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RECORD OF THE SEVENTY-FIRST MEETING

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on Wednesday, 19 September 1990, at 3.35 p.m.

Chairman: Mr. NEWLIN (United States of America)

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[*] GC(XXXIV)/939.

The composition of delegations attending the session is given in document
GC(XXXIV)/INF/287/Rev.2.

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ORGANIZATION OF WORK

1. The CHAIRMAN informed the Committee of the Whole that the General Conference had that morning adopted its agenda for the current session and referred a number of items to the Committee for initial discussion. Document GC(XXXIV)/COM.5/80 contained a list of those items. He suggested that the Committee agree to discuss those listed items which were still outstanding - either because they had not yet been taken up or because discussion had not yet been concluded on them.

2. It was so agreed.

THE AGENCY'S ACCOUNTS FOR 1989 (GC(XXXIV)/916)

3. The CHAIRMAN said that the Agency's accounts for 1989, which had been considered by the Board of Governors in June, were reproduced in document GC(XXXIV)/916, page III of which contained a draft resolution submitted by the Board for consideration by the General Conference. If there were no speakers on that item he would take it that the Committee wished to recommend to the General Conference that it adopt the draft resolution.

4. It was so agreed.

MEASURES TO STRENGTHEN INTERNATIONAL CO-OPERATION IN MATTERS RELATING TO NUCLEAR SAFETY AND RADIOLOGICAL PROTECTION (GC(XXXIV)/919; GC(XXXIV)/COM.5/82) (resumed)

5. The CHAIRMAN, briefly recalling where the Committee stood in its consideration of the item, said that the 12 members of the European Community had submitted, in document GC(XXXIV)/COM.5/82, a draft resolution which appeared to cover sub-items 10(a), (b) and (e). Regarding sub-item 10(c) ("Code of practice on the international transboundary movement of radioactive waste"), it was his understanding that a draft resolution would be put forward before long, while discussion of sub-item 10(d) had been completed the previous day. As to sub-item 10(f) ("Prohibition of all armed attacks against nuclear installations devoted to peaceful purposes whether under construction or in operation"), he understood that the delegation of the Islamic Republic of Iran was in consultation with other delegations about a draft resolution.

In addition, the five Nordic countries had submitted, in document GC(XXXIV)/COM.5/83, a draft resolution entitled "Nuclear safety guidelines for nuclear-powered vessels", together with some background notes which had been circulated in document GC(XXXIV)/COM.5/84. However, those countries had requested that their draft resolution should not be discussed until the following day. He therefore suggested that the Committee begin by taking up the draft resolution submitted by the 12 countries of the European Community in document GC(XXXIV)/COM.5/82.

6. Mr. TALIANI (Italy), introducing the draft resolution in document GC(XXXIV)/COM.5/82, said that it dealt with a number of issues relating to nuclear safety and radiation protection, a field regarding which the 12 members of the European Community were fully aware of their special responsibility. They attached great importance to international co-operation in that field and valued highly the work done by the Agency, particularly during the last few years.

7. The members of the Community regarded the report contained in document GC(XXXIV)/919 as a significant step forward in that it attempted to develop a strategy for strengthening such co-operation. At the same time, they felt that the subject of nuclear safety should remain in the forefront of the concerns of the Board of Governors and General Conference. While recognizing the usefulness of the various initiatives taken by the Secretariat, as acknowledged in operative paragraphs 2-9 of the operative part of the draft resolution, they considered that much remained to be done. The objective of the draft was therefore to note the positive results already achieved while maintaining momentum in that field.

8. With reference to paragraph 6 of the draft, the members of the Community considered that the Code of Practice on the International Transboundary Movement of Radioactive Waste was another significant step forward and that it should be adopted by the General Conference and duly implemented by Member States. In that connection, he believed that a separate draft resolution on the issue of international transboundary movement of waste was likely to be submitted. The members of the European Community were ready to

consult with the originators of that draft with a view to bringing the two texts into line with each other.

9. Mr. KANIEWSKI (Poland) thanked the member countries of the European Community for having drawn up the draft resolution in document GC(XXXIV)/COM.5/82, which covered every desirable aspect of international co-operation in the area of nuclear safety. Although document GC(XXXIV)/919, which was cited in the draft, gave a precise assessment of the current situation and objectives regarding nuclear safety and radiological protection, he would like to comment on the notion of "nuclear safety" as defined in the footnote on page 1 of that document, according to which nuclear safety also covered the question of waste, but only the "disposal" thereof. In his opinion, the definition should be amended to refer to the "safe management of radioactive waste".

10. Section IV.7 dealt with both the management and the disposal of radioactive wastes, which was appropriate. Among other matters, it mentioned the Radioactive Waste Safety Standards (RADWASS) programme, which his country considered very useful, in particular for the future of nuclear power and its public acceptance. Yet the RADWASS programme was not referred to in Chapter V and it was difficult to tell whether it was implied in the strategy proposed in paragraph 87. His delegation would have preferred it to be mentioned explicitly and would then have been perfectly satisfied with paragraph 2 of the draft resolution, which endorsed the strategy defined in Chapter V of document GC(XXXIV)/919.

