



GC

International Atomic Energy Agency

# GENERAL CONFERENCE

GC(XXIX)/COM.5/OR.41  
February 1986\*

GENERAL Distr.

ENGLISH

TWENTY-NINTH REGULAR SESSION: 23-27 SEPTEMBER 1985

COMMITTEE OF THE WHOLE

RECORD OF THE FORTY-FIRST MEETING

Held at the Neue Hofburg, Vienna,  
on Tuesday, 24 September 1985, at 10.45 a.m.

Chairman: Mr. SCHEEL (German Democratic Republic)

## CONTENTS

<u>Item of the agenda**</u>		<u>Paragraphs</u>
-	Election of Vice-Chairman and organization of work	1 - 8
13	The Agency's accounts for 1984	9 - 10
14	The Agency's budget for 1986	11 - 100

---

\*/ A provisional version of this document was issued on 18 October 1985.

\*\*/ GC(XXIX)/763.

---

The composition of delegations attending the session is given in document  
GC(XXIX)/INF/227/Rev.3.

86-476  
0366e

ELECTION OF VICE-CHAIRMAN AND ORGANIZATION OF WORK

1. The CHAIRMAN understood that there was a consensus on the choice of a Vice-Chairman and proposed Mr. Bamsey (Australia). If there were no objections, he would take it that the Committee of the Whole wished to elect Mr. Bamsey as Vice-Chairman, in accordance with Rule 46 of the Rules of Procedure of the General Conference.

2. It was so decided.

3. The CHAIRMAN drew the attention of the Committee of the Whole to document GC(XXIX)/COM.5/38, which listed the agenda items referred to the Committee by the General Conference. He proposed that those items should be taken in the order in which they appeared in that document.

4. It was so agreed.

5. The CHAIRMAN proposed that, as in the past, he himself should report orally to the General Conference at a plenary meeting on the Committee's deliberations, which would also be the subject of detailed summary records.

6. It was so decided.

7. The CHAIRMAN proposed that after the first item on the agenda had been discussed, namely the Agency's accounts for 1984, he would suspend the meeting for approximately half an hour so that the Deputy Director General for Administration and the Director of the Division of Budget and Finance could brief the Committee on the effects of the new system for exchange rate selection on the Regular Budget and the assessed contributions of Member States.

8. It was so agreed.

THE AGENCY'S ACCOUNTS FOR 1984 (GC(XXIX)/749)

9. In the absence of any speakers on that item, the CHAIRMAN took it that the Committee wished to recommend to the General Conference that it should adopt the draft resolution on page I of document GC(XXIX)/749.

10. It was so agreed.

The meeting was suspended at 10.50 a.m. and resumed at 11.15 a.m.

THE AGENCY'S BUDGET FOR 1986 (GC(XXIX)/750

11. Mr. HAUSTRATE (Belgium) noted that the draft budget for 1986 showed no real growth and that the 3.7% inflation rate adopted had been calculated with very great care. Belgium considered it extremely important to adhere to the principle of zero real growth in the budgets of absolutely all the international organizations in the United Nations family. The Secretariat was to be commended on the increases in the 1986 Regular Budget for a series of promotional activities, which had been brought about through reductions under other headings. Belgium accepted the total amount of the draft Regular Budget for 1986.

12. His delegation nevertheless wished to recall its critical comments with regard to the creation of 44 new posts in the Agency's Secretariat, and once again called on the Secretariat to display greater restraint in the matter of creating new posts. In any event, the transfer of posts should have absolute priority over the creation of new ones.

13. He wished to make the following three remarks: firstly, although gratified by the result for 1986, he was perplexed by it, as he had noted the relative ease with which savings could be made. He therefore felt that there must be dead wood in the Agency, as was normal in an international organization and in any administration. If that was the case, then Member States had been carrying that dead wood for years and had been paying for it.

14. Secondly, with respect to the safeguards budget, his delegation was aware of the efforts made by those in charge of the Department of Safeguards to submit a realistic budget. They were urged, once again, to place still more stress on increasing the output of the existing personnel, on judicious and efficient use of the ever more sophisticated techniques at their disposal and, more fundamentally, on looking into the possibility of reviewing the bases for implementing safeguards. His Government was also convinced that national support programmes would continue to play a very important role in optimizing the efficiency and effectiveness of safeguards. Nevertheless, the Agency was not and should never be the Department of Safeguards. Other activities, such as those involving nuclear energy and safety, research and isotopes, and technical assistance were just as important.

15. Thirdly, he was gratified to note that the Board of Governors had taken a decision in June to resolve the problem of fluctuations in the United States dollar/Austrian schilling exchange rate. From the 1986 budget onwards, the structure of the Agency's expenditures - 75% in Austrian schillings and 25% in United States dollars - would thus be fully taken into account.

