

IAEA Board of Governors  
Record of the 1112<sup>nd</sup> Meeting  
GOV/OR.1112

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Nuclear Verification  
(c) Implementation of the NPT safeguards agreement in the Republic of Korea:  
Report by the Director General

# Board of Governors

**GOV/OR.1112**

Issued: January 2005

**Restricted Distribution**

Original: English

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## Record of the 1112<sup>th</sup> Meeting

*Held at Headquarters, Vienna, on Thursday, 25 November 2004, at 3 p.m.*

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[\*] GOV/2004/87.



## 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.)

Ms. HALL		Chairperson (Canada)
Mr. NIEWODNICZAŃSKI		Vice-Chairman (Poland)
Ms. FEROUKHI	}	Algeria
Mr. FASSIH		
Ms. KELLY		Argentina
Ms. STOKES	}	Australia
Ms. COLLETT		
Mr. NIEUWENHUYS		Belgium
Mr. VIEIRA DE SOUZA		Brazil
Mr. PROUDFOOT		Canada
Mr. ZHANG Yan	}	China
Mr. CAO Shudong		
Mr. MOREJÓN-ALMEIDA		Ecuador
Mr. THIEBAUD	}	France
Mr. MOURLON		
Mr. HONSOWITZ	}	Germany
Mr. SANDTNER		
Mr. BEKOE		Ghana
Mr. RÓNAKY		Hungary
Mr. SHARMA		India
Mr. DE CEGLIE		Italy
Mr. TAKASU		Japan
Mr. Young-jin CHOI		Korea, Republic of
Ms. ESPINOSA CANTELLANO	}	Mexico
Mr. PEÑA HALLER		
Mr. KOP		Netherlands
Mr. UMAR		Nigeria
Mr. BUTT	}	Pakistan
Mr. NAQVI		
Ms. AZURÍN ARAUJO		Peru
Mr. NIEWODNICZAŃSKI		Poland
Mr. KUCHINOV	}	Russian Federation
Mr. KARASEV		
Mr. GAFOOR		Singapore
Ms. ŽIAKOVÁ		Slovakia
Mr. MOLEAH		South Africa
Mr. UYANGODA		Sri Lanka
Ms. MELIN		Sweden
Mr. DAOUAS		Tunisia
Mr. WRIGHT		United Kingdom of Great Britain and Northern Ireland
Mr. NOBLE	}	United States of America
Mr. GLASS		

**Attendance** (continued)

Mr. MÁRQUEZ MARÍN  
Mr. LAI NGOC DOAN  
Mr. OBEID

Venezuela  
Vietnam  
Yemen

Mr. ELBARADEI  
Mr. ANING

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Director General  
Secretary of the Board

**Representatives of the following Member States attended the meeting:**

Angola, Armenia, Austria, Belarus, Bolivia, Bosnia and Herzegovina, Bulgaria, Burkina Faso, Chile, Colombia, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, Georgia, Greece, Holy See, Indonesia, Islamic Republic of Iran, Iraq, Ireland, Israel, Kazakhstan, Latvia, Lebanon, Libyan Arab Jamahiriya, Lithuania, Luxembourg, Malaysia, Malta, Mongolia, Morocco, Namibia, New Zealand, Norway, Panama, Paraguay, Philippines, Romania, Saudi Arabia, Slovenia, Spain, Switzerland, Syrian Arab Republic, Thailand, Turkey, Ukraine, United Arab Emirates, Uruguay.

**Abbreviations used in this record:**

Agreed Framework	Agreed Framework between the United States of America and the Democratic People's Republic of Korea
AVLIS	atomic vapour laser isotope separation
DPRK	Democratic People's Republic of Korea
EFTA	European Free Trade Association
EU	European Union
Euratom	European Atomic Energy Community
GRULAC	Latin American and Caribbean Group
ICR	inventory change report
LEU	low-enriched uranium
LWR	light-water reactor
NAM	Non-Aligned Movement
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
OIOS	Office of Internal Oversight Services
OLR	on-load refuelled power reactor
SAGSI	Standing Advisory Group on Safeguards Implementation
SIR	Safeguards Implementation Report
SSAC	State System of Accounting for and Control of Nuclear Material

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



## 4. Nuclear verification

### (b) Review of the safeguards programme and criteria: Report by the Director General (continued) (GOV/2004/86)

1. Mr. WRIGHT (United Kingdom) said that the reviews reported on in document GOV/2004/86 had clearly been thorough and had yielded generally positive conclusions, testifying to commendable effort on the part of the Secretariat and the Department of Safeguards in particular. They had also yielded constructive recommendations, to which the Secretariat had responded in a manner confirming the broad nature of the agreement on how the development of a strengthened safeguards system should continue.
2. From the OIOS-coordinated review it was clear that, even with the recent agreed budget increases, extrabudgetary funding would continue to play a pivotal role in the procurement of new equipment and the development of new techniques. Member States committed to the success of the safeguards regime would have to bear that in mind.
3. For its part, in addition the £560 000 it had already provided within the framework of its safeguards support programme, the United Kingdom had recently donated £1.1 million in support of the Agency's safeguards information system re-engineering project. He called on other Member States to support the Agency in its attempt to upgrade its capabilities.
4. Both reviews had recommended that the Secretariat continue to enhance its cooperation with national and regional systems of accountancy and control. His country was very much in favour of such cooperation and, as far as Europe was concerned, expected that the European Commission would work closely with the Agency on any changes to the existing safeguards arrangements.
5. In conclusion, the United Kingdom would continue to support the Secretariat in its efforts to achieve widespread implementation of a safeguards system based both on comprehensive safeguards agreements and additional protocols.
6. Mr. MOREJÓN-ALMEIDA (Ecuador) said his country hoped that the SAGSI review would lead to a modernization of Agency safeguards and to efficiency gains resulting in cost reductions. He called for a thorough examination of SAGSI's conclusions.
7. Mr. SHARMA (India) said that the two reviews under consideration had been carried out pursuant to the budget package proposal agreement reached in July 2003.
8. He noted with satisfaction that the external evaluators had concluded that the Department of Safeguards had, in general, done a good job of implementing safeguards strengthening measures, despite budgetary and other constraints. Their views regarding the impact of extensive use of extrabudgetary funds should be borne in mind, especially the observation that there were areas where, for reasons of objectivity and credibility, extrabudgetary funds should not be used. There had to be a commitment by top management to implementing a comprehensive and fully fledged quality management system. Furthermore, differences in capability to detect undeclared nuclear material and activities at declared and undeclared locations should be properly reflected in the SIR.
9. The use of open-source information by the Department of Safeguards might become necessary, but the avalanche of such information would ultimately lead to information overload and expert



judgement would be needed to isolate the signal from the noise. His country would like to be briefed about the infrastructure being established by the Secretariat for analysing clandestine nuclear procurement networks.

10. One important conclusion of SAGSI was that the traditional safeguards criteria were basically sound, although there was room for improvement in effectiveness and efficiency in some areas. His country agreed with SAGSI that extreme caution was needed when extrapolating the possible budgetary implications of a change in the overall number of person/days of inspection. Reducing inspections should not be an aim in itself.

11. Mr. SANDTNER (Germany) said that the report under consideration was an important step towards modernization and flexibilization of the Agency's safeguards system and a helpful contribution to its integration and the enhancement of its efficiency. If the principles described in the report were applied in an adequate manner, it should be possible to reduce some of the more mechanistic and routine activities and concentrate on the really relevant tasks.

12. The State-level approach, which his country strongly favoured, implied a shift from an essentially quantity-based system relying mainly on nuclear material controls to a quality-based system oriented towards the relevant activities in a country. Under that approach, implementing numerous formal criteria was less important than whether and how verification objectives were met. As SAGSI had indicated, the State-level approach was also important for traditional safeguards. Germany welcomed the fact that the Secretariat was encouraging that process of change, inter alia by updating its training and introducing a quality management system. It was noteworthy that SAGSI even considered that a criteria-driven approach was not appropriate for the implementation of integrated safeguards (major finding B2) and that the Secretariat agreed with that finding. That was a strong indication of welcome progress towards a safeguards system adapted to the real needs of the international community.

