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COMMITTEE OF THE WHOLE

RECORD OF THE EIGHTH MEETING

Held at the Neue Hofburg, Vienna,  
on Tuesday, 19 September 1978, at 11.20 a.m.

Chairman: Mr. GILLON (Belgium)

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\* A provisional version of this document was issued on 26 September 1978.

\*\* GC(XXII)/605.

The composition of delegations attending the session is given in document  
GC(XXII)/INF/179/Rev.2.

ELECTION OF VICE-CHAIRMEN AND ORGANIZATION OF WORK

1. The CHAIRMAN said that following the consultations that had taken place a consensus had been reached on the choice of two Vice-Chairmen in accordance with Rule 46 of the Rules of Procedure of the General Conference and he therefore proposed the delegates of Bulgaria and Peru as Vice-Chairmen.
2. If there were no objections he would take it that the Committee of the Whole designated the delegates of Bulgaria and Peru as Vice-Chairmen.
3. It was so decided.
4. The CHAIRMAN pointed out that document GC(XXII)/COM.5/7 listed the items of the agenda referred to the Committee by the General Conference. He proposed that the five items in question should be considered in the order in which they appeared in that document.
5. It was so decided.
6. In order for a report to be made on the work and the conclusions of the Committee of the Whole to the General Conference, the Chairman proposed that he himself should present an oral report at a plenary meeting on the deliberations of the Committee, which would also be the subject of detailed summary records. However, where a different procedure appeared necessary for any particular item the Chairman would abide by the opinion of the Committee.
7. It was so decided.

THE AGENCY'S ACCOUNTS FOR 1977 (GC(XXII)/598)

8. Mr. ESTRADA OYUELA (Argentina) recalled the remarks made by his country's delegation at the meetings of the Board of Governors in June 1978 and in the Administrative and Budgetary Committee. He noted with satisfaction that the use of funds allocated for technical assistance was showing a more satisfactory trend than in the past since, as was indicated in paragraph 25 of Part III of document GC(XXII)/598, year-end unobligated balances had hardly increased.
9. With regard to the use of non-convertible currencies he said that the head of the Argentine delegation to the General Conference had stated in a plenary meeting that the Agency would do well in that connection to observe the rules relating to voluntary contributions laid down in document INFCIRC/13.

10. Mr. ARAI (Japan) said that his delegation supported the draft resolution contained in document GC(XXII)/598, Part I.
11. The accounts presented to the General Conference showed, on the one hand, that expenditure in 1977 had increased considerably by comparison with the previous year and, on the other hand, that the problem of unobligated balances was persisting although they were increasing at a much slower rate. The accounts also showed a marked increase in the total unliquidated obligations. The Japanese delegation therefore asked the Secretariat to do everything in its power to further implementation of the technical assistance programme in order to remedy that situation with the co-operation of all Member States.
12. Mr. KHOR (Malaysia) said that his delegation was willing to accept the report on the Agency's accounts for 1977 (GC(XXII)/598). He pointed out that the existence of large unobligated balances not only raised a technical budgeting problem but, in particular, also reduced the effectiveness of technical assistance to countries requesting. He hoped that a durable solution could be found in the near future.
13. The CHAIRMAN took it that if there were no objections, the Committee approved the draft resolution in document GC(XXII)/598, Part I.
14. It was so decided.

THE AGENCY'S BUDGET FOR 1978 (GC(XXII)/599)

15. Mr. ESTRADA OYUELA (Argentina) recalled that at the twenty-first session of the General Conference the Argentine delegation had pointed out that the exchange rate applied for drawing up the 1978 budget was unrealistic; consequently, it would have been possible to avoid the situation described in document GC(XXII)/599.
16. In addition, he wished to know what the Secretariat's forecasts were for the eight months of 1978 following the four months mentioned in paragraph 1 of document GC(XXII)/599 and whether the Secretariat included in the total of miscellaneous income mentioned in the table on page 2 of the same document the reimbursements to be paid by the United Nations Development Programme (UNDP) under the technical assistance programme.
17. Mr. ABBADESSA (Director, Division of Budget and Finance) said that the exchange rate of 14.93 Austrian schillings to the United States dollar was the operational rate which was fixed every month by the United Nations. He wished to point out, further, that the Director General had continued his efforts to

reduce expenditure and considered that he would be able to save \$2.7 million instead of \$2 164 000 mentioned in document GC(XXII)/599, which had been drawn up in June 1978.

