

IAEA Board of Governors

Record of the 1189th Meeting
GOV/OR.1189

Report of the Programme and Budget Committee

Report by the Director General on monitoring and verification in the Democratic
People's Republic of Korea

Board of Governors

GOV/OR.1189

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Record of the 1189th Meeting

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¹ GOV/2007/37.

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. PETRIČ	Chairman (Slovenia)
Ms. CONTRERAS DE ECKER	Argentina
Mr. SHANNON	Australia
Mr. STELZER	Austria
Mr. PISAREVICH	Belarus
Mr. BAZOBERRY	Bolivia
Mr. VALLIM GUERREIRO	Brazil
Mr. WOOD	Canada
Mr. SKOKNIC	Chile
Mr. TANG Guoqiang	China
Mr. SERRANO CADENA	Colombia
Mr. MATEK	Croatia
Ms. GOICOCHEA ESTENOZ	Cuba
Mr. RAMZY	Egypt
Ms. SINEGIORGIS	Ethiopia
Mr. PUTKONEN	Finland
Mr. DENIAU	France
Mr. SCHELLER	Germany
Mr. CRICOS	Greece
Mr. SHARMA	India
Ms. LISTYOWATI	Indonesia
Mr. AMANO	Japan
Mr. KIM Sung-Hwan	Korea, Republic of
Mr. MILAD	Libyan Arab Jamahiriya
Mr. ZNIBER	Morocco
Mr. TYODEN	Nigeria
Mr. AAS	Norway
Mr. MUNIM AWAIS	Pakistan
Mr. BERDENNIKOV	Russian Federation
Mr. KRIŽ	Slovenia
Mr. LOMBARD	South Africa
Mr. LUNDBORG	Sweden
Ms. OULABI	Syrian Arab Republic
Mr. PANUPONG	Thailand
Mr. MACGREGOR	United Kingdom of Great Britain and Northern Ireland
Mr. SCHULTE	United States of America
Mr. ELBARADