponding resolution adopted in 1991. Consequently, it felt that a small group, under one of the Vice-Chairmen, should produce a revised draft. If, however, it was decided to continue discussing the present draft, his delegation reserved the right to speak again.

38. Mr. CHO (Republic of Korea) expressed appreciation of document GC(XXXVI)/1017 and of the useful work which had been accomplished by the Secretariat and the Board in implementing resolution GC(XXXV)/RES/559. In particular, the Board's reaffirmation of the Agency's right to conduct special inspections had helped considerably to increase the ability of the Agency to deal with any clandestine nuclear activities, and had thus enhanced the effectiveness and credibility of the safeguards system. The fact that the Board had endorsed the Secretariat's proposal for the earlier provision for design information was also very welcome.

39. With regard to the question of universal reporting, on which there were to be further consultations, his delegation continued to support the basic concept and objectives of the proposed system. It hoped that the Secretariat would soon issue a new document which took account of the various concerns of Member States, so that with their active co-operation an efficient and viable, non-discriminatory and truly universal regime could be put into operation at an early date.

40. Turning to the streamlining of the safeguards system, his delegation supported the efforts currently being made by the Director General to explore, through SAGSI operating within an expanded SAGSI framework, ways of making the system more effective and efficient. In view of the increased demands being made of the safeguards system and the Agency's difficult financial situation, the initiatives taken by the Director General were timely. However, streamlining and cost-cutting should not be done to the detriment of effectiveness. His delegation, which was prepared to make a contribution by providing experts, was looking forward to a constructive outcome.

41. His delegation attached great importance to strengthening the effectiveness and enhancing the efficiency of the Agency's safeguards system, as it believed that effective safeguards were essential, not only in order to prevent the misuse of nuclear energy for military purposes but also in order to actively promote peaceful co-operation. His delegation hoped that the efforts made so far would be steadily intensified, so that the momentum gained during the previous year was not lost.

42. With those observations, his delegation fully supported draft resolution GC(XXXVI)/COM.5/121 and hoped that it would be adopted by consensus.

43. Mr. PENG (China) said that during the past year the Board had made progress in the implementation of resolution GC(XXXV)/RES/559. His delegation considered that the results of the Board's work had been positive, and he also wished to commend the Director General for his untiring efforts. That said, his delegation wished to make a number of comments on document GC(XXXVI)/1017.

44. First, the Chinese Government attached great importance to the question of strengthening Agency safeguards and supported the Secretariat's efforts to enhance the effectiveness of the system. On several occasions, his delegation had stated China's aims at meetings of the Board in order to demonstrate the Chinese Government's positive attitude regarding the efforts to achieve fundamental non-proliferation objectives.

45. Second, his delegation noted with satisfaction that over the previous year tangible progress had been made in the discussions on the strengthening of safeguards and that the Board had reached agreement concerning the dispatch of special inspection teams, when necessary, to non-nuclear-weapon States which had concluded comprehensive safeguards agreements with the Agency. The Secretariat's proposal concerning the early provision of design information had received general support from members of the Board. Discussions concerning the reporting to the Agency of exports of certain equipment and non-nuclear material were continuing.

46. Third, in common with many others, his delegation attached great importance to the ongoing discussions concerning the submission to the Agency of reports on exports and imports of nuclear material and certain equipment and non-nuclear material and on national inventories of nuclear material, and it hoped that the results of those discussions would contribute to the strengthening of safeguards effectiveness. However, the range of nuclear material on which the Secretariat proposed that reports be submitted was rather too broad. His delegation considered that there was very little point in requesting Member States to report on uranium concentrates, natural and depleted uranium and thorium which were not intended for nuclear activities. That would only increase the Agency's workload without helping to enhance safeguards effectiveness - not a very desirable achievement in the present financial situation.

47. In the discussions on the reporting of nuclear material inventories, account should be taken of the different situations of different countries. Care should be taken not to try blindly imposing certain practices on all countries; in any case, with certain countries that would be impossible for practical reasons.