18. The dollar was tending to lose its value in relation to the Austrian schilling and an exchange rate of less than 15 schillings to the dollar was to be expected. The miscellaneous income mentioned in paragraph 2 of document GC(XXII)/599 did include reimbursements by UNDP to the Agency in respect of the technical assistance programme.

19. Mr. ESTRADA OYUELA (Argentina) expressed concern at the absence of any firm estimate of the supplementary expenses and regretted that deficits were being covered out of available funds which the Member States would have to make up. Moreover, it was financially unsound to liquidate the Agency's supplementary expenses from funds reimbursed by UNDP, which were intended for other expenditure.

20. His delegation considered such practices to be incorrect and wished to express its reservations in that regard.

21. The CHAIRMAN said that in the absence of any objections he took it that the Committee approved the draft resolution contained in document GC(XXII)/599 (page 2) and wished to transmit it to the Plenary Session of the Conference.

22. It was so decided.

THE AGENCY'S PROGRAMME FOR 1979-84 AND BUDGET FOR 1979 (GC(XXII)/600)

23. Mr. ARAI (Japan) noted the increase in the Agency's responsibilities and the Secretariat's efforts to reduce the estimated expenditure for 1979. He recalled, however, that the Member States' financial capacities were limited, especially in view of the world economic situation, and he urged the Secretariat to prepare for 1980 a balanced budget within reasonable limits, in accordance with the Board's recommendations in June 1978.

24. Mr. KOREF (Panama) recalled what had been said at the Board on the subject of "voluntary contributions" from Member States. Every year that matter gave rise to unpleasant discussions and the General Conference should take steps to make those so-called "voluntary contributions" more adjustable and link them to the Regular Budget so that if the budget increased by 20% the voluntary contributions, too, should be raised by 20%.

25. Furthermore, a group could perhaps be appointed to consider at leisure the contributions for technical assistance; such a measure would avoid unpleasant discussions, and any country desirous of making a gift, preferably in convertible currencies or in the form of equipment and material, to countries which did not have foreign exchange would be welcome to do so.

26. Mr. ESTRADA OYUELA (Argentina) recalled that his delegation's position in the June meetings of the Board had been that the inordinate increase in the budget was due, in its opinion, to the fact that the safeguards costs had increased excessively and for no apparent reason. The inordinate escalation in safeguards costs was not related to actual nuclear proliferation but to commercial interests.

27. His delegation wished once more to place on record its concern at such a considerable increase in the budget.

28. Mr. SILVA ARANDA (Peru), referring to the funds devoted to technical assistance, said he, too, wished to revert to what had been stated at the June meeting of the Board and to the concern expressed by the delegations of Panama and Argentina at the reduction in funds allocated for technical assistance, an activity of such importance for the developing countries, and also at the uneven percentages of reduction in the different sections of the budget. When the Chairman, speaking as the representative of his own country, had himself suggested reductions in the various sections of the budget, the delegations had been told that a nearly uniform reduction of 2.5% would be applied in all cases. His delegation had noted, however, that the reductions actually varied considerably from section to section and that, proportionately, the greatest reductions had been made in the item to which it attached the greatest importance. It considered that the technical assistance programme should be examined in the light of special criteria and that ways and means should be found for eliciting voluntary contributions. It had been gratified to hear, during the last of the Board's meetings in June, the announcement of voluntary contributions from developed countries, which thus gave tangible proof of their desire to come to the aid of the developing countries. While his delegation was grateful to the Director General and the Division of Technical Assistance for their efforts to find a solution, it wished to draw attention to the abnormal imbalance between the reductions in the appropriations for the different items of the budget and to express the hope that the situation would be rectified in the interest of the developing countries, which were eager to make use of modern techniques for peaceful purposes but would be able to do so only if the necessary funds were available.

29. Mr. VYCHEGZHANIN (Byelorussian Soviet Socialist Republic) said that he had made a careful study of document GC(XXII)/600, "The Agency's Programme for 1979-84 and Budget for 1979". It appeared to be a good summary of all the current trends in the Agency's activities related to the use of nuclear energy for peaceful purposes and to take account of the wishes and requests of all countries at various economic and industrial levels.

