



International Atomic Energy Agency

GENERAL CONFERENCE

GC(XXII)/COM.5/OR.9
January 1979*

GENERAL Distr.

ENGLISH

TWENTY-SECOND REGULAR SESSION: 18-22 SEPTEMBER 1978

COMMITTEE OF THE WHOLE

RECORD OF THE NINTH MEETING

Held at the Neue Hofburg, Vienna,
on Tuesday, 19 September 1978, at 3.35 p.m..

Chairman: Mr. GILLON (Belgium)

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* A provisional version of this document was issued on 21 September 1978.

** GC(XXII)/605.

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

1. The CHAIRMAN invited the Committee to continue its discussion of the Agency's programme for 1979-84 and budget for 1979.
2. Mr. BUHOARA (Romania) noted that in preparing the programme for 1979-84, the Agency had taken into account Member States' requirements and priorities in connection with the various aspects of peaceful uses of nuclear energy, especially nuclear power, the application of nuclear techniques and nuclear safety and environmental protection.
3. Since a large number of countries, including developing countries, had introduced or were introducing nuclear power, it would be useful for the Agency to consider as part of its nuclear power programme important activities such as preparation of detailed studies on the economic and financial characteristics and the competitiveness of different reactor types in operation or under construction, comparative analyses of fuel cycle costs, and so on.
4. Likewise more attention should be devoted to the technology of fuel elements for power reactors and the equipment for the primary and auxiliary circuits of power plants. The Agency should give greater support to its Member States in reactor construction and operation.
5. The programme should also include measures supporting research on heavy ion physics and its industrial applications, and on the problems of nuclear electronics. The drafting of nuclear safety standards should be expedited.
6. Considering the Agency's ever increasing role and activities, he stressed the usefulness of technical assistance and the importance which its recipients attached to it. His delegation shared the views of those Members of the Agency who called for a substantial increase in the resources allocated for technical assistance, in order to meet the legitimate demands of the developing countries.
7. He was in favour of the idea of organizing major technical assistance projects spread over several years, which would be especially useful for activities relating to nuclear power and its fuel cycle. Under such projects a large part of the assistance should be earmarked for the supply of equipment, without however reflecting the training of personnel for current and future needs.
8. In recent years the technical assistance provided by the Agency had lagged far behind the requests for such assistance because of the low level of contributions, price rises, and currency fluctuations. It was therefore necessary to take urgent and specific steps to ensure that the Agency could carry out its statutory functions and meet its responsibilities as a major supplier of technical assistance for the peaceful uses of atomic energy.

9. The Romanian delegation emphasized the imperative need to strike a reasonable balance between the Agency's basic functions, namely the promotion of the peaceful uses of nuclear energy and the provision of technical assistance on the one hand, and its regulatory functions together with the application of safeguards, on the other.

10. In the area of safeguards, Romania considered that the Agency should develop activities on the creation and application of advanced control techniques, including automatic instrumentation, which would ensure optimum cost effectiveness and result in savings that could be used for other activities.

11. Lastly, while approving the Agency's programme for 1979-84, his Government hoped that it would be refined during implementation in the light of the views expressed.

12. Mr. ADLER (German Democratic Republic) expressed his delegation's thanks to the Director General and the Secretariat for their efforts to establish a budget which would meet, as far as possible, the problems currently faced by the Agency.

13. A 27% increase over the 1978 budget estimates represented a substantial addition to the burden on Member States. According to the Director General's statement, the main reasons for the increase were the transfer to the Permanent Headquarters, the increase in safeguards responsibilities and the devaluation of the United States dollar. Whilst his delegation could accept the first two reasons, it saw no justification in expecting all Member States to bear that part of the increase for which only a small number of Member States was responsible. It regretted, too, that the non-safeguards component of the increase was only 2% - a direct result of inflationary factors whose origin could be laid at the door of neither the socialist nor the developing countries.

14. His delegation could support the Agency's programme for 1979-84, particularly those parts relating to safeguards, nuclear safety, physical and life sciences, and information services. He recalled, in that connection, his Government's active support for the Agency's programme for technical assistance. It also accepted the voluntary contributions target of \$8.5 million for 1979 but expected the Agency to strive for technical assistance project implementation according to the resources and currencies available to it. It should be emphasized that contributions to the technical assistance programme had to be based on the voluntary principle.

15. Effective combination of technical assistance and safeguards measures would help to ensure the non-proliferation of nuclear weapons and thus assist

implementation of the Agency's tasks under the Statute and under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT)^{1/}. The German Democratic Republic therefore endorsed the demand that the transfer of sensitive technology and equipment as part of technical assistance should be subject to Agency safeguards.