48. Fifth, his delegation recalled the discussions on the streamlining of safeguards currently under way in the Board. Ways should be found of achieving economies and enhancing effectiveness in the safeguards area. That was one of the criteria by which the success or failure of the streamlining efforts would be assessed.

49. Regarding paragraph 4 of draft resolution GC(XXXVI)/COM.5/121, his delegation considered that, in deciding on new safeguards measures, full account should be taken of the resolutions and discussions of the General Conference and the Board. At the same time, the positions of various Member States in respect of new safeguards requirements should also be borne in mind. The measures chosen for enhancing safeguards effectiveness and efficiency should be measures that responded to truly urgent needs and which were acceptable to the majority of Member States. A reasonable and balanced solution had to be found, for although the new safeguards requirements were important from the non-proliferation point of view they were not of paramount importance to the international community as a whole - only to certain countries. Consequently, it would be very difficult for the Board to achieve significant progress in discussions of the new requirements and the new measures.

50. In the light of those comments, his delegation hoped that the authors of the draft resolution under discussion would see fit to amend paragraph 4. In conclusion, he reaffirmed his delegation's readiness to continue participating constructively in efforts to strengthen safeguards.

51. Mr. STRATFORD (United States of America) said that during the previous year the Agency had made significant progress in strengthening safeguards. The steps taken had been vital to ensuring that international safeguards remained worthy of Member States' confidence as a bulwark against the proliferation of nuclear weapons.

52. For its part, the Board had called for the early notification of new nuclear activities and the early provision of facility design information and had reaffirmed the Agency's right to conduct special inspections, including inspections at facilities not declared by the State. Also, the Board had supported voluntary submission of reports on all exports and imports of

nuclear material before the starting point of safeguards and on exports of nuclear-related equipment. The Board would discuss those matters further towards the end of the year.

53. His delegation supported the establishment of a system of universal reporting of exports and imports that would indicate any nuclear materials or activities needing to be subjected to safeguards in the future. As his delegation had stated at the Board's June meetings, the United States was preparing to submit - on a voluntary basis - such relevant information as it had available.

54. The Secretariat was losing no time in implementing the measures the Board had approved. As part of its activities designed to verify the initial inventories of countries which had just accepted full-scope safeguards, the Secretariat had taken environmental samples in addition to samples of nuclear materials and had requested and obtained access to facilities which had not been declared by the State as sites where peaceful nuclear activities were being conducted, including military facilities. Also, the Secretariat had reinstituted Country Officers in its Divisions of Operations and had initiated work on a new database management system for information concerning the nuclear programmes and activities of Member States.

55. His delegation strongly supported the measures which had already been taken and looked forward with interest to further discussions on "universal reporting", an arrangement which would help the Secretariat to keep track of developments.

56. His delegation endorsed the remarks made the previous day by the delegation of Australia concerning the need for safeguards at decommissioned facilities and the need to examine the possibility of greater transparency with regard to exemptions from and the termination of safeguards. Finally, his delegation could support draft resolution GC(XXXVI)/COM.5/121.

57. Mr. WADA (Japan) said that his country fully supported the draft resolution and wished to be included as a co-sponsor. Japan attached particular importance to strengthening and streamlining the safeguards system. He welcomed the work the Agency had already carried out and hoped that it would be continued. For its part, Japan would continue to make its contribution.

58. Ms. CZOCH (Hungary) said that her country was ready to report all its nuclear exports and imports to the Agency and that it also supported other ways and means (such as those indicated in the Austrian-Czechoslovak non-paper[2]) of strengthening the Agency's safeguards system. Her delegation wished to be included as a co-sponsor of draft resolution GC(XXXVI)/COM.5/121.

59. Ms. BRIDGE (New Zealand) said that her delegation fully supported the draft resolution with the amendments proposed by Nigeria and wished to be included as a co-sponsor.

60. New Zealand welcomed the recent moves taken by the Agency to strengthen the safeguards system. As the representative of Germany had observed, the recent discovery of a secret nuclear weapons programme in Iraq had given an impetus to discussions on the matter which needed to be maintained.

61. New Zealand supported the suggestion made by the Australian delegation at the previous meeting that Agency safeguards also cover decommissioned nuclear facilities; a large number of nuclear facilities coming to the end of their useful life were due to be decommissioned.

