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on Thursday, 6 December 1979, at 11 a.m.

Chairman: Mr. COSTA ALONSO (Mexico)

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* A provisional version of this document was issued on 31 January 1980.

** GC(XXIII)/620.

The composition of delegations attending the session is given in document GC(XXIII)/INF/188/Rev.5.

THE AGENCY'S BUDGET FOR 1980 (GC(XXIII)/612 and 612/Mod.1) (continued)

1. Mr. SAMANIEGO (Ecuador) said he wished only to stress the insufficiency of the funds allocated to technical assistance in the Agency's draft budget for 1980. The main purpose of the Agency was to promote the development of nuclear energy for peaceful purposes; it appeared, however, that the Agency was departing ever further from that objective, and the relationship between technical assistance and other activities of the Agency was therefore in need of reappraisal.

2. Mr. KHAN (Pakistan) deplored the fact that the draft budget for 1980 showed no progress where funds for programme growth were concerned. The increase of 21.8% in the present draft budget over that of 1979 was entirely due to increased costs; his delegation would not object to that in principle if it were not for the fact that the bulk of the increase represented the operating costs of the new headquarters building, which showed an increase of 206% over the operating costs of the temporary headquarters; they now amounted to US \$6.5 million as against US \$2.1 million in 1978. It was to be feared that they might reach US \$10 million within a few years. Those figures were the more difficult to accept in that they represented a recurring item of expenditure, and the Secretariat should make every effort to come to an agreement with the Austrian authorities on an arrangement by which the Agency would pay only its fair share of those costs. It was particularly deplorable that the annual operating cost of the new buildings was more than double the amount allocated to technical assistance: the Agency's task was to provide technical assistance, not to operate buildings. The proper course would therefore be to seek to increase the funds allocated to technical assistance and to reduce the funds needed for the operation of the headquarters buildings. He reserved the right to return to that question in the Plenary.

3. The increase for safeguards over the 1979 budget was 8.8%, so that more than a quarter of the Regular Budget for 1980 would be allocated to safeguards. In contrast, technical assistance represented only 4.4% of the total amount of the Regular Budget. That was a striking imbalance. His delegation was grateful to the countries that made contributions for the financing of technical assistance, but it nevertheless deplored the insufficiency of those funds and wished to repeat the question why technical assistance could not be financed entirely from the Regular Budget in the same way as safeguards were. It would support any proposal to that effect. Such an arrangement would offer the added advantage of eliminating in the future the painful discussions which arose when the target for voluntary contributions was determined. In the course of those discussions

the developing countries were unfortunately forced to adopt an attitude which came close to begging. It would therefore be appropriate to make the same arrangements for the financing of safeguards and of technical assistance. Once that principle had been adopted, it would also be necessary to establish a parity between the funds assigned to those two activities. The Director General himself had recognized that the funds allocated to technical assistance were insufficient for all the requests received to be met. In that connection, Pakistan considered that the Secretariat should cease to impose on States receiving technical assistance particularly strict conditions designed in principle to prevent that assistance from being diverted to military purposes. In view of the modest amount allocated to technical assistance it was obvious that no country receiving such assistance could use it to manufacture nuclear weapons. His delegation was particularly grateful to the advanced countries that made generous voluntary contributions to technical assistance, but it wished to take the opportunity of urging those countries whose contributions represented a percentage of the target that was lower than their rate of assessment for the Regular Budget to increase them so that the target could be reached. Finally, the implementation of technical assistance programmes was often delayed because of a lack of experts, and in that respect also the advanced countries should be far more co-operative and provide the experts' services required at the appropriate time. Moreover, the liquidity situation must be improved, and it was desirable that countries making contributions in non-convertible currencies should show more understanding. In conclusion, he would support the draft budget for 1980, but hoped that his remarks would be taken into account.

