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COMMITTEE OF THE WHOLE

RECORD OF THE FOURTH MEETING

Held at the Neue Hofburg, Vienna, on Tuesday, 27 September 1977, at 4.20 p.m.

Chairman: Mr. RÖHNSCH (German Democratic Republic)

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* A provisional version of this document was issued on 30 September 1977.

** GC(XXI)/591.

THE RECORD

ELECTION OF VICE-CHAIRMEN AND ORGANIZATION OF WORK

1. The CHAIRMAN said he assumed that the members of the Committee would be in favour of electing two Vice-Chairmen, as provided for in Rule 46 of the Rules of Procedure. He had already received the nominations of the delegate of Bangladesh and the alternate delegate of Switzerland for the two offices in question.

2. Mr. SALEEM (Pakistan) seconded the nomination of Mr. Kibria of Bangladesh.

3. Mr. SCHMIDT (Austria) seconded the nomination of Mr. Pictet of Switzerland.

● 4. There being no further nominations, the delegate of Bangladesh and the alternate delegate of Switzerland were unanimously elected Vice-Chairmen of the Committee of the Whole.

5. The CHAIRMAN read out the agenda items referred to the Committee, as set out in document GC(XXI)/COM. 5/4. He suggested that the items should be discussed in the order in which they were listed. He further suggested that he should be entrusted with the task of submitting the Committee's report orally to the General Conference, it being understood that the views expressed by individual delegates would be reflected in the records of the Committee's deliberations.

● 6. It was so agreed.

THE AGENCY'S ACCOUNTS FOR 1976 (GC(XXI)/581)

7. The CHAIRMAN invited comments on the Agency's accounts for 1976 (GC(XXI)/581).

8. Noting that no one wished to speak, he took it that the Committee wished to recommend the draft resolution in document GC(XXI)/581 for adoption by the General Conference.

● 9. It was so decided.

THE AGENCY'S BUDGET FOR 1977 (GC(XXI)/588)

10. The CHAIRMAN informed the Committee that changes in the schilling value of the United States dollar had resulted in a budget deficit of \$2 840 000 for 1977. Details of the supplementary appropriation needed and suggestions as to how it could be met with the least inconvenience to Member States were set out in document GC(XXI)/588.

11. Noting that there were no speakers, he took it that the Committee wished to recommend the

draft resolution in document GC(XXI)/588 for adoption by the General Conference.

● 12. It was so decided.

THE AGENCY'S BUDGET FOR 1978 (GC(XXI)/582, 582/Mod. 1, 590)

13. The CHAIRMAN said that document GC(XXI)/582/Mod. 1 was a revision of the budget estimates for 1978, occasioned by increased expenditures due to changes in the dollar/schilling rate of exchange. The increase of \$2.2 million under Section 10 of the budget related only to the financial impact of changes in currency exchange rates. In addition, the modification contained a request for fifteen additional safeguards posts and a related provision in the amount of \$300 000 for the safeguards programme. Document GC(XXI)/590 contained a draft resolution on the physical protection of nuclear facilities, materials and transports.

14. Mr. GILLON (Belgium) said that his delegation would like to make a few brief observations on agenda items allocated to the Committee.

15. Firstly, the Agency's accounts for 1976 were acceptable, but on the strict understanding that the use of surplus funds for meeting costs connected with the Agency's transfer to its new Headquarters would be exceptional. An operation of that kind could only be regarded as something of a special character and could not be taken as a precedent for future years. His delegation was also concerned about the unobligated balance remaining under Operating Fund II, reserved for technical assistance, which at 31 December 1976 had stood at \$3 903 142. It was to be hoped that the Director General would be able to adopt the administrative measures needed to ensure effective use of the funds in question within a reasonable time.

16. Secondly, with reference to the Agency's budget for 1978, his Government deplored the fact that the Agency should be asking for an average rise of 25% in Members' contributions at a time when the national budgets of most Member States had increased by no more than some 10%.

