

IAEA Board of Governors
Record of the 109st Meeting
GOV/OR.1091

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Nuclear Verification: Implementation of the NPT safeguards agreement of the
Socialist People's Libyan Arab Jamahiriya: Report by the Director General

Board of Governors

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Record of the 1091st Meeting

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[*] GOV/2004/15.

Attendance

(The list below gives the name of the senior member of each delegation who attended the meeting, as well as that of any other member whose statement is summarized in this record.)

Mr. NÚÑEZ GARCÍA-SAÚCO		Chairman (Spain)
Mr. PELÁEZ	_____	Argentina
Ms. STOKES	}	Australia
Mr. CAMERON		Belgium
Mr. NIEUWENHUYS		Brazil
Mr. ABDENUR		Canada
Ms. HALL	}	China
Mr. ZHANG Yan		Cuba
Mr. LI Junjie		Czech Republic
Ms. DÍAZ GARCÍA		Denmark
Ms. DRÁBOVÁ		Egypt
Ms. POULSEN		France
Mr. RAMZY		Germany
Mr. THIEBAUD		Hungary
Mr. HONSOWITZ		India
Mr. RÓNAKY		Italy
Mr. SREENIVASAN		Japan
Mr. DE CEGLIE		Korea, Republic of
Mr. TAKASU		Malaysia
Mr. Chang-beom CHO		Mexico
Mr. GULAM HANIFF		Netherlands
Ms. ESPINOSA CANTELLANO		New Zealand
Mr. RAMAKER		Nigeria
Ms. BRIDGE		Pakistan
Mr. UMAR		Panama
Mr. BUTT		Peru
Mr. HALPHEN PÉREZ		Poland
Mr. PAULINICH VELARDE	}	Russian Federation
Mr. NIEWODNICZAŃSKI		Saudi Arabia
Mr. BERDENNIKOV		South Africa
Mr. GOLOVANOV		Spain
Mr. KURDI		Sudan
Mr. MINTY		Tunisia
Mr. DE MIGUEL ÁLVAREZ		United Kingdom of Great Britain and Northern Ireland
Mr. AHMAD		United States of America
Mr. BOUGACHA		Vietnam
Mr. O'SHEA		
Mr. BRILL		
Mr. NGUYEN TRUONG GIANG	_____	

Attendance (continued)

Mr. ELBARADEI	Director General
Ms. CETTO	Deputy Director General, Department of Technical Cooperation
Mr. GOLDSCHMIDT	Deputy Director General, Department of Safeguards
Mr. ANING	Secretary of the Board

Representatives of the following Member States attended the meeting:

Albania, Algeria, Angola, Austria, Azerbaijan, Bolivia, Bosnia and Herzegovina, Bulgaria, Chile, Colombia, Costa Rica, Cote d'Ivoire, Croatia, Cyprus, Ecuador, Estonia, Ethiopia, Finland, Ghana, Greece, Guatemala, Holy See, Iceland, Indonesia, Islamic Republic of Iran, Iraq, Ireland, Israel, Jordan, Kazakhstan, Kenya, Kuwait, Lebanon, Libyan Arab Jamahiriya, Lithuania, Luxembourg, Malta, Morocco, Namibia, Norway, Philippines, Portugal, Romania, Serbia and Montenegro, Singapore, Slovakia, Slovenia, Sweden, Switzerland, Syrian Arab Republic, The Former Yugoslav Republic of Macedonia, Turkey, Ukraine, Uruguay, Venezuela, Yemen, Zimbabwe.

Abbreviations used in this record:

APC	Assessed programme costs
CPF	Country Programme Framework
NAM	Non-Aligned Movement
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
NPT Review Conference	Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons
SAGTAC	Standing Advisory Group on Technical Assistance and Cooperation
SIT	Sterile insect technique
TACC	Technical Assistance and Cooperation Committee
TCF	Technical Cooperation Fund
WMD	weapons of mass destruction

* Speakers under Rule 50 of the Provisional Rules of Procedure are indicated by an asterisk.

5. Technical cooperation: Financing of the Technical Cooperation Fund (continued) (GOV/2004/8)

1. Mr. NGUYEN TRUONG GIANG (Vietnam), expressing deep concern about the unexpected decrease in contributions to the TCF in 2003, said that, despite many economic difficulties, Vietnam was doing its best to pay its full TCF target shares on time.
2. It was essential to ensure that the Agency's technical cooperation activities were adequately funded, and his delegation hoped that appropriate solutions to the funding problem would be found through the current consultations.
3. Mr. CAMERON (Australia), having expressed support for the action recommended in document GOV/2004/8, said that his delegation viewed with considerable concern the implications of the current shortfall in funding for the Agency's technical cooperation activities given the symbiotic relationship which existed between the different parts of the Agency's mandate. In that connection, his delegation was grateful to Ambassador Ramzy of Egypt for the way in which he was conducting consultations during which important shared principles underlying the Agency's technical cooperation activities had been identified.
4. Australia agreed that technical cooperation was a collective responsibility and viewed the fact that some Member States did not contribute to the TCF and some contributed only modestly as a fundamental issue. It believed that in view of the current reliance on a relatively narrow base of donors, the time had come to spotlight the shortcomings of those Member States which did not regularly contribute to the TCF as they should. Given the unique place of technical cooperation as part of the "bargain" lying at the heart of the Agency and the NPT, persistent shortfalls in the TCF contributions of a Member State should raise questions about that Member State's overall commitment to the Agency.
5. Australia had been disappointed about the decision to suspend APCs, as the payment of APCs was an expression of a recipient country's commitment to supporting the implementation of the Agency technical cooperation projects under way within its territory and also an indicator of project sustainability. If APCs were not reinstated, some other cost-sharing mechanism expressing the commitment of recipient countries would be necessary.
6. His delegation would like to see the Secretariat managing the Agency's technical cooperation programmes more effectively and efficiently, emphasizing programme quality and focusing more on achieving measurable outcomes. It welcomed SAGTAC's recent conclusion that there had been a significant improvement in the efficiency of the Department of Technical Cooperation and that the Department was addressing the identified priority needs of Member States more effectively.
7. Mr. Chang-beom CHO (Republic of Korea) said that his country remained fully committed to the Agency's technical cooperation activities and was seriously concerned about the shortfall of TCF resources. It believed that all Member States should share responsibility for those activities in a spirit of solidarity.
8. The Republic of Korea hoped to increase its contributions to the TCF despite budgetary austerity due to a financial crisis. Although it was not yet contributing in accordance with the current rate of attainment, its contribution to the TCF for 2003 was double that for 2001 — and his

Government had decided that the contribution for 2004, which it hoped to pay before the end of May, would be significantly higher still.