11. With regard to the other issues touched upon in that document and in the draft resolution, his country had already expressed its positive attitude in the Board of Governors and in its general debate statement. He wished to add only that his delegation was satisfied with the way the resolution on nuclear liability which it had co-sponsored in 1988 was being implemented. He thanked Ambassador van Gorkom for having agreed to chair the original Working Group and later the Standing Committee on Liability for Nuclear Damage and wished him all success in continuing the work.

12. In conclusion, he asked the countries of the European Community to agree to the addition of Poland to the list of sponsors of the draft resolution in document GC(XXXIV)/COM.5/82, on the understanding that the question of waste management, and in particular the RADWASS programme, would be covered by Chapter V of document GC(XXXIV)/919. That would probably entail a slight amendment to the document, or at least putting on record the point which he had just made.

13. Mr. TIMERBAEV (Union of Soviet Socialist Republics) said that the draft resolution in document GC(XXXIV)/COM.5/82 followed altogether the right course towards strengthening international co-operation in the field of nuclear safety and radiological protection. He was pleased to note that operative paragraph 3 of the draft welcomed the agreement reached to convene a high-level international conference on nuclear safety in 1991. That was an idea which the Soviet Union had long supported - indeed it had been among its originators. He was also pleased that paragraph 9 welcomed and endorsed the project to assess the radiological consequences of the Chernobyl accident, which was currently being implemented under the Agency's auspices. In conclusion, he requested that his country be added to the list of sponsors of the draft resolution.

14. Mr. SAVIC (Yugoslavia) said that his delegation too would like to join the sponsors of the draft resolution in document GC(XXXIV)/COM.5/82.

15. Mr. EKECRANTZ (Sweden) associated himself with the Polish representative's remarks concerning the RADWASS programme. Sweden supported the dynamic approach towards the key issues listed on page 9 of the report. However, he stressed that in attempting to improve the public's understanding of radiation risks, it was important to maintain an unbiased position based on technical and scientific facts.

16. In its general debate statement Sweden had referred to the issue of the future storage and management of spent fuel from research reactors. Although the current situation in that regard must be dealt with primarily by the States concerned, he urged that appropriate attention be given to that problem in preparing the new series of RADWASS documents.

17. Sweden fully supported the special conference on nuclear safety planned for August 1991 and had already expressed its willingness to contribute to its financing. It would participate actively in the preparations for the conference through the steering committee whose establishment had been announced. Finally, Sweden endorsed the draft resolution submitted by the members of the European Community in document GC(XXXIV)/COM.5/82.

18. Mr. LUETHI (Switzerland) said that his delegation too supported the draft resolution as it stood and wished to be listed as a co-sponsor. The conference on nuclear safety planned for 1991 should not only review the current situation in that field, but also arrive at concrete results, for example with regard to safety requirements for new reactors and the activities needed to raise the level of safety. Moreover, the importance of the conference warranted financing from the Regular Budget, and it was regrettable that that was not to be the case.

19. Mr. HOGG (Australia) endorsed the draft resolution because it covered numerous activities of great importance to Australia which his country continued to support. He noted that the proposed safety activities did not depart from the Agency's statutory and other responsibilities and were subject to the normal processes of budgetary scrutiny.

20. Mr. ALLAM (Egypt) also supported the draft resolution in document GC(XXXIV)/COM.5/82. With regard to the Code of Practice on the International Transboundary Movement of Radioactive Waste, the African Group intended to put forward a draft resolution which was currently being discussed by the Group of 77.

21. The Chairman proposed that consideration of item 10 be suspended until the new draft resolution concerning the Code of Practice on the International Transboundary Movement of Radioactive Waste was submitted.

CONTRIBUTION OF NAMIBIA TOWARDS THE 1990 REGULAR BUDGET (GC(XXXIV)/933)

22. The Chairman said that under the present item the Committee had before it document GC(XXXIV)/933, which contained a draft resolution for the General Conference's consideration.

23. Mr. CLARK (United Kingdom) invited the Committee to consider whether Namibia's contribution to the 1990 Regular Budget, even on the reduced basis suggested in document GC(XXXIV)/933, could be paid and used in the course of the year. If the contribution was not used by 31 December, it would simply be added to the surplus available for redistribution to Member States, thus serving no useful purpose. He therefore suggested that Namibia should not be asked to contribute to the Regular Budget until after 1 January 1991. The Namibian delegation, which had been consulted on the matter, would not raise any objections.

24. The Chairman asked the Committee whether it wished, in line with the suggestion made by the United Kingdom delegation, to recommend to the General Conference that it ask Namibia to make no contribution to the 1990 Regular Budget, on the understanding that that country would begin paying its assessed contribution to the budget as of 1991.