17. His Government took the view that it should be possible to implement safeguards with all necessary strictness without any increase in cost, especially as sophisticated accounting and accurate control systems already existed at the supranational level, which should be fully utilized by the Agency in that work.

18. The putting into service of a new high-capacity computer was adding more than \$1.5 million to the budget. In his Government's view, it should be possible to obtain some outside income in return for services rendered to other agencies or third parties, including Members of the Agency, where the services were such as would normally call for payment in money.

19. Mr. STONE (United States of America) expressed his Government's gratitude to the Agency for the significant contribution it had made to the international community over the years in the many peaceful uses of nuclear energy. Those accomplishments were well known to all.

20. A recent example had been the issuance of guidelines on physical protection of nuclear material[1], which had proved of immense value to many Member States, including his own country. With the rapid expansion of nuclear activities throughout the world, coupled with growing acts of terrorism to which no country was immune, the need for effective physical protection of nuclear facilities and materials had assumed even greater importance.

21. The existence of that situation was essentially why the United States Government, together with the Governments of Australia, Japan, the Federal Republic of Germany, Iran and Pakistan, had decided to put forward the draft resolution contained in document GC(XXI)/590. The co-sponsors shared the conviction that the Agency could and should play a major role in any further action to promote international co-operation in the field of physical protection. They likewise believed that all Member States should support Agency efforts to that end, including, in particular, the preparation of a convention on the physical protection of nuclear facilities, materials and transports. It was earnestly hoped that all delegations would give their support to the draft resolution.

22. Mr. MALU wa KALENGA (Zaire) said he had some comments to make on the proposed budget for 1978, with particular reference to certain trends which were discernible within the Agency and which were causing concern to his delegation. He had in mind the tendency towards disproportionate increases in allocations for safeguards, the stagnation in the resources made available for technical assistance due to reduced purchasing power, and poor management of those funds, to the detriment of technical assistance programmes for the benefit of developing countries.

23. It was paradoxical that one of the Agency's main programmes, technical assistance, should continue to be financed out of voluntary contributions and that the Agency should not be capable of regulating the matter of unobligated balances under the technical assistance budget. It was also paradoxical, in his opinion, that year after year there should be a disproportionate increase in the funds allocated for an activity, viz. safeguards, that his delegation had consistently held to be ineffective for reasons outside the scope of the present discussion.

24. For the above reasons, the 1978 budget was totally unacceptable to his delegation.

25. Mr. STROHAL (Yugoslavia) said that, as had already been stated in the Board of Governors, his country found the Agency's accounts for 1976 and the budget proposals for 1977 and 1978 acceptable. It would, however, urge the Agency to make every effort to introduce a better balance between its promotional and its regulatory activities, and that should be duly reflected in the budget and programme. Promotional activities, particularly in technical assistance, should to a greater extent be directed toward the transfer of nuclear power technology to meet the needs of national programmes in developing countries.

26. The proposed increase in total resources allocated to the General Fund would, in his delegation's opinion, have a positive effect on Agency assistance to the developing countries. However, the need to gear the technical assistance programme more directly to the transfer of technology could not be overstressed; in other words, the resources should be used mainly to advance nuclear power programmes in the developing countries.

27. Mr. HADOT (France) said, first, that his delegation would support the adoption by the General Conference of the draft resolution on physical protection of nuclear materials (GC(XXI)/590).

28. Secondly, in regard to the 1978 budget, he was sorry to have to draw attention once again to his Government's serious concern about the excessive rate of growth, year after year, in the Agency's budget. If that rate was maintained, the situation would rapidly reach intolerable levels.

29. The preliminary draft budget submitted to the Administrative and Budgetary Committee had called for an aggregate increase of 27% over the 1977 budget. Following a subsequent review by the Director General, the increase had been brought down to 21% but, unfortunately, the latest adjustments had raised the level once more to 27%. His delegation felt obliged, therefore, to ask that, once again, the content of the budget be reviewed, with the object of effecting savings in an amount sufficient to offset the latest rise.