9. The Republic of Korea, which would go along with the recommendation for action made in document GOV/2004/8, would like the Secretariat to thoroughly examine in the light of the principle of shared responsibility, every possible means — including the reinstatement of APCs — of ensuring adequate and predictable resources for Agency technical cooperation.

10. Mr. PAULINICH VELARDE (Peru), said that promotion of the peaceful uses of nuclear energy through international assistance, one of the reasons for the Agency's establishment, was a cornerstone of the nuclear non-proliferation regime. His country was therefore very concerned about the fact that, because of the voluntary nature of contributions to the TCF, the resources of the TCF were inadequate.

11. The complex superstructure of mechanisms and concepts built up over the years with a view to countering irregularities in the flow of TCF contributions seemed not to have proved sufficiently effective. Given the large number of project requests that had not been met, however, the easy option of scaling down or terminating projects already approved by the Board and in their first or second year of implementation was unacceptable because governmental and TCF resources had already been invested in them.

12. His delegation hoped that the process of consultations under the leadership of the Governor from Egypt which the Chairman had initiated would produce a short-term solution and that the procedures envisaged in the "package proposal" agreed on by the Board in 2003 would lead to a long-term solution in keeping with the spirit of the "Atoms for Peace" initiative and the Agency's statutory objectives.

13. Peru had significantly reduced its APC arrears in 2003 and intended to reduce them further during the current year.

14. His delegation was prepared to go along with the action recommended in document GOV/2004/8 on the understanding that, by taking that action, the Board would not be authorizing the Secretariat to scale down or cancel projects approved by the Board for 2003–2004.

15. Mr. THIEBAUD (France), having expressed appreciation of the consultations being guided by the Ambassadors of the Czech Republic and Egypt, said that a significant number of Member States were contributing to the TCF substantially less than their target shares and 52 were not contributing at all.

16. Noting the maintenance of the overprogramming level of 20% envisaged in document GOV/2004/8, he said that, as indicated by his delegation during the November 2003 meetings of TACC¹, France attached great importance to the matching of technical cooperation programmes to the expected availability of resources.

17. The smooth functioning of Agency technical cooperation programmes depended on the availability of a predictable level of resources, and that in turn depended on all Member States paying their full TCF target shares on time. France, which had always paid its full TCF target shares and would continue to do so, would like all other Member States to follow suit.

18. France, like several other Member States, would like the APC mechanism to be retained, as the payment of APCs by recipient countries was evidence of their commitment to Agency technical

¹ See document GOV/COM.8/OR.133, para. 17.

cooperation. The idea of charging APCs directly to the counterparts in recipient countries might be worth considering.

19. The fact that the Secretariat intended to review the TCF resource situation in June 2004 showed that it had not despaired of obtaining further resources. France believed that many Member States would want to ensure that the Agency had the resources which it needed in order to fully implement the technical cooperation programme for 2004 and would rise to the occasion in due course.

20. Ms. ESPINOSA CANTELLANO (Mexico), having indicated her delegation's willingness to go along with the action recommended in document GOV/2004/8, said that Mexico regarded the Agency's technical cooperation activities as essential for the discharging of the functions set forth in Article III.A.1-4 of the Agency's Statute and as a means of providing valuable support to the social and economic development efforts of Member States.

21. Accordingly, notwithstanding severe financial restrictions, Mexico had been doing its best to pay its full TCF target share each year — and it would like to see all Member States doing their best.

22. It was very discouraging that, despite the negotiation in 2003 of a 'package proposal' which had provided for a substantial Regular Budget increase, largely for safeguards, but had also involved a commitment by all Member States to maintain an appropriate balance between the Agency's promotional and other statutory activities, a contingency plan was now needed because not all Member States had acted in accordance with that commitment. A diversion of resources away from promotional activities might well prompt Member States that discharged their Regular Budget obligations and paid their full TCF target shares to change their position.

23. Given the current difficult situation, Member States should review, yet again, the whole question of the financing of technical cooperation, examining all options proposed for ensuring that the resources available for technical cooperation were adequate, predictable and reliable. The review should include an examination of the working of mechanisms already adopted for stimulating the payment of TCF contributions. In that context, priority should be given to the technical cooperation projects proposed by countries that regularly made substantial contributions to the TCF.

24. Currently, preparations were being made for the 2005 NPT Review Conference. In that connection, it should be borne in mind that, although the NPT had four main components (safeguards, technical cooperation, disarmament and the elimination of nuclear weapons), past initiatives had focused exclusively on the strengthening of safeguards, the obligations of the international community — and particularly of the nuclear Powers — in other areas being disregarded.

25. Mr. ABDENUR (Brazil) said that his country, which had benefited enormously from the assistance received by it through Agency technical cooperation programmes, had noted the current situation of the technical cooperation programme for 2004 with grave concern.

26. In spite of severe budgetary constraints, Brazil hoped to pay \$250 000 into the TCF in the coming months, and it was committed to agreeing with the Secretariat on a time frame for the payment of arrears in respect of pledges made by it of contributions to the TCF.

27. His delegation welcomed the elaboration, by the working group chaired by Ambassador Vacek of the Czech Republic, of a comprehensive set of ideas for helping to rescue the Agency's technical cooperation activities and would like to be informed of any further steps that were contemplated.

28. There had recently been considerable talk about 'shared responsibility' for the financing of technical cooperation activities. When the TCF had been created, however, the economically more developed Member States of the Agency had been invited to make voluntary contributions to it in amounts that at least corresponded to their percentage rates of assessment for contributions to the

Regular Budget and economically less developed Member States unable to contribute in such amounts had been asked to demonstrate their support for the Agency's technical cooperation activities by making at least token contributions. That fact should be borne in mind, especially at a time when some economically more developed Member States seemed to be attributing the current financial situation to the difficulties that some economically less developed Member States were encountering in meeting their obligations.

29. The situation was particularly worrisome because it followed the broad agreement reached in 2003 on an unprecedented Regular Budget increase heavily concentrated within the area of nuclear verification. His delegation had negotiated in good faith in an effort to ensure that an adequate balance was maintained among the Agency's three pillars, and the package of measures agreed upon had represented a solid basis for that balance. However, the current situation seemed to signal a departure from the spirit of understanding that had prevailed during the 2003 negotiations. His delegation nevertheless hoped that all parties would live up to the commitments entered into by them in 2003 — commitments relating not just to technical cooperation financing.

30. Brazil believed that the Board should take the action recommended in document GOV/2004/8 on the understanding that the Board would not thereby be authorizing the Secretariat to reduce or terminate components of the agreed technical cooperation programme for 2004 and that no precedent would be created.

31. It also believed that, however the financial situation of the programme evolved, all decisions regarding it should be based on transparent and comprehensive consultations with Member States.