25. It was so agreed.

THE FINANCING OF SAFEGUARDS (GC(XXXIV)/921 and Add.1; GC(XXXIV)/COM.5/89)

26. Mr. STRULAK (Poland), speaking as Chairman of the Informal Working Group on the Financing of Safeguards established in response to General Conference resolution GC(XXXIII)/RES/513, invited the Committee to consider the progress report he had prepared, which was annexed to document GC(XXXIV)/921. As requested by the delegations which had put forward various proposals on the matter, those proposals had been appended to the report in Attachments 1-7. Attachment 8 contained a Note by the Director General regarding long-term budget projections for the Agency's safeguards programme. In addition, to complete the picture and to meet the wishes of several Members of the Board of Governors, the summary record of the Board's discussion on the matter in June 1990 was reproduced in document GC(XXXIV)/921/Add.1.

27. His report was deliberately short and matter-of-fact, yet it reflected a very substantial body of work carried out at the three meetings held by the Working Group and in numerous informal consultations. Thanks to the active participation of the representatives of many Member States, and thanks in particular to their good will and their constructive attitude, it had been

possible, despite considerable difficulties, to achieve some progress, as could be seen from the list of informal principles for safeguards financing.

28. Nevertheless, the results were only tentative and incomplete and could not be of relevance unless followed up by other, broader developments leading to a settlement of that extremely complex matter. To that end, it was imperative that good will and the spirit of compromise continue to be in evidence and that efforts be made to reconcile the different positions. It was to be hoped that a common awareness of the importance of the matter and of their responsibility regarding it would prompt Member States to seek a solution that was in the best interests of the Agency. In that endeavour, the General Conference's support for a continuation of the Informal Working Group's constructive work would be highly valuable, and that was one reason which had led the delegations of Poland and Switzerland to submit the draft resolution in document GC(XXXIV)/COM.5/89 on the financing of safeguards. He hoped the draft would receive the unanimous support of the Committee of the Whole and of the General Conference.

29. Mr. LAVIÑA (Philippines) congratulated Ambassador Strulak on his report. The Philippine delegation had taken part in the Board's consideration of the report and had prepared a statement on it which was contained in a document to be distributed to the members of the Informal Working Group. He hoped the Group would take due account of a principle proposed in that statement, which his delegation believed to be of paramount importance, namely that "Member States which own, possess, or operate nuclear facilities are responsible for the financing of safeguards." Acceptance of that principle would pave the way for acceptance of all the Working Group's recommendations. His delegation supported the draft resolution submitted by the representative of Poland.

30. Mr. POSTA (Hungary) said that his delegation attached great importance to the matter under discussion. At a time when new nuclear power plants were coming into operation and the nuclear-weapon States were increasingly being asked to place all their peaceful facilities under safeguards, and were indeed willing to do so, the credibility and reliability

of the safeguards system must be maintained and strengthened. The Director General's budget projections clearly showed that the system for financing safeguards needed long-term improvement. To achieve that it was vital to develop a common approach, and his delegation welcomed the progress achieved in formulating general principles of financing. The next task, which would not be an easy one, was to work out concrete proposals based on the agreed principles. As Ambassador Strulak had said, that would require political will and a spirit of co-operation. In the hope that such would be forthcoming, his delegation supported the draft resolution before the Committee.

31. Ms. PETERSEN PARRA (Venezuela) said that her delegation had devoted particular attention to the issue of safeguards financing and to the search for a long-term solution that would be acceptable to all Member States. Her delegation too had carefully studied the results of the Informal Working Group's deliberations and welcomed the progress achieved. It was determined to continue active participation in the Group's work and approved of the three-phase approach outlined in paragraph 3 of the Chairman's report in the Annex to document GC(XXXIV)/921.

32. The six principles accepted by the majority of delegations which had participated in the Group's most recent meeting, together with the informal paper submitted by Cuba, provided a good basis for continuing the discussions. However, her delegation wished to emphasize once again the need to find a formula that did not impose additional financial burdens on developing countries which were not very advanced in the use of nuclear energy and which faced serious economic and social difficulties. While agreeing that it was desirable to reduce expenditure, her delegation was concerned that such action should not impair the effectiveness and efficiency of safeguards. In conclusion, she supported the draft resolution in document GC(XXXIV)/COM.5/89.

33. Mr. TALIANI (Italy) fully supported the draft resolution submitted by Poland and Switzerland, which made no attempt to formulate conclusions that could not yet be drawn. However, he reminded the Committee, and through it the General Conference, that a definite approach to resolving the problem would have to be agreed upon by 1991 at the very latest. He therefore hoped

that a consensus could soon be achieved on a sensible solution based on the principles already accepted.

34. Mr. de la CRUZ (Chile) said that his country was satisfied with the Group's work and urged it to continue its efforts to see through each of the phases which it had agreed upon in order to carry out its task. In Chile's opinion, now that the Group would be tackling the second phase of its work - defining the elements specifying how the agreed principles would be applied - it would be very important to give particular consideration to the nuclear development of each Member State and to the need for improving the effectiveness of safeguards implementation. He was convinced that a review of safeguards criteria and procedures would help to enhance such effectiveness without damaging the credibility of the system.