62. Mr. HASHIMI (Pakistan) said that his country's delegate had expressed, in the plenary session, Pakistan's firm and unequivocal support for non-proliferation. With regard to the strengthening of safeguards, the Board of Governors had discussed the matter at length during the previous year, and Pakistan had supported the Secretariat's proposals while insisting that such proposals should not be politically motivated and should be in conformity with existing safeguards agreements. In the Committee of the Whole it had been stated that safeguards should focus on those regions where the need for non-proliferation assurances was greatest. Establishing that one country or another abided better by its safeguards agreements and was not about to indulge in proliferation would seem to assume a value judgement. There were many members of the Board of Governors who had stated on several occasions that every country should be treated on the same footing in safeguards matters, and his delegation regarded that as a fundamental principle which should be maintained.

[2] See the Annex to document GC(XXXVI)/COM.5/86.

63. With regard to the draft resolution under discussion, Pakistan, like China, felt that some changes should be made. The final phrase in paragraph 4, "taking into account new requirements", should be deleted because it was too vague. The words "and results achieved" at the end of paragraph 5 should also be deleted; it was not reasonable to request the Director General to report on results achieved during the short period between the taking of the envisaged action and the thirty-seventh session of the General Conference. In conclusion, he suggested replacing "reinforce" by "strengthen" in paragraph 3 of the English version.

64. Ms. KSENTINI (Algeria) recalled that in resolution GC(XXXV)/RES/559 the General Conference had the previous year declared itself convinced that Agency safeguards could promote further confidence among States and thereby help to strengthen their collective security, while also emphasizing that the strengthening of the safeguards system should not lead to a diminution of the resources available for technical assistance and co-operation.

65. In the previous year, the General Conference had also adopted resolution GC(XXXV)/RES/569, entitled "Strengthening of the Agency's main activities", in which it had recalled that the objectives of the Agency as stated in Article II of the Statute were "to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world" and that one of the Agency's statutory functions was "to encourage and assist research on, and development and practical application of, atomic energy for peaceful uses throughout the world".

66. By recalling the terms of those two important resolutions, her delegation wished to emphasize the need to maintain a balance between strengthening of the safeguards system in accordance with the Statute and the Agency's other activities.

67. As technical co-operation activities were of such particular importance for the developing countries, the balance between the Agency's promotional and regulatory activities had to be maintained. Pursuant to resolution GC(XXXV)/RES/569, the Agency's other main activities should be given the same treatment as safeguards. Her delegation therefore welcomed the fact that, in

preambular paragraph (c) of the draft resolution under discussion, it was emphasized that the strengthening of the safeguards system should not lead to a diminution of the resources available for technical assistance and co-operation.

68. While welcoming the link made in operative paragraph 4 between the strengthening of the safeguards system and its cost efficiency, her delegation was not sure what was intended in that paragraph by the expression "new requirements". Her delegation found the expression too general and would like it to be either clarified or dropped.

69. Her delegation had taken careful note of the efforts made by the Director General to streamline the safeguards system, reduce its costs and enhance its efficiency. The proposed expansion of SAGSI was welcome. The work to be done by the expanded SAGSI would certainly make a positive contribution to the ongoing discussion in the Board of Governors, to which a report on that work should be submitted.

70. Turning to the strengthening of the safeguards system, she said that worthwhile results had been achieved since the adoption of resolution GC(XXXV)/RES/559, as shown by the decisions taken by the Board of Governors and the comments made at its meetings. For its part, her delegation had had the opportunity to make its views known on the proposals which were still under discussion and, at the General Conference's present session, wished only to reaffirm the need to continue the dialogue in the Board, which should engage in full and thorough discussions with a view to clarifying certain concepts, defining the parties responsibilities in future arrangements and analysing from various angles the legal, technical, economic and financial implications of those proposals. She hoped that the spirit of dialogue and consultation would continue to prevail.

71. Mr. CAMPUZANO PIÑA (Mexico) said that, compared with the resolution of the previous year, the draft under discussion contained some new and positive elements, but also some which were rather unclear.