32. Ms. DÍAZ GARCÍA (Cuba) said that Agency technical assistance was provided by countries with the requisite resources and knowledge, the primary task of recipient countries being to ensure that the projects in question were successful and that there was full transparency in the use of resources.

33. The media and even the authorities in Member States tended to stress the dangers associated with radioactive sources which were not safe or secure and with nuclear weapons. It should be borne in mind, however, that some 30 000 people died every 24 hours for preventable reasons. Nuclear applications could undoubtedly help to alleviate the consequences of that silent war.

34. All Member States should therefore honour their commitments vis-à-vis the TCF, and the Secretariat should continue looking for alternative means of financing technical cooperation projects.

35. Cuba was in favour of the Board's taking the action recommended in document GOV/2004/8 on the understanding that it would not thereby be authorizing the Secretariat to reduce or cancel projects already approved and that a precedent would not be created.

36. Mr. GOLOVANOV (Russian Federation) said that his delegation, which attached great importance to the Agency's technical cooperation activities, was concerned about the current financial situation of the Agency's technical cooperation programme for 2004. However, it did not consider that situation to be critical. In its view, the Secretariat would find ways of making the most effective use of the available financial resources, so that cuts in the approved programme would be avoided.

37. The Russian Federation had paid its voluntary contribution to the TCF for 2003 in good time and had also paid off the small remaining amount of APC arrears due from it.

38. It was regrettable that a number of major donors had not yet fully honoured their commitments vis-à-vis the TCF. His delegation would like to see all Member States complying fully with the relevant General Conference resolution and paying their full TCF target shares.

39. A situation similar to the present one had arisen in 1998. On that occasion, thanks to a joint effort on the part of the Secretariat and Member States, the annual technical cooperation programme had nevertheless been successfully implemented. His delegation had faith in the professional competence of the Secretariat and was therefore willing to support the action recommended in document GOV/2004/8.

40. Also, it stood ready to participate actively in the search for a mutually acceptable solution to the current problem.

41. Mr. NIEWODNICZAŃSKI (Poland) said that for years the TCF had been suffering from a shortage of financial resources, so that technical cooperation programmes had had to be limited or sometimes postponed. The present situation, however, seemed to be much more serious, requiring not cosmetic changes but decisive action. In his delegation's view, the measures taken by the Secretariat were reasonable.

42. His delegation, which believed that only a responsible attitude on the part of Member States would enable the already approved technical cooperation programme to be properly implemented, looked forward to receiving a satisfactory report from the Secretariat on the level of contributions to the TCF at the June 2004 session of the Board. Meanwhile, it would go along with the action recommended in document GOV/2004/8 as an exceptional measure.

43. Mr. O'SHEA (United Kingdom) said that his delegation was very concerned about the situation under consideration, believing that Member States had an obligation to support all areas of the Agency's work — that they could not pick and choose. In the case of technical cooperation, Member States provided financial support in line with TCF targets. The United Kingdom took the TCF commitments entered into by it very seriously, and one of its first priorities at the beginning of every year was to provide its support quickly. Whenever possible, it had paid its full TCF target share on time, and it intended to continue doing so. It would like to see many more other Member States doing likewise.

44. The Agency's financial problems in the technical cooperation area were not due only to the fact that some Member States were withholding their TCF payments. More than 50 Member States made no contributions to the TCF at all, and 46 of those Member States had not paid the APCs due from them, so that total APC arrears were equal to nearly 10% of the current TCF target. That situation could not continue.

45. The United Kingdom welcomed the Secretariat's decision to invite external consultants to look into the issue, but the fundamental problem remained that, for whatever reason, some Member States had not paid what they owed. They should rectify that situation as a matter of urgency.

46. In addition, his delegation would like the Secretariat to examine new ways of maximizing the resources available for the work of the Department of Technical Cooperation. In particular, it believed that there was scope for funding more work through partnerships.

47. In paragraph 12 of document GOV/2004/8, it was stated that, if the Board did not agree to the maintenance of the 20% overprogramming level, one option open to the Secretariat was to prioritize projects within country programmes. His delegation believed that such prioritization should, in any event, become the established procedure.

48. Mr. HONSOWITZ (Germany), having expressed his delegation's willingness to go along with the action recommended in document GOV/2004/8, said that despite serious national budget constraints his country had in recent years managed to increase its voluntary contributions to the TCF and that the previous week it had made a payment of 65% of its TCF target share for 2004. It would endeavour to contribute more in the course of the year.

49. In the past, his delegation had expressed general approval of the Agency's technical cooperation programmes although, because of his Government's policy of phasing out nuclear power generation in Germany, it did not welcome every activity in those programmes. Also, it approved of the application of the 'central criterion' and of the use of CPFs, believing that strong governmental commitment in recipient countries would be an incentive for all Member States to pay their full TCF target shares.

50. At a time of serious financing problems, his delegation was sympathetic to the idea of directing the flow of scarce financial resources more to the least developed Member States provided that they had the infrastructure necessary for managing the technology transferred to them in a safe and secure manner. In addition, it believed that thought should be given to the idea of charging the least developed Member States lower APCs, or no APCs at all, and charging higher APCs to those recipient countries which were in a position to pay them.

51. His delegation also believed that thought should be given to the question of the extent to which Member States capable of managing nuclear fuel cycles and even producing nuclear weapons were really in need of further Agency technical assistance.

52. Mr. UMAR (Nigeria), having expressed support for the action recommended in document GOV/2004/8, said that the unfortunate fact that the rate of attainment agreed during the 2003 session of the General Conference would not be achieved was a serious blow to the expectations of developing countries, many of which had joined the Agency mainly in order to receive Agency technical assistance. All Member States should understand the seriousness of the situation and make every effort to pay their full TCF target shares, and all recipient Member States should pay the APCs due from them. As to the Secretariat, it should exert whatever pressure it could by — inter alia — applying the "due account" principle.

53. Mr. SREENIVASAN (India) said that the budgetary balance within the Agency had become distorted as a result of the substantial budgetary increase approved in July 2003 for safeguards and any reduction in technical cooperation resources would further distort the balance.

54. The programme and budget for 2004–2005 had been approved on the basis of a 'package proposal' providing for, inter alia, measures designed to reduce the financial burden on developing Member States — for example, the postponement of deshielding in respect of the safeguards component of the Regular Budget.

55. India was pleased that the 'package proposal' was not being reopened. In its view, the current discussion on APCs was legitimate, and his delegation, which had an open mind on the issue, would be happy to consider recommendations regarding the APC mechanism at the June session of the Board.