13. The report showed convincingly that a whole range of measures was necessary to establish an integrated safeguards system based on the State-level approach. Clearly, new technologies would play an important role, including the use of open-source information and satellite imagery, greater use of remote monitoring techniques and remote data transmission, modern information technology and computer systems, and measures to prevent the misuse of research reactors.

14. The concept of timeliness was central, and his country shared the views expressed in the report regarding the possibilities of reducing inspection activities not only at LWRs but also at other types of nuclear facility and for operations such as the transfer of spent fuel to dry storage. It welcomed the fact that SAGSI and the Secretariat did not see a general need for remeasurement of nuclear material under containment and surveillance. On the other hand, randomized inspection schemes needed to be worked out and applied in an appropriate manner. A quality management system should also be developed, the team concept should be strengthened, accurate cost information should be elaborated and training courses should be updated.

15. Germany hoped that the report would not only form the basis for applying the integrated safeguards system but would also have consequences for the existing safeguards systems. SAGSI should monitor implementation closely and the Secretariat should report in due course.

16. Mr. MÁRQUEZ MARÍN (Venezuela) welcomed the conclusion of the panel of independent external evaluators that the Department of Safeguards had generally done a good job in implementing safeguards strengthening measures despite resource constraints, and expressed support for the effective and efficient application of strengthened safeguards, especially in countries with major nuclear programmes. He looked forward to extensive consultations between the Secretariat and

Member States on the recommendations contained in the report with a view to ensuring their satisfactory implementation.

17. Mr. RÓNAKY (Hungary) welcomed the findings in the report and the Secretariat's quick and positive response to most of the recommendations made by the external evaluators and SAGSI. Given the developments in the field of nuclear non-proliferation, strengthening the Agency's safeguards system was a matter of the utmost importance. It was also important that the Secretariat intensify its efforts to increase the efficiency of the system, for example by speeding up the evaluation of additional protocol declarations so that quicker progress could be made in the introduction of integrated safeguards. He welcomed the fact that, almost two years after first reaching a conclusion regarding the absence of undeclared nuclear material and activities in Hungary, the Secretariat had recently taken a decision to start implementing integrated safeguards there.

18. Ms. MELIN (Sweden) said that her country was grateful to the panel of independent external evaluators and to SAGSI for their work and welcomed the Secretariat's responses to the recommendations made. The two reviews were most timely as a significant number of Member States had recently brought, or were close to bringing additional protocols into force. Given the urgency of early implementation of additional protocol measures, her country greatly appreciated the forward-looking approach adopted in the two reviews. It agreed with SAGSI that a fundamental redesign of traditional safeguards criteria was not justified at present and that the immediate challenge was to give real meaning to the State-level approach. That would require an optimum combination of measures with a view to creating a solid system of integrated safeguards without the rigidities of traditional safeguards. One factor in making the transition from traditional to integrated safeguards smooth and as rapid as possible would be a continuing strong focus on the development of new methodologies for safeguards evaluation. Sweden looked forward to further reports on how the development of such methodologies was proceeding.

19. Ms. ŽIAKOVÁ (Slovakia) said that the panel of independent external evaluators and SAGSI had done an excellent job in identifying and prioritizing the issues and presenting opinions on how to operate in an environment characterized by numerous limitations. Her Government had noted with satisfaction the panel's conclusion that the Department of Safeguards had generally done a good job in implementing safeguards strengthening measures despite budgetary and other constraints. As regards quality management, Slovakia's experience had shown that a comprehensive quality management system could only be sustained only if it had the unconditional support of top management. With regard to safeguards conclusions concerning undeclared nuclear material and activities, her country agreed with the external experts that it was impossible to draw conclusions about non-diversion in absolute terms, though integrated safeguards should be a means of approaching that ideal objective. The development of integrated safeguards therefore had the full support of her Government, which was convinced that the implementation of integrated safeguards would in the long run also lead to greater efficiency. Whatever measures and technologies were developed and implemented, the full cooperation of Member States with the Secretariat would remain essential.

20. Mr. PEÑA HALLER (Mexico) said that non-proliferation and disarmament were a foreign policy priority for his country and the Mexican Government attached great importance to all measures taken by the Agency to create an effective and efficient safeguards system which was universal in scope. Accordingly, it had noted with satisfaction the conclusion of the panel of independent external evaluators that the Department of Safeguards had generally done a good job in implementing safeguards strengthening measures despite resource constraints. Mexico would like to see integrated safeguards implemented widely, especially in States with substantial nuclear programmes. It would therefore be desirable to adopt criteria for the implementation of integrated safeguards in individual States. The Agency should also promote, plan and conduct regional training courses, seminars and workshops for national safeguards authorities designed to facilitate the upgrading and establishment of

quality management systems. Mexico's National Commission for Nuclear Safety and Safeguards stood ready to support those activities.

21. Mr. NOBLE (United States of America) endorsed the general conclusion that the Agency was making good progress in implementing safeguards strengthening measures and welcomed the Secretariat's positive response to the recommendations of the external evaluators and SAGSI.

22. The external evaluators had made the point that the Agency's new capabilities for detecting undeclared nuclear activities remained largely untested and that differences in the Agency's detection capabilities at declared and undeclared locations should be reflected in the SIR. Recent events had strengthened his country's belief that clandestine nuclear activities might be very difficult to detect. Moreover, even minor omissions could discredit a broad assertion regarding the absence of undeclared activities. The Agency's safeguards conclusions should reflect that technical reality.

23. The Secretariat had taken advantage of many opportunities for cooperating with national and regional accountancy and control systems and it should continue to do so, subject to the constraint that it had to provide independent verification.

24. SAGSI was to be commended on arriving at a consensus on a broad range of difficult technical questions. The United States agreed with all its major findings and generally endorsed the technical advice it had given, particularly with respect to timeliness, the use of containment and surveillance, continuity of knowledge, and reactor safeguards. The Agency should draw on those findings and advice in moving forward with integrated safeguards.

25. In replacing a uniform system of safeguards with one adapted to State-specific circumstances, it was important to bear in mind that the safeguards had to remain effective, non-discriminatory and transparent. Agency-wide standards of effectiveness would have to be built into the system and objective criteria used in justifying differences in approach for different States. Otherwise, the perception of a credible, fair and technically driven system might be lost.

26. His country agreed with SAGSI that the Agency should exploit the potential of technology, in particular containment and surveillance systems, as a means of achieving effectiveness, timeliness and efficiency. The Secretariat should formulate recommendations for the development of advanced containment and surveillance approaches, especially at reactors where questions regarding spent fuel transfers still needed to be resolved.

27. With regard to SAGSI's welcome advice on timeliness, inspection timing no longer needed to be dictated by physical inventory taking or surveillance data collection. The modern approaches suggested by SAGSI, including the use of unattended and remote monitoring and randomized inspection timing, should allow not only for greater efficiency but also for the more continuous monitoring of nuclear material. As SAGSI had noted, the one-year timeliness value for LEU was not consistent with the potential threat posed by modern centrifuge technology; the new approaches should enable the Secretariat to address that problem efficiently.

28. Better cost information and better cost-benefit analysis were needed to achieve maximum effectiveness and efficiency of integrated safeguards. Although gathering cost data and modelling safeguards costs required some effort, that effort was worthwhile.

29. Mr. MOURLON (France) said that the findings and recommendations of the external evaluators and SAGSI were very interesting and the Secretariat was to be commended on its rapid response to them.