30. His delegation was particularly in favour of the programme for nuclear safety and protection of the environment and of the use by the Member States of the International Nuclear Information System (INIS), and noted with satisfaction the progress which had been made in strengthening the Agency's safeguards system. The Agency should show more dynamism and should phase out activities which could easily be accomplished on the basis of bilateral agreements between Member States. An example was the programme for using the radiation from radioactive isotopes in research and technology, a technique which was now applied routinely. In that field the Agency ought to limit its activity to problems associated with the training of staff and assistance to personnel to improve their qualifications.

31. Finally, subjects such as fluid dynamics, solar energy and other aspects of the theoretical physics programme could be studied by other international organizations. The Byelorussian delegation approved the programme for 1979-1984 and hoped that the Agency would see that the projects planned for each year were effective and that their cost was reasonable.

32. Mr. IBE (Philippines) said that the programme for 1979-1984 was very detailed. Nevertheless, the Agency seemed to give safeguards activities priority over its other responsibilities. Referring to Table 1 of the document under study, he noted that the amounts relating to safeguards represented a quarter of the total Regular Budget. Seventy per cent of the Agency's Members were developing countries and they were worried by the increase in the amounts destined for safeguards compared to those devoted to the needs of developing countries. Those needs of 70% of the Agency's Members should be taken into consideration. Technical assistance should not be based on voluntary contributions but should be considered as an essential part of the Regular Budget. Activities which were of real value to developing countries were being cancelled in order to achieve economies; if savings had to be made, they should not be at the expense of the technical assistance programme. It should be clearly decided to what extent the Agency was ready to help developing countries. Finally, he wanted to know whether the document took into account the fluctuations of the dollar.

33. Mr. ABBADESSA (Director, Division of Budget and Finance), replying to the question of the Philippine delegate, said that the rate of exchange used in preparing the budget for 1978 had been 16.40 whereas for the 1979 budget it was 15.05. Certain adjustments had therefore been made to allow for the decline in the exchange value of the dollar.

34. Mr. EFFAT (Egypt) recalled that the position of his delegation had been made clear during the prolonged discussions in the Board in June. The Egyptian delegation was deeply concerned at the significant increase in the budget for 1979, and though it understood the exceptional circumstances responsible for the rise it hoped that future increases would be kept within strict limits.

35. The efforts of the Director General and the Secretariat to maintain the budget at a level which was compatible with the Agency's responsibilities were appreciated but further economies could be made in the safeguards sector. That part of the budget had in fact increased out of all proportion and attempts should be made to find methods of economizing, though not to the detriment of the Agency's safeguards activities. The resources provided for technical assistance, on the other hand, were well below the level required by the developing countries. The voluntary contribution system ought to be organized in a more rational way rather than being made an object of bargaining in unpleasant debates.

36. While supporting the budget which had been presented, the Egyptian delegation found it very high, though it understood the reasons for the increase. The Director General was to be congratulated on drawing up such a well-balanced programme for 1979-1984 and for assigning the proper importance to the development of nuclear energy and to nuclear safety.

37. Mr. ABU-ETD (Kuwait) commended the efforts which had been made to submit a reasonably satisfactory budget despite inflation and other present-day problems. He noted that the budget was not drawn up in Austrian schillings even though the Agency was based in Austria, and suggested that the Committee should give serious thought to that possibility for the future. He would be interested to know the Director General's views on the matter and wondered whether that approach would create practical difficulties.

38. Mr. ABBADESSA (Director, Division of Budget and Finance) replied that drawing up a budget on the basis of the host country's currency posed a major problem. As early as in 1971-1972 that particular problem, which was faced by a number of organizations in the United Nations family, had been examined by a group of 13 States Members of the United Nations at a series of 22 meetings, as well as by the Consultative Committee on Administrative Questions (CCAQ) and the Administrative Committee on Co-ordination (ACC), though no conclusion had been reached on account of the complexity of the matter. The Secretariat felt that it might be of advantage to the Agency to draw up the budget half in dollars and half in schillings. One of the factors militating against any recommendation along those lines had been the fact that it was desirable in that respect to maintain uniformity throughout the United Nations system and to apply in all cases the United Nations normal operational exchange rate.