16. His country, in addition to its past considerable contributions to the Agency's technical assistance programme, had recently submitted a plan to the Secretariat dealing with the comprehensive use of the German Democratic Republic's annual voluntary contribution to the General Fund over the next few years. His delegation appreciated the Agency's efforts to improve programme preparation and co-ordination, particularly on a long-term basis, and also hoped that the Agency would consider evolving special programmes for countries just entering the nuclear field.

17. Mr. PROFREV (Union of Soviet Socialist Republics) said that his country appreciated the desire of the developing countries to receive more technical assistance, and was in favour of increasing the Agency's activities in that domain. During 1968-78 it had raised its voluntary contributions for technical assistance from 100 000 to 650 000 roubles and intended to increase the figure to 750 000 roubles in 1979.

18. He considered that broad international collaboration in the peaceful uses of nuclear energy would be possible only with the strengthening of the nuclear non-proliferation regime.

19. The basic principle of funding the Agency's technical assistance, i.e. the voluntary nature of the contributions, should be maintained, for donors should have the right to decide the amount which they wished to contribute.

20. Since it believed that the funds available for the purpose were not being adequately utilized, the Soviet Union would like to see an improvement in the Agency's technical assistance activities, and was also in favour of a greater number of long-term projects.

21. Mr. POPP (Federal Republic of Germany) expressed his support for the Agency's programme for 1979-84, which was based on a correct distribution of priorities among its various projects and activities.

22. His delegation welcomed the Director General's initiative in preparing a study on the international management of plutonium and in proposing a consultants' meeting on the subject. It was time to study the possibilities of establishing an international system for controlling surplus plutonium, as was provided under the Agency's Statute, and his Government would willingly participate in the relevant activities.

^{1/} Reproduced in document INFCIRC/140.

23. It was desirable for the Agency to concentrate on the more important aspects of its programme instead of dissipating its efforts in too many directions. It should, for example, review the schedule of technical meetings, since some of those proposed were not likely to lead to positive results.

24. Referring to the idea of a workshop on the next large-scale fusion reactor projects, he wished to point out that his country had always supported international co-operation and scientific exchanges relating to controlled thermonuclear fusion. However, it was inappropriate to discuss the next large-scale projects at the present stage and more experience was needed before one could say whether the right path was being followed. In the meanwhile, it was all the more desirable that scientific exchanges should continue.

25. Mr. LEE (Republic of Korea) shared the general appreciation of the efforts at further economies made by the Director General and the Secretariat, as reflected in the modified 1979 budget estimates (GOV/1904/Add.2). His delegation could in general support the budget estimates for 1979, with a minimum target of \$8.5 million for technical assistance. However, he shared the concern expressed by other delegates regarding certain items. For example, the appropriations for technical assistance were still too small compared to those for safeguards. Whilst his country endorsed the view that safeguards constituted the Agency's most significant function, it thought that the promotion of nuclear energy was highly important too. At the June meeting of the Board of Governors the Republic of Korea had advocated more emphasis, in future programmes, on the promotional aspects of nuclear energy in terms of technical assistance and training, technical operations, research and isotopes. The more satisfactory national safeguards systems became, the more effectively could the Agency manage its own system of safeguards - with, as a result, a more economical safeguards budget and an improved atmosphere of mutual trust. His delegation hoped that the philosophy of assisting national systems would be reflected in the programme in future.

26. Mr. KEISALO (Finland), approving the Agency's budget for 1979, said that his delegation understood the reasons for the increases and was willing to bear its part of the expenditure involved.

27. It considered that the budget should be flexible enough to enable the Director General to cope with problems such as unexpected developments on the international money market.

28. Finland had already communicated its acceptance of the target of \$8.5 million for voluntary contributions to the General Fund. It was, however, desirable to agree on a procedure for setting that target in future.

29. Mr. PICTET (Switzerland) said that the Agency's programme for 1979-84 seemed to be well balanced and to take into account the main factors which his delegation considered important.

30. His Government shared the concern previously expressed at the level of the 1978 budget, in comparison with the estimates given in 1977, and at the prospect of an even larger figure for 1979. The reasons given by the Director General - inflation and currency devaluation, and the Agency's transfer to its Permanent Headquarters - were valid; however, growth in expenditure relating to the programme itself could and should be controlled. Attempts to meet all the wishes expressed with regard to broad sectors of the Agency's activities would lead to excessive overall expenditure. The right approach was a comparative evaluation of the relative importance of programmes, so as to compensate to the utmost, within a well-defined framework, increases in certain sectors by equivalent reductions in others. He hoped that, as in other international organizations, an annual ceiling could be set for expenses directly related to the programme.