30. Both the external evaluators and SAGSI had underlined the importance of additional protocols and integrated safeguards. France believed that the new safeguards approaches currently being

developed by the Secretariat would help strengthen the safeguards system and adapt it better to a variety of situations, enabling optimum use to be made of the available resources to the benefit of the international community.

31. Both the external evaluators and SAGSI had recommended still closer cooperation between the Secretariat and national accountancy and control systems and his country greatly appreciated the efforts already made by the Secretariat in that regard. Further progress would depend not only on the Secretariat and Member States but also on regional systems in particular.

32. Safeguards were an essential statutory task of the Agency, which should be provided with the resources needed to implement them. That was why France had approved the increase in the safeguards budget agreed upon in 2003. However, ongoing efforts were needed to increase efficiency and control costs. The recommendations of the external evaluators and SAGSI and the measures taken by the Secretariat seemed to be conducive to that end.

33. Mr. PROUDFOOT (Canada) said that his country was pleased with the quality of the reviews reported on in document GOV/2004/86 and with the Secretariat's detailed responses to the recommendations made, particularly those relating to efficiency savings. As SAGSI and the Secretariat had noted, the transition to a State-level approach would involve a cultural change within the Department of Safeguards and Canada welcomed the manner in which the Department was encouraging and managing that change. For many years, through its safeguards support programme, Canada had been assisting the Secretariat with the development of safeguards equipment and new safeguards approaches and some of those approaches, e.g. those relating to OLR spent fuel transfers, should result in significant savings of inspector time.

34. The Secretariat should keep SAGSI informed of the implementation status of the recommendations contained in document GOV/2004/86.

35. Mr. KARASEV (Russian Federation) said that the two reviews reported on in document GOV/2004/86 had been very timely in the context of strengthening of the safeguards system to deal with the ongoing expansion of nuclear activities in many countries and the emergence of new challenges to the nuclear non-proliferation regime. Such reviews helped minimize errors in the transition period and maintain efficiency and effectiveness.

36. His country agreed with recommendation A4 regarding the need for adequate in-house capability to analyse open-source information and satellite imagery and for a policy on the use, verification, and security of information conveyed to the Agency by third parties. The Secretariat should make the widest possible use of the experience and capabilities of Member States. The establishment of a system for collecting, analysing and using open-source information and satellite imagery had been a major achievement. The number of countries with additional protocols had increased substantially, particularly with the entry into force of the additional protocols for the member countries of the European Union, and thus the volume of work had grown and the recommendations of the external evaluators were very timely.

37. Recommendation A7 called for priority to be given to completing all elements needed for the application of integrated safeguards in States with major fuel cycle activities. His country had repeatedly urged the Secretariat to start developing approaches for the application of integrated safeguards at State level as soon as possible, without waiting for the completion of all the formalities for the entry into force of additional protocols, in order to avoid the additional work which was to be expected as a result of the entry into force of the additional protocol in EU member countries. Russia welcomed the Secretariat's plan to develop an approach for the application of integrated safeguards at enrichment plants, a matter which should have been reviewed long ago. The proposals arising out of the so-called Hexapartite Project some 20 years previously should be reviewed in the light of the

experience gained in implementing them and taking into account the new enrichment technologies that had been developed in the meantime.

38. He noted the efficiency improvements recommended by SAGSI. His country agreed with SAGSI that an individual State-level approach should be used for each country for the application of integrated safeguards. Although the safeguards objectives would remain similar for all countries, the State-level approach should provide for an optimum combination and intensity of safeguards measures taking into account the specific circumstances in the country in question. His country also agreed with SAGSI's views regarding the need for a cultural change, i.e. a transition from the uniform safeguards at facilities of the same type typical of traditional safeguards to State-level approaches, it being understood that differences in approach did not amount to discrimination but reflected differences in circumstances.

39. Finally, he requested that the Secretariat report to the Board at the end of 2005 on the implementation of the recommendations and proposals contained in document GOV/2004/86.

40. Ms. COLLETT (Australia) said that openness to external review was essential for maintaining confidence in operations under the safeguards programme. She therefore welcomed the two reviews under discussion and the positive findings contained therein.

41. The review by the panel of external evaluators dealt primarily with management issues, specifically how well the Department of Safeguards had implemented safeguards strengthening measures. While the outcome was generally positive, the panel had noted that the Department had not been able to meet fully its strategic objectives and had suggested that severe resource constraints might have contributed to that problem and that the increase agreed in the Agency's budget should improve the situation.

42. The SAGSI review of safeguards criteria made recommendations on strategic directions and practical operational matters. In particular, it addressed the issue of how to ensure that safeguards were effective while dealing with the efficiency concerns that had prompted the review. One key recommendation was the application of a State-level approach for all States and not only those under integrated safeguards. The wider application of integrated safeguards would bring substantial efficiency gains and promote effectiveness. Other recommendations had included the greater use of unattended and remote monitoring systems and of unannounced or short-notice inspections, innovative ways of achieving timeliness, and a more practical approach to the continuity of knowledge. Such forward-looking recommendations should result in substantial savings, including immediate savings in resource-intensive areas such as spent fuel transfers. The report also highlighted the need to move away from quantitative methods of evaluating safeguards effectiveness and performance, including restructuring the SIR.

43. Both reviews agreed on the need for a quality management system. As safeguards became increasingly qualitative, such a system would be essential to maintain performance standards and confidence that safeguards conclusions were soundly based. Australia was pleased to see that the introduction of a quality management system had become a priority. She noted that the Secretariat was working to address the lack of an established method for calculating and estimating safeguards costs.

44. The fact that the Secretariat had agreed to all of the major recommendations made by SAGSI reflected well on the good working relationship between SAGSI and the Secretariat. While many of the recommendations could be implemented in the near term, others were of a more long-term nature and required further development. She welcomed the Secretariat's intention to work closely with SAGSI on the many issues addressed in the report. The Board might perhaps revisit the SAGSI recommendations in June 2005, by which time it should be possible to report significant progress in implementing them.

45. Ms. KELLY (Argentina) said that most of the recommendations made by the two groups contributed significantly to the modernization, flexibility and effectiveness of safeguards criteria and working methods. The Secretariat should prioritize work on a method for analysing verification costs that allowed the relative efficiency of the various approaches and measures to be evaluated.

46. The Secretariat should respond to the various recommendations in a comprehensive manner in order to maximize the benefits from the point of view of safeguards effectiveness and efficiency. Detailed information was needed on the savings which might be expected from implementing the recommendations. The Secretariat might assist with the elaboration of an action plan assigning priority to the study of safeguards approaches currently requiring a substantial and increasing verification effort, maximizing use of available technologies and methods, and extending cooperation with national and regional safeguards systems.

47. While a State-level approach might seem appropriate, that concept required greater development to ensure cost-effective and non-discriminatory application and evaluation of safeguards. A fundamental guiding principle in that regard was the non-discriminatory nature of safeguards. The design and evaluation of safeguards had to be based on objective factors, on better integration of safeguards taking into account fuel cycle characteristics, and on greater exploitation of synergies among the available measures. The recommendation that the State-level approach be applied to traditional safeguards should be seen not only as a strengthening measure but also as a means of maximizing efficiency by making safeguards implementation more flexible, as provided for in INFCIRC/153-type agreements. In that connection, her country agreed with major finding B4 of the SAGSI review.

48. It would be preferable to adopt a flexible approach to States in transition to integrated safeguards. As soon as a State's additional protocol entered into force the Secretariat should initiate the study and design of integrated safeguards in cooperation with the State in question.

49. Argentina also attached importance to increased cooperation with national and regional safeguards systems and urged the Secretariat to look into further increasing such cooperation, including the possibility of assigning certain verification activities to those systems, without undermining the independence of safeguards conclusions.

50. Greater emphasis should be placed on containment and surveillance. More reliable systems needed to be identified and subjected to vulnerability analysis before being selected for safeguards use.