56. His delegation hoped that, as a result of the Board action recommended in document GOV/2004/8, TCF targets already agreed upon would be attained. His country, although it did not receive assistance through Agency technical cooperation programmes, would do its best to ensure that they were attained by continuing to pay its full TCF target shares.

57. Mr. MINTY (South Africa) said that the TCF resource shortfall, a matter of serious concern to his delegation, would have far-reaching consequences for developing countries, for many of which the main reason for joining the Agency had been its technical cooperation programmes.

58. The decline in TCF contributions should not be allowed to undermine the Agency's promotional activities. Following the agreement reached in 2003 on a 'package proposal', all Member States should act to ensure that an appropriate balance was maintained between all the statutory activities of the Agency. At the Millennium Summit, over 170 Heads of State and Government had entered into a solemn commitment aimed at the eradication of poverty and the creation of a better life for all.

59. South Africa believed that the Agency's technical cooperation activities could make a substantial contribution in that regard. Many Agency technical cooperation projects had the potential for stimulating accelerated economic development, and South Africa would therefore like to see the Secretariat aligning the projects being planned for Africa with the New Partnership for Africa's Development (NEPAD).

60. For Agency technical cooperation activities to be efficiently and effectively implemented, there had to be adequate, predictable and assured funding. South Africa would therefore like to see all Member States, and particularly the major donors, paying their full TCF target shares. In that connection, however, the socio-economic difficulties faced by most developing Member States should not be forgotten.

61. His delegation, which was grateful to those countries which were supporting the Agency's technical cooperation activities through financial and in-kind contributions, welcomed New Zealand's decision — announced by the Governor from New Zealand during the Board's previous meeting — to make a financial contribution in support of a footnote-a/ project associated with SIT research directed towards combating malaria.

62. In his delegation's view, the problem of the TCF resource shortfall should be resolved in such a way as to minimize its impact — particularly its impact on developing countries. His delegation would like the Secretariat to continue with its efforts to achieve greater synergy between the Agency and other organizations with a view to developing coherent and integrated approaches capable of pushing back the frontiers of poverty.

63. His delegation could go along with the action recommended in document GOV/2004/8 on the understanding that there would be no technical cooperation programme reduction.

64. Mr. SHAHBAZOV (Azerbaijan)*, speaking on behalf of the GUUAM group of States (Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova), expressed concern regarding the TCF resource situation and regret that the rate of attainment mechanism had not lived up to expectations. He also questioned the efficiency of technical cooperation project implementation in certain Member States.

65. The GUUAM Group was pleased that the recipient Member States in Europe had paid more than 95% of their total TCF target share — a clear demonstration of the serious attitude towards technical cooperation and the CPF process in Europe.

66. Regarding the action proposed in document GOV/2004/8, Member States should clearly understand that, if their hopes were not realized by the time of the Board's June 2004 session, that action would be valid until the end of the year. The GUUAM Group would therefore like the Secretariat to continue negotiating with the major donors which had not been paying their full TCF target shares and possibly draw up a schedule for the payment of contributions by them.

67. The GUUAM Group, which appreciated the difficulties faced by the Secretariat, hoped that the forthcoming consultations of its members with the Secretariat would ensure that their top-priority projects — relating to nuclear installation safety, radiation safety, transport safety and radioactive waste management would not be jeopardized.

68. Mr. ZNIBER (Morocco)* said that Agency technical cooperation was important for his country in areas such as health care, water resources management, nutrition and radiation safety. His country therefore believed that the resources for Agency technical cooperation must be adequate, predictable and assured.

69. The current financial situation of the Agency's technical cooperation programme for 2004 was a matter of great concern to Morocco as approved technical cooperation projects were at risk. His country's concern was all the greater because the Agency's budget for 2004, which had been adopted by consensus, provided for a fairly substantial increase in the resources devoted to safeguards, so that the balance between the Agency's main activities was now threatened.

70. It was necessary to avoid cutting the technical cooperation programme for 2004, which covered only the minimum needs of developing Member States. It was therefore necessary to make even greater efforts to obtain financial resources for technical cooperation. The contributions of Member States to the TCF were the main source of financial resources for technical cooperation, which was why Member States should pay their full TCF target shares — as his own country did.

71. Mr. AL-JASEM (Kuwait)*, expressing concern about the unexpected shortfall in TCF resources, said that they should be assured and predictable. The shortfall should be remedied as soon as possible.

72. His country, which believed that there should be a balance between the safeguards activities of the Agency and its promotional activities, would be paying its TCF contribution for 2003 in full during the current month and hoped that it would not be necessary to resort to any of the three options set out in paragraph 12 of document GOV/2004/8.

73. Mr. MÁRQUEZ MARÍN (Venezuela)* said that the Agency could not “accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world” without technology transfer through its technical cooperation programmes. Without Agency technical cooperation, countries would be unable to exploit nuclear applications for their sustainable socio-economic development and in particular to implement the security and safety standards promoted by the Agency.

74. In the latter connection, for the welcome Agency initiative relating to the security and safety of radioactive sources to be successful, there would have to be substantial technology transfer through the Agency's technical cooperation programmes, which were in fact a major support of the security and safety programme and the safeguards programme of the Agency. Also, it should not be forgotten that, as parties to the NPT, most developing countries had forsworn nuclear weapons in exchange for technology transfer in support of the peaceful utilization of nuclear energy. For the majority of the Agency's Member States — the developing ones — the TCF resource shortfall was a matter of particular concern. Although their capacity to pay was low, they had assumed greater financial obligations in support of Agency safeguards in return for promises regarding technical cooperation which had not been honoured. Agreements had not been respected, or those aspects which did not suit a certain group of countries had been selectively ignored. What would happen if developing Member States, when paying assessed contributions, withheld amounts corresponding to the percentage of the Regular Budget accounted for by safeguards? A precedent for that had already been set within one of the Vienna-based organizations.

75. Venezuela would never act in such a manner, being fully committed to the safeguards as well as the promotional activities of the Agency, but the question was a valid one.

76. The payment of APCs by recipient countries was said to be a demonstration of their commitment to the technical cooperation projects from which they were benefiting. In his country's view, such commitment was demonstrated better by the local resources — materials, equipment and qualified personnel — which recipient countries made available for those projects.

77. His delegation wondered why similar demonstrations of commitment were not demanded of those countries where safeguards were being implemented on such a scale that they accounted for

most of the Agency's expenditure on safeguards. Why should a developing country be required to help finance safeguards implementation at nuclear power plants in a country with a per capita income 7–10 times its own? Why should the companies operating the nuclear power plants not assume a commitment equal to that demanded of developing Member States?