35. Mr. CLARK (United Kingdom) thanked Ambassador Strulak for his efforts to find a long-term solution to the problem of safeguards financing. It was important for all Member States to recognize that safeguards served the interests of every one of them, whether or not they were conducting a nuclear programme. All Member States were committed to non-proliferation, as evinced either by their membership of the Agency or by their allegiance to the various treaties in that area, and so they must all acknowledge their obligation to meet a share of the cost of safeguards, with due recognition being given to their ability to pay.

36. While it was too early to present definite conclusions, the United Kingdom welcomed Ambassador Strulak's report and supported the draft resolution submitted by Poland and Switzerland. There remained, of course, the task of finding a solution to replace the current arrangements, which were due to expire in 1992. His delegation wished the Group every success in its task and would continue to participate in its deliberations.

37. Mr. PARK (Republic of Korea) asked that his country be listed among the sponsors of the draft resolution in document GC(XXXIV)/COM.5/89. The importance of safeguards could not be overemphasized, and their application was among the most important of the Agency's objectives. In order

to keep the world safe, Member States must be prepared to meet the cost of full implementation of safeguards.

38. Mr. SINAI (India) joined in congratulating Ambassador Strulak upon the progress achieved by the Informal Working Group. He pointed out, however, that the six principles described in paragraph 5 of the report annexed to document GC(XXXIV)/921 as having been "accepted by consensus" had in fact only been tentatively agreed to by his delegation and by many others, in a spirit of constructive co-operation and to facilitate the Group's work. Obviously the three phases into which the Group's work was divided could only be taken up sequentially, and therefore his delegation had indicated its willingness to proceed further on the basis of the six principles. It was premature to describe that tentative agreement as acceptance by consensus, since it was conditional on the shape which the financing mechanism evolved would take. Ultimately, it was not the principles themselves that would determine the acceptability of any new arrangement, but the way in which they were applied. It was necessary therefore to make the qualification that nothing could be regarded as finally agreed until everything had been agreed upon.

39. Spending on safeguards having increased significantly over the years, it would be appropriate, while seeking new financing arrangements acceptable to all members - and the Indian delegation and many others had shown considerable flexibility in that respect - also to make efforts to achieve economies in that area. The time was ripe for a comprehensive review of the Agency's safeguards implementation concepts and procedures, which could lead to alternative ways of attaining the same degree of assurance regarding non-diversion of safeguarded materials and equipment - to which India continued to attach great importance - but at lower cost. With those remarks, his delegation had no difficulty in approving the draft resolution before the Committee.

40. Mr. HOGG (Australia) said that the Working Group had reached the half-way mark in its work by developing the set of principles which would form the basis for discussions in the coming year. He too wished to thank Ambassador Strulak for the effective manner in which he had conducted the

Group's work. Finding a future formula for safeguards financing would require a substantial amount of further difficult work during the coming 12 months. The existing inequitable system was in urgent need of reform. Future discussions should produce a solution which took full account of the responsibility of all Member States to contribute to the financing of safeguards, due allowance being made for their ability to pay. The financing formula arrived at would need to be dynamic and to take into account inflation and developments in the economic circumstances of countries.

41. His delegation also considered that all statutory safeguards activities should be fully funded from Regular Budget allocations and not from special extrabudgetary funds, with the exception of those funds used for research in the safeguards field. His delegation looked forward to the imminent resumption of the Group's discussions in the hope that a satisfactory outcome would be found. In conclusion, he supported the draft resolution submitted in document GC(XXXIV)/COM.5/89.

42. Ms. JACKSON (New Zealand) said that her delegation had been one of the co-sponsors of General Conference resolution GC(XXXIII)/RES/513 and was pleased to see the progress achieved in elaborating principles to be used as the basis for future discussions on arrangements for safeguards financing. Among the principles set forth in paragraph 5 of the Annex to document GC(XXXIV)/921, principle 3 concerning specific criteria and factors to be taken into account in determining the degree of financial participation of Member States seemed a particularly constructive development.

43. Her country considered it very important that safeguards should be financed on a universal basis, in line with the non-proliferation objectives to which it was fully committed. It hoped to see a fair and reasonable financing formula which would continue to guarantee an effective and efficient safeguards system. It would be following closely the second phase of the Informal Group's work and was happy to support the draft resolution in document GC(XXXIV)/COM.5/89.

44. Mr. UIJTERLINDE (Netherlands) said that the magnitude of the problem of safeguards financing would necessarily depend to a large extent on

the rate of increase in the number of nuclear installations; however, the Department of Safeguards was already operating under budgetary constraints that were more stringent than ten years previously. His delegation had noted the Department's financial forecasts of safeguards costs over the next ten years under different scenarios. It would be equally interested in the Secretariat's estimates of the financial consequences of remedying the problems identified in the Safeguards Implementation Report.