51. Finally, the Secretariat should keep the Board informed of progress made.

52. Mr. CAO Shudong (China) welcomed the finding that the Department of Safeguards had done a very good job of implementing safeguards strengthening measures. SAGSI was an important advisory body and had put forward some very good recommendations over the preceding few years which had been accorded a high degree of importance by the Secretariat. He noted with satisfaction that the Secretariat had already devised criteria and an action plan based on the recommendations of the expert panel and SAGSI.

53. To improve the effectiveness and efficiency of the safeguards system and meet new challenges, the Secretariat should continue to study the evaluators' views and recommendations carefully, paying attention to internal capacity building and strengthening its cooperation with Member States. It should also report to the Board in a timely manner on progress in safeguards integration.

54. China was opposed to any form of nuclear proliferation and therefore supported the Agency's safeguards system. The additional protocol was an important supplement to safeguards agreements and highly significant for strengthening the effectiveness and efficiency of the safeguards system. He

urged all countries, particularly those with substantial nuclear activities, to sign, approve and implement an additional protocol as soon as possible.

55. Mr. DE CEGLIE (Italy) said that the Agency's international safeguards system was an essential part of the global nuclear non-proliferation regime which helped to maintain peace and security. The two reviews of the safeguards programme and criteria provided a detailed and independent cross-check of the Secretariat's verification activities and constituted a new and essential step towards more effective and efficient safeguards.

56. He noted with satisfaction that the Department of Safeguards had adopted a results-oriented management approach and was committed to implementing a comprehensive quality management system.

57. While the Agency's ability to detect undeclared nuclear activities and material had been enhanced by the new powers conferred by the additional protocol, those powers remained largely untested. No effort should be spared to overcome that situation. The conclusions drawn by the Secretariat also could not be regarded as absolute. The Agency should therefore continue to improve the current system.

58. SAGSI had suggested efficiency improvements in traditional safeguards, and that a criteria-driven approach was no longer appropriate for the implementation of integrated safeguards but that the Agency should aim to adopt a well developed and documented State-level approach for each Member State.

59. Italy had always supported actions aimed at optimizing the safeguards system and fully agreed with the call for modern, flexible and cost-effective safeguards working methods. An overall cultural change seemed to be in progress and Member States would have to monitor progress carefully. Wider implementation of integrated safeguards should reduce the inspection burden in the long run and was also of central importance for international cooperation in the nuclear field.

**Mr. Niedwodniczański (Poland), Vice-Chairman, took the Chair.**

60. Mr. POČUCH (Czech Republic)\*, referring to the safeguards information system re-engineering project, said that timely analysis of safeguards information and the data gathered under additional protocols played a key role in detecting undeclared nuclear material and activities, thereby effectively contributing to the prevention of illicit trafficking in nuclear material and to the international community's fight against nuclear terrorism. The Czech Republic stood ready to support the aforementioned project with financial contributions in 2005, 2006 and 2007, followed by in-kind support in the form of testing of the components of the new safeguards information system at the State Office for Nuclear Safety and nuclear facilities in the country, since it considered the project essential for the effective functioning of the safeguards system. It hoped that other Member States would follow suit.

61. Mr. MULTONE (Switzerland)\* endorsed the various recommendations in the report which should help to build confidence between States in the field of the peaceful use of nuclear energy. In particular, he welcomed the State-level approach and the emphasis placed on the role of SSACs.

62. States that had implemented or were implementing an additional protocol had freely chosen to establish relationships based on dialogue and transparency. They had proved themselves to be the most committed parties to the NPT by going beyond the letter of that Treaty, but remaining true to its spirit, and allowing the Agency unrestricted access. The Agency should develop very close partnerships with those States and should elaborate a conceptual framework for integrated safeguards that was flexible, respectful of their commitments and based on mutual trust.

63. The implementation of integrated safeguards would involve a significant cultural change in the Agency. Innovations such as remote monitoring and unannounced inspections would only lead to a more rational safeguards system if their over-zealous application was avoided. Faced with the problem of proliferation, it was disproportionate to spend months or even years arguing over incomplete or erroneous declarations of very small quantities of plutonium in hot cells, or small quantities of material already processed and documented as nuclear waste. Such work required enormous efforts on the part of the Agency and its Member States and in no way helped strengthen nuclear non-proliferation. It was much more important to rethink and clarify the Agency's approach to safeguards and to define the areas where efforts should be stepped up, maintained or reduced. That should give rise to a new spirit in inspection activities and the evaluation of results. Currently, the evaluation section required inspectors to carry out monitoring and accounting that was accurate to the smallest detail. However, such monitoring was probably easier to implement than the intensive follow-up required for a real proliferation risk.

64. According to the Agency, the precondition for reducing the inspection effort was a positive evaluation of a State. One of the essential components of that evaluation was the declaration pursuant to Article 2 of the additional protocol. However, the Agency had not defined criteria for deciding to what extent the inspection effort could be reduced, making States dependent on the good will of the Agency and its inspectors. The Agency had to define and publish specific criteria and the intensity of inspection activities for a field of application. Such criteria should, if possible, be established at an early stage before discussions focused on a specific area. A list of integrated safeguards criteria should be established linked to a specific effort, similar to what was done in the physical protection field or in the Zangger Committee. The possession of certain types of fuel cycle facility, or serious and repeated infringements of an agreement with the Agency should perhaps be retained as criteria. The definition of such criteria was a lengthy and sensitive task that should be undertaken by the Agency in close collaboration with the Member States concerned. That was the only way of explaining objectively to a Member State why it belonged to a particular category.

**Ms. Hall (Canada), Chairperson, resumed the Chair.**

65. The CHAIRPERSON, summing up the decision, said that several members had expressed appreciation for the high quality of the review of the effectiveness and efficiency of the safeguards programme conducted by the external panel of evaluators and the review of the safeguards criteria carried out by SAGSI. They had considered the reviews an important step in the direction of a qualitative, modernized and integrated safeguards system. They had endorsed the general conclusion that the Agency was making good progress in implementing measures for strengthening safeguards.

66. Some had emphasized that a key priority was the wider implementation of integrated safeguards, which would lead to greater efficiency and effectiveness. It had also been emphasized that better cost information and cost-benefit analysis were needed if integrated safeguards were to achieve their goal.

67. Many members had given detailed comments on various aspects of the two reviews and the Secretariat would take those into consideration.

68. Some members had reiterated the importance of maintaining a balance between the different elements of the budget package agreed to by the Board in 2003. They had also expressed the view that some of the recommendations made in the reviews had departed from the original intention of the review exercise.

69. Appreciation had been expressed by some for the detailed responses provided by the Secretariat. They had emphasized that the Secretariat should move promptly to take the necessary steps to implement the recommendations. Some had indicated that more time was required for further



examination before the Secretariat's proposed actions in response to the recommendations in the reviews were implemented. Some members had emphasized the importance of consultations between the Secretariat and Member States in that regard.

70. Several members had expressed the view that SAGSI should remain seized of the matter.

71. She took it that the Board wished to take note of document GOV/2004/86.

72. It was so decided.

**(c) Implementation of the NPT safeguards agreement in the Republic of Korea:  
Report by the Director General  
(GOV/2004/84)**

73. Mr. KOP (Netherlands), speaking on behalf of the European Union, the candidate countries Bulgaria, Romania, Turkey and Croatia, the countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Serbia and Montenegro, and the EFTA countries Iceland and Norway, members of the European Economic Area, said that the European Union shared the Agency's view that the failure by the Republic of Korea to report certain activities in a timely manner, as required by its safeguards agreement, was a matter of serious concern. Welcoming the cooperation shown by the Republic of Korea and the actions taken to ensure that such activities were not repeated, he called on the Government of the Republic of Korea to continue to cooperate fully with the Secretariat to resolve the outstanding issues as soon as possible. In a number of instances, the Secretariat needed to undertake further work before it would be able to reach final conclusions. In that context, the European Union acknowledged the valuable contribution made to the verification process by the additional protocol in force in the Republic of Korea.