72. His delegation wished to see explicitly stated, possibly in the preamble, the concept of the inalienable right of States to develop and use atomic energy for peaceful purposes and to have access to the necessary

technology - a right that the strengthening of safeguards must not impair. The phrase "taking into account new requirements" in paragraph 4 was not clear enough and should be dropped. His delegation recognized the merit of that paragraph and wished to add an element which it considered to be fundamental, namely the concept of safeguards efficiency from the point of view of Member States; the streamlining measures should benefit not only the Agency but also the States where safeguards were applied.

73. He accordingly wished to submit two proposals to the authors of the draft resolution: first, that the preamble be supplemented by a new sub-paragraph (c) which would read "Emphasizing that it was important that the strengthening of safeguards should not be to the detriment of the inalienable right of Member States to develop and use nuclear energy for peaceful purposes, nor of the necessary transfer of relevant technology", the original sub-paragraph (c) becoming (d); second, that in paragraph 4, after "and cost efficiency of the safeguards system", there be added the phrase "examining the financial implications both for the Agency and for Member States", the end of the paragraph being deleted.

74. Mr. WILSON (Australia), responding to the statement made by the representative of Switzerland, said that he had doubtless criticized the draft resolution under discussion so strongly because he had formed a mistaken opinion of what had been achieved during the previous year. In a statement based on the use of rhetorical questions, the answers tended to be those which one felt like giving.

75. The representative of Switzerland had implied that no one listened to him. That was obviously not the case as he, the representative of Australia, was answering him. His analysis had contained both good and bad elements. He had implied that no work had been done; that was not correct. The statements made by the Australian delegation and others during the discussion under the present agenda item testified to the fact that a great deal had been done in the Board and within the Agency as a whole over the previous 12-18 months with regard to special inspections, design information and the reporting of imports and exports of nuclear materials and related equipment.

76. Also, it was incorrect to assume that no further work would be done; a large number of new proposals had been made, in particular by the representative of Austria on the subject of national accounting systems - a matter which fell well within SAGSI's competence. Far from being a useless body, SAGSI met frequently enough to resolve the problems referred to it.

77. However, he was in agreement with what the representative of Switzerland had said about the lack of transparency regarding SAGSI - something which he hoped would be put right. He too would like the Director General to publish the names of all the SAGSI members and make known SAGSI's timetable and programme of work, and he felt that SAGSI should submit an annual report to the Board through the Director General.

78. He hoped that his remarks had given some idea of what had been achieved and what remained to be done, and of the instruments created for that purpose, such as SAGSI, which deserved to be encouraged in its task. Finally, he hoped he had reassured the representative of Switzerland to the extent that he would see his way to accepting the draft resolution when the time came.

79. Mr. NORENDAL (Norway) said that his country attached the greatest importance to the safeguards system and thanked the Secretariat for its efforts in improving it. His delegation would like to co-sponsor draft resolution GC(XXXVI)/COM.5/121 provided that the amendments proposed by Mexico were not accepted.

80. Mr. NORDIN (Malaysia) said that his delegation fully supported the efforts being made to increase the effectiveness of the safeguards system; the Secretariat should, as a matter of urgency, take all necessary steps to achieve a high level of effectiveness and efficiency. Malaysia would continue to co-operate with the Agency in ensuring that its safeguards agreement based on document INFCIRC/153 was fully implemented. His delegation, while attaching great importance to the sovereign rights of Member States, considered that comprehensive safeguards were an important protection against efforts to use nuclear facilities, equipment and material for purposes detrimental to world peace and security.

81. That said, his delegation shared the reservations concerning paragraph 4 of the draft resolution and agreed that the final part should be deleted. Also, he supported the proposal that the last words in paragraph 5 be deleted. At the same time, he supported the Mexican proposal for a new sub-paragraph (c) in the preamble and a new phrase in operative paragraph 4.

82. Having commended the statement made by the representative of Switzerland, he said his delegation was prepared to participate actively in future efforts to establish a more efficient and effective safeguards system.