45. His delegation would continue to participate constructively in the activities of the Informal Working Group. The document under consideration set forth some general principles intended to serve as a basis for discussions on the sharing of safeguards cost between Member States. The principles adopted so far were very general indeed and specific criteria and factors would have to be identified in the coming year for determining the degree of financial participation of each State. The Netherlands believed that there were three principles which, if appropriately combined, would enable a formula for sharing the cost of the safeguards programme to be drawn up. The first was that all States should contribute to all Agency activities, including safeguards. Secondly, for safeguards as for other areas, scales of assessment should be based on ability to pay (second principle in the report by the Working Group's Chairman), in accordance with the scales of assessment of the United Nations and the Agency. His delegation saw no reason why that factor should be used a second time where safeguards were concerned, so as to provide extra shielding for developing countries. However, a third factor which should be brought to bear in the safeguards area was the level and scale of nuclear activities in a country, irrespective of whether it was a nuclear-weapon or a non-nuclear-weapon State. Since the level of nuclear activity in most developing countries was quite modest, such a formula would in practice have a shielding effect. A system of classification could be envisaged with various categories reflecting the different levels of nuclear activity. In the coming months, the Working Group would need to focus on finding a formula for putting the agreed principles into practice. He sincerely hoped that the development and application of such a formula would lead to a more balanced

and transparent cost-sharing system than that currently in force, and therefore supported the draft resolution in document GC(XXXIV)/COM.5/89.

46. Mr. ZOBOV (Union of Soviet Socialist Republics) welcomed the results achieved so far by the Informal Working Group chaired by Ambassador Strulak. The principles agreed upon by the Group's members were factors of the highest importance for the development of a long-term solution to the problem of safeguards financing. His country would participate actively in the work on a fair, balanced and generally acceptable formula, and hoped that the Group's efforts would culminate in a decision by 1993.

47. However, his delegation considered that it would not be desirable to adopt a financing formula which granted privileges to certain States. In that respect, all States should belong to the same category. The application of effective safeguards was not only of great importance for the development of nuclear trade, it also made an immeasurable contribution to the cause of world peace by strengthening confidence between nations. All States benefited from such confidence and they should all, therefore, meet their share of the costs of the safeguards system. On the other hand, the development of a financing formula would be directly furthered if the Department of Safeguards could improve the efficiency of its operating procedures and of safeguards implementation. He therefore appealed to the Agency's Secretariat, and in particular the Department of Safeguards not to relax - indeed to step up - its efforts to perfect the safeguards system and make it a little less costly.

48. Mr. ILJAS (Indonesia) commended Ambassador Strulak on the efforts he had invested in reaching an agreement on the principles of safeguards financing. As a party to the Treaty on the Non-Proliferation of Nuclear Weapons, his country attached great importance to the Agency's safeguards activities. It was pleased, therefore, that the Informal Working Group had been able to identify six principles which had been adopted by a majority of the delegations participating in the most recent meeting of the Group, and which would provide a good basis for further discussion. Accordingly, he endorsed paragraph 5 of the Chairman's report as well as the draft resolution submitted by Poland and Switzerland.

49. Turning to the long-term projections for the safeguards programme which the Director General had provided in his Note attached to document GC(XXXIV)/921, he said that the projections regarding safeguards in nuclear-weapon States under the various options mentioned in the Note, called for further clarifications from the Secretariat, which should be provided before the forthcoming discussions of the Working Group. Moreover, if the principle of zero growth continued to be applied to the Agency's activities, it would seem that the available resources would not be sufficient to cover the entire safeguards effort unless more use was made of extrabudgetary funding. Finally, his delegation urged the Secretariat, in view of the financial constraints it might face, to step up its efforts to enhance the effectiveness and efficiency of its work by carrying out a periodical review of the existing safeguards procedures.

50. Mr. PENG (China) endorsed the report under discussion, which gave an account of the agreement reached concerning the principles to be used as a basis for discussions on future safeguards financing arrangements, and offered his congratulations to the Chairman of the Working Group, Ambassador Strulak. The Chinese delegation noted that the six principles reaffirmed that all Member States had the right and duty to contribute to safeguards financing, and also that some Member States should be granted preferential treatment, in the form of shielding, according to their ability to pay. There was every reason for satisfaction with those achievements. However, it was still essential that the arrangements that would finally be approved should conform to those general principles in all respects. The Working Group would have to pay close attention to that point during the next stage of its work.

51. In that context, his delegation considered that it would be useful to review inspection methods and to improve them so as to reduce costs and increase the credibility of safeguards. Expressing the hope that the Secretariat and the Department of Safeguards would continue to work in that direction, he approved the draft resolution in document GC(XXXIV)/COM.5/89.

52. Mr. ANGUIANO ROCH (Mexico) in his turn congratulated the Informal Working Group and its Chairman. Clearly, time was short and the pace of the

work needed to be stepped up so that a consensus could be reached on the principles and arrangements to govern safeguards financing. In that endeavour, the Group would have to take into account the elements which determine the cost of safeguards activities. He agreed with the Indian delegation on the need to undertake a general review of the principles and procedures currently being followed by the Agency in implementing safeguards. To that end, even though a consensus on safeguards financing might need to be reached urgently, it was essential that the Secretariat first carry out the thorough multidimensional study of the Agency's safeguards programme which the Group of 77 had been asking for since 1988. That would highlight areas where economies could be made and avoid duplications of effort and useless activities.