16. Finally, the preliminary estimates for 1987 and 1988 implied an overall increase of the order of 10%; that increase would not be acceptable to his country. For those two years the Belgian authorities expected the Secretariat to make two promises: zero growth in the overall budget and innovative dynamism in determining the Agency's true priorities.

17. Mr. BARTELL (United States of America) was pleased to be able to support the Agency's budget for 1986 and commended the Secretariat for the open and candid manner in which the document had been drawn up. The consultations on that subject with each of the Departments had been most extensive. His delegation was satisfied not only with the results, but also with the process. It was in accord with the United States Government's wish that the transparency of all United Nations system budgets should be improved. It was to be emphasized that the United States Government maintained its general commitment to zero real growth. There was a continuing need for maximum absorption of the costs due to inflation and to exchange rate fluctuations in the budgets of international organizations.

18. His delegation was gratified by the overall programme goals to be achieved within the budget. The continuing high priority given to the Agency's programmes for technical co-operation and safeguards was of special note. In the matter of safeguards, however, his delegation still felt concern as to the adequacy of the Agency's resources for fulfilling its obligations. Real growth in the safeguards budget had lagged significantly behind the enormous growth in safeguarded nuclear materials and facilities. The Agency had been encouraged by Member States to continue its endeavours to improve inspection efficiency, the inspection effort at facilities, the quality of the inspection programme and inspector goal attainment. Hence the need to furnish sufficient resources for meeting that vital task, with over 1800 inspections per year at approximately 500 nuclear facilities, had also to be recognized.

It was all the more imperative, in 1987 and beyond, to increase safeguards effectiveness in that new facilities would be coming on line during that period. The United States was committed to ensuring that the Safeguards Department was in a position to carry out all of its safeguards obligations. That required sufficient numbers of managers, inspectors and supporting personnel as well as the acquisition or development of up-to-date equipment.

19. Despite the need to increase the safeguards budget in the future, the Agency's preliminary budget estimates for 1987 and 1988 were not acceptable to the United States delegation. They must be substantially reduced.

20. Regarding the draft resolutions on the Regular Budget and the scale of assessment, he noted that they shifted the burden of allowing for dollar/schilling exchange rate fluctuations from the Agency to Member States. As a member of the Board of Governors, the United States had been in favour of recommending the new system for dealing with exchange rate fluctuations to the General Conference. However, the overall value of the system had yet to be assessed. The Secretariat should therefore monitor carefully the new system and report on it to the Administrative and Budgetary Committee at its meetings in May 1986 and to the General Conference later in 1986. He proposed that the report describe any changes made within the Secretariat in order to accommodate the new system, how individual Member States were faring under the new system and the liquidity situation, which was a subject of concern for some Board members.

21. As far as the other draft resolutions were concerned, his delegation supported a target of US \$30 million for voluntary contributions to the Technical Assistance and Co-operation Fund for 1986 and a level of US \$2 million for the Working Capital Fund.

22. Mr. AAMODT (Norway) noted that the expenditures provided for in the Agency's budget for 1986 reflected zero real growth. With a real increase in expenditures of only about 0.1%, it was nevertheless being proposed that the number of posts in the Secretariat be increased by 44; that was a major increase which would certainly influence budgets in later years. All in all,

however, his delegation considered that the proposed changes in the Regular Budget for 1986 as against that for 1985 were modest and acceptable. On the other hand, he felt even now that the preliminary budget estimates for 1987 and 1988 were too high.

23. His delegation could accept the draft resolutions concerning the Regular Budget, the Technical Assistance and Co-operation Fund and the Working Capital Fund. It could accept, in particular, the proposed target of US \$30 million for voluntary contributions to the Technical Assistance and Co-operation Fund for 1986. Subject to approval by the Norwegian parliament, his country pledged its full share.

24. Mr. MOSES (Netherlands) considered that the 1986 budget estimates were remarkably well documented and that the Secretariat was to be commended for its work.

25. His delegation was satisfied with the balance struck in the draft budget between the continuing increase in the Agency's activities and the maintenance of zero real growth. He hoped it would be an example for other organizations within the United Nations system of the way to reduce expenditure at the same time as increasing the effectiveness of their operations, always assuming that the reductions did not in any way impair the Agency's efficiency. Given the present set of priorities there was little risk of that happening. As far as his own Government's priorities were concerned, it was vital that expenditures on applying and developing safeguards should not be cut in such a way as to reduce their effectiveness. Obviously, that applied to technical assistance and radioactive waste management as well.

26. Finally, regarding the format of the programme budget, biennial budgetary estimates would provide an insight into the Secretariat's intentions at an even earlier stage and have a beneficial effect on the consultations between the Secretariat and Member States.

27. Mr. MORALES (Cuba) wished to express his gratitude once again for the effort expended in drawing up the draft budget for 1986, and for the way in which the Secretariat had conducted the consultations with Member States. He was certain that it would continue that consultation process with Member States and would constantly seek to improve it.