30. It should be clearly understood that his Government was firmly opposed to the trend toward excessive growth in the Agency's budget and that it could not be expected to continue making an effort on the present scale in so far as its contribution was concerned. The level of that contribution to the Regular Budget in 1978 could not exceed 10% above France's 1977 contribution. He asked that that position should be clearly reflected in the Committee's report.

31. Mr. COELHO (Brazil) pointed out that the draft resolution contained in document GC(XXI)/590 dealt with a matter of such importance that it merited the most serious attention. Unfortunately, it had come to hand somewhat late and his delegation would appreciate an opportunity to discuss the text with other

[1] INFCIRC/225/Rev.1.

members of the Latin American Group, particularly in regard to a slight difficulty it had with the wording of preambular paragraph (c). He would accordingly suggest that discussion of the draft resolution should be deferred until after the Latin American Group met the following day.

32. Mr. ESTRADA OYUELA (Argentina) recalled that his country's position on the Agency's accounts for 1976 and the budgets for 1977 and 1978 had already been stated in another Agency body. Argentina was seriously concerned about the problems created by the high unobligated balance remaining at the end of 1976, under Operating Fund II. He appreciated the efforts the Secretariat was making to rectify the situation and hoped that a solution would soon be found, in view of the importance of the matter for technical assistance.

33. As for the modified 1977 budget, it was to be hoped that the Agency's financial authorities would in future make realistic estimates of fluctuations in currency exchange rates.

34. With regard to the budget for 1978, his delegation was greatly concerned about the situation created by the proposed substantial increase in allocations for safeguards, unaccompanied by an increase, on anything like the same scale, of funds to support the provision of technical assistance. Planning of the budget in that way was not satisfactory to his delegation.

35. Lastly, his delegation shared the views of Brazil about the draft resolution on physical protection of nuclear materials (GC(XXI)/590). As the draft dealt with a matter outside the general scope of the Agency's Statute, its text would require careful consideration. He therefore formally proposed that its consideration should be deferred to a later meeting.

36. Mr. HOFFMANN (Federal Republic of Germany) said he shared the concern expressed regarding the annual growth in the budget. His Government's views on the matter had repeatedly been stated in other Agency bodies. Although his delegation had full confidence in the ability of the Director General and the Secretariat to find means of coping with the situation, he would emphasize that every effort had to be made to arrest the trend. In that connection, he associated himself with the views expressed by France.

37. Lastly, the Federal Republic, as a co-sponsor of the draft resolution on physical protection of nuclear materials in document GC(XXI)/590, wholeheartedly endorsed the underlying purpose of that initiative and was ready to co-operate in any efforts designed to achieve practical results. The title of the draft resolution, however, should not be taken as binding and prejudging future discussions of that subject.

38. Mr. LAMPARELLI (Italy) said that his delegation could give its approval to the Agency's

accounts for 1976 and the modified budget for 1977.

39. With regard to the 1978 budget, his delegation too was greatly concerned about the significant overall increase, and about the increased allocations for safeguards in particular. If the annual growth were to continue at the present rate, Member States would find themselves in an intolerable position. In that regard, his delegation shared the views expressed by France, the Federal Republic of Germany and Belgium.

40. Finally, his delegation held the same views as the co-sponsors of the draft resolution on physical protection of nuclear materials (GC(XXI)/590), and would give the draft resolution its full support.

41. Mr. EROFEEV (Union of Soviet Socialist Republics) approved the budget estimates for 1978 but said that expenditure on administration and general services needed examination. His Government was against any increase in non-productive expenditure.

42. He believed that the aim of certain delegations to weaken the safeguards activities of the Agency was a misguided one, since one of the Agency's most important tasks was that of helping to prevent the proliferation of nuclear weapons. Indeed, recent alarming reports about developments in South Africa, relating to the intention of the racist régime in Pretoria to manufacture nuclear weapons, showed that Agency safeguards should be strengthened. The development of international collaboration in the peaceful uses of nuclear energy meant that Agency safeguards needed to be extended and improved - among other things in connection with the greatly enhanced provision of technical assistance to developing countries in what were termed "sensitive" areas.