53. Mr. FLORES MACIAS (Ecuador) also paid tribute to the Informal Working Group and its Chairman for the results achieved. He agreed that a reduction in resources should not impair the effectiveness of the safeguards system, and that it was necessary to revise its underlying criteria. That having been said, he saw no difficulty in joining the general consensus.

54. Mr. SHINOTSUKA (Japan), having thanked Ambassador Strulak for his endeavours, emphasized that the safeguards system was the mainstay of the Agency's regime for ensuring global non-proliferation of nuclear weapons as well as the worldwide peaceful use of nuclear energy. That system should be supported by all Member States, which ought therefore to share the responsibility for financing safeguards. The Agency's base scale of assessment being modelled on that of the United Nations, which was based on States' ability to pay, his delegation believed that the degree of financial participation in safeguards should also be determined only by the economic factor.

55. Mr. von PREUSCHEN (Federal Republic of Germany) thanked Ambassador Strulak and the Informal Working Group and associated himself with the view that safeguards were confidence-building measures which were in the interest of all Member States and in the financing of which all should therefore participate. He hoped it would be possible to arrive at a long-term

solution on that basis and accordingly supported the draft resolution in document GC(XXXIV)/COM.5/89.

56. His country, like Australia, thought that safeguards should be financed out of Member States' assessed contributions and that the use of any voluntary contributions should be limited to research in the safeguards field, so as to maintain a clear division of responsibility between the Agency and its Member States, and, in particular, to protect the Agency's independence in the performance of its safeguards activities.

57. Mr. STRATFORD (United States of America) thanked Ambassador Strulak and the members of the Informal Working Group for drawing up a set of principles that would be useful in the further discussion of safeguards financing.

58. The principles set forth in the report were consistent with those features which his delegation believed were essential for any long-term safeguards financing arrangement, namely: that all Members benefited from the international security provided by international safeguards, and should, therefore, make a real contribution to their cost and associated increases; that the formula for apportioning safeguards costs should be based on the real capacity of Member States to pay, and not on politically motivated criteria irrelevant to Members' economic circumstances; that financial relief should be granted only for economic reasons, with the determination of those Member States eligible for relief being based solely on elements of the United Nations scale of assessment, which reflected the objective economic status of such States including changes in their status relative to other States; and finally, that the safeguards financing formula should be based on dynamic factors that provided for a long-lasting solution to the problem and did not require repeated intervention from the Board of Governors.

59. His delegation hoped that the continued efforts of the Working Group would enable a long-term solution reflecting those features to come into effect in 1993, and therefore supported the draft resolution in document GC(XXXIV)/COM.5/89.

60. Mr. WEI (Belgium), joining other speakers in congratulating Ambassador Strulak, said that his delegation accepted the report contained in document GC(XXXIV)/921 but wished to make the following remarks. Firstly, the Informal Working Group had been set up to study the financing of safeguards and not the modalities of their application, which the Indian delegation had suggested should be changed to save money. That was a very sensitive issue - it should be recalled that months of continuous consultations had been necessary in order to reach agreement upon document INFCIRC/153 - which other bodies such as the Standing Advisory Group on Safeguards Implementation (SAGSI) were more competent to discuss. Secondly, noting that the Japanese delegation had stressed that the financing of safeguards should be based on the financial capacity of States, the Belgian delegation reaffirmed its 1985 proposal, which reflected that principle and was set forth in Attachment 4 to document GC(XXXIV)/921.

61. Mr. MGBOKWERE (Nigeria) welcomed the report by the Chairman of the Informal Working Group and endorsed the six principles which had been agreed upon and which would serve as a useful basis for the continuation of work.

62. His delegation too believed that all countries should contribute to the financing of safeguards, since proliferation affected the security of all States. His delegation, therefore, while reaffirming the need to maintain a balance between the resources allocated for safeguards and for technical assistance, wished to stress that no steps should be taken which would lead to a weakening of the safeguards system. Moreover, the financing mechanism finally adopted should take due account of the ability of Member States to pay, and his delegation accordingly attached great importance to principles 2 and 3. A system of shielding or preferential treatment would enable all Member States to bear responsibility for the financing of safeguards. That was a very important point for the Agency.

63. His delegation would continue to participate actively in the Informal Working Group, whose progress augured well for an agreement on a lasting solution. In that spirit, he supported the draft resolution contained in document GC(XXXIV)/COM.5/89.

64. Ms. KINSKY (France) recalled the principles which her delegation had always upheld and which had been cited by several delegations, including those of the United States and the United Kingdom. Safeguards were obviously a matter of interest to all States. They should all therefore contribute to their financing in accordance with their ability to pay - in other words the contributions should be based solely on financial criteria.

65. Her delegation approved the draft resolution in document GC(XXXIV)/COM.5/89, in the conviction that under Ambassador Strulak's guidance continuous progress would be made and that an equitable solution would be found before the end of 1992.

66. Mr. NITZSCHE (German Democratic Republic), after having thanked Ambassador Strulak for the competence and dedication with which he had guided the work of the Informal Working Group, expressed his satisfaction with the principles listed in document GC(XXXIV)/921, which constituted a first step towards an agreement on a long-term arrangement for the financing of safeguards. With the hope that the constructive co-operation which had been established would continue, his delegation supported the draft resolution in document GC(XXXIV)/COM.5/89.