28. The new format of the budget provided better information for Member States, enabled its content to be studied in greater detail and showed more clearly the relationship between the approved programme and the financial resources necessary for its implementation. His delegation was aware that some adjustments had still to be made to the new format in order to bring out the various items more clearly, but knew that the Secretariat was working along those lines.

29. That being said, he wished to repeat that his Government was opposed to the Agency's policy of zero real growth and deplored the fact that that policy was to be maintained in 1986 to the detriment of promoting peaceful uses of nuclear energy, particularly in the developing countries. He remained convinced that the Secretariat must make efficient use of the resources placed at its disposal by Member States, but other means existed to arrive at that end without adversely affecting the Agency's various programmes. Also, it was regrettable that the Secretariat had been unable to accommodate the request made by the developing countries for a modest increase, approximately 2%, in activities under the food and agriculture and human health programmes. His delegation hoped that the Secretariat would bear in mind that desire on the part of the developing countries when it was working on the preliminary draft of the Regular Budget for 1987, and that it would take the necessary steps to achieve real growth in those activities, which were very important for developing countries.

30. Table 1 on page 9 contained a column showing the technical co-operation resources foreseen for 1986. Although that information might be useful in showing the impact of the Technical Assistance and Co-operation Fund on each of the Agency's programmes, there were two points to be borne in mind: firstly, it was difficult to foresee so far in advance the resources from the Fund that would be allocated to each programme, given the fact that the actual amount in the Fund would depend on the contributions from Member States; secondly, it was equally difficult to determine in advance the specific features of the projects submitted to the Agency and accepted by it under the technical co-operation programme for the year in question. It was still harder to foresee the situation as regards "other extrabudgetary resources",

given that they were even less predictable. He therefore wished to repeat that the Secretariat should closely examine the usefulness of the present format of the table and work out ways to improve it, so that the information contained in it came as close as possible to reality.

31. Paragraph 2.5/9 referred to the need to support selected training and research activities in the developing countries themselves and the desirability of encouraging developing country institutes which had shown the greatest promise in raising local scientific standards. To that end, it was planned to organize an extended course on physics teaching (tertiary level) and possibly support for local institutes in selected activities carried out either jointly with, or under the aegis of, the Trieste International Centre for Theoretical Physics. His delegation endorsed that proposal wholeheartedly and hoped that the Secretariat would start implementing those plans as soon as possible.

32. Table 55 indicated a sharp increase under the heading "Consultants", but the reasons adduced for that increase were inadequate for a proper study of the matter. His delegation therefore wished to stress again that the Secretariat should indicate clearly the motivation for substantial increases under the various headings so that Member States could give due thought to the matter and submit their comments.

33. Concerning the proposals for an increase in staff, he referred the Committee to the detailed statement made by his delegation at the previous session of the Administrative and Budgetary Committee.

34. Despite those comments, the Cuban delegation was prepared to endorse the draft resolutions contained in Annex III to document GC(XXIX)/750 and also the proposal for a new mechanism by which to select exchange rates for use in budgeting, it being understood that Cuba's contribution would not be made in United States dollars.

35. Mr. SPILKER (Federal Republic of Germany) said that, in view of the financial constraints faced by his country, as by many other countries, the Agency was to be commended for managing to present what was for all practical purposes a zero-growth budget while maintaining its essential

priorities. The alterations made to various sub-programmes posed no particular difficulty for his delegation, which was none the less concerned by the proposal to increase the Agency's staff by 44 posts; limiting staff increases was an essential factor in controlling budgetary growth. He accordingly stressed the need for close study of any increases in expenditure on personnel and to seek to compensate for such increases as far as possible by reducing non-priority activities.

36. Despite those comments, and subject to parliamentary approval, his delegation was able to accept the Agency's draft budget for 1986, together with the recommendations concerning the Working Capital Fund and the target for the Technical Assistance and Co-operation Fund for 1986. It therefore approved the corresponding draft resolutions contained in document GC(XXIX)/750.

37. As far as the preliminary estimates for 1987 and 1988 were concerned, it had to be stressed once again that the increases envisaged were far too high. He was sure that the Secretariat and Member States would continue to search for ways to make savings and to improve efficiency wherever possible.

38. Within that context, the procedure followed by the Secretariat for discussing the budget with Member States at the various drafting stages was to be commended. That procedure, which had evolved over the years, certainly helped in identifying priority areas at an early stage and therefore led to increased transparency and efficiency.

39. For the first time the Secretariat had submitted the scale of assessment with a division into two components, one showing United States dollars and the other Austrian schillings. That change was appreciated, for it would enable over- and under-budgeting to be avoided and would better ensure that the Secretariat had the necessary resources, and it circumvented the difficulty of fixing in advance a dollar/schilling exchange rate for calculating contributions by using the exchange rate in force on the day when a Member State's contribution was paid. He was also gratified to note that no increase in administrative expenditure would be involved.