83. Mr. AGRELL (United Kingdom), after recalling his country's consistent support for the safeguards system, drew the Committee's attention to the passage concerning safeguards in the statement made in Plenary by the United Kingdom on behalf of the European Community and its 12 member States.

84. Regarding the draft resolution under discussion, of which the United Kingdom was a sponsor, his own delegation saw no problem in accepting the additional preambular paragraph proposed by the representative of Mexico, provided it adhered scrupulously to the terms of NPT.

85. His delegation could accept the Nigerian proposal to replace, in the second line of paragraph 3, "welcomes" by "notes". Also, he agreed that "reinforce" should be replaced by "strengthen", given the fact that the title of the agenda item under consideration was "Strengthening of the safeguards system".

86. With regard to paragraph 4, he could not agree to the deletion of the words "taking into account new requirements". It was important to recognize that major changes had taken place since the Conference's previous session and that the Agency's safeguards system had to cope with new demands - arising from the growing number and complexity of the facilities subject to safeguards, from the need to prepare for the possibility of clandestine facilities, etc. The draft resolution would not convey the real situation if it omitted to mention "new requirements".

87. Mr. MOHAN (India) said his delegation could accept paragraph 3 if "welcomes" was replaced by "notes" in the second line and if "reinforce" was changed to "strengthen".

88. Paragraph 4 referred to new requirements only, but the resolution should stress the importance of effectiveness and efficiency in meeting all requirements, however long established. The vague reference to "new requirements" should therefore be deleted or placed elsewhere in the resolution.

89. Finally, paragraph 5 was acceptable to his delegation if the final three words, "and results achieved", were deleted.

90. Mr. VETTOVAGLIA (Switzerland) said that he had been entirely misunderstood by the representative of Australia. He had not said that nothing had been done to strengthen safeguards. In fact, he had not referred to the strengthening of safeguards, but had concentrated on paragraph 4 of the draft resolution before the Committee and the streamlining of safeguards, and in that connection he had merely expressed the view that insufficient energy was being devoted to streamlining the safeguards system. He did not share the Australian representative's satisfaction with the work of SAGSI, but such differences of opinion were nothing exceptional.

91. As to the Australian representative's remark concerning the style of his statement, he considered it personal and unacceptable.

92. Ms. LACANLALE (Philippines) expressed appreciation of the efforts of the Director General and the Secretariat in improving the effectiveness and efficiency of the safeguards system, which was essential for confidence-building. However, greater confidence could be achieved if the safeguards system was applied in a non-discriminatory manner, and with maintenance of an appropriate balance among the Agency's main activities.

93. Turning to the draft resolution, she supported the proposal to delete the phrase "taking into account new requirements" in paragraph 4 and also Mexico's proposal for amending that paragraph. In addition, her delegation supported the Mexican proposal for an additional preambular paragraph regarding the inalienable right of Member States to develop and use nuclear energy for peaceful purposes.

Mr. Verbeek (Netherlands) took the Chair.

94. Mr. PAREDES PORTELLA (Peru) supported the proposals made by the representative of Mexico.

95. Mr. RAOUAN (Tunisia) said that some safeguards practices gave rise to doubts as to their effectiveness in achieving practical inspection results. Such practices included the inspections based on observation carried out in some Member States and the inspections carried out in countries recognized as nuclear Powers. In the latter case, it would seem more appropriate and effective to apply the inspection effort in countries that were subject to comprehensive safeguards. Also, the reporting of equipment exports which had recently been proposed should be required of all Member States.

96. The strengthening and streamlining of safeguards should be achieved by practical measures such as increasing the number of physical measurements and reducing as far as possible the number of interim inspections.

97. His delegation agreed in principle with draft resolution GC(XXXVI)/COM.5/121, but the text, which was rather vague, would be improved by the amendments proposed by the representative of Mexico.

98. Mr. ELYSEU FILHO (Brazil) said that his delegation supported the efforts of the Director General to strengthen the safeguards system and therefore supported the present draft resolution, particularly its emphasis on the need for streamlining. However, there was room for improvement in the drafting and he supported the suggestion by Mexico to add a new preambular paragraph (c). The reference in paragraph 4 to "taking into account new requirements" was rather vague and should either be deleted or expressed in a more precise manner.