43. Mr. PICTET (Switzerland) said that his delegation would like to associated itself with the views already expressed on the 1978 budget. Switzerland, likewise, was seriously concerned about the substantial increase in the budget as a whole. Moreover, it had to be borne in mind that for some countries the 27% increase was going to be further swollen by an increase in the rate of contribution itself; for his own country, to take one example, the latter increase would be of the order of 20%, so that the total increase in Switzerland's contribution would be around 45%. Obviously, that situation created a difficult budgetary problem for his Government, and there would be further approaches to the Agency on the matter with a view to finding the best possible solution.

44. Mr. MALU wa KALENGA (Zaire), referring to comments made by earlier speakers, said that reports to the effect that South Africa was engaged in manufacturing an atomic bomb had come to everyone's ears. That development went to show how ineffective the

Agency's safeguards system was, since its application in South Africa, at least in part, had failed to prevent such action. It showed further that the funds being provided by Member States for safeguards activities were not giving the expected result. He wished to stress that, in principle, his country was not against safeguards, and had consistently called for a system that would be fully effective in application.

45. Secondly, it was obvious from what had been said that the situation created by the requested substantial rise in contributions to the Regular Budget would be found to have repercussions in the form of a considerable decrease in funds contributed voluntarily for technical assistance. That was an additional argument in favour of financing technical assistance from the Regular Budget, a course of action which had been urged year after year to no effect.

46. Mr. McGILCHRIST (Jamaica) said that his delegation joined in regretting that the allocation for technical assistance under the 1978 budget was not more substantial; it wished to see the allocations for that work increased as from 1979.

47. It also noted with regret the disproportion between the funds allocated for safeguards and for technical assistance. It was to be hoped that every effort would be made in the future to narrow that gap as much as possible.

48. Mr. SIRRY (Egypt), referring to the draft resolution on physical protection of nuclear materials (GC(XXI)/590), said he need hardly stress the importance his country attached to the matter in question, which was one of concern to every country in the world, irrespective of its status. He had a slight difficulty, however, in regard to the text of preambular paragraph (c), in that, as it stood, the wording might give rise to a misapprehension. The following slight changes would serve to make the draft factual: the words "by the Director General" to be transposed to come after the word "circulation", and the words "submitted by a Member State" to be inserted after "draft convention". If those changes were acceptable, he would be able to support the draft resolution and, indeed, would be happy to become a co-sponsor.

49. Mr. STONE (United States of America) said that it would be unfair to the Agency to blame developments in South Africa on the Department of Safeguards, since the Agency had not been allowed to safeguard all South African nuclear facilities.

50. Although he could not for the moment speak for the other sponsors of the draft resolution in document GC(XXI)/590, his delegation would be happy to accept the changes proposed by the delegate of Egypt.

51. Mr. HABASHI (Sudan) registered his concern that every year the lack of proportion between the amounts allocated for safeguards and technical assistance appeared to get worse;

not enough attention was being paid to that chronic ill. The Secretariat should in his view consider the matter seriously. His concern was all the greater as technical assistance was funded mainly from voluntary contributions, and the target for contributions to the General Fund had, to his knowledge, been attained only once.

52. Mr. ADENIJI (Nigeria) said that the concern he felt at the proposed budgetary increases would not be so great if they were more evenly distributed between the regulatory and promotional activities of the Agency. Nigeria, as a party to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT)[2], was not against safeguards and fulfilled its obligations in relation to safeguards. But a balance in the activities of the Agency was necessary, and that could only be achieved if those countries which were willing to finance safeguards were also willing to finance the Agency's promotional activities, especially those conducted on behalf of developing countries. The previous year his delegation and others had suggested that the Agency should try to conform to the practice which was becoming general in international organizations, especially in the specialized agencies of the United Nations, whereby part of each year's budget was reserved for technical co-operation. It seemed that the Board of Governors had not acted on that suggestion. However, the General Conference could still do much itself, he believed, to help achieve the annual target for voluntary contributions, in particular by approving guidelines relating to the desired ceiling for technical assistance in any given year.

