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**THE AGENCY'S ANNUAL REPORT TO THE GENERAL ASSEMBLY OF THE
UNITED NATIONS FOR THE YEAR 1968-69**

Explanatory Note

1. By Resolution GC(XIII)/RES/251 the General Conference requested the Board of Governors to arrange for the preparation of a supplement to the Board's annual report to the General Conference for 1968-69[1] which, together with that report, shall constitute the Agency's report to the General Assembly of the United Nations for that year.
2. The present document contains the supplement, which deals briefly with some developments in the Agency's work during the period 1 July to 1 October 1969.[2]

[1] GC(XIII)/404.

[2] The two documents have been brought to the Assembly's attention by United Nations document A/7637.

SUPPLEMENT TO THE ANNUAL REPORT OF THE BOARD OF GOVERNORS
TO THE GENERAL CONFERENCE FOR 1968-69

Thirteenth regular session of the General Conference

General

1. The thirteenth regular session of the General Conference was held in Vienna from 23 to 29 September 1969. Mr. Bechir Torki of Tunisia was elected President of the Conference. The following items of direct interest to the United Nations were discussed by the Conference:

- (a) The Agency's responsibility to provide services in connection with nuclear explosions for peaceful purposes;
- (b) The review of Article VI of the Agency's Statute;
- (c) Fund of special fissionable materials; and
- (d) Financing of nuclear projects.

The Agency's responsibility to provide services in connection with nuclear explosions for peaceful purposes

2. As will be seen from paragraph 3 of the main body of this report[3], the Board of Governors submitted to the General Conference a special report on the Agency's responsibility to provide services in connection with nuclear explosions for peaceful purposes, pursuant to the Conference's Resolution GC(XII)/RES/245 in which the Director General was requested "to initiate studies of the procedures that the Agency should employ in performing such a role". In view of the wide interest in this matter, all Member States of the Agency were invited to submit their observations, and a special ad hoc committee was established, in which all Member States were invited to take part, with a view to helping the Board to draw up its report.

3. In the General Conference there was a broad consensus in favour of endorsing the Board's report, and on 29 September a resolution to that effect[4] was adopted without a vote. The Conference also requested the Director General and the Board to continue their studies in this field, taking into account the observations made by the General Assembly of the United Nations during its consideration of the report to be submitted by the Secretary-General pursuant to Resolution 2456 C (XXIII).

4. The records of the relevant discussions were transmitted to the Secretary-General for communication to the General Assembly on 14 October.

[3] GC(XIII)/404. (Presented to the General Assembly under cover of United Nations document A/7637.)

[4] Resolution GC(XIII)/RES/258, reproduced in the Annex hereto.

Review of Article VI of the Statute

5. The steps that were taken by the Board up to June of this year in response to a request made by the General Conference in 1968 for a review of Article VI of the Agency's Statute (which relates to the composition of the Board) are outlined in paragraph 2 of the main body of this report[3]. The Board informed the Conference of its intention to continue the study of this Article as an urgent matter with a view to proposing an amendment to the Article as soon as it was able to do so[5]. The Board made a second communication to the Conference on the subject in September[6], following a further meeting of its Ad Hoc Committee of the Whole to Review Article VI of the Statute which was held on 19 September and at which 43 Members of the Agency were represented.

6. In Resolution GC(XIII)/RES/261[7] the General Conference commended the intention of the Board to continue the study of Article VI of the Statute as an urgent matter, and requested it to take into account the views expressed at the thirteenth regular session of the Conference. It also requested the Board to make every effort to present a draft amendment in sufficient time to permit its consideration at the fourteenth regular session of the Conference.

Fund of special fissionable materials

7. The Conference of Non-Nuclear-Weapon States had requested the General Conference "to consider at its next meeting the establishment of a fund of special fissionable materials for the benefit of non-nuclear-weapon States and in particular of developing countries". [8] The Board provided the General Conference with a background paper for its discussion[9], and the Director General also brought to the notice of the Conference the replies he had received from France, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America[10] to his inquiries concerning the possibility of increasing the supply of such materials through the Agency on the same terms and conditions as are applicable to materials supplied on a bilateral basis.

8. The general tenor of these replies indicates that special fissionable materials will be available through the Agency on the same terms and conditions as they are available through bilateral channels. Attention was also drawn to the fact that although numerous transactions of such materials for research purposes have taken place through the Agency, its existing "fund" of special fissionable materials, which consists of quantities made available before 1960, is still very largely intact.

9. After the discussion of the matter, the General Conference took note of the contents of the Board's report and of the replies received from the producing countries. The Conference requested the Director General to transmit to the Secretary-General of the United Nations, for communication to the General Assembly, the Board's memorandum, the replies received

[5] See paragraph 3 of the Board's resolution reproduced in document GC(XIII)/408.

[6] GC(XIII)/415.

[7] Reproduced in the Annex hereto.

[8] United Nations document A/7277, Resolution J. II.

[9] GC(XIII)/409.

[10] GC(XIII)/419 and Add.1.

from the major suppliers of special fissionable material and the records of the relevant proceedings of the Conference. The documents were transmitted to the Secretary-General on 14 October.