74. The Director General should continue his efforts to conclude the investigation and should provide further information to the Board of Governors as soon as was appropriate.

75. Mr. GULAM HANIFF (Malaysia)\*, speaking on behalf of the NAM, noted that the Republic of Korea had taken corrective action by providing ICRs on the experiments and activities it had failed to report to the Agency in accordance with its obligations under its safeguards agreement. It had also cooperated actively with the Agency, not only by providing timely information and access to personnel and locations but also by permitting environmental and other samples to be collected for Agency analysis and assessment.

76. The NAM shared the Director General's view that activities of such serious concern should have been reported in a timely manner. However, it noted that there was no indication that the undeclared experiments had continued. The Agency should therefore continue the process of verifying the correctness and completeness of the Republic of Korea's declarations pursuant to its safeguards agreement and additional protocol.

77. Such issues should be resolved principally on technical grounds and within the mandate of the Agency. The Director General should continue to report to the Board of Governors as appropriate.

78. Mr. VIEIRA DE SOUZA (Brazil), speaking on behalf of GRULAC, noted with serious concern that the Republic of Korea had on a number of occasions conducted experiments and activities involving uranium conversion, uranium enrichment and plutonium separation which it had failed to report to the Agency in accordance with its obligations under its safeguards agreement. The rights and obligations arising from the NPT were in force at all times and should be complied with fully by all Member States.

79. GRULAC noted with satisfaction that, since submitting information on its previously undeclared nuclear experiments, the Republic of Korea had been fully cooperating with the Agency by providing timely information, granting access to personnel and locations and permitting the collection of environmental and other samples for Agency analysis and assessment.

80. GRULAC supported the efforts of the Director General and the Secretariat to resolve the current problem and hoped that the outstanding issues could be clarified within the Agency with the full cooperation of the Government of the Republic of Korea.

81. Mr. TAKASU (Japan) welcomed the fact that the Government of the Republic of Korea had been cooperating with the Agency in a transparent manner to resolve the outstanding issues regarding its past nuclear activities.

82. As stated in the report by the Director General, it was a matter of serious concern that experiments and other activities related to uranium conversion, uranium enrichment and plutonium separation had been conducted by scientists in the Republic of Korea without timely reporting to the Agency. However, Japan highly appreciated the series of corrective actions taken by the Government of the Republic of Korea, including its announcement of four principles on the peaceful use of nuclear energy, its establishment of an independent centre for nuclear energy technology control and its implementation of new programmes to educate nuclear scientists about safeguards obligations.

83. The Director General's report had described the Republic of Korea's undeclared experiments as failures to report to the Agency in accordance with its obligations under its safeguards agreement. However, it also noted that there was no indication that those experiments had continued and that the Agency was continuing its investigation of several issues. On that basis, it should not be necessary to report the issue to the United Nations Security Council.

84. The Agency should continue the process of verifying the correctness and completeness of the Republic of Korea's declarations and the Director General should continue to report to the Board of Governors as appropriate. It was also important for the Government of the Republic of Korea to continue to cooperate with the Agency and to maintain transparency.

85. In conclusion, the additional protocol, which was the most realistic and effective tool for strengthening the nuclear non-proliferation regime, had demonstrated once again its usefulness in the investigation of the issue.

86. Mr. MOREJÓN-ALMEIDA (Ecuador) said that his country had taken note of the concern expressed in the Director General's report concerning the failure of the Republic of Korea to comply with its obligations under its safeguards agreement, specifically its obligation to report activities carried out at its nuclear facilities. Nevertheless, it welcomed the cooperation provided by the Republic of Korea to the Agency's inspection mission in providing timely information and access to personnel and facilities. Moreover, the quantities of nuclear material involved had not been significant and there was no indication that the undeclared activities had continued. Ecuador was optimistic about the ongoing verification process and was confident that the outstanding issues would be clarified.

87. Mr. MÁRQUEZ MARÍN (Venezuela) noted that the Republic of Korea had indicated that the experiments in question had been carried out without Government knowledge or authorization, and that corrective actions had been taken and the Agency had been able to carry out an exhaustive investigation thanks to the active cooperation provided by the Republic of Korea. Venezuela shared the concern expressed by the Director General but was satisfied that the information provided by the Republic of Korea, and the verification activities carried out by the Agency to date, gave no indication that the undeclared experiments had continued. The situation should continue to be discussed in the context of the Agency and the Director General should continue to report to the Board as appropriate.

88. Ms. ESPINOSA CANTELLANO (Mexico) said that her country was deeply concerned over the events in the Republic of Korea but acknowledged that the Government of that country had proved willing to cooperate actively with the Agency in finding a solution based on full compliance with its obligations. Convinced as it was of the need to find generally agreed solutions to problems, it called on the parties concerned to continue their dialogue and use the experience and facilities offered by the Agency to resolve outstanding issues as rapidly as possible.

89. Mr. WRIGHT (United Kingdom) said that new principles that could undermine the integrity of the Agency's Statute should not be unwittingly established around the issue of non-compliance. For example, his country did not subscribe to the view that article 19 of the standard comprehensive safeguards agreement provided an exclusive definition of non-compliance. Rather, it defined one set of circumstances in which a non-compliance finding might be appropriate, i.e. when the Director General found that the Agency was not able to verify that there had been no diversion of nuclear material required to be safeguarded under the agreement to nuclear weapons or other nuclear explosive devices. To deem that an exclusive definition would be inconsistent with the core safeguards obligation of non-nuclear-weapon States party to the NPT to declare all nuclear material in their territory. Non-compliance could take other forms, such as a failure to accept IAEA safeguards, a failure to declare all nuclear material, nuclear facilities and nuclear activities for the application of safeguards, a failure to maintain records and make reports, or interference with safeguards equipment. Thus, other than in the most obvious of cases, non-compliance by a State party was a matter on which the Board had to reach a judgement.

90. It had been suggested that the timing of the report to the Security Council required under Article XII.C of the Statute in response to a non-compliance finding could be considered discretionary, but his country was of the view that the Statute clearly envisaged that reporting could take place in parallel with the taking of corrective action by the State concerned. Thus, the Board did not have to defer reporting until all corrective actions had been taken, and still less until the Agency had completed its investigations.

91. Those were important points of principle involving a complex interaction between the Statute and safeguards agreements. They were worthy of further debate in another context and might appropriately be taken forward in any special committee on safeguards that might be set up.

92. Finally, his country had found it hard to come to a judgement as to whether the failures reported in document GOV/2004/84 amounted to non-compliance of the type envisaged in Article XII.C. The matter was not clear-cut and delicate judgements were required. It therefore agreed to the Board requesting further information from the Director General and reverting to the matter as soon as appropriate, which seemed the most prudent way to proceed.

93. Mr. GAFOOR (Singapore) said that the Agency's safeguards regime was the cornerstone of the global non-proliferation regime. As a small country, Singapore had serious concerns about the proliferation of weapons of mass destruction, particularly in the light of the current threat of international terrorism. Countries had a right to pursue peaceful uses of nuclear technology pursuant to Article IV of the NPT, but they had a corresponding responsibility to uphold their non-proliferation obligations under their safeguards agreements. A credible safeguards regime required a credible system of verification. The Agency had to respond in a swift and even-handed manner to any failures to meet safeguards obligations, otherwise its credibility and that of the safeguards regime would be undermined.

94. The findings in document GOV/2004/84, particularly paragraph 38 thereof, were a source of concern. Although the quantities of nuclear material involved had not been significant, there had been reporting failures which could not be ignored. His country welcomed the fact that the Republic of

Korea had taken corrective action and that it had responded in a manner that had helped restore confidence. It should continue its active cooperation with the Agency. Singapore also welcomed the fact that, based on the verification activities carried out to date, there was no indication that the undeclared experiments had continued. It was important to continue and complete the process of verification of the Republic of Korea's declarations to clarify all the remaining questions. The Director General should also continue to report to the Board of Governors as appropriate.