4. Mr. GOOCH (Canada) said that it had not been without misgivings that his delegation had accepted the Board's recommendation to the General Conference that it should approve the Agency's draft budget for 1980. The Canadian Government, convinced of the need to limit increases in expenditure on the national level as far as possible, had advocated zero growth of the national budget, and the same principle should be applied to the Agency's expenditures. The budget for 1980 and subsequent years should be based on informal consultations between all delegations, not on projections from earlier years. In particular, he supported the suggestion of the Philippine delegation that the peaceful nuclear explosions programme should be discontinued as of 1980. Savings might also be made under other programmes, and the staff of the Secretariat used in a more

efficient way. As the delegate of Brazil had pointed out, the cost of air travel from Vienna and the operating costs of the Permanent Headquarters should be reduced.

5. Mr. AAMODT (Norway) approved of the draft budget for 1980 and considered it, on the whole, well balanced. Although his delegation shared the view of many others that the budget was far too large in comparison with that of 1979, it did recognize that the increase was due to exceptional circumstances.

6. Mr. CASTRO MADERO (Argentina) also deplored the imbalance between the funds allocated to technical assistance and those for safeguards in the 1980 budget. Argentina had ceased making use of the extremely limited resources available to the Agency for technical assistance, and could thus be all the more objective in regretting the insufficiency of those resources. It was proving even more necessary to finance technical assistance from the Regular Budget. The present situation was further aggravated by the accumulation of contributions in non-convertible currencies.

7. Argentina, convinced of the need for an effective safeguards system, could only note the deficiencies in the Agency's system and point out that some current safeguards activities were superfluous, especially those applied to certain elements which could only with great difficulty be used to make nuclear weapons. The way in which safeguards were at present applied should therefore be reviewed in order to improve the credibility of the system.

8. Mr. ADEBARI (Nigeria) associated himself with the remarks made by the delegate of the Philippines, who had, on the previous day^{1/}, drawn attention to the glaring disparity between the funds allocated to safeguards activities and those allocated to the technical assistance programme. The Nigerian delegation had already brought up that question during the twentieth session of the General Conference, stressing that the funds allocated to regulatory activities had increased from \$4 million in 1958 to \$37 million in 1973, whereas for the technical assistance programme there had been only \$1.5 million in 1959 and \$5.5 million in 1976. The continued preference accorded to regulatory activities over promotional activities showed that the Agency failed to heed the warnings and criticisms of the developing countries on that subject. It should not be forgotten that Africa possessed about 30% of the world's uranium reserves, not to mention vast deposits of other radioactive minerals. A continent having such enormous primary energy resources should be assisted in developing its nuclear capability, and the Agency

should take drastic steps to promote nuclear development instead of spending huge sums each year on its regulatory activities.

9. The Nigerian Government, being very much interested in technological progress, had recently set up a new Ministry of Science and Technology for the promotion and co-ordination of research on "renewable" energy resources, including nuclear energy. It was also interested in the Agency's work, and had pledged a voluntary contribution of \$15 000. However, Nigeria reserved the right to criticize those aspects of the Agency's policy which it regarded as discriminating against itself and other developing countries. In particular, it hoped that the Agency would promote the progress of nuclear physics in the sub-region of West Africa by establishing a thermonuclear research and training centre; in that context he wished to point out that the results of the Accra seminar on physics in July 1975, which had been sponsored by the Agency, had never been published. To sum up, Nigeria believed that more should be done for the countries of the Third World and in particular for Africa if the Agency was to live up to its principal objective of promoting the peaceful uses of the atom.

10. Mr. HALL (Deputy Director General for Administration), in reply to various questions that had been raised in the discussion, said that approved technical assistance projects were not always implemented efficiently because the staff of the Division of Technical Assistance was limited. The remarks of the delegate of Nigeria concerning the Accra seminar would be passed on to the Director of that Division.