Financing of nuclear projects

10. In response to General Assembly Resolution 2456 A (XXIII), the Agency submitted a progress report to the Secretary-General on the action that the Agency had taken in connection with certain of the recommendations made by the Conference of Non-Nuclear-Weapon States[11]. Amongst the subjects dealt with in the progress report was the question of the financing of nuclear projects.

11. After a detailed discussion of the subject, the General Conference adopted Resolution GC(XIII)/RES/256[12] whereby it has requested the Director General to make a comprehensive study of the likely capital and foreign exchange requirements for nuclear projects in developing countries during the next decade and of ways and means to secure financing for such projects from international and other sources on favourable terms, and to make suggestions concerning a constructive role which the Agency could play in this regard. The Conference also requested the Board to review the progress of this study and to report thereon to the Conference at its fourteenth regular session.

Other action taken by the General Conference

12. In addition the General Conference:

- (a) Unanimously approved Ireland for membership of the Agency;
- (b) Elected Hungary, Morocco, Nigeria, Pakistan, Spain, Uruguay and Viet-Nam to serve on the Board of Governors for two years;
- (c) Approved a budget for 1970 totalling \$14 837 000[13]. The amount to be obtained principally through assessment of Member States is \$12 250 000, which is 8.9% more than the corresponding figure in the current year's budget. Members are asked to pledge voluntary contributions to provide most of the remaining \$2 587 000. The target of \$2 million for such pledges remains unchanged for next year. By the time the Conference adjourned, 57 Member States had pledged a total of \$847 749; and
- (d) Reappointed Dr. Sigvard Eklund as the Director General of the Agency for another term of four years.

[11] GC(XIII)/INF/110 (reproduced in United Nations document A/7677, Annex).

[12] Reproduced in the Annex hereto.

[13] The budget is the subject of document GC(XIII)/405.

The Agency's technical programme

13. The Agency organized the following five meetings of special interest during the period covered by this supplement:

- (a) A Panel on Information on Nuclear Facilities, which was held in Vienna from 21 to 25 July. The Panel reviewed the Agency's activities in collecting and disseminating information on nuclear reactors and related nuclear facilities, and adopted a number of recommendations on the expansion of the Agency's work in this field to meet the growing needs for information on various nuclear facilities and on operation experience with nuclear power plants;
- (b) The Second International Survey Course on the Technical and Economic Aspects of Nuclear Power, which was organized in Vienna from 1 to 12 September. There were 65 participants from 33 countries, the purpose of the Course being to review the latest information on various aspects of nuclear power which are useful in the planning and implementation of nuclear power programmes, particularly in developing countries. The Course attracted senior engineers and scientists from developing countries engaged in planning and executing nuclear power projects;
- (c) A Symposium on the Use of Large Radiation Sources and Accelerators in Industrial Processing, which was held in the Federal Republic of Germany from 18 to 22 August to review the significant advances which have recently made many processes commercially viable;
- (d) The Second Symposium on Physics and Chemistry of Fission, which was held from 28 July to 1 August in Vienna, and during which successful results of the last four years of fission studies which are characterized particularly by prominent developments in fission theory were reviewed; and
- (e) A Symposium on the Nature, Induction and Utilization of Mutations in Plants which was held in the United States from 14 to 18 July. There were participants from some 30 countries. It was reported during this Symposium that almost 80 commercial varieties of plants have been developed using radiation.

14. The Agency also provided advice and assistance to the Organization of African Unity in holding a Symposium on the Peaceful Uses of Atomic Energy in Africa, from 28 July to 1 August. This Symposium, which was held in the Democratic Republic of the Congo, was the first major international meeting on nuclear energy held in sub-Saharan Africa.

Safeguards

15. In September, the Board approved:

- (a) An agreement for the application of safeguards to a 40 MW research reactor facility which the Government of the Republic of China intends to obtain from a manufacturer in Canada:[14]

- (b) A Safeguards Transfer Agreement relating to the bilateral co-operation agreement between the Governments of Pakistan and Canada under which Agency safeguards will be applied to a 137-MW(e) nuclear power station at Karachi; and
- (c) A Project Agreement to be concluded between the Agency and the Government of Chile, which will bring a 5-MW pool-type reactor under Agency safeguards.

16. Thus, as of 30 September 1969, a total of 43 safeguards agreements involving 31 States had been approved by the Board. Two more nuclear power stations, Tsuruga in Japan (357 MW(e)) and Santa Maria de la Garona in Spain (440 MW(e)), have also come under Agency safeguards under existing agreements.

17. The group of consultants appointed by the Director General to study the possible impact of the Treaty on the Non-Proliferation of Nuclear Weapons on the Agency's safeguards work, and the manner in which safeguards should be applied to a country's entire nuclear programme for peaceful purposes, with a view to ensuring that the Agency's methods of applying safeguards would in practice be effective, economical and widely acceptable, held its last meeting in August. Highly qualified experts in various aspects of safeguards or in closely related disciplines were made available for this purpose by the Governments of Canada, Denmark, Hungary, the Soviet Union, the United Kingdom and the United States. The consultants have now submitted to the Director General several reports containing various recommendations for preparing a detailed programme for the Agency's further work on a systems analysis of the safeguarding of the complete nuclear fuel cycle.