95. Mr. ZHANG Yan (China) said that the report provided facts that facilitated a more accurate understanding of the nature and scope of the Republic of Korea's nuclear activities and their impact. It reflected the professionalism of the Agency's approach to verification and the Director General was to be commended for the efforts involved. The report indicated that, although the amount of nuclear material involved in the Republic of Korea's laboratory activities was not significant, that country had failed to report its activities to the Agency in a timely manner in accordance with its obligations under its safeguards agreement. That was cause for grave concern.

96. China attached great importance to respect for the international non-proliferation regime and was concerned over the conclusions set out in the report. Maintaining the nuclear-free status of the Korean Peninsula was of great significance for the stability and security of the region. Every country that had signed the NPT should fulfil its obligations under the international non-proliferation regime in order to prevent the proliferation of nuclear weapons.

97. His country hoped that the Republic of Korea would continue to cooperate fully with the Agency by speedily providing the relevant information, as required, in order to clarify the outstanding issues completely, alleviate the concerns of the international community and bring about an early resolution of the matter. That would be in the interests of all parties, including the Republic of Korea.

98. Mr. Young-jin CHOI (Republic of Korea) said that the Republic of Korea was among the top five countries in the world in the fields of information technology, shipbuilding, car manufacture, steel and petrochemicals. Its civilian nuclear industry was currently ranked sixth largest in the world and, at the current pace of development, should soon become one of the top five. Some 20 nuclear power plants were in operation in the country delivering over 40% of its electricity demand. All other countries with that level of capacity either had nuclear weapons or were allowed to have a full nuclear fuel cycle. Such a country had everything to lose and nothing to gain by disturbing the international peace and security regime, especially the nuclear non-proliferation regime.

99. His country's nuclear programme was exclusively peaceful and its non-proliferation credentials were exemplary. In the 1992 Joint Declaration on the Denuclearization of the Korean Peninsula his country had voluntarily renounced the possession of enrichment and reprocessing facilities, and his Government had reaffirmed the peaceful nature of its nuclear programme in the four principles for the peaceful use of nuclear energy which it had announced in September 2004. Since its accession to the NPT in 1975, the Republic of Korea's nuclear activities had been conducted in accordance with Agency safeguards. However, it had come to light that a few experiments had not been declared though they should have been.

100. The important question was one of intent, i.e. whether or not the Government had been involved. It had not been and there the facts spoke for themselves. The Republic of Korea had signed its additional protocol in 1999 and the AVLIS experiments involving uranium had taken place in 2000. Would any sensible government have allowed undeclared experiments to take place one year after signing an additional protocol, knowing that such activities would shortly be subject to Agency inspections? Of course, lack of intent did not absolve the Government of its obligations. However, the reporting failures in question had taken place in the context of isolated laboratory-scale experiments,

not as part of any deliberate programme to enrich or reprocess nuclear material, let alone to turn it into weapons. His country's case was therefore technical in nature, not military or security-related.

101. Some had expressed the view that even reporting failures should be referred to the Security Council, if only for information purposes; but issues of a technical nature could and should be dealt with within the Agency. Some had argued that there was a risk of establishing a double standard in dealing with proliferation issues. Treating different cases in a different manner did not constitute a double standard. Others might suggest that the Board should defer the matter until its next series of meetings. However, as the Director General's report indicated, the undeclared experiments had been discontinued.

102. It was regrettable that the undeclared experiments had occurred, especially at a time when the international community was faced with mounting proliferation challenges. His Government was making every effort to ensure that no such incident ever occurred again. The lack of a domestic oversight and control regime had contributed to the mishaps. The Republic of Korea had recently established a domestic watchdog agency and was introducing new education programmes for nuclear scientists on safeguards obligations. An International SSAC Advisory Service team which his Government had invited to visit the country would provide further assistance in strengthening nuclear management and control mechanisms. Mistakes had been made. It was necessary to ensure that no such mistakes were made again, but also to deal with the mistakes that had been made in a fair and balanced manner. His country was eager to continue to act as a positive force in maintaining and strengthening the NPT regime.

103. Mr. SHARMA (India) said that a cooperative disposition and transparent accountancy were of critical importance when it came to verification of commitments to non-proliferation. It was equally important that there should be no discrepancy between intentions, words and deeds. From the Agency's account of the situation it appeared that a sincere effort had been made by the Republic of Korea to present a persuasive case with respect to the limited nature of its safeguards reporting failures. It had also displayed a readiness to resolve the issue through active cooperation with the Agency.

104. While no one could underestimate the seriousness of the matter at stake, so far no dissatisfaction had been expressed with the cooperative approach taken by the Republic of Korea since August 2004 and paragraphs 41 and 42 of the Director General's report were reassuring.

105. Mr. GLASS (United States of America) said that his country had noted the central conclusion of the Director General's report, namely that the nature of the activities in question and the failures by the Republic of Korea to report them in a timely manner in accordance with obligations under its safeguards agreement were a matter of serious concern. At the same time, it commended the Republic of Korea on its active cooperation with the Agency in its investigations. That country was demonstrating the appropriate means for resolving safeguards issues: cooperation with the Agency, not confrontation and delay; transparency, not obfuscation. That example was one that all States should follow.

106. The case under discussion clearly demonstrated the value of the additional protocol not only to the Agency but to the State itself. It enabled States to identify and take appropriate action to ensure that they were meeting their safeguards obligations and rectifying any problems.

107. The United States welcomed and applauded the corrective actions taken by the Republic of Korea, including its decision to establish an independent watchdog institution responsible for monitoring and accounting for all nuclear material within the country. It further welcomed that country's reconfirmation of its renunciation of the possession of enrichment and reprocessing facilities. The fact that the country with the world's sixth largest nuclear power programme could

maintain a flourishing peaceful nuclear programme without a need for sensitive fuel cycle capabilities was an important example to the rest of the world.

108. The United States hoped that the Republic of Korea would maintain the same active level of cooperation and good faith it had displayed to date in revealing and ameliorating its past safeguards failures and felt that, in the light of that cooperation, any remaining issues should be addressed through the Agency's normal inspection procedures.

109. Mr. MOLEAH (South Africa) said his country had noted that the Republic of Korea had taken the necessary corrective actions by providing the relevant ICRs on a number of nuclear experiments and activities which it had failed to report to the Agency, and that it had actively cooperated with the Agency in providing timely information and access to personnel and locations, and had permitted the collection of environmental and other samples.

110. South Africa shared the Director General's concerns regarding the nature of the activities involved and urged the Republic of Korea to ensure that any such activities were reported to the Agency in a timely manner, in accordance with that country's obligations under its safeguards agreement. It had noted with satisfaction that there was no indication that the undeclared experiments had continued. Furthermore, it looked forward to the Director General's report on the outcome of the process of verifying the correctness and completeness of the Republic of Korea's declarations and hoped that the matter could be resolved as soon as possible.

111. Mr. UYANGODA (Sri Lanka) welcomed the corrective action taken by the Republic of Korea, its active cooperation in the Agency's verification activities and the news that there was no indication that the undeclared experiments had continued.

112. According to the Director General's report, the Korean Atomic Energy Research Institute had conducted laboratory experiments on the conversion and enrichment of uranium and the separation of plutonium in small quantities without the knowledge and authorization of the Government. On 23 August 2004, the Government had informed the Agency that the Institute's past activities had involved certain experiments that required reporting to the Agency. It had also indicated that the prohibited activities had only come to its attention very recently, although it had exercised due diligence to prevent such activities, and that it had dispensed with the services of those responsible in order to demonstrate the Government's lack of participation.