11. In reply to the delegate of the Philippines and others who had suggested that the proportion of nationals of Third-World countries on the Agency's staff should be increased, he recalled the terms of Article VII.B of the Statute, according to which the Director General alone was responsible for the appointment of staff. In view of the provisions of Article VII.C, the Agency no longer awarded permanent contracts, the last of which dated from 1966. Paragraph D of Article VII, which was intended to guide the Director General in the recruitment of staff, stressed the importance of standards of efficiency, technical competence, and integrity, then mentioned the contributions of Members to the Agency, in conformity with the practice originally adopted by the United Nations, and finally referred to the importance of recruiting the staff on as wide a geographical basis as possible. The conditions of employment were in accordance with the regulations made by the Board of Governors, which were based on the United Nations staff regulations.

^{1/} See document GC(XXIII)/COM.5/OR.14, para. 26.

12. In accordance with an agreement between the United Nations and the Agency, the latter, without being a specialized agency of the United Nations, reported annually to the General Assembly and examined resolutions transmitted to it under the heading of matters of interest to the Agency discussed by the General Assembly. In questions of administration and personnel the Board had always attempted to maintain a common policy with the United Nations. It was in that spirit that the Board had considered the two General Assembly resolutions mentioned by the delegate of the Philippines concerning the recruitment of nationals of Third-World countries and pensions.

13. Mr. SIAZON (Philippines) thanked the Deputy Director General for Administration for his explanations, but pointed out that if Article VII.D of the Statute were interpreted in the light of the unacceptable situation prevailing at the moment, it might be inferred that the Director General was unable to find staff meeting the standards of efficiency and technical competence required by the Statute anywhere in the developing countries Members of the Agency.

14. Until 1962 the United Nations had based its recruitment on the criterion of Member States' contributions, but that practice had since been modified in order to take other factors into account. The Agency should depart from its anachronistic practices and follow the resolutions of the General Assembly. There were also other practices in need of change, such as that of reserving certain posts for certain nationalities.

15. Mr. KHOR (Malaysia) associated himself with the remarks of the Philippine representative; the problem was not new, and the developing countries had for a long time been expressing the desire to be better represented on the Agency's staff. Under the terms of Article VII.B of the Statute, the Director General, while being responsible for the appointment of staff, was under the authority of the Board of Governors, within which body the Third-World countries were constantly demanding that more posts should be reserved for them. Nevertheless, the situation remained unchanged. The countries of the Third World should therefore formulate a specific proposal to redress the situation.

16. Mr. ERICSSON (Sweden), referring to the Agency's budget for 1980 (GC(XXIII)/612), pointed out the very small increase in activities (0.8%) foreseen under the nuclear safety and environmental protection programme. His country was contributing to the supplementary nuclear power safety programme and hoped to see it included in the Agency's Regular Budget.

17. Mr. COELHO (Brazil) associated himself with the remarks of the representatives of the Philippines and Malaysia. It was intolerable, for instance, that a single country should be more fully represented on the Agency's staff than all the countries of Latin America put together. Article VII.B of the Statute should not be interpreted as giving the Director General absolute power over the recruitment of staff, since his authority should be subject to that of the Board.

18. Mr. FARAHAT (Qatar) associated himself with previous speakers in finding it surprising that the countries of the Third World did not get a fair share of senior posts in the Secretariat. The Director General should take measures to rectify that situation and report on his efforts at the next session of the General Conference.

19. Mr. SINGH (India) found the Deputy Director General's reply rather negative. It was not so much the letter of the Statute as the way in which it was applied that mattered, and in that respect the Agency could scarcely ignore the resolutions of the United Nations General Assembly. As the representative of the Philippines had remarked, it was quite unacceptable to keep up a recruitment policy which implied that the staff from developing countries was not sufficiently competent.

20. Mr. SILVA ARANDA (Peru), speaking on behalf of the Group fo 77, considered that the time allowed for replying to vacancy notices was insufficient, especially for developing countries with communication problems. It was wrong to suggest that developing countries did not have sufficiently competent staff, especially in the area of safeguards. The number of nationals of those countries at the Agency was definitely insufficient. He hoped that the good will of the organization would manifest itself more tangibly in the future.