18. This programme was studied by the Panel on Safeguards Systems Analysis of Nuclear Fuel Cycles which met in Vienna from 25 to 29 August and consisted of experts made available by ten Governments; observers from four other Governments and two international organizations also attended the meeting

19. The Treaty for the Prohibition of Nuclear Weapons in Latin America has entered into force between 14 Latin American States. Mexico was the first country to conclude a safeguards agreement with the Agency covering all its nuclear activities; [15] others are expected to follow suit in the near future.

ANNEX

The texts of three resolutions adopted by the General Conference
on 29 September 1969

GC(XIII)/RES/258. THE AGENCY'S RESPONSIBILITY IN
CONNECTION WITH THE USE OF NUCLEAR
EXPLOSIVES FOR PEACEFUL PURPOSES

The General Conference,

- (a) Recalling its Resolution GC(XII)/RES/245,
 - (b) Having examined the report on the Agency's responsibility to provide services in connection with nuclear explosions for peaceful purposes submitted by the Board of Governors in response to that Resolution[1],
 - (c) Noting with satisfaction that this report was prepared with the assistance of an ad hoc committee in which all Members of the Agency were invited to participate,
 - (d) Noting further that in the preparation of this report the Board and the ad hoc committee benefited from a preliminary analysis provided by the Director General and the comments made by 31 Members of the Agency,
 - (e) Expressing the view that additional studies will be required to elaborate further the Agency's activities in this field, and
 - (f) Being aware that the General Assembly of the United Nations will consider the report to be submitted by the Secretary-General in response to the Assembly's Resolution 2456 C (XXIII) on "the establishment, within the framework of the International Atomic Energy Agency, of an international service for nuclear explosions for peaceful purposes, under appropriate international control",
1. Endorses the report by the Board of Governors on the Agency's responsibility to provide services in connection with nuclear explosions for peaceful purposes[1];
 2. Requests the Director General and the Board to continue their studies in this field, taking into account the observations made by the General Assembly of the United Nations during its consideration of the report to be submitted by the Secretary-General pursuant to Resolution 2456 C (XXIII); and
 3. Also requests the Director General to transmit the present resolution, together with the records of the relevant discussions at its thirteenth regular session, to the Secretary-General for communication to the General Assembly.

[1] GC(XIII)/410.

GC(XIII)/RES/261. REVIEW OF ARTICLE VI OF THE STATUTE

The General Conference,

- (a) Recalling Resolution GC(XII)/RES/241 whereby it requested the Board of Governors to undertake a review of Article VI of the Statute, which lays down the Board's composition,
- (b) Having received and examined the Board's reports on the efforts it has undertaken thus far to carry out that review[1],
- (c) Noting that the Board has established an ad hoc committee to assist in the review and that all Members of the Agency are afforded an opportunity to be represented at the committee's meetings, and
- (d) Noting also that the committee has so far met from 15 to 17 April, on 3 and 4 June and on 19 September 1969, that over 50 Members of the Agency have participated in its discussions, that several proposals have been discussed and that certain areas of consensus have emerged[1],

1. Commends the intention of the Board of Governors to continue the study of Article VI of the Statute as an urgent matter;
2. Requests the Board to take into account the views expressed at the thirteenth regular session of the General Conference, and, for this purpose, transmits to the Board the relevant records and documents of the Conference; and
3. Requests the Board to make every effort to present a draft amendment in sufficient time to permit its consideration by the General Conference at its fourteenth regular session, in pursuance of Article XVIII.C(i) of the Statute.

[1] GC(XIII)/408 and GC(XIII)/415.

GC(XIII)/RES/256. FINANCING OF NUCLEAR PROJECTS

The General Conference,

- (a) Recognizing that the application of nuclear energy in the production of power and the use of radioisotopes and radiation in food preservation, agriculture, health, medicine, hydrology and geological prospection have reached a stage at which they can help to accelerate the economic and technical advancement of developing countries,

- (b) Realizing that the benefits of peaceful applications of nuclear energy should be shared by and made accessible to all nations, and that the growing disparity in their distribution among advanced and developing countries should be reduced,
- (c) Aware of the difficulties experienced by the developing countries in obtaining the necessary financing for nuclear projects, including the training of manpower and the establishment of essential facilities, even when such projects are found to be technically feasible and economically viable,
- (d) Aware also that the limited means at the disposal of the Agency fall far short of the increasing needs of developing Member States for technical assistance, and
- (e) Taking into account the discussions on this subject at the twelfth session of the General Conference and in the Board of Governors,

1. Requests the Director General to make a comprehensive study of the likely capital and foreign exchange requirements for nuclear projects in developing countries during the next decade, and of ways and means to secure financing for such projects from international and other sources on favourable terms, particularly in the form of grants or long-term loans at low interest, and to make suggestions concerning a constructive role which the Agency could play in this regard; and
2. Requests the Board of Governors to review the progress of this study and to report thereon to the General Conference at its fourteenth regular session.