78. With regard to the financing of technical cooperation, the concept which his country regarded as applicable was that of 'shared — but differentiated — responsibility'. All Member States should contribute to the TCF, but those with greater economic and technological capacities had a special obligation. For its part, Venezuela had made every effort to meet its financial obligations vis-à-vis the Regular Budget and the TCF. It had paid its full share of the TCF target for 2003 and hoped to pay its full shares of subsequent TCF targets.

79. Mr. FERRER (Philippines)* said that technical cooperation was an extremely important Agency activity and that his country, which was deeply committed to the peaceful utilization of nuclear energy and to international nuclear verification, greatly appreciated the work being done by the Department of Technical Cooperation. Accordingly, his delegation had recommended to its authorities that the outstanding contributions of the Philippines to the TCF be paid as soon as possible.

80. His delegation, which welcomed the consultations being undertaken by the Governor from Egypt, hoped that an equitable balance would be maintained among the Agency's various activities so that the Agency might continue to discharge its statutory mandate.

81. Mr. KOCA (Turkey)* said that his country was very much concerned about the shortfall in TCF contributions in 2003. The TCF was adversely affected by the failure of large donor countries to contribute, but also — as the Director General had indicated in his introductory statement — by the failure of numerous recipient Member States to contribute.

82. The Secretariat should make every effort to develop a well-balanced payment scheme for contributions to the TCF and should apply the 'due account' principle rigorously and transparently, making the results of its application available to Member States.

83. Turkey, which had demonstrated its strong commitment to the Agency's technical cooperation programmes by paying its full TCF target shares in a timely manner, considered that the timely payment of TCF contributions was essential to the success of those programmes.

84. The Department of Technical Cooperation was to be commended on its performance in dealing with a heavy workload, due in part to an increase in the number of recipient countries, and with various resources limitations.

85. Mr. MOREJÓN-ALMEIDA (Ecuador)* said that in 2003 his country, together with other developing Member States, had reluctantly agreed to a real increase in the Agency's Regular Budget in 2003 in the belief that the economically advanced Member States of the Agency would ensure an appropriate qualitative and quantitative balance among the Agency's main activities. His country therefore found the present situation regarding the TCF incomprehensible, especially as in February it had paid off APC arrears amounting to \$154 265 — very large sum for a country like Ecuador, and an unequivocal demonstration of its commitment to the activities of the Agency.

86. Unfortunately, the attitude of Ecuador and other developing Member States had not been reciprocated, and that had led to the present difficult situation as regards the Agency's technical cooperation activities, which ran the risk of virtual paralysis.

87. The time had come to display a spirit of international cooperation like that displayed by Agency Member States in 2003. Ecuador stood ready to cooperate, but in that connection it would like due

consideration to be given to — inter alia — the counterpart inputs made by recipient countries to the technical cooperation projects from which they benefited.

88. Mr. HALPHEN PÉREZ (Panama), having expressed support for the action recommended in document GOV/2004/8, said that, despite current budgetary restrictions, his country, which had benefited from Agency technical assistance in areas such as nuclear medicine and water resources management, would continue contributing to the TCF to the best of its ability.

89. Ms. CETTO (Deputy Director General for Technical Cooperation), welcoming the support voiced for the Agency's technical cooperation activities, said she was pleased with what several speakers had said regarding the payment by their countries of contributions to the TCF and/or of APCs. On the other hand, a warning had been sounded to the effect that countries which had so far paid their full TCF target shares might be led to modify their position if other countries did not follow suit.

90. It would be very difficult to avoid cuts in the technical cooperation programme for 2004 if more TCF resources did not materialize. New — more effective — project delivery mechanisms could be devised, but not overnight. With the mechanisms at hand, the Secretariat had made a real effort to minimize the impact of the shortage of TCF resources on the programme. However, if at the end of June the rate of attainment for 2004 was still far from being reached, programme cuts would have to be made, and a number of projects might be seriously affected.

91. The Governor from the United Kingdom had suggested that project prioritization become standard procedure. It was in fact already a standard feature of the formulation of project requests by Member States. In June, however, if sufficient additional TCF resources were not forthcoming, it would be necessary to embark, with Member States, on a project prioritization exercise of another type.

92. When the Board, in November 2003, had approved the technical cooperation programme for 2004, it had authorized the Secretariat to adjust it if there was a shortfall of TCF resources. If programme adjustments were required, the Secretariat would of course make them in a transparent manner and in consultation with the affected Member States.

93. The CHAIRMAN, summing up, said that several members had expressed concern about the current financial situation of the TCF in the light of the unexpected shortfall of TCF resources in 2003.

94. Several members had emphasized the importance of the technical cooperation programme as an essential component of the Agency's mandate, of setting priorities, of responding to the real social and economic development needs of Member States, of strong governmental commitment to project objectives, and of ensuring that a broad array of nuclear science skills and nuclear technology was transferred to Member States in a sustainable manner. In that regard, some members had stressed the need to maintain an equitable balance among all the Agency's statutory activities.

95. Some members had emphasized the importance of the transfer of nuclear technology for peaceful purposes as enshrined in the NPT.

96. It had been emphasized that every effort should be made to avoid a reduction in the technical cooperation programme already approved for 2004. Several members had stated that their agreement to the maintenance of a 20% level of overprogramming should not be regarded as an authorization to reduce or terminate components of the agreed technical cooperation programme or as creating a precedent for future occasions.

97. The Secretariat had been encouraged to expand the implementation of the concept of 'partnership', through which the Agency might increase its resources for meeting the growing needs of Member States.

98. Several members had re-emphasized the need for adequate, predictable and assured funding for the Agency's technical cooperation activities. They had expressed concern about the continued non-payment by many Member States of their TCF target shares and had highlighted the negative implications of such a situation for the Agency's technical cooperation activities. All Member States had been urged to pay in full and on time their shares of the TCF target.

99. Several members had referred to the 'package proposal' adopted by the Board on 18 July 2003, which had permitted a substantial increase in the resources for the Agency's verification activities and had also contained measures to enhance the Agency's promotional activities. They had expressed the hope that attention similar to that given to solving the budget problems of verification would be given to solving the current TCF problem.

100. Some members had encouraged the Secretariat to continue its efforts to increase efficiency and effectiveness in the management of the technical cooperation programme.

101. Some members had emphasized the importance of the payment of APCs as an expression of the commitment of recipient countries and as a source of income for the TCF. Others had suggested that other forms of cost-sharing might prove to be a more effective. Many members had stated that they looked forward to receiving the report on APCs being prepared by the Secretariat.

102. Many members had expressed support for the informal consultations being conducted by the Governor from Egypt and the hope that they would lead to a mutually agreeable solution to the current problem of the shortfall of TCF resources. They had also expressed support for a continuation of the efforts of the Chairman of the Working Group on the Rate of Attainment Mechanism with a view to his presenting a report to the Board in June 2004.