40. Mr. MAHMOUD (Iraq) commended the Secretariat for the high quality and the clarity of the document containing the draft budget for 1986. It had been drawn up in collaboration with the Group of 77, with the result of reductions in some of the estimates for expenditure. He hoped that the consultations between groups of countries and the Secretariat would continue in the future.

41. Concerning maintenance of the principle of zero real growth, he pointed out that the growth of 3% for the 1985 budget had in fact been less than zero real growth if it was borne in mind that inflation had been 4%. Moreover, his delegation was against applying that principle to the Agency's promotional activities. It was also opposed to increasing the expenditure on safeguards. One would do better in that area to try to make greater use of the available resources by improving the efficiency of inspection activities.

42. Particular attention should be given to the nuclear safety programme, and in particular to training courses and to documents for practical instruction in radiation protection. In that respect, the RAPAT and OSART missions were extremely important for developing countries. Such activities should be encouraged, as should those in the area of radioactive waste management.

43. Since many countries would be adopting the nuclear option in the future, the Agency should continue its study of small and medium power reactors (SMPRs). His delegation was also in favour of recruiting temporary personnel and of technical co-operation projects lasting several years, even if the expenditure exceeded the funds allocated.

44. Mr. BAMSEY (Australia) stated that his delegation's primary concern, when considering the draft 1986 budget, had been to ensure that the Agency retained the financial capacity to discharge its statutory responsibilities efficiently. He had no doubt that the 1986 budget would enable the Agency to do that.

45. Moreover, the Secretariat had managed, in line with the economic conditions and policies of many Member States, to achieve overall zero real growth in the budget for 1986. It was all the more commendable that it had

produced a budget which met the essential interests of all Member States and which allowed for programme growth in several important areas.

46. In recent years the Secretariat had made a number of improvements in the budgetary process which had led to greater transparency and efficiency, the most significant of them being the introduction of programme budgeting. His delegation had welcomed those developments and the proposal to change over to biennial budgeting. In view of the experience of other international organizations, he believed that by providing a longer time-scale for planning and implementing programmes, biennial budgeting could improve budgetary forecasting and relieve pressure on the Secretariat. That process should also enable Members to be more closely involved in the Agency's definition of programme priorities. His delegation had certain misgivings, however, with regard to the particular method of introducing biennial budgeting proposed by the Secretariat and believed that the experience of other international organizations might be instructive. It was to be hoped that there would be early consultations with the Secretariat on those matters so that the proposed system could be implemented smoothly.

47. Within an overall zero-real-growth budget it had been possible to achieve real growth for priority programmes, including technical assistance. That was largely due to the administrative measures adopted by the Secretariat to improve the efficiency of Agency programmes, to reduce overhead costs and to step up productivity. The Secretariat should persevere in its efforts along those lines when preparing the estimates for 1987 and 1988.

48. The target for voluntary contributions to the Technical Assistance and Co-operation Fund would be substantially increased in 1986, to a level of US \$30 million. Australia supported that increase and again pledged its full share of the Fund. It would also continue extrabudgetary funding of technical assistance under the Regional Co-operative Agreement for Asia and the Pacific (RCA) and would sponsor a regional training course on safeguards matters.

49. The Department of Safeguards was to be commended for its efforts to introduce greater efficiency into its activities. His delegation appreciated the frank and detailed discussion which had been entered into both in the Board and with missions. The Department should pursue that approach so as to promote greater understanding of the operation of a complex programme of vital importance to all Member States. It was important for all Member States of the Agency to recognize that the demands on the safeguards system were inevitably increasing as more and more facilities were placed under safeguards and new techniques were adopted. The safeguards budget had to reflect the increased demands. At future sessions, the General Conference would need to approve real growth in the safeguards budget in order to improve safeguards effectiveness and to enable the Agency to go on discharging responsibilities assumed under the Statute and through safeguards agreements approved by the Board. Australia would continue to support the Agency's safeguards activities in every way. His Government was at present discussing with the Secretariat the form of a new three-year programme of extrabudgetary support for safeguards to follow the current programme, which would end in June 1986.

50. In conclusion, his delegation endorsed the proposed levels of the budget for 1986, the Technical Assistance and Co-operation Fund and the Working Capital Fund.

51. Mr. CEJNAR (Czechoslovakia) first commended the Secretariat and the Administrative and Budgetary Committee for the work they had done in preparing the draft budget for 1986. The document, which had been carefully studied by the Czechoslovak delegation, represented a means of ensuring a balance between all the Agency's activities for the following year. It was encouraging to see that the draft budget, without providing for any increase in contributions for the coming period, would permit the expansion of some of the specialized programmes which were important for developing nuclear energy for peaceful purposes, such as safeguards, nuclear energy and safety, technical assistance and the INIS programme. His delegation supported the draft budget in the form in which it had been submitted to the Board of

Governors in June. Nevertheless, he once again drew the Secretariat's attention to the need to make as many savings as possible by cutting down all non-productive expenditure.