53. Nigeria shared the doubts of the delegate of Zaire with regard to the effectiveness of safeguards in the light of events that had occurred two weeks previously in South Africa, a country which was on the point of testing an atomic weapon, and one in which the Agency had some safeguards activities. The fact that some nuclear facilities in South Africa were not subject to Agency safeguards made it imperative for Member States, especially those which were genuinely concerned about diversion, to cease co-operation with South Africa. Such co-operation, although it was supposed to be for peaceful purposes, could be used for purposes that were not peaceful, and therefore the most powerful Member States should make it clear to suppliers of nuclear facilities that co-operation with South Africa could only complicate the Agency's safeguards work.

54. Mr. HOFFMANN (Federal Republic of Germany) welcomed the amendments proposed by the representative of Egypt to the draft resolution in document GC(XXI)/590 and his offer to join the sponsors of that resolution.

55. He believed that the criticism of the Secretariat or the Agency which had been heard, relating to the efficiency of the implementation of

[2] Reproduced in document INFCIRC/140.

safeguards, was unjustified. Adherence to NPT lay at the heart of the problem, and it was because of the Treaty's importance that his Government considered it to be the cornerstone of national as well as international nuclear policy.

56. Mr. THOMAS (German Democratic Republic) expressed his delegation's approval of the Regular Budget for 1978, as modified. On the other hand, it was concerned that the substantial increase of 27.7% over 1977 did not reflect a programme expansion anywhere near so large: the relevant figure was only 8.3%. As already stated in the general debate, it had been particularly alarmed to learn that the greater part of the budget increase was due to inflationary factors, and in particular to fluctuations in currency exchange rates. The position thus was that all Members of the Agency, including the socialist countries, were having to bear the additional burden occasioned by the economic policies pursued by a small number of Western countries.

57. The Director General and the Secretariat were to be commended on the excellent presentation used in the programme and budget documents for 1978. His delegation supported the programme as a whole because, within the priorities set, it met the requirements for fulfilling the Agency's statutory functions. It fully supported the Sections of the budget relating to safeguards, safety programmes, nuclear explosions for peaceful purposes and the physical sciences. It was also in favour of the proposed increase in the staff of the Department of Safeguards, but had great difficulty in accepting the somewhat high increase in administrative costs; there should be some curtailment of those allocations.

58. In connection with the technical assistance programme, he would recall that his Government was taking an active part in promoting the political and economic independence of developing countries. His country's voluntary contributions had made possible a number of training courses and meetings organized jointly with the Agency. Examples included an interregional training course on the use of ^{15}N in soils research and a joint CMEA-IAEA technical committee on the use of stable isotopes in biology. Activities of that kind would be maintained in the years ahead, particularly in the fields of nuclear safety and environmental protection, radiation protection and the use of isotopes. Lastly, his delegation had repeatedly expressed the view that preference should be given in granting technical assistance on a bilateral or a multilateral basis to States which had adhered to NPT.

59. Mr. KHOR (Malaysia) said that the budget estimates for 1978 clearly showed the disparity between the promotional and regulatory activities of the Agency. That had been pointed out in previous years by many delegations, but the disparity had not been corrected - a fact which had led to discontent on the part of some Members. The Secretariat should try to find some way of responding to the appeal that funds for technical

assistance should be allocated from the Regular Budget.