67. Ms. FATIMAH (Malaysia) welcomed the progress achieved by the Informal Working Group and approved the report of its Chairman. The financing of safeguards was a difficult issue and the current arrangements which provided for shielding with due regard for the ability of Member States to pay had made it possible to implement the Agency's safeguards programme effectively. However, in view of the increase in the Agency's safeguards activities and the constraints imposed by the policy of zero real growth in the Regular Budget, her country supported the Informal Working Group's efforts to find a long-term solution.

68. She supported the request made by the Indonesian delegation for the Secretariat to give clarifications regarding the implementation of safeguards in nuclear-weapon States. Having said that, her delegation could approve the draft resolution in document GC(XXXIV)/COM.5/89.

69. Mr. TALIANI (Italy) said that in his first statement he had deliberately been brief and to the point, without going into details. He regretted that the same could not be said of certain delegations which had merely reaffirmed the positions they had already stated at the beginning of the Informal Working Group's work, even though the Group had meanwhile agreed on certain principles, including principle 3, which was new and had more or less been approved by consensus. In view of that attitude, he was extremely pessimistic about the outcome of the Group's future work. If no delegation made any step forward, it would be difficult to reach a consensus on specific proposals. Noting that one delegation had even gone so far as to say that it would be sufficient to apply the United Nations scale of assessment, he wondered what the purpose of the Informal Working Group would be.

70. Mr. HASHIMI (Pakistan) said that his delegation, which had participated actively in the work of the Informal Working Group, also thanked the Group's Chairman, Ambassador Strulak.

71. Some delegations had argued that since all States stood to gain from safeguards, they should therefore all contribute to their financing; however, what was at issue was the size of that contribution. His delegation believed that the basic principle should be the financial capacity of States and that those States which had safeguarded nuclear facilities and programmes should pay.

72. Expenditure on Agency safeguards had increased regularly and substantially, upsetting the balance of the budget. The long-term projections provided by the Secretariat and various statements which had been made suggested that safeguards expenditure would increase as new nuclear power plants were put into service. The Safeguards Implementation Report showed that most of the inspection effort continued to be focused on reprocessing plants and mixed oxide fuel plants located in advanced countries. In his delegation's view, the costs of safeguards should be included in the facility costs and should be borne by the direct beneficiaries.

73. His delegation further considered that the concept of "shielding" or "preferential treatment" accorded to some Member States in 1976 should be

maintained. That concept had been approved by the Board and was even in a sense sanctioned by Article VI.A of the Statute determining the composition of the Board of Governors, which his delegation considered to be a form of preferential treatment.

74. In a spirit of co-operation and flexibility, his delegation had gone along with the six principles in order to enable the Informal Working Group to continue its work. It was reserving its position pending definite proposals concerning the implementation of the accepted principles. It could therefore approve the draft resolution contained in document GC(XXXIV)/COM.5/89. For the time being, the provisional agreement concluded the previous year regarding arrangements for 1990, 1991 and 1992 could continue to be applied until a consensus was reached on new arrangements.

75. Mr. PAPANIMITROPOULOS (Greece) commended Ambassador Strulak on his excellent chairmanship of the Informal Working Group and on his report. He endorsed both the draft resolution submitted in document GC(XXXIV)/COM.5/89 and the principles set forth in the report, in particular the one relating to preferential treatment.

76. His delegation was convinced that safeguards expenditure would have to be further increased in the future and that all Member States would continue to have an interest in strengthening the confidence provided by the implementation of Agency safeguards.

77. Mr. GUZMAN MARTINEZ (Cuba), after thanking Ambassador Strulak, said he trusted that the working methods adopted by the Informal Working Group would make it possible to arrive at a satisfactory arrangement for the financing of safeguards. However, much still remained to be done.

78. In his delegation's view, it would undoubtedly be difficult to reach a satisfactory arrangement without paying particular attention to the need to rationalize safeguards expenditure. However, such rationalization must not in any way affect the credibility of safeguards. With those remarks, his delegation was ready to approve the draft resolution in document GC(XXXIV)/COM.5/89.

79. Mr. LAVIÑA (Philippines) echoed the remarks made by the representative of Italy and stressed that neither in the Working Group nor in the Board of Governors had there been a consensus on the principles proposed in the report by the Chairman of the Working Group.

80. Ms. OGUT (Turkey) paid tribute to the Chairman of the Working Group for his efforts and expressed support for the comments made by the representative of Pakistan. Her delegation endorsed the draft resolution contained in document GC(XXXIV)/COM.5/89.

81. Mr. STRULAK (Poland) thanked all the representatives who had spoken kind words about him and had judged the work of the Informal Working Group positively. Despite the pessimism expressed by the representative of Italy, he thought the report could serve as a basis for future work, even if there were still serious differences of opinion between delegations. He was convinced that a satisfactory arrangement could be found provided delegations showed a spirit of compromise - without, of course, ceasing to defend the basic interests of the countries they represented. On behalf of the delegations of Switzerland and Poland, he thanked all delegations which had supported the draft resolution.