103. He took it that, as recommended in document GOV/2004/8, the Board wished to authorize an overprogramming level of 20% through 30 June 2004, pending a review of the resource situation at that time.

104. It was so decided.

105. The CHAIRMAN read out the following Chairman's statement on technical cooperation financing:

- "1. Technical Cooperation (TC) is one of the three pillars of the Agency's activities. It is an integral part of the Agency's mandate as stipulated in its Statute. It upholds the importance of technology transfer for peaceful uses, especially to developing countries that highly value and widely utilize the peaceful applications of nuclear energy and technology to achieve objectives of sustainable socio-economic development.
- "2. While contributions to the Technical Cooperation Fund (TCF) are voluntary in nature, there is a clear understanding that they represent a political commitment for all Member States. Payment in full and on time of the target shares of Member States is regarded as a demonstration of the priority attributed by Member States to support both promotional and verification activities of the Agency in an equitable and balanced manner.
- "3. Member States have consistently attached particular interest to financing of TC activities in a sufficient, predictable and assured manner. It is in this light that the current shortfall of resources for the TCF is a matter of serious concern for the Agency and its Members.

The persistence of such a situation would be detrimental to the Agency's objectives and to the interests of all Member States.

- “4. Financing of TC should be in line with the principle of “shared responsibility”: all Members share a common responsibility towards financing and enhancing the TC activities of the Agency. The attainment of the targeted level of funding for the technical cooperation programme is an objective that should be achieved through: firm political commitment by all Member States to the TC programme and its financing; a strong sense of partnership and government commitment; and a wide application of the central criterion and the “due account” mechanism. Equally important is the responsibility of the Secretariat to continue ensuring the most efficient and effective implementation of the TC Programme. In this connection, the Secretariat is urged to fully utilize the potentialities of partnerships with other organizations. The current problem should be addressed on this basis.
- “5. Assessed Programme Costs (APCs) are a recognized expression of commitment by governments of recipient States towards supporting technical cooperation activities with the Agency. It is one of the forms of demonstrating shared responsibility and cost-sharing, and a normal source of revenue for the TC Fund.
- “6. Strong government commitment is one of the important elements in the “central criterion” applied by recipient Member States as indicated in the Technical Cooperation Strategy.
- “7. On behalf of the Board I look forward to receiving the Secretariat's report on APCs as early as possible. That report should contain creative ideas, options and recommendations on cost-sharing, including APCs, that would serve to uphold the principle of government commitment to technical cooperation projects and activities. Preserving such commitment is imperative to accentuate the principle of shared responsibility of all Members States to adequately finance technical cooperation activities of the Agency. Taking into account the specific needs of developing countries, Member States are committed to consider positively those options and recommendations contained therein and adopt a decision at the June Board meeting on that matter with a view to having a positive financial impact on TCF. In the same vein, commitment by Member States to promptly pay in full their target shares represents a major contribution towards the implementation of the principle of shared responsibility.
- “8. On behalf of the Board, I emphasize the importance of enhancing the confidence of Member States by managing the TC Programme efficiently and effectively. I wish, therefore, to urge the Secretariat to take the necessary steps to continue improving the management and efficiency in implementing TC activities. We look forward to the Secretariat's report on the results of the review of the needs of major programme 6 on TC management.
- “9. The current shortfall of resources should be addressed and remedied without delay. Every effort should be made to avoid any cuts in the already approved programme of technical cooperation. Continued efforts should be deployed to address the longer-term perspective of finding ways and means to ensure that the TCF has sufficient and predictable resources.
- “10 Any decision to be taken in addressing the immediate problem of the current shortfall of resources for the TCF should be in accordance with the Package Proposal on the

Programme and Budget adopted by the Board in July 2003, which was arrived at after extensive consultations.

“11. Accordingly, and in the context of implementing the principle of shared responsibility, all Member States should pay their target shares to the TCF promptly and in full. Furthermore, all Member States which have not yet done so should pay their APC arrears promptly, and those Members which are not in a position to do so should enter into payment plans with the Agency as soon as possible.”

106. He took it that that statement was acceptable to the Board.

107. It was so decided.

4. Nuclear verification (resumed)

(b) Implementation of the NPT safeguards agreement of the Socialist People's Libyan Arab Jamahiriya: Report by the Director General (GOV/2003/82, GOV/2004/12, GOV/2004/17 and Mod.1)

108. The CHAIRMAN recalled that the Director General had first reported to the Board on the matter in document GOV/2003/82 dated 22 December 2003. He had subsequently given an informal briefing to members of the Board and other Member States on 5 February 2004 and an informal technical briefing had been held by the Secretariat on 27 February 2004. The Board had before it document GOV/2004/12, a further report by the Director General informing it of developments. A draft resolution on the item, contained in document GOV/2004/17 and Mod.1, had been put forward which, he understood, commanded broad support.

109. Mr. O'SHEA (United Kingdom), introducing the draft resolution contained in document GOV/2004/17 and Mod.1, said that on 19 December 2003, the Socialist People's Libyan Arab Jamahiriya had announced a decision to abandon its programmes for developing WMDs and their means of delivery. Preambular paragraph (b) of the original draft resolution had been slightly modified, and the list of sponsors should be expanded to include the Czech Republic, Denmark, France, Germany, the Republic of Korea, the Netherlands and Poland.

110. The draft resolution sought to welcome the announcement made by Libya and the verification activities undertaken by the Director General and the Agency. At the same time, it was clear that Libya's past actions represented failures to meet the requirements of its safeguards agreement. Those failures, identified by the Director General in document GOV/2004/12, constituted non-compliance. The sponsors therefore believed that it was appropriate for the Board to ask the Director General to report the matter to the Security Council for information purposes. While doing so, the sponsors commended the Socialist People's Libyan Arab Jamahiriya for the actions that it had taken to date, and had agreed to take, to remedy the non-compliance. The sponsors believed that there was widespread support for the draft resolution and hoped that it could be adopted by consensus.

111. The CHAIRMAN took it that the Board wished to adopt the draft resolution contained in document GOV/2004/17 and Mod.1 thereto without a vote.

112. It was so decided.

113. Mr. GULAM HANIFF (Malaysia), speaking on behalf of NAM, welcomed the Libyan Arab Jamahiriya's voluntary decision to eliminate materials, equipment and programmes which might lead to the production of internationally proscribed weapons. That was an important contribution to realizing the objective of a WMD free zone in the Middle East.