39. Referring to the statement made by the Director General the day before, he said that it was primarily by making savings or effecting planned reductions that reserve funds had been built up in the budget, although over the last three years those savings had for all practical purposes been used up.

40. That was why the Director General recommended consideration of the possibility of drawing up the budget half in schillings and half in dollars; he would be interested in hearing the point of view of Member States on that matter.

41. Mr. DE PHUYSTER (France) said that when the first draft of the budget for 1979 had been submitted for consideration, his country had felt that it represented an unacceptable financial burden for the countries which were expected to finance it. Following the discussions held in the Administrative and Budgetary Committee and Board of Governors, there had been a compromise solution, which his Government had ultimately accepted, though, like the Board, it hoped that in future, to avoid discussions of that kind, Member States and the Secretariat could get together at an earlier stage and work out a draft based on the budgetary requirements of Member States and the legitimate objectives of the programme.

42. Mr. KHOR (Malaysia) said that in June his country had endorsed the draft budget for 1979. As he had already pointed out, however, the section relating to safeguards was out of proportion to the functions that the Agency had to discharge. To alleviate the burden, some delegates had

urged that new approaches to staffing and financing should be sought. It had been suggested, among other things, that greater use should be made of national safeguards systems. With regard to technical assistance, the approach adopted and forecasts made were in keeping with the activities planned. However, there were still a number of deficiencies which needed to be corrected; for example, as had already been proposed, technical assistance should not be financed any longer from voluntary contributions but from funds originating with the Regular Budget. The setting of targets for voluntary contributions posed serious difficulties and he had himself acted as Chairman during numerous consultations held with the aim of improving the methods at present employed, although those consultations had unfortunately not had any success. Another problem outstanding was that of the guiding principles, but the work now in progress should enable the Board to reach a conclusion in that regard. As far as the International Nuclear Fuel Cycle Evaluation (INFCE) was concerned, he hoped that the Secretariat would derive from it new approaches to the provision of technical assistance. In conclusion, he urged Member States to do everything in their power to enable the target fixed by the Board to be reached and thanked the French Government for the offer it had made.

43. Mr. CUMES (Australia) said that his delegation approved the draft document before the General Conference. Over the last few years there had been a considerable increase in nuclear energy activities on an international scale as well as within the Agency; furthermore, the latter's responsibilities in the matter of safeguards had grown and would continue to do so as a consequence of the conclusion of new agreements. It was therefore necessary to face up to an increase in costs and to the resulting financial obligations.

44. Within that context his country considered that the technical assistance programme was obviously of fundamental importance and, along with other countries, would continue to play a major part in financing it.

45. The safeguards programme was important for all Member States without exception. Furthermore, far from competing with the technical assistance programme, it was making the latter easier to apply both inside and outside the Agency. Both programmes should be able to count on all the support and all the funds necessary for their implementation.

46. Australia was ready to consider ways of avoiding bargaining in technical assistance matters.

47. Mr. DEYANOV (Bulgaria), expressing his appreciation to the Director General and the Secretariat for the excellent preparatory work that they had done, recalled that his delegation had already approved the budget for 1979 as a whole, although it would have preferred to see an increase that was not quite as high.

48. In particular, his delegation fully supported the sections of the budget relating to safeguards, nuclear safety and environmental protection, food and agriculture, and nuclear power and reactors. He agreed that the staff of the Department of Safeguards should be increased and that the restructuring of the Department should be completed. He hoped that, as a result, the Safeguards Evaluation Section could become fully operational, that some of the regional offices planned could be set up and that resident inspectors would be posted to nuclear facilities. Furthermore, Bulgaria was considering increasing its contribution to the Agency's activities aimed at developing and applying techniques and instrumentation for non-destructive safeguards analysis. He endorsed all action conducive to improving the effectiveness of safeguards application.

49. His delegation was disturbed, however, by the fact that the planned increase over the 1978 budget did not reflect an expansion of activities on the same scale and that the increase was mainly due to inflation and fluctuation in currency exchange rates. As a result, States Members of the Agency, including the socialist countries, were having to suffer the consequences of the economic situation in other countries and of the weakness of one Western currency. It would be advisable to consider ways of reducing the impact of such factors on the budget. Such a study would also be of use in view of the growing expenditure on the administrative and general services.