31. Mr. ARAI (Japan) observed that the peaceful applications of atomic energy should not be limited to its use as a source of power but should extend to the numerous other fields where it could benefit mankind.

32. The results of research and development in those fields must be shared by all nations. In that context, the technical assistance provided by the Agency could play a significant role.

33. In the past Japan had always paid its due share of the voluntary contributions to the General Fund and would in 1979 again be in a position to contribute an amount calculated at its base rate of assessment.

34. Mr. KIRK (United States of America) endorsed the Agency's Regular Budget for 1979 and the voluntary contribution target of \$8.5 million. His Government was well aware of the reasons which had necessitated the large and unavoidable increase in the budget for 1979. In the current year the Director General had adopted measures which had resulted in economies, and it was hoped that he would continue to do the same in the following year without detriment to the Agency's essential activities in the areas of safeguards and technical assistance.

35. Mr. MCGILCHRIST (Jamaica) expressed his delegation's thanks to the Secretariat for the documentation it had made available.

36. With regard to the 1979 budget estimates, he noted with regret that the technical assistance appropriations were low in comparison with the increased allocations for other areas, including safeguards. Technical assistance was of paramount importance to many developing countries, including his own, being often the very reason why such countries were Members of the Agency. He therefore agreed with the Director General that technical assistance should be a cornerstone of the Agency. He doubted, however, whether technical assistance was receiving due priority, bearing in mind that the developing countries accounted for 78% of the Agency's membership. For that reason he supported the proposal that technical assistance should be financed from the Regular Budget or that, alternatively, a means should be devised so that technical assistance allocations would automatically rise in line with the safeguards budget.

37. The developing countries as a whole recognized the importance of safeguards; indeed, Jamaica had recently signed a safeguards agreement. They also thought, however, that all countries, including the major contributing nations, should in their turn bear in mind the importance of technical assistance. His delegation called on all States to ensure the attainment of a voluntary contributions target of \$10 million for 1979.

38. The lack of substantial response to repeated calls for increased technical assistance in the past was frustrating. His delegation reiterated the appeal for efforts aimed at bringing about a faster rate of progress in the developing countries. It noted with regret a decrease, in the 1979 budget estimates, in the size of the programmes devoted to food and agriculture. That sector was of prime importance to many developing countries, especially those not yet at a stage where they could introduce nuclear power.

39. With regard to problems stemming from exchange-rate fluctuations, his delegation would be in favour of preparing a substantial part of the budget in Austrian schillings. However, if the prevailing view was that the present system should continue, a fixed and realistic dollar-schilling exchange rate should be ensured in order to avoid programme cuts and supplementary budgets. In addition, it was important to keep to a minimum the expenses involved in the transfer to the Permanent Headquarters.

40. Mr. COELHO (Brazil) reiterated his Government's view that safeguards and technical assistance were the main activities of the Agency, which should manage its affairs in such a way that the one activity was not given preferred treatment at the expense of the other. That position seemed to be shared by

many delegations, as he had heard many calls for expenditure on technical assistance to be brought up to the level of that on safeguards, and he urged that that wish be reflected in the budget. Brazil supported the Agency's programme for 1979-84 and budget for 1979 but he stressed the need for the Agency's activities to be administered with care and economy in order to avoid the need for supplementary appropriations. Brazil also welcomed the proposal made by the Director General in his opening address to the General Conference for overcoming the problem caused by inflation and the decline in the value of the dollar in relation to the Austrian schilling.

41. Mr. BASSOY (Turkey) welcomed the statement in paragraph 3 of the Introduction to document GC(XXII)/600 that measures were to be taken to improve the Agency's ability to respond effectively to Member States' requests for technical assistance and to make fuller use of technical assistance funds. However, it was not clear how that was to be achieved if the trend which had prevailed in the past years was to continue during the period 1979-1984. The Agency's annual report also referred to difficulties in recruiting experts for developing countries. He expressed the hope that ways and means would be found to remedy that situation, so that the nuclear power programmes of those countries would not suffer.