114. Libya's past non-compliance with its safeguards agreement was a matter of utmost concern, and NAM was pleased that Libya had subsequently adopted a policy of full transparency and had decided to provide the full picture of all its nuclear activities. Also, Libya had shown active cooperation and openness by deciding to act as if an additional protocol were in force as of 29 December 2003, responding promptly to the Agency's request for information, by granting access to all locations the Agency requested to visit, by agreeing to submit the relevant inventory change reports, provide design information on related facilities and submit updated design information on the research reactor at Tajura, and by informing the Security Council of the matter by way of a letter dated 23 December 2003.

115. NAM took note that as part of the process of verifying the correctness and completeness of Libya's declarations, the Agency was being assisted by Member States on the issue of supply routes and sources of sensitive nuclear technology and related equipment and materials. In that context, it welcomed the cooperation extended by NAM Member States. Such cooperation should be promoted in accordance with the rights and obligations of the States concerned under the relevant treaties and safeguards agreements to which they were party. NAM hoped that all other States whose individuals and companies were allegedly involved with the supply routes and sources of sensitive nuclear technologies would extend similar cooperation to the Agency.

116. Finally, NAM encouraged Libya to continue its cooperation with the Agency and was pleased that the matter was being resolved within the framework of the Agency.

117. Mr. MURPHY (Ireland)*, speaking on behalf of the European Union and the acceding countries Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, the candidate countries Bulgaria, Romania and Turkey, the countries of the stabilization and association process and potential candidates Albania, Bosnia-Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, and Serbia and Montenegro, and the EFTA (European Free Trade Association) countries Iceland and Norway, members of the European Economic Area, echoed the previous speaker in welcoming the decision by Libya to eliminate materials, equipment and programmes which led to the production of internationally proscribed weapons, and to sign an additional protocol and be bound by its provisions with effect from 29 December 2003.

118. At the same time, the European Union noted and shared the great concern that, since the early 1980s, Libya had been in breach of its obligation to comply with its safeguards agreement and that it had acquired nuclear weapon design and fabrication documents.

119. The European Union was pleased that Libya had finally brought its undeclared programme to the Agency's attention and was cooperating with the Agency. It looked forward to the continuation of that cooperation, not least in helping track the supply routes for technology, equipment and materials used in that programme.

120. He called on all Member States to cooperate fully with the Agency in its investigation of the sources and supply routes for the technology, equipment and materials acquired by Libya in pursuit of its undeclared nuclear programme and promised the European Union's full cooperation in that regard.

121. Mr. SREENIVASAN (India) welcomed Libya's decision to abide by its international commitments. The Agency had a key role to play in verifying Libya's voluntary disclosure of past nuclear weapons related activities as well as assisting it in its decision to pursue the use of nuclear

energy for peaceful purposes. India encouraged the Director General to provide Libya with technical cooperation to enable it to reach its development goals.

122. The work of the Agency had not been made any easier by the revelations that had come to light since the previous Board meeting in November 2003 regarding external sourcing of nuclear materials, components, technology and even bomb design. India was hopeful that the outstanding issues would soon be resolved through dialogue, cooperation and with the necessary transparency. It was important, and also a matter of sovereign responsibility, for all Member States to honour and implement in full their commitments to their respective safeguards undertakings with the Agency.

123. Recent cases had highlighted the ineffectiveness of export controls on nuclear technology and materials. Meeting new proliferation challenges required fresh approaches and a pooling of the efforts and resources of the international community. India welcomed multilateral consultations aimed at developing an effective framework for preventing proliferation, including the Director General's proposal to appoint an expert group to examine in depth the feasibility of addressing key proliferation issues. India was prepared to contribute to that process. The difficulty of the task ahead must not deter the international community from moving forward together, while bearing in mind the critical importance of nuclear energy for peaceful purposes.

124. Mr. RAMZY (Egypt) said that the issue under discussion was of direct relevance to security in the Middle East and therefore of critical importance to his country. The Libyan decision of 19 December 2003 and the subsequent steps taken towards its implementation were a welcome contribution towards attaining the goal of a zone free from WMDs in the Middle East. Egypt, while heartened by the overwhelming positive response to Libya's step, felt that more could be done to further that goal in practical terms.

125. The Agency, the 1995 NPT Review Conference, the General Assembly and the Security Council had all adopted resolutions calling for the establishment of such a zone. The Islamic Republic of Iran, France, Germany and the United Kingdom had adopted a declaration in Tehran on 21 October 2003 committing themselves to cooperate in promoting security in the region, including through the establishment of a zone free from WMDs in the Middle East. Iraq's WMD programme had been dismantled in implementation of Security Council resolution 687 (1991). The Agency was continuing its work in Iran with a view to providing the necessary assurances on the peaceful nature of the Iranian nuclear programme, and now Libya had taken a positive step towards the establishment of the zone.

126. Yet Israel had made no reciprocal gesture. It continued to reject the international community's repeated calls to accede to the NPT and place all its nuclear activities under Agency full-scope safeguards. Unfortunately, the international community had taken no concrete action in that regard. It was often argued that a zone free from WMDs could be established only within the context of comprehensive peace in the Middle East. That did not mean that the zone had to wait for comprehensive peace to be achieved. Progress on arms control and security arrangements did not have to occur in perfect symmetry. Progress on either front would reinforce progress on the other. Recent developments demonstrated that resolve, goodwill and cooperation would yield positive results. There was no doubt that the international community was committed to the establishment of such a zone. All that was needed was the resolve to take concrete action towards its realization. As to the goodwill of Israel, its actions belied its words.

127. Libya's decision constituted yet another opportunity to galvanize international action and it would be a shame if the opportunity was not seized.

128. Mr. KURDI (Saudi Arabia) welcomed the announcement by Libya to abandon its programme for developing WMDs, and nuclear weapons in particular. That constituted a step towards bringing

Libya into conformity with its obligations under its safeguards agreement. Saudi Arabia also welcomed the voluntary measures taken by Libya to meet the demands of the international community, the information which it had submitted, its authorization to transfer materials and equipment outside its territory, and its decision not only to sign an additional protocol to its safeguards agreement but also to apply all its provisions immediately.

129. His delegation was convinced that the Agency would continue to deal with the question in an honest and impartial manner so as to dispel the concerns of the international community and reach a final conclusion in respect of the Libyan nuclear programme. The measures taken by Libya were proof of the awareness of the Arab States that the Middle East must be a region free from nuclear weapons and other WMDs. Saudi Arabia urged the Agency to do everything it could to achieve that goal.

130. Ms. ESPINOSA CANTELLANO (Mexico), expressing regret at Libya's history of non-compliance with its safeguards obligations, welcomed its announcement that it would eliminate materials, equipment and programmes which led to the production of internationally proscribed weapons as well as its willingness to cooperate on taking all necessary corrective measures. Her delegation urged Libya to continue pursuing a policy of full openness and cooperation with the Agency and concerned States in order to resolve pending issues associated with the application of safeguards.