52. Mr. GOMAA (Egypt) noted that the budget was a very strict one and appreciated the Secretariat's endeavour to make savings. Nevertheless, his delegation was opposed to the principle of zero real growth or even limited growth. Since that principle had been applied when preparing the draft budget, without the matter being referred to the General Conference, his delegation saw no reason to accept it, particularly in the case of technical assistance, which was of primary importance to developing countries and was one of the Agency's principal activities. In actual fact, that area of the Agency's activities would experience only very slight growth, whereas substantial amounts had been allocated under other appropriation sections. His country would like to see both a substantial and a stable increase in technical assistance resources. That area should, moreover, be examined and appear in the budget under a separate heading which would not be subject to any revision or change.

53. It had to be recalled that the growth rate was dependent on the Agency's principal activities such as safeguards. Any international organization applying a policy of zero real growth had certain commitments in terms of administrative expenses. But those expenses directly affected the Agency's efficiency; to apply such a policy would therefore mean there could be no real growth of the Agency, particularly since service needs and administrative activities were currently increasing. The Agency was a special kind of organization and should not feel bound to follow the policy pursued by other United Nations organizations. It had a well-defined objective, namely to work for peace and the use of nuclear energy for peaceful purposes in areas such as health and the economy. Continued application of the principle of zero real growth, above all in the areas of research and technical assistance, would mean total stagnation as far as preparation of the budget was concerned.

54. Mr. HOEHNE (German Democratic Republic) said that his delegation appreciated the efforts made by the Secretariat in preparing the draft budget for 1986. It noted with satisfaction that the draft budget took into account

the consultations held by the Secretariat with Member States of the Agency, as well as the deliberations which had taken place in the Administrative and Budgetary Committee and in the Board of Governors. His delegation had explained its position in detail on those occasions.

55. The proposed cuts in administrative expenditure which had made it possible to release resources for promotional activities while maintaining zero real growth in the budget as a whole were praiseworthy. His delegation favoured continuation of the efforts to make more efficient use of the financial resources, in particular in the area of technical co-operation. Moreover, he strongly endorsed the view that the Agency's safeguards activities were a sine qua non for wide-ranging and fruitful international co-operation in the peaceful uses of nuclear energy. The draft budget for 1986 provided for a decrease in safeguards expenditure in real terms. That decrease demonstrated that the Secretariat had gone to a lot of trouble to use the available financial resources as effectively as possible.

56. In conclusion, his delegation was in favour of adopting the draft budget for 1986 as presented by the Secretariat and contained in document GC(XXIX)/750.

57. Mr. LAMPARELLI (Italy) welcomed the efforts that had been made by the Secretariat during recent years to establish close co-operation with Member States during preparation of the Agency's draft budget. That co-operation had enabled Member States to obtain a better grasp of the problems involved in the administration of the Agency and to determine activities of low priority.

58. Like many other countries, Italy was passing through a phase of budgetary austerity and believed that the same spirit of austerity should be made to prevail in international organizations. That was why he noted with satisfaction that the draft budget for 1986 provided for zero real growth without affecting the principal programmes. Hence, despite certain reservations, his delegation was ready to join a possible consensus on document GC(XXIX)/750. The Secretariat should, however, continue its efforts

to make savings and thereby increase the Agency's efficiency wherever possible. More particularly, it should exercise restraint in creating new posts, upgrading posts and employing consultants and in expenditures on conferences, symposia and seminars.

59. Finally, he wished to express his delegation's reservations with regard to the preliminary estimates for 1987 and 1988, which it considered were too high.

60. Mr. ILJAS (Indonesia) expressed his appreciation to the Secretariat for having continued the practice of previous years, which was to invite regional groups to take part in the preparation of the draft budget. His delegation had been involved in the consultations with the Secretariat and had already made known its views during the meetings of the Administrative and Budgetary Committee in May and the Board of Governors in June. As far as document GC(XXIX)/750 was concerned, there were several observations to be made. He noted with satisfaction the proposed continuation of sub-programme 1.1.3, relating to small and medium power reactors (SMPRs), which he considered very important, and the increased resources that had been allocated to it, as shown in Table 6.

61. With regard to nuclear power planning and implementation in developing countries, his delegation noted the objectives of the programme and the types of assistance to be given to Member States, as well as the emphasis to be placed on adapting planning methods to suit the situation in many of the developing countries. It also noted that the Agency was prepared to broaden the scope of its assistance to Member States by helping them to carry out comprehensive studies of their energy demands and supply options, including the special manpower and other infrastructural requirements of nuclear power programmes. Furthermore, Table 6 showed that the amount allocated to sub-programme 1.1.1 was to be slightly higher in 1986 than in 1985. For the first time, the financing of nuclear power projects had been studied in depth at a scientific meeting, which had taken place at the beginning of September and in which representatives from financial institutions had participated. His delegation hoped that the practice would be continued.