50. In conclusion, his delegation considered the Agency's programme for 1979-1984 to be a well-balanced one that would satisfy both the developing and the industrialized countries. Aware of the inevitability of the budgeted increase and in line with Bulgaria's traditional policy of support for the Agency's activities, his delegation was ready to approve the budget for 1979 as contained in document GC(XXII)/600.

51. Miss VER ELST (Belgium) said that her country's foremost concern with regard to the increase in the Agency's budget was the rise in the number of staff, which the Board of Governors had on two occasions requested the Director General to keep down in 1979. Of the 108 new posts that the Board had been asked to approve, only 81 had been accepted by it, which would bring the number of staff to a total of 1455 in 1979; according to document GC(XXII)/600, however, it was proposed to raise the number of staff members to 1578 in 1980. Her delegation could not agree to a further increase of that kind.

52. The Donaupark buildings had been designed to accommodate approximately 1000 persons in addition to the present Agency and UNIDO staffs. The United Nations had not been able to find new services or organizations which could be transferred to Vienna, but the undertaking given by the Board to occupy two towers in the Donaupark should not mean that the Agency would have to increase its staff by more than 500.

53. Her delegation was worried by the transfer from Headquarters to the Donaupark in other respects: the general services budget, which had amounted to \$5 027 000 in 1978, would have more than doubled by 1980 on account of the operation and maintenance costs for the new facilities. She therefore urged the Agency to examine very carefully the contracts that it would be signing.

54. Mrs. DAVIDOVÁ (Czechoslovakia) said that the draft document submitted to the General Conference, which her delegation had already approved in June, was well balanced and took due account of the interests of all Member States. More especially, it established the conditions necessary for improved use of the technical assistance funds.

55. Her country wholeheartedly supported the Agency's programme relating to the implementation of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT)<sup>1/</sup> and safeguards agreements, a programme which had become increasingly important as a result of the decisions taken at the special session of the General Assembly of the United Nations on disarmament. The Agency's task was to provide effective control of all nuclear activities through the implementation of a unified safeguards system in all non-nuclear-weapon countries; that system was based on scientific and technical principles. Her country was willing to lend all necessary support to that end and believed that priority should be given to

<sup>1/</sup> Reproduced in document INF/CI/RC/140.

the development of instrumentation for facilities which was sufficiently reliable and effective and which permitted the dynamic safeguarding of nuclear materials, and also to the recruitment of new, highly-qualified inspectors. Czechoslovakia was especially interested in water-cooled and moderated reactors and in their fuel cycle, as well as in their possible use for the generation of heat. Of equal importance were the problems of enrichment and processing and also those of nuclear safety; in the latter connection it had always supported the Agency's safety standards programme.

56. She commended the efforts made by the Secretariat in the matter of technical assistance and was very much aware of the needs of countries benefiting from it. The Agency could always count on her country's co-operation in that area, although Czechoslovakia felt that the funding of technical assistance should remain on a voluntary basis, i.e. that the Member States should be able to continue to have free choice as regards the amount of aid and the currency in which it was provided.

57. In June the Czechoslovak delegation had already stressed the fact that the draft budget for 1979 was disproportionate and had given the main reason for that imbalance, namely, the situation of the United States dollar as compared with West European currencies and particularly with the Austrian schilling. On the whole, however, the budget was acceptable and she hoped that the Agency would do its best to make savings on non-productive expenditure.

58. Mr. FONTANA GIUSTI (Italy) said that the Agency was playing an increasing role in all the areas within its competence. He wished to acknowledge the Secretariat's efforts to reduce expenditure as far as it possibly could; the apparent contradictions in paragraphs 19 and 20 of the Introduction to document GC(XXII)/600 and the Secretariat's explanation of them were a good illustration of the complexity of the task with which the Agency had to cope. He associated himself with the remarks made by previous speakers regarding the proposed increase in the budget and agreed with the delegate of Japan that account should be taken of the limits of the financial capacity of most Member States; he also considered that the Belgian delegate had given a very accurate analysis of the situation.

The meeting rose at 1.5 p.m.