99. Mr. GUZMAN (Cuba) said that his delegation supported the efforts to make the safeguards system more effective and efficient and therefore had no fundamental objection to the draft resolution under consideration, although the formulation left much to be desired. In the second line of paragraph 3, the word "welcomes" should be altered to reflect more closely the Board's discussion of activities for strengthening the safeguards system. He supported the Mexican proposal for an additional preambular paragraph. Finally, he suggested that paragraph 1 be made part of the preamble.

100. Ms. KSENTINI (Algeria) supported the Mexican proposal for an additional preambular paragraph.

101. Mr. SCHMIDT (Austria) said that the reference to taking new requirements into account in paragraph 4 was very important and should be retained. In paragraph 5, he preferred to retain the words "and results achieved", as it would be useful to have not merely a list of actions taken but also the results or interim results; the words did serve a purpose.

102. Mr. OSTROWSKI (Poland), speaking as a co-sponsor of the draft resolution, said that any deletions would weaken it. His delegation therefore supported the draft resolution in its original form.

103. Mr. VILAIN XIII (Belgium) said that, as there had been no time for consultations, he could speak on behalf only of his own delegation - and not of the other authors of the draft resolution. He shared many of the concerns expressed by the representative of Switzerland; on occasion he had been disturbed to see valid safeguards efficiency objectives being achieved rather slowly and not in the manner expected. However, he believed that the present rather modest draft resolution struck the necessary balance between what was desirable and what was possible.

104. NPT established a careful overall balance between the rights and obligations of States Parties. The new preambular paragraph proposed by the Mexican representative reproduced Article IV of NPT virtually in extenso. As Article IV referred only to rights, and not to any obligations, Articles I and II would also have to be reflected in the draft so as to maintain the balance. However, such extensive borrowing from NPT would be inappropriate and out of proportion with the objectives of the draft resolution. He therefore requested the Mexican representative to reconsider his proposal.

105. His delegation had no difficulty in accepting the proposed amendments to operative paragraph 3.

106. The phrase "taking into account new requirements" could not be omitted from operative paragraph 4 as new requirements would inevitably arise in the safeguards area, resulting in further efforts to increase the system's

efficiency and effectiveness. The new requirements would be due to the geographical extent of the safeguards system and also to the technical complications of a more qualitative approach being adopted for inspections. Perhaps the objections of Member States could be met by changing the phrase to "also taking into account new requirements". He had no objection to deleting the last few words of paragraph 5.

107. Mr. VETTOVAGLIA (Switzerland) said he wished to assure the Belgian representative that, as he had previously stated, the draft resolution did not raise any problem at all for his delegation.

108. The CHAIRMAN said that the difficulties with operative paragraphs 3 and 5 appeared to have been resolved. The remaining issues were the possible insertion of a new preambular paragraph and the proposed deletion of part of paragraph 4.

109. Mr. CAMPUZANO PIÑA (Mexico) said that, in a spirit of compromise, he was prepared to amend his proposal for an additional preambular paragraph by deleting the word "inalienable", thus removing the obvious link to NPT.

110. Mr. MEDINA VAILLARD (Mexico), taking up an earlier comment of his Mexican colleague, said that paragraph 4 appeared to be aiming at safeguards efficiency and improvements in terms of reductions in the costs incurred by the Agency. However, some measures designed to bring about increases in safeguards efficiency would involve costs for Member States, and those costs should also be taken into account.

111. Mr. ELYSEU FILHO (Brazil), recalling that he had earlier supported the Mexican proposal for a new preambular paragraph (c), said that, after listening to the Belgian representative, he was not so sure about the wisdom of including the extra preambular paragraph. As to paragraph 4, Member States' concerns might be met by the wording "... improving the streamlining of the safeguards system, taking into account new requirements".

112. Mr. RIOBO PINONES (Chile) and Mr. PENG (China) supported the Mexican proposal for an additional preambular paragraph.