62. With regard to sub-programme 1.4.4, "Sea dumping and releases of radioactive effluents", the Agency seemed to be taking an increasingly active part in activities related to sea dumping and releases of radioactive effluents. Although not opposed to the Agency's activities in that field, his delegation wished to recall what it had said at the Board meeting of the previous week, namely that it had serious misgivings with regard to the practice of dumping pollutant materials in the sea. The most suitable method of disposing of radioactive waste was to process it properly and store it underground.

63. With a population of 160 million, Indonesia attached primary importance to the Agency's programmes in the area of food and agriculture. The implementation of mutagenic selection programmes had made new varieties of crops available to Indonesian farmers. That programme would continue to be a source of improved varieties of irradiated soya seed. His delegation therefore welcomed the increase in 1986, as against the previous year, in the expenditure for that programme.

64. In conclusion, his delegation was prepared to join the consensus in favour of the draft resolutions contained in Annex III of document GC(XXIX)/750.

65. Mr. ORNSTEIN (Argentina) recalled, as Chairman of the Group of 77, that his country was opposed to the principle of zero real growth. The budgetary estimates should be established in accordance with the needs of the Agency so that it could carry out its statutory duties in a fitting manner. The Group of 77 strongly approved the principle of making as many savings as possible, but did not believe that the Agency's activities should be frozen indefinitely at their current level as it would then be unable to respond to the growing needs of the developing countries.

66. With that reservation, his delegation approved the draft budget for 1986 and the draft resolutions contained in document GC(XXIX)/750.

67. Mr. MELIBARY (Saudi Arabia) thanked the Secretariat for the manner in which it had conducted its consultations with the Group of 77 task force during the preparation of the draft budget. His delegation hoped that such consultations would continue in the future.

68. His delegation was opposed to the annual increase in the number of staff in the Department of Safeguards. Better use should be made of the existing staff in order to achieve a balance between the number of inspection hours and the manpower available. Such a balance would reduce the Department's expenditure, which amounted to almost a third of the Agency's budget.

69. The International Centre for Theoretical Physics deserved the support of Member States, and the resources allocated to it and its staff should not be reduced - for three reasons: it provided an excellent service for developing countries; it was the only such institution in the world; and it had broadened the scope of its activities and was currently concerned with very practical matters.

70. Mr. VERMA (India) pointed out that his delegation had already expressed its views in the Administrative and Budgetary Committee. Those views, which had been incorporated into the summary records, remained unchanged.

71. Mr. LOZADA (Philippines) said his delegation was prepared to support the draft budget for 1986 and a target of US \$30 million for the Technical Assistance and Co-operation Fund. Although he also endorsed the US \$2 million recommended for the Working Capital Fund, he believed there would be need to increase the Fund from 1988 onwards.

72. His delegation was perturbed by the fact that the principle of zero real growth had been applied to the Agency's Regular Budget. The right approach should be first to draw up the programme required by Member States and then allocate the necessary resources. However, he was prepared to accept the principle since it allowed for stable growth of the funds assigned to technical co-operation.

73. Mr. SCHMIDT (Austria) said that the draft budget for 1986 was quite acceptable to his delegation and commended the Secretariat for its serious efforts to keep budgetary expenditure "as low as reasonably achievable (ALARA)". It was to be hoped that the Agency would continue to pursue the ALARA principle.

74. His delegation supported the safeguards budget and in particular the proposal to enlarge the inspectorate. It was vital for the Agency to maintain its reputation in the field of safeguards and to make constant improvements in the nuclear material accounting and control system. The long declarations of previous years on ways in which to balance the safeguards and technical assistance and co-operation budgets would hopefully become a thing of the past. Strengthening the safeguards system would enhance the Agency's reputation and boost confidence in it so that it would have more influence in other areas, such as technical assistance. Moreover, the Member States of a strong and efficient organization would feel more justified in funding the whole programme.

75. With regard to the budget for technical assistance and co-operation, it was heartening to see that the discussion of whether to finance technical assistance from the Regular Budget or through voluntary contributions had been dropped and that the Agency had abided by the principle of voluntary contributions. On the other hand, it was true that the technical assistance programme could be established and implemented only if there was certainty that the necessary resources would be available. That was why his country had supported the system of indicative planning figures in the past. His delegation was happy that the period of endless discussions and at times humiliating bargaining during the 1970s was over and that a reasonable method had been developed for fixing the target for voluntary contributions. The Austrian Government was ready to pledge US \$222 000 as its voluntary contribution to the Technical Assistance and Co-operation Fund for 1986, subject to approval by Parliament, which would pass the federal budget for 1986 at the end of 1985. Furthermore, the compromise on an annual increase of 12% in voluntary contributions for 1987, 1988 and 1989 was acceptable.