131. The events in Iran and in Libya had shown how fragile the verification system was. It had also revealed the existence of illegal trafficking in sensitive nuclear technology and equipment, which undermined the Agency's non-proliferation efforts. That was a source of concern and required special attention by the Board. Her delegation urged the international community not only to reaffirm its commitment to the non-proliferation regime and full compliance with the Agency's safeguards regime but also work to achieve concrete progress towards nuclear disarmament.

132. Mr. ZHANG Yan (China), having commended the Director General for the well-balanced and impartial report contained in document GOV/2004/12 welcomed the Libyan Government's decision to end its WMD programme and to accept Agency verification. That would contribute to international non-proliferation efforts and help promote the objective of eliminating WMDs and restoring peace and stability in the region.

133. Libya had abandoned its WMD programme as a result of diplomatic negotiations, showing once again that the international community was well able to resolve non-proliferation issues through dialogue and by peaceful means. China applauded the efforts made by the United States and the United Kingdom in that regard. China supported the Agency in the discharge of its verification responsibilities under the safeguards agreement and urged it to redouble its efforts. It expected the Libyan Government to continue its close cooperation with the Agency so as to complete the verification process as soon as possible.

134. China actively supported international non-proliferation efforts and was resolutely opposed to WMDs and their means of delivery. It was in favour of the early establishment of a zone free from WMDs in the Middle East and supported the international community's efforts to that end.

135. Mr. TAKASU (Japan) welcomed Libya's decision to abandon all its WMD programmes, to allow immediate inspection by the Agency and to conclude an additional protocol. He also applauded its cooperative attitude in implementing that decision, including its openness with regard to verification activities. He expressed appreciation for the efforts made by the United Kingdom and the United States, which had led Libya to take those decisions, and commended the Agency for its efforts to implement advanced, vigorous verification activities at such short notice.

136. Libya's actions had a significant impact on the promotion of disarmament and non-proliferation of WMDs. Its decisions were in line with Japan's policy of pursuing the universality of international agreements on the banning and limitation of WMDs. Also, they would contribute to strengthening peace and stability in the Middle East and worldwide. It was a matter of serious concern to the international community that Libya had conducted undeclared activities aimed at producing nuclear weapons over an extended period of time. Japan was alarmed about the supply network of nuclear material and sensitive equipment and technology that had enabled Libya to carry out such a plan. It hoped that the verification activities would continue to move forward with full cooperation from Libya both so that the Agency could confirm the completeness and correctness of Libya's declaration and to further expose the supply network. The cooperation of third countries was indispensable in resolving all open questions. He emphasized the importance of universal acceptance of the additional protocol for strengthening the non-proliferation regime.

137. In conclusion, his delegation urged those States which were suspected of developing WMDs, such as the Democratic People's Republic of Korea, to follow Libya's example.

138. Ms. STOKES (Australia) expressed appreciation to the United Kingdom and the United States for working with Libya in reaching its decision. The outcome clearly demonstrated that diplomatic initiatives could reinforce the objectives of the nuclear non-proliferation regime. The Agency had a pivotal role to play in verifying Libya's decision.

139. Libya's action would help to restore productive relations with the international community, and help it to reap the benefits it had foregone during decades of isolation and the covert pursuit of WMDs. Libya's experience exemplified the rewards awaiting States which embraced transparency and committed themselves to compliance with the highest nuclear non-proliferation standards.

140. It was disturbing that Libya had been able covertly to acquire sensitive nuclear material and technology while party to the NPT and subject to Agency safeguards. That once again underscored the importance of strengthening the safeguards system through universal application of the additional protocol. Australia welcomed Libya's decision to sign an additional protocol and urged those States which had not yet done so, particularly those with significant nuclear activities, to follow suit without delay.

141. Libya had been able to acquire nuclear technology and material through a sophisticated black market network, apparently facilitated by either inadequate or non-existent export control practices in third countries. Effective export controls played a central role in preventing such proliferation. The additional protocol required States to report exports of nuclear equipment and material specially designed or prepared for nuclear use. That was another yet reason why Member States should make the additional protocol the safeguards norm.

142. Mr. DE CEGLIE (Italy) said that the announcement by Libya that it was eliminating its undeclared WMD programme was an historic decision of great significance for the peace and security of all the countries of the area. Italy joined others in welcoming the decision of the Libyan authorities to sign and voluntarily implement an additional protocol to their safeguards agreement. That was an exemplary step that should be followed by all Member States.

143. The Libyan authorities had opened the way to new cooperation and made possible the uncovering of a vast nuclear black market, which the Agency would now be able to investigate.

144. In conclusion, he said that the Government of Italy, which had held the Presidency of the European Union in the second half of 2003, had fostered a strong European Union strategy aimed at countering the proliferation of WMDs.

145. Mr. GOLOVANOV (Russian Federation) said that the very fact that a State which was party to the NPT with a safeguards agreement in force had pursued for such a long time clandestine programmes for the development of nuclear weapons and other WMDs was a cause for concern. On the other hand, Libya's announcement of their existence and its voluntary decision to eliminate them under international controls were positive.

146. It was his delegation's understanding that preambular paragraph (i) of resolution GOV/2004/17 reflected the content of paragraph 33 of the Director General's report, contained in document GOV/2004/12.

147. He called all Governments which had not yet done so to join the NPT as non-nuclear-weapon States, renew efforts to establish nuclear-weapon-free zones and place all peaceful nuclear activities under Agency controls. That would be an important step towards strengthening regional and international stability and security and would promote cooperation in the field of the peaceful uses of nuclear energy.

148. The discovery of an illegal network of trafficking in sensitive nuclear technology, equipment and materials gave cause for concern. His delegation hoped that the information received from Libya and cooperation between the Agency and all interested States would make it possible to disclose the supply routes and to formulate a general action programme to combat such activities.

149. Libya was demonstrating active cooperation and transparency with Agency inspectors being granted unrestricted access to all sites. That cooperation between the Libyan authorities and the Agency would create favourable conditions for putting a speedy end to existing violations of the NPT and of Libya's safeguards agreement, and would help ensure that henceforth Libya's nuclear activities were conducted exclusively for peaceful purposes.

150. His delegation assumed that the Agency would continue its inspection activities in Libya as called for under the safeguards agreement and the additional protocol thereto. He reiterated how important it was for the Libyan authorities to cooperate fully with the Agency on the basis of transparency.

151. In closing, he announced that as part of the tripartite initiative between the Russian Federation, the United States and the Agency, on 8 March high enriched fresh nuclear fuel stored at the Tajura Nuclear Research Centre had been taken to Russia.

The meeting rose at 1.05 p.m.