60. He was in favour of the changes which Egypt had suggested in preambular paragraph (c) of document GC(XXI)/590.

61. Mr. MALU wa KALENGA (Zaire) wished to correct a misunderstanding that had arisen in connection with his previous statement. He did not hold the Agency responsible for the manufacture by South Africa of a nuclear weapon. He believed, however, that it was desirable to promote a safeguards system that was effective. Safeguards were a political, not a budgetary problem. The Department of Safeguards could not prevent South Africa from manufacturing nuclear weapons; that could only be prevented by political forces. Agency inspectors who visited safeguarded facilities did their work well, but South Africa could nevertheless explode a nuclear weapon and had not signed NPT. He felt that, over the years, safeguards had increasingly been treated as a budgetary problem, which was erroneous.

62. Mr. BIRKMAN (Netherlands) said that he approved the draft resolution in document GC(XXI)/590 with the amendments proposed by Egypt.

63. Mr. KHAN (Pakistan) wished to restate his delegation's view that a certain imbalance persisted in the budget estimates for 1978. The funds to be allocated to safeguards had increased considerably, while increases for technical assistance lagged behind. He approved of the allocation for technical operations, in view of the importance of that Department's work for nuclear power, safety, codes of practice and the training of manpower; such training was of particular importance to developing countries planning nuclear projects. He welcomed the Agency's policy on uranium exploration, since a shortage had been predicted and developing countries needed help with exploration.

64. He noted that the net increase in the allocation for food and agriculture was to be a mere 2.7% and hoped that that figure would be increased the next year. He had certain reservations about the allocation of nearly \$11 million for administration and general services and asked the Secretariat to explain that figure.

65. Mr. ABBADESSA (Director, Division of Budget and Finance) said that appropriations for administration and general services added up to \$9.8 million, so he assumed that the delegate from Pakistan was including the allocation for executive management and technical programme planning in the figure he had quoted of nearly \$11 million. He noted that Table 3 in document GC(XXI)/582/Mod.1 showed an increase for executive management and technical programme planning of 5.8%, an increase for administration of 3.8% and a reduction for general services of 1.7%. The overall programme growth was to be 7.3%. Administrative expenses were subjected

and, in his view, ought to be subjected, to close examination by ministers of finance. However, he believed that in the Agency's budgetary requests for 1978 its estimates had, as in many other years, been very conservative. It was impossible to expand programmes without increasing administrative costs. Such administrative costs should not increase on a one-to-one basis with programme expansion, and in fact the requested increase in items for administration was much smaller than the proposed programme increase. Referring to Table O.1 in part O of document GC(XXI)/582, he pointed out that the cost of administration would increase by \$179 500. There would have to be an increase in the number of established posts, which related mainly to the nine additional General Service staff needed to maintain performance at the level of the current year. The table showed reductions in expenditure of \$45 000 on consultants, of \$2300 on travel and of \$67 200 on common services, supplies and equipment. More than half the increase for that category related to cost allocations, which meant that where an increase was shown in one place a corresponding decrease would appear elsewhere. In addition, the increase of \$20 000 for data processing services related to the new computer rented by the Agency, whereas no cost had been shown for the one owned by the Agency. He pointed out that there had in fact been a reduction of General Service staff for executive management and technical programme planning (part N of document GC(XXI)/582); the main increase related to the P-5 post occupied by the Assistant to the Director General and to his secretary. In four of the other six categories there had been reductions, namely for consultants, travel, overtime and meetings.

66. Mr. KHAN (Pakistan), noting the allocation of \$11 191 000 to safeguards, did not doubt that that sum accurately reflected the importance of Agency responsibilities in the sphere of safeguards, and said that he was in favour of safeguards. However, a balance between the regulatory activities of the Agency and technical assistance was necessary. Only ten years previously, voluntary contributions for technical assistance had exceeded allocations for safeguards by a factor of three, whereas the funds available for regulatory activities had now come to exceed those for technical assistance by \$1.5 million. He feared that that tendency would gather momentum unless it was firmly checked. At its meetings in June the Board had found it very difficult to reach agreement on a target of \$7 million for voluntary contributions to the General Fund, although the increase barely compensated for the effects of inflation. Worthwhile technical assistance projects were therefore having to be turned down by the Agency. The Agency should help developing countries to the same extent as it carried out regulatory activities aimed at preventing proliferation.