76. Mr. TSUKADA (Japan) felt that the budget proposed for 1986, based on the principle of zero real growth, was well balanced and sufficient to cover the expenditure incurred in the Agency's main activities. He expressed his appreciation to the Secretariat for presenting the budget in its current format and hoped that similar efforts would be made in the years to come.

77. Mr. IONESCU (Romania), pointing out that the Member States of the Agency, particularly the less advanced countries, would be undergoing considerable development in the years to come, said that the priority needs of those countries would be focused increasingly on nuclear energy and the fuel cycle, and on the direct applications of nuclear techniques to solve the main problems posed by development. His delegation believed that the Agency should remain at the forefront of progress in the peaceful uses of nuclear energy, and that it should broaden the scope of and diversify its programmes and promotional activities, while adapting them to the needs of Member States. With regard to technical assistance, the Agency should adhere to the priorities established within the framework of its activities in order to discharge its main responsibility, which was to promote international co-operation and to support the efforts of Member States.

78. The priority which an increasing number of States, including developing countries, attached to nuclear power programmes should be better reflected in the implementation of technical assistance projects in that area. His delegation was convinced that under its technical assistance and co-operation programme the Agency could and should contribute more widely to the transfer of nuclear technology. In that context, another issue of great importance was to ensure the provision of nuclear materials needed for the peaceful uses of nuclear energy so that the activities planned in that area which were dependent on the import of such materials could be put into effect without interruption.

79. He was satisfied with the programme envisaged by the Agency in 1986 for training specialists, in particular the organization of courses on topics which he felt had been well chosen. The budgetary estimates contained in the Agency's programmes for 1986 were well balanced in the areas of nuclear safety, radioactive waste management, radiation protection, the applications of nuclear methods and techniques in various economic and social sectors, data processing and technical and scientific documentation.

80. In order to satisfy the immediate needs of Member States, particularly the developing countries, more effectively the Agency should introduce a strict system of economies, make more efficient use of available resources, abolish non-productive expenditure and reduce the expenditure incurred on

safeguards application and administration, so that the budget for 1986 would be lower, or at least not higher, than the budget for 1985. His delegation was certain that, bearing those considerations in mind, the Agency could put into effect the whole of the programme planned for 1986 within a more stringent budget.

81. With regard to the problem of the exchange rate for the Regular Budget and the contributions paid by Member States, he believed that the Committee should re-examine that question in greater depth.

82. Mr. PERRIER de LA BATHIE (France) pointed out that the proposal to recruit 44 additional staff seemed to run counter to the effort to maintain zero growth and would place a burden on the budget in the following years. A stricter approach should also be adopted with regard to the recruitment of consultants and the organization of seminars and symposia.

83. On the whole, however, his delegation was satisfied with the results obtained by the Secretariat, particularly with regard to the following three points: firstly, the practice by which consultations were held during the drafting of the budget, since it enabled Member States to be better informed and the Secretariat to understand better their concerns; secondly, the resulting transparency, which served to build up confidence between the Agency and Member States; and thirdly, the application of the zero-growth principle by the Secretariat, which had continued to observe the main lines of priority, particularly in the area of nuclear safety and safeguards, and had adopted solutions that were admittedly difficult but which his country found acceptable.

84. His delegation supported the recommendation relating to the exchange rate, which would rationalize the system of paying contributions by making it possible to apply the exchange rate prevailing at the actual time of payment. Finally, his country supported the recommended target for voluntary contributions to the Technical Assistance and Co-operation Fund for 1986; it should enable the Agency to pursue its activities successfully in that equally important area.

85. Mr. CHAUDHRI (Pakistan) noted with increasing concern that the Agency's budget for 1986 had again been established under the constraint of zero growth, which imposed very serious limitations on both the quantity and quality of a number of the Agency's promotional activities that were directly relevant to the needs of developing Member States. The Agency's role, which was to provide support and assistance in many areas of the peaceful uses of nuclear energy, was unique and indispensable. Any continued financial constraints on those activities could seriously affect the promotional role and effectiveness of the Agency.

86. The distribution of resources in the draft budget for 1986 showed no increase in a number of programmes, including food and agriculture, human health, and the physical sciences and technology. Since the funds for some of those areas had already undergone a decrease in the 1985 budget, some corrective measures would be required in the next budget in order to reverse that negative trend; that applied above all to food and agriculture, which was an area where a lot of countries were in need of assistance from the Agency.

87. The funds allocated to promotional activities were not sufficient to support many of the technically sound projects submitted by the developing countries. Increased efforts were needed to set that matter right.

88. His delegation joined other delegations in commending the International Centre for Theoretical Physics on its work and in assuring it of support. His country would also support the studies on small and medium power reactors. In conclusion, he was prepared to approve the three draft resolutions contained in document GC(XXIX)/750.