113. Mr. PAPADIMITROPOULOS (Greece) said he saw no need for the draft resolution to reflect the wording of NPT. With regard to paragraph 4, he supported the Belgian suggestion that the word "also" be added in the final phrase. He urged the representative of Mexico to reconsider his proposal for an additional preambular paragraph and requested the Secretariat to clarify whether the "safeguards system" referred to in the draft resolution included safeguards arrangements in Member States.

114. Mr. CAMPUZANO PIÑO (Mexico) said that the safeguards system was based not only on actions taken by the Agency but also on actions taken by Member States themselves. Many safeguards measures therefore had direct cost implications for Member States, and the costs were sometimes out of proportion to the associated benefits. That was the reasoning behind his delegation's proposed amendment to operative paragraph 4.

115. Mr. LAMPARELLI (Italy) said that his country was rather critical of the approaches and procedures currently used to implement safeguards and had therefore co-sponsored the draft resolution, which was well balanced. He hoped that a consensus could be reached on the draft resolution with the amendments accepted by the representative of Belgium.

116. Mr. HASHIMI (Pakistan), referring to the words "taking into account new requirements" in operative paragraph 4, said that Member States surely did not believe that the Director General would ignore new situations and new requirements as they arose; it was unnecessary to make specific mention of new requirements in the draft resolution.

117. Ms. KSENTINI (Algeria) proposed an alternative amendment to operative paragraph 4: replace "new requirements" by "tasks entrusted to him by the Board of Governors and the General Conference pursuant to the Statute".

118. Mr. PARSICK (Director, Division of Concepts and Planning), responding to the representative of Greece, said that the safeguards system was not something which existed exclusively within the Secretariat; in implementing safeguards, the Secretariat had to work together with State systems of accounting and control and with the operators of nuclear facilities. Any improvements in the effectiveness and efficiency of the safeguards system would therefore have financial implications for Member

States as well as for the Agency. Some State systems had in fact offered to carry out additional safeguards activities and assume their costs in order to assist the Agency, while others were unable to do so.

119. Mr. MOHAN (India) asked whether any attempt had been made to evaluate the financial impact of the safeguards system on Member States.

120. Mr. PARSICK (Director, Division of Concepts and Planning) said that there had been no systematic evaluation of the financial impact on Member States. However, the Secretariat was always responsive to the comments of Member States, which in general did not hesitate to point out any costs incurred which they believed to be excessive. The Secretariat became aware of costs to Member States only if it was informed, but then such costs were taken into account. In many situations, safeguards approaches had been adapted for the benefit of Member States, thus increasing the costs to the Agency. Any process of streamlining would have to take those factors into account.

121. Mr. CAMPUZANO PIÑA (Mexico) said that his delegation was prepared to withdraw its proposal for a new preambular paragraph and to make an alternative proposal for amending the present version of preambular paragraph (c) - the addition at the end of the words "and that it should be consistent with the function of the Agency to encourage and assist the development and practical application of atomic energy for peaceful purposes".

122. Mr. RIOBO PINONES (Chile) suggested the further addition of the words "and with an adequate transfer of technology".

123. The CHAIRMAN proposed that the meeting be suspended for a short time to enable interested delegations to discuss the proposed amendments.

The meeting was suspended at 12.20 p.m. and resumed at 12.45 p.m.

124. The CHAIRMAN said he understood that the informal consultations during the suspension had been successful and asked the Committee whether it wished to recommend that the General Conference adopt the draft resolution contained in document GC(XXXVI)/COM.5/121 with the following amendments:

- in preambular paragraph (c), the addition of the words "and that it should be consistent with the function of the Agency to encourage and assist the development and practical application of atomic energy for peaceful purposes and with an adequate transfer of technology";
- in operative paragraph 3, the replacement of "welcomes" in the second line by "notes" and of "reinforce" by "strengthen";
- in operative paragraph 4, the replacement of "new requirements" by "tasks entrusted to him by the Board of Governors and the General Conference as a result of new requirements"; and
- in operative paragraph 5, the deletion of the words "and results achieved".

125. It was so decided.

Mr. El-Saiedi (Egypt) resumed the Chair.