42. Mr. KHAN (Pakistan) stressed the importance of maintaining a balance between the promotional and regulatory aspects of the Agency's activities. If the programme became too biased towards safeguards, developing countries would lose faith in the Agency as a promoter of the peaceful uses of nuclear energy. He regretted the fact that conditions were being attached to technical assistance and pointed out that the practice of discriminating in the provision of technical assistance in favour of countries which had signed a certain treaty contravened Article III.C of the Statute. Finally, he urged that the present haggling procedure over the target for the General Fund be dropped in favour of a system whereby the target was increased automatically in step with the safeguards budget.

43. The CHAIRMAN, summing up, said that most delegates seemed to be generally in favour of the Agency's programme for 1979-84 and budget for 1979. However, certain delegations had expressed concern that expenditure on technical assistance was not keeping pace with that on safeguards, while others had expressed the view that the allocation for safeguards was the very minimum consistent with the operation of an effective safeguards system. Concern had also been expressed about the placing of constraints on technical assistance,

the cost of the move to the Donaupark and the increase in the staff establishment. The suggestion had also been made that the voluntary system of financing technical assistance be reviewed. He asked whether delegates had any further specific comments to make which might be reflected in his report to the Conference.

44. Mr. MCGILCHRIST (Jamaica) asked the Chairman to stress in his report the frustration felt by developing countries at the fact that despite their repeated pleas over the years the funds devoted to technical assistance had not increased in real terms.

45. Mr. HOFFMANN (Federal Republic of Germany) said he wished it to be noted that it was the policy of his Government, like that of other Members of the European Community, to channel the bulk of the funds it devoted to foreign aid through the United Nations Development Programme (UNDP).

46. The CHAIRMAN took it that the Committee wished to recommend the draft resolutions contained in Annex VII of document GC(XXII)/600 for acceptance by the General Conference.

47. It was so decided.

SCALE OF ASSESSMENT OF MEMBERS' CONTRIBUTIONS FOR 1979 (GC(XXII)/601)

48. Mr. COELHO (Brazil), referring to the question of the attribution of safeguards expenditure, dealt with in the Appendix to document GC(XXII)/601, and quoting a statement by the Director General at the June series of meetings of the Board of Governors to the effect that the costs of relevant conference services would be allocated to the safeguards programme and that efforts would be made to identify any further costs which could be allocated to the safeguards component under the programme budgeting concept, asked what progress had been made in that direction.

49. Mr. ABBADESSA (Director, Division of Budget and Finance) replied that in line with the Director General's statement every effort would be made in the preparation of the budget for 1980 to allocate to the safeguards component those items of expenditure which it was deemed appropriate to treat in that way.

50. The CHAIRMAN took it, in the absence of objections, that the Committee wished to recommend the draft resolution contained on page 2 of document GC(XXII)/601 for adoption by the General Conference.

51. It was so decided.

AMENDMENT OF ARTICLE VI.A.2 OF THE STATUTE (GC(XXII)/602, 602/Add.1-4)

52. The CHAIRMAN, opening the discussion, recalled that at the previous session of the Conference, following study of a proposed amendment to Article VI of the Statute involving an additional three seats for the area of Africa and two seats for the area of the Middle East and South Asia, it had been decided in Resolution GC(XXI)/RES/353 to request the Board of Governors to give further consideration to the matter and report back to the Conference in 1978. The reports of the Board's deliberations on the subject at its meetings in February and June 1978 were contained in document GC(XXII)/602, together with a new proposal for amendment of Article VI involving one additional seat each for the area of Africa and the area of the Middle East and South Asia (Annex II) and an associated draft resolution (Annex III), while document GC(XXII)/602/Add.1 contained the record of the Board's deliberations on the latest proposal at its meeting just prior to the present session of the Conference.

53. Mr. KHOR (Malaysia) asked whether the second proposal was an amendment of the first or whether there were in fact two separate proposals, and if the latter, how they were to be treated.

54. The CHAIRMAN replied that two proposals existed and the second was not an amendment of the first. In the view of the Secretariat the proposed amendment submitted for consideration in 1977 was still valid, since in the previous year the Conference, as he had just mentioned, had referred the matter back to the Board for further study and had decided that an item entitled "Amendment to Article VI.A.2 of the Statute" be inscribed on the Agenda for the present session. The important point to note, however, was that the previous year's proposal had been supported by a draft resolution addressed to the twenty-first regular session of the General Conference which of course no longer applied, whereas the new proposal was accompanied by a draft resolution addressed to the present session of the Conference and submitted in compliance with the 90 day rule.

55. Mr. KHAN (Pakistan) proposed that, as the hour was late, the meeting be adjourned until the following day, to enable the Committee to approach the important matter of amendment of the Statute in a fresh state of mind.

56. It was so agreed.

The meeting rose at 4.55 p.m.