67. He believed that more of the technical discussions sponsored by the Agency should be held in developing countries. Recently one such discussion had taken place in Pakistan and had been

funded by his Government. It had been found most useful, as it furthered exchanges of views between scientists of industrialized and developing countries.

68. As a co-sponsor of the draft resolution in document GC(XXI)/590, he welcomed the amendments proposed by Egypt. The need for physical protection of nuclear facilities, materials and transports was most urgent. A start should be made with the drawing up of procedures to prevent terrorist activity in that sphere.

69. Mr. MUDALLAL (Jordan) agreed that an effort to fund technical assistance through the Regular Budget or some other source should be made, since the importance of technical assistance to developing countries was so great. In fact, certain delegations had, in the general debate, stated that there was a will to promote and increase such assistance; for example, the delegation of the Soviet Union had announced an intensive technical assistance programme to be carried out through the Agency. One could not help observing, however, that the sharp increase in the estimates for the Regular Budget was unfortunately not matched by any similar growth in funds available for technical assistance. The Agency should try to find a way of compensating for the serious dwindling of resources caused by fluctuations in exchange rates; surely some solution could be found.

70. Mr. SILANGWA (Zambia) said that a balance should be found between the Agency's promotional and regulatory activities; the promotional activities should not continually suffer. If an appropriate decision were taken to that effect, it would be possible for more to be achieved in the sphere of technical assistance.

71. He recognized that not all nuclear activities in South Africa were covered by Agency safeguards. However, he asked the Secretariat for confirmation that there had been no diversion of nuclear materials from a safeguarded installation in South Africa.

72. Mr. ROMETSCH (Deputy Director General, Department of Safeguards) said that two safeguards agreements with South Africa were currently in force. The first had been in force for many years and related to a research reactor using highly enriched uranium. The second agreement, concluded on a trilateral basis with France, had only recently come into force and would cover power reactors which were not to come into operation for a number of years. The question by the delegate of Zambia could therefore relate only to the research reactor using highly enriched uranium. A few days after accusations had been made in connection with preparations for test explosions by South Africa, the Agency had carried out a routine inspection on the research reactor in question and it had been found that all the highly enriched uranium was present in the facility.

73. Mr. HAFNEY (Canada) said that his Government had approved the budget estimates for 1978, although his country was one of the few that paid for the full increase in the cost of safeguards.

74. He reiterated the view of his delegation that the physical protection of nuclear facilities, materials and transports was a most important matter, and supported the amendment of the draft resolution in document GC(XXI)/590 proposed by Egypt.

75. As the delegate of France had said that his Government intended to limit its contribution to the Regular Budget to a certain level, he asked the Secretariat how the Agency could make financial plans in a responsible manner if States unilaterally put an upper limit on their contribution regardless of the budget approved for the Agency.

76. Mr. ABADESSA (Director, Division of Budget and Finance) said that the answer to the question raised by the delegate of Canada depended on the amounts involved. The Agency had been fortunate in that most Member States contributed the full assessed amount at the right time. Any large shortfall in contributions would

cause serious problems, and the result would most probably be a reduction in implementation of the programme approved by the Board of Governors and the General Conference.

77. Mr. KIBRIA (Bangladesh) said his country was concerned at the amount of funds to be allocated to safeguards and the rather small increase in the funds to be allocated to technical assistance. Technical assistance was the main means of transferring technology to developing countries. If the increase in funds allocated for safeguards was not matched by a similar growth of the technical assistance budget, the Agency would suffer from an imbalance which would cause developing countries increasing concern. The increases in costs for administration should be examined, and steps should be taken to ensure that technical assistance did not suffer as a result of increased expenditure on administration.

78. Mr. SUKIBAMRUNG (Thailand) fully supported the amendment of the draft resolution in document GC(XXI)/590 proposed by Egypt; in his view physical protection of nuclear facilities, materials and transports was of the utmost importance.

● The meeting rose at 6.10 p.m.