STRENGTHENING OF THE AGENCY'S MAIN ACTIVITIES (GC(XXXV)/RES/569,
GC(XXXVI)/COM.5/109)

126. The CHAIRMAN drew the Committee's attention to the draft resolution submitted by Nigeria on behalf of the Group of 77 and contained in document GC(XXXVI)/COM.5/109.

127. After some discussion on operative paragraph 5 in which Mr. AGRELL (United Kingdom), Mr. MOHAN (India), Mr. CAMPUZANO PIÑA (Mexico), Mr. HASHIMI (Pakistan), Mr. AGU (Nigeria) and Mr. NORDIN (Malaysia) participated, it was decided to change the words "and also requests the Board of Governors to report" to "and also requests the Director General to report through the Board of Governors to".

128. Following a suggestion made by Mr. CAMPUZANO PIÑA (Mexico), it was decided to change the words "preparation of a draft Medium-Term Plan" in operative paragraph 4 to "preparation and updating of a draft Medium-Term Plan".

129. The CHAIRMAN took it that the Committee wished to recommend that the General Conference adopt the draft resolution contained in document GC(XXXVI)/COM.5/109 with the agreed amendments to operative paragraphs 4 and 5.

130. It was so decided.

SCALE OF ASSESSMENT OF MEMBERS' CONTRIBUTIONS TOWARDS THE REGULAR BUDGET
(GC(XXXVI)/1011, Mod.1 and Add.1)

131. Mr. STRATFORD (United States of America), supported by Mr. AGRELL (United Kingdom), said that, following the adoption at the Conference's 352nd plenary meeting of the draft resolution contained in document GC(XXXVI)/1035, it would be appropriate to amend the last sentence of footnote (b) on page 7 of document GC(XXXVI)/1011 to read "The inclusion of Yugoslavia does not affect the question of the membership of Yugoslavia".

132. Ms. KSENTINI (Algeria) said that the proposed scale of assessment in document GC(XXXVI)/1011 reflected a decrease in the contributions of certain developed countries at the expense of certain developing countries, including Algeria. It did not take sufficient account of the growing imbalance between developed countries, with stable economies and regular growth, and developing countries, burdened by debt and falling raw material prices. National income was not a reliable indicator of a country's economic situation. Scales of assessment should take into account a country's actual ability to pay at the time of payment.

133. The contribution required of Algeria would once again be higher, despite her country's economic difficulties, due to a fall in export earnings and to a continuing debt burden. Her delegation therefore called for greater efforts in establishing a more appropriate scale of assessment.

134. Mr. SCHERBA (Ukraine) said that Ukraine endorsed the basic principles and criteria applied in assessing Member States for contributions to the Regular Budget and recognized the difficulties experienced by the Secretariat in preparing a scale of assessment. However, the data covering the period 1980-90 that had been provided by the USSR State Statistics Committee to the Secretariat and used as a basis for determining Ukraine's

national income and per capita income did not reflect the true state of affairs in his country; moreover, the picture was distorted by the use of an inflated "official" exchange rate.

135. Once it had made the necessary calculations, the recently established independent Ukrainian Statistical Service would provide the Agency with accurate data based on the international methodology accepted by the United Nations. His delegation hoped that there would then be some reduction in the assessment on Ukraine, account being taken of the sharp decrease in Ukraine's industrial and agricultural production, the high rate of inflation, the fall in national income associated with the transition to a free-market economy, the problems of Ukraine's external debt and the long-term consequences of the Chernobyl accident.

136. Mr. MIKHALEVICH (Belarus), supporting the comments made by the delegate of Ukraine, said that Belarus was in virtually the same situation as Ukraine. Belarus had asked the United Nations to review Belarus's assessment for contributions to the United Nations and other international organizations and hoped that, once the review had been completed, its assessment for contributions to the Agency's Regular Budget would be brought into line with the country's true ability to pay.

137. The CHAIRMAN assumed that the Committee wished to accept the amendment to document GC(XXXVI)/1011 proposed by the United States and to recommend to the General Conference that it adopt the draft resolution in that document.

138. It was so decided.

The meeting rose at 1.35 p.m.