82. The CHAIRMAN joined those who had congratulated the Chairman of the Working Group and said he took it that the Committee wished to recommend to the General Conference that it adopt the draft resolution contained in document GC(XXXIV)/COM.5/89.

83. It was so decided.

RULE AND POLICY ON THE APPOINTMENT OF THE DIRECTOR GENERAL (GC(XXXIV)/913 and Add.1)

84. The CHAIRMAN, noting that he had been asked to postpone review of items 15, 16 and 17 of the agenda and recalling that the Committee had already dealt with items 18, 20 and 21 and that the draft resolution to be submitted under item 19 had not yet been distributed, invited the Committee to take up item 22, entitled "Rule and policy on the appointment of the Director General". That item had been included in the agenda at the request of the

Philippine delegation, which had submitted an explanatory memorandum (GC(XXXIV)/913) and a draft resolution (GC(XXXIV)/913/Add.1).

85. Mr. LAVIÑA (Philippines), introducing the draft resolution contained in document GC(XXXIV)/913/Add.1, pointed out that preambular paragraph (a) of the draft referred to the Director General's term of office, which was four years under Article VII.A of the Statute.

86. Preambular paragraph (b) recalled three important resolutions adopted by the General Conference in 1981, 1985 and 1989, when the current Director General had been appointed, and then reappointed, each time for a term of four years. In each of those resolutions, the General Conference recommended that the Board of Governors should: (a) pay due regard to the principle of equitable representation of developing and other areas of the world, and (b) give particular consideration to candidates from developing areas who met the requirements of the high office of Director General after the expiry of the term of the current Director General. Those provisions were taken almost verbatim from the earlier resolutions and formed the basis of the present draft resolution.

87. Preambular paragraph (c) attributed to the lack of express policy on the maximum tour of duty of the Director General the fact that since the establishment of the Agency all its Directors General had come from only two Western developed countries. As he had pointed out the previous year, two of those Directors General, both from one of those two countries, had together held the office for nearly three decades.

88. Preambular paragraph (d) referred to the principle of rotation which governed the selection of heads of international organizations. Most of the organizations in the United Nations system restricted the term of office of their heads to ten or twelve years - normally two terms - and the Director-General of UNIDO had a maximum term of only eight years, corresponding to two consecutive terms.

89. Preambular paragraph (e), which emphasized the need to have appropriate procedures to govern the appointment of the Director General, was a very

important part of the draft resolution. The lack of such rules in the Agency made it unique in the United Nations system, and explained the fact that no vacancy notice was issued for the post of Director General. Conveniently, there were also no rules governing the selection or appointment of Deputy Directors General.

90. Operative paragraph 1 stated the rule and policy that the appointment of the Agency's Director General should be for a maximum of two consecutive terms. That would necessarily apply to all Directors General. Thus, a Director General who had held the office for two consecutive terms could not be a candidate for a third term. However, after an interval of one or more terms, he would be free to apply again. That rule would serve to implement the three resolutions mentioned in preambular paragraph (b), providing an opportunity to give particular consideration to candidates from developing areas who, of course, would have to meet the high qualifications required of the Director General.

91. Drawing attention again to the words "after the expiry of the term of the current Director General" which appeared in the three resolutions referred to earlier, he said that his delegation had advisedly - because it considered the time to be right - chosen the present year to submit its draft resolution. It could not have been submitted immediately before the expiry of the current Director General's term because that would have been in bad taste and discourteous to the Director General. On the other hand, it could not have been submitted before 1990 as the last renewal of the current Director General's term had taken place in 1989.

92. Operative paragraph 2 of the draft resolution "requested" the Board of Governors to observe that rule and policy in appointing the Director General, and thereby acknowledged that it was the Board which made the appointment. Of course it was for the General Conference to confirmed it. That meant that if the Board did not make an appointment, none would even reach the General Conference, and on the other hand that no appointment would be complete unless the General Conference confirmed it.

93. In addition, operative paragraph 2 requested the Board to enact appropriate rules of procedure to govern such appointments. As he had already pointed out, there being no such procedures the vacancy in the post of Director General was not even announced. Moreover, other matters such as submission of applications, time limits, or voting systems could be covered by the rules of procedure for the appointment of the Director General, and also, if the Board so wished, of the Deputy Directors General.

94. Lastly, operative paragraph 3 of the draft resolution merely asked the Board to inform the General Conference at its next session about the implementation of the resolution.

95. With those comments and the explanatory memorandum submitted by his delegation in document GC(XXXIV)/913, he recommended that the Committee adopt the draft resolution.

96. Mr. SINAI (India), supported by Mr. MGBOKWERE (Nigeria), requested, as Chairman of the Group of 77, that the Committee defer its discussion of the matter to the following day. It was possible that another draft resolution might be submitted.

97. The CHAIRMAN said that in the absence of objections he would take it that the Committee wished to defer consideration of item 22 of the agenda to the following day.

98. It was so agreed.

The meeting rose at 5.30 p.m.