89. Mr. SOLTANIEH (Islamic Republic of Iran) regretted that the principle of zero growth had been applied to the Agency's promotional activities. In view of the uncertain nature of the financing for technical co-operation and the voluntary nature of contributions to the Technical Assistance and Co-operation Fund, the principle of zero growth jeopardized the implementation of those activities and was likely to have an adverse effect on the developing countries.

90. While thanking the Secretariat for its co-operation with the Group of 77 task force, to which his country belonged, he regretted that the recommendations of the Group of 77 with regard to the Agency's budget had not been examined seriously or favourably. His Government did not approve the regulations governing temporary posts, the cost of which was a burden on the budget.

91. As far as the payment of contributions by Member States was concerned, he repeated the proposal which his delegation had already made informally, namely that contributions should be paid in full in Austrian schillings. His Government would prefer such a solution in face of the instability of the United States dollar.

92. Mr. ZOBOV (Union of Soviet Socialist Republics) noted with satisfaction that the draft budget for 1986 was the outcome of constructive consultations between the Secretariat and Member States, which had thereby been able to express their wishes and offer guidance for Agency activities. The budget represented a balanced distribution among the various programmes and duly reflected the existing priorities. The Agency was an important international organization whose activities were based on co-operation between Member States. The Soviet Union supported the main policies of the Agency in the scientific and technical area, particularly with regard to nuclear power, INIS, nuclear safety and the use of isotopes in agriculture, industry and science. He was happy to see that the funds allocated for those various programmes ensured reliable implementation and enabled the Agency to discharge its duties efficiently, as laid down in the Statute. Another positive aspect was that the proportion of funds allocated to technical assistance and co-operation in the budget was on the increase and that the target fixed for voluntary contributions to the Technical Assistance and Co-operation Fund was 15% higher than for the previous year and now stood at US \$30 million. His country pledged its full share of the Fund, namely 2 680 000 roubles, as well as an additional 2 000 000 roubles for footnote a/ projects planned for the period 1986-1988.

93. The draft budget for 1986 ensured the financing of the Agency's activities in the area of safeguards, which was of major importance in controlling the peaceful uses of nuclear energy. The Third NPT Review Conference had confirmed the principle that the Agency's safeguards activities were a prerequisite for broader international co-operation in the peaceful uses of nuclear energy.

94. He approved the steps taken by the Secretariat to reduce administrative expenditure and hoped that it would make efforts to reduce such non-productive expenditure still further. His delegation could approve the draft budget as a whole and the adoption of the draft resolutions contained therein.

95. Ms. MIRALLES (Venezuela) thanked the Secretariat for the additional information on the exchange rate which had been given informally and which had enabled Member States to gain a better understanding of the various issues involved. She shared the views expressed by the Argentine delegation on behalf of the Group of 77, and approved the principle of making savings, provided that such a principle did not adversely affect the Agency's basic programmes, particularly those of direct interest to developing countries. She regretted to see that the budget had been established on the basis of zero growth but supported the budget for 1986 as a whole and the draft resolutions contained in document GC(XXIX)/750.

96. Mr. DENNE (United Kingdom) said his delegation was ready to support the adoption of the three draft resolutions contained in Annex III of document GC(XXIX)/750. It noted that by making economies and improving efficiency, the Secretariat had managed to increase its activities in several areas whilst maintaining overall zero real growth. The preliminary estimates for 1986 and 1987 were too high, however, and the Secretariat was urged to continue its efforts in further improving efficiency and economy.

97. Mr. BESROUR (Tunisia), noting that the preparation of the 1986 budget had entailed a dialogue between the Secretariat and Member States, said that that innovation, dating from 1983, was useful and should be maintained. His delegation was perturbed by the application of the principle of zero

growth. It would be increasingly difficult for the Secretariat to make further economies in administration. Recalling the opinion it had already expressed in the Administrative and Budgetary Committee and in the Board of Governors on that subject, his delegation associated itself with other States member of the Group of 77 in recommending that the Department of Technical Co-operation be strengthened, since its work in dealing with the technical assistance projects of developing countries would continue to increase.

98. Mr. PETROV (Bulgaria) appreciated the important work done by the Agency in establishing its draft budget for 1986. His delegation welcomed the initiative taken in arranging consultations with the various Member States during the preparation of the budget. Those consultations had made it possible to broaden the scope of programmes carried out in the priority areas of the Agency's activities whilst reducing non-productive expenditure. It was hoped that the Secretariat would continue with that practice. He supported the budget for 1986, which was well formulated and balanced, and also endorsed a target of US \$30 million for voluntary contributions to the Technical Assistance and Co-operation Fund for 1986. He likewise approved the new system for the payment of assessed contributions proposed by the Secretariat.

99. The CHAIRMAN took it that the Committee wished to recommend that the General Conference approve resolutions A, B and C contained in Annex III of Part I of document GC(XXIX)/750.

100. It was so decided.

The meeting rose at 12.55 p.m.