113. In the light of those facts, his country expected that the remaining issues would be addressed through the Agency's inspection procedures and hoped that the Republic of Korea would continue to cooperate in that process.

114. Ms. KELLY (Argentina) noted with satisfaction the preliminary conclusion in paragraph 41 of the report that, based on the information provided by the Republic of Korea and the verification activities carried out by the Agency to date, there was no indication that the undeclared experiments had continued. While it was greatly concerned over the matter, Argentina welcomed the positive attitude of the Republic of Korea in adopting the corrective actions requested by the Secretariat and hoped that it would continue in that spirit and provide all the information and access required until all of the facts had been clarified. Her country acknowledged the Republic of Korea's commitment to nuclear non-proliferation and disarmament and its active cooperation with the Agency. The Board should adopt a reasonable and well thought out approach to the issue aimed at upholding the NPT regime and the Agency's Statute. The current situation demonstrated that, despite some limitations, the Secretariat had powerful tools in the verification area. Moreover, it should not be forgotten that the issues requiring clarification had come to the light after the Republic of Korea had acceded to the additional protocol, i.e. as a result of its accepting the highest levels of international verification.

115. Mr. KUCHINOV (Russian Federation) said that the declaration by the competent authorities of the Republic of Korea that the unreported uranium conversion and enrichment and plutonium separation activities that had taken place in that country had occurred without Government permission or knowledge could hardly allay the concerns of the international community. Russia was concerned at that country's failure to report to the Agency experiments which were sensitive from the point of view of nuclear non-proliferation.

116. However, the Agency's verification activities in the Republic of Korea confirmed the effectiveness of the current safeguards system and provided further evidence of the benefits of universal application of the additional protocol. Unfortunately, signing an additional protocol in 1999 had not prompted the Government of the Republic of Korea to monitor scientific work in the nuclear field more closely, with the result that the uranium enrichment experiments had continued.

117. As the report revealed, the authorities in the Republic of Korea were cooperating actively with the Agency and providing access to sites, accounting documentation and the scientists involved in the experiments, and they had taken corrective measures. Welcoming the Agency's conclusion that there was no indication that the undeclared experiments had continued, he stressed the importance of maximum transparency on the part of the Government of the Republic of Korea while the Agency completed its investigations. The Director General should report to the Board as appropriate on the verification of the activities in the Republic of Korea.

118. Ms. STOKES (Australia) said that the failures on the part of the Republic of Korea to report its experiments and activities involving uranium conversion and enrichment and plutonium separation were of serious concern. However, she welcomed the fact that the Republic of Korea had cooperated actively with the Agency and had taken corrective measures.

119. As there was no established definition of non-compliance, there was a need for careful consideration of the factors to be taken into account in reaching a judgment on whether the activities in the Republic of Korea constituted non-compliance or not. The Australian Safeguards and Non-Proliferation Office had prepared a paper on the overall issue of non-compliance which was contained in its annual report, a copy of which had been circulated to Board members. Clearly, not every safeguards breach amounted to non-compliance. The fact that the Board was required under the Agency's Statute to report non-compliance to the Security Council suggested that non-compliance constituted safeguards breaches that had possible implications for international peace and security. Any undeclared enrichment and processing activities were very serious safeguards breaches, especially if they involved production of fissile material, which could indicate an intent to produce nuclear weapons. However, in considering the question of intent, all relevant facts had to be considered.

120. It was evident from the Director General's report that the experiments in the Republic of Korea had been small-scale and had involved small amounts of nuclear material, that they had been conducted for a relatively short period and had then been discontinued, that there was no indication that they were part of any ongoing programme for the production of fissile material, and that there was no indication of any other undeclared activities. In her country's view, there was thus no basis for concluding that the experiments represented a proliferation risk and a non-compliance finding was not warranted. In arriving at that view, Australia had taken into account other factors that indicated the Republic of Korea's strong support for the non-proliferation regime, such as its eschewal of the development of a full nuclear fuel cycle and its ratification of the additional protocol. Australia was also pleased that the authorities in the Republic of Korea were cooperating fully with the Agency to rectify the situation.

121. Nevertheless, the breaches had been serious and governments had to accept responsibility for exercising effective control over nuclear and nuclear-related activities. Thus there were lessons for all to learn. Her country welcomed the constructive move by the Government of the Republic of Korea to make its national safeguards agency independent of its nuclear research institute. The independence of nuclear regulators was very important, but not enough in itself. Regulators also needed to be supported by legislation and resources, and they needed to be proactive in maintaining outreach to those who could be engaged in nuclear-related activities, to ensure that all concerned understood their obligations, and to ensure that governments were aware of relevant activities.

122. Australia agreed with the Director General's view that the developments in the Republic of Korea demonstrated the effectiveness of the additional protocol. They also highlighted the need for reporting of dual-use technology such as laser enrichment. Member States should examine how the Agency could be given information in that area to assist in the detection of undeclared activities.

123. In conclusion, she expressed appreciation to the Director General and his staff for their professional safeguards work.

124. Mr. FASSIH (Algeria) praised the speed and professionalism with which the Agency had responded to the serious concerns raised by the previously undeclared nuclear activities in the Republic of Korea. He noted that that country's authorities had cooperated fully with the Agency by granting access to sites, providing information and permitting sampling, and that they had taken immediate corrective measures to comply with their safeguards obligations. He encouraged the Director General to pursue the verification activities and urged the Republic of Korea to continue cooperating fully so that the Agency could complete the verification process and report to the Board of Governors as appropriate.

125. Mr. BUTT (Pakistan) said that the Republic of Korea's active cooperation with the Agency was reassuring. Pakistan supported the Agency's verification activities and looked forward to the issue being resolved with the framework of the Agency. It was imperative that all States adhere to their international treaty obligations.

126. Mr. BEKOE (Ghana) said that the NPT was the key to global disarmament and security. His country agreed with the Director General that it was a matter of serious concern that the uranium enrichment and plutonium separation activities in the Republic of Korea had not been reported to the Agency as required under that country's safeguards agreement. However, since it had declared those activities it had cooperated actively with the Agency and given the latter's inspection team full access to all facilities and locations, as well as the records of the experiments, and had taken corrective actions. Moreover, there was no indication that the undeclared experiments had continued. He urged the Republic of Korea to continue cooperating fully with the Agency and to maintain maximum transparency in connection with the verification work. Ghana believed that that issue could be resolved within the Agency's mandate and looked forward to the next report on the issue by the Director General.

**(e) Report by the Director General on the implementation of safeguards in the Democratic People's Republic of Korea**

127. Mr. TAKASU (Japan) thanked the Director General for his oral report on the item and noted with concern that the Agency had not conducted any verification activities in the DPRK since December 2002 and was therefore unable to provide any assurances regarding the non-diversion of nuclear material. Finding a peaceful solution to the problem was essential to ensure peace and stability in north-east Asia and strengthen the international non-proliferation regime. Unfortunately, despite a series of resolutions, the DPRK had not accepted comprehensive safeguards and had refused to cooperate with the Agency.



128. Japan could not accept any development, acquisition, possession, testing or transfer of nuclear weapons by the DPRK under any circumstances and urged that country to dismantle its nuclear programme completely under credible international verification, including its clandestine uranium enrichment programme. The DPRK should observe all international agreements related to nuclear issues, including the NPT, and should implement a comprehensive safeguards agreement with the Agency completely and immediately, making a full declaration and opening all its nuclear facilities for inspection. Such a course of action was in the DPRK's best interests.

129. Japan firmly believed that the situation should be resolved peacefully through dialogue and diplomacy, which could most realistically be achieved in the context of the six-party talks process. At the recent Asia-Pacific Economic Cooperation meeting in Chile, the leaders of China, the Russian Federation, Japan, the Republic of Korea and the United States had agreed on the need to resume those talks and to hold a fourth round by the end of the year. He urged the DPRK to agree to that immediately and unconditionally so that a diplomatic approach to the problem could be pursued.

130. Mr. GAFOOR (Singapore) said that his country welcomed the six-party talks but remained concerned that the Agency had been unable to implement fully the comprehensive safeguards agreement with the DPRK since 1993 and could not provide any assurance regarding the non-diversion of nuclear material. The DPRK had never allowed the Agency to verify the correctness and completeness of its declarations regarding its nuclear programme and its failure to rectify that situation and respond positively to previous Board and General Conference resolutions was very disturbing. It had failed to abide by its commitments under the 1994 Agreed Framework, its safeguards agreement, the Joint Declaration on the Denuclearization of the Korean Peninsula and, above all, the NPT. Its announcement of its unilateral withdrawal from that Treaty set a dangerous precedent and threatened the global non-proliferation regime.

131. Singapore called on the DPRK to dismantle any nuclear weapons programme in a prompt, transparent, verifiable and irreversible manner and to cooperate with the IAEA in allowing the application of comprehensive safeguards to its nuclear activities. Any future settlement of the issue had to ensure the return of the DPRK to the nuclear non-proliferation regime and provide the Agency with the necessary authority to provide credible assurances that its nuclear programme was solely for peaceful purposes.

132. Mr. ZHANG Yan (China) stressed the need to maintain peace and stability in north-east Asia through dialogue. China had played an important mediating role in the six-party talks and, during the first three rounds, all parties had agreed that their mutual goal was the denuclearization of the Korean Peninsula. The nuclear and energy supply problems should be resolved in stages, where oral agreements were met with oral agreements and actions with actions. All parties had also presented detailed ideas on how the talks could be pursued. As the issue was complicated, the talks would probably encounter increasing difficulties as they progressed and intensified. In the interests of all parties concerned, and in line with the wishes of the international community, it was important that the fourth round of talks begin as soon as possible. The Chinese authorities were making efforts to that end and the matter had been discussed intensively by the Chinese President and other Heads of State at the recent Asia-Pacific Economic Cooperation meeting. China welcomed the fact that all sides had acknowledged the importance of promoting the six-party talks and looked forward to further constructive progress. It therefore discouraged all parties from expressing views or taking actions which might disrupt the talks.

133. Ms. STOKES (Australia) said that her country had been disappointed at the DPRK's refusal to attend the September round of the six-party talks and its failure to commit itself to attending any future talks. The six-party talks were currently the most viable mechanism for finding a peaceful and lasting solution to the DPRK nuclear issue. She urged the DPRK to grasp the historic opportunity the six-

party talks offered for it to abandon nuclear weapons in a way that would add to, not diminish its security and future prosperity. The DPRK had to understand that maintaining the status quo was unacceptable. Abandoning nuclear weapons would set the DPRK on the path to realizing its potential as a constructive member of the community of nations. If it turned its back on the six-party process and continued its pursuit of nuclear weapons, it should be in no doubt that that action would carry a price, driving it deeper into international isolation with the uncertain outlook that would bring. She encouraged the DPRK to consider carefully the value of what was on offer through the six-party talks, to agree at an early point to a further round of talks and to respond positively to the proposals tabled at the June round.

134. Mr. KUCHINOV (Russian Federation) said that his country supported the Agency's efforts to resolve the nuclear issue on the Korean Peninsula. The six-party talks should continue since they were the best means of finding a solution acceptable to all. The June round in Beijing had proved that agreement could be reached as some common ground had been found. The parties had confirmed that their common goal was the denuclearization of the Korean Peninsula and had begun devising plans to implement that. Russia was in favour of active diplomatic contacts among all interested parties with a view to reaching an acceptable solution.

135. Mr. GLASS (United States of America) said that, in the six-party talks, the United States had proposed a permanent, thorough and transparent dismantlement process which would result in a complete, verifiable and irreversible end to the DPRK's nuclear programme. It could not accept a solution which did not deal with the problem completely, allowing the DPRK to continue to threaten other countries with a revival of its nuclear programme. Because the DPRK's nuclear programme threatened its neighbours and the integrity of the global non-proliferation regime, a multilateral, diplomatic approach like the six-party talks was needed to address the problem effectively.

136. During the first round of the talks, all members had acknowledged that their mutual goal was the denuclearization of the Korean Peninsula. At the third round of talks, constructive proposals had been put forward to resolve the nuclear issue and the parties had agreed to meet again by the end of September. Unfortunately, the DPRK had failed to meet its commitment, had refused to return to the table and had set preconditions for a resumption of the talks. The United States remained ready for a fourth round without preconditions. It had a comprehensive proposal which offered a way forward, once the DPRK made a commitment to ending its nuclear programmes, including uranium enrichment. It was prepared to discuss that proposal in detail and the DPRK's own proposal, and any other measures or proposals the DPRK or any other parties wished to discuss.

137. The United States wanted to help the DPRK to rejoin the international community and promote the well-being of its citizens. However, that process had to begin with a decision by the DPRK to abandon its pursuit of weapons of mass destruction. By addressing the world's concerns about its nuclear programmes and other issues, the DPRK would gain access to new resources and opportunities to pursue policies for peaceful growth in what was one of the world's most vibrant regions. Thus the six-party talks offered the DPRK an opportunity to improve its relations with the United States, Japan, the Republic of Korea and other countries, to end its self-induced political and economic isolation and to reap the benefits of normal international trade and aid.

138. His country welcomed the Secretariat's stated willingness to work with all parties on a comprehensive solution to the issue. It supported the repeated calls by both the Board and the General Conference for the DPRK to return to the nuclear non-proliferation regime and permit the application of comprehensive safeguards, and recognized the need for the Agency to be prepared for that eventuality. In taking those steps, the DPRK would help to address the grave concerns of the international community. His country also firmly believed that diplomacy was the best way to overcome the DPRK's nuclear threat.

139. Ms. BRIDGE (New Zealand)\* noted with concern that the Agency was still not in a position to verify the DPRK's nuclear activities and therefore could not provide any assurance regarding the non-diversion of nuclear material. Her country supported and commended the Agency's efforts over the preceding few years to encourage the DPRK to remain within the NPT and comply with the nuclear non-proliferation regime. New Zealand would continue to urge the DPRK to meet its NPT obligations and resume its cooperation with the IAEA as soon as possible.

140. In that context, she underlined the need for an early resumption of the six-party talks. While there were no quick or easy solutions to the long-standing peace and security issues on the Korean Peninsula, New Zealand thought the six-party talks offered the best potential for progress at the current time. It therefore hoped to see the talks resume so that the common ground between the six participating countries could be expanded, leading eventually to a comprehensive and durable solution. Furthermore, it would continue to engage in dialogue with the DPRK in support of the international effort to persuade it to abandon its nuclear programme.

141. The CHAIRPERSON, summing up the discussion, said that the Board had noted that the DPRK had yet to take any of the necessary steps called for in the Board resolutions contained in document GOV/2003/3, adopted on 6 January 2003, and document GOV/2003/14, adopted on 12 February 2003. The Board had noted with concern that the DPRK had not permitted any Agency verification activities since December 2002, and thus the Agency was still not in a position to provide any assurances about nuclear material and activities in the DPRK.

142. A number of members had emphasized the importance of continued dialogue to achieve a peaceful and comprehensive resolution of the DPRK nuclear issue. They had expressed the hope that such resolution would ensure the return of the DPRK to the nuclear non-proliferation regime and provide the Agency with the authority it needed to provide credible assurances regarding the nature of the nuclear programme of the DPRK. In that regard, the Board had noted the ongoing efforts of the six-party talks and had looked forward to the outcome of those talks. It had also requested the Director General to keep it informed of developments.

143. She asked whether her summing-up was acceptable to the Board.

144. The Chairperson's summing-up was accepted.

**The meeting rose at 6 p.m.**