21. Mr. SPILKER (Federal Republic of Germany) supported the proposal of the Swedish delegation to finance the supplementary nuclear power safety programme from the Regular Budget.

22. Replying to a question by the representative of the Philippines concerning the Agency's budgetary practices, Mr. ABBADESSA (Director, Division of Budget and Finance) referred him to the documents on the subject issued by the Agency. The practices and procedures of the Secretariat in budgetary matters were in conformity with the resolutions of the General Conference, in particular Resolution GC(XX)/RES/341. The practices adopted for the allocation of costs relating to safeguards would be re-examined by the Board of Governors in 1980.

23. Mr. SIAZON (Philippines) said that the tables in document GC(XXIII)/612 showed that the allocation to the safeguards programme of certain costs for linguistic services, printing and publishing services and laboratory services did not entirely fulfil the provisions of General Conference Resolution GC(XX)/RES/341. The operating costs of the Permanent Headquarters were computed for a certain net floor area, and he wondered why that criterion could not be used for the break-down of those costs or, for that matter, of the costs of the Agency's transfer to the Permanent Headquarters and of administrative expenditures not related to the Agency's technical programmes.

24. Mr. SILVA ARANDA (Peru), speaking on behalf of the Group of 77, said that technical assistance should be financed from the Regular Budget in the same way as safeguards activities. That would have the added advantage of solving the problem of non-convertible currencies.

25. After an exchange of views with Mr. KHOR (Malaysia) and Mr. SIAZON (Philippines), Mr. HALL (Deputy Director General for Administration) agreed that the Committee of the Whole could indeed, if it so decided, submit in its oral report to the General Conference a recommendation that technical assistance should be included in the Regular Budget, and the General Conference could adopt a resolution to that effect.

26. Mr. OSREDKAR (Yugoslavia) supported the proposal by the Philippine representative that a recommendation to include technical assistance in the Regular Budget should be submitted to the General Conference, so that a resolution to that effect might be adopted.

27. Replying to a question from Mr. LINDSAY (Ghana), Mr. HALL (Deputy Director General for Administration) said that the reason why technical assistance, unlike other activities of the Agency, was not financed from the Regular Budget was that the Agency's Statute did not explicitly mention technical assistance. It was therefore traditionally financed by voluntary contributions, and that policy enjoyed the support of a large number of Member States.

28. Mr. KHOR (Malaysia) considered that Article XI of the Statute did indeed mention technical assistance as one of the two principal areas of activity of the Agency, the other being the regulatory activities.

29. Mr. HALL (Deputy Director General for Administration) agreed, but added that he had been arguing strictly from the point of view of the budget.

30. In reply to a question from Mr. HABASHI (Sudan), the CHAIRMAN said that the report of the Committee of the Whole to the General Conference would also take into account comments relating to the importance of technical assistance and its guiding principles.

31. Mr. SILVA ARANDA (Peru) added that the recommendations of the Committee of the Whole should emphasize the needs of the developing countries.

32. In reply to a question by Mr. THOMAS (German Democratic Republic), Mr. SILVA ARANDA (Peru) and Mr. SINGH (India), Mr. HERRON (Director, Legal Division) said that since Article XIV.B of the Statute did not provide for the financing of technical assistance it would be necessary to modify the Statute for technical assistance to be financed from the Regular Budget.

33. After reminding the Committee of the support which his country granted to the technical assistance effort, not only in its statements, but also by its voluntary contributions, Mr. SPILKER (Federal Republic of Germany) said that the procedure for financing technical assistance derived from the Agency's Statute and that there was no need to change it.

34. Mr. KIRK (United States of America) agreed entirely with the remarks made by the representative of the Federal Republic of Germany. The Statute did imply that technical assistance was one of the principal functions of the Agency, and the United States made a considerable contribution to that activity, but it should nevertheless continue to be financed by voluntary contributions.

The meeting rose at 1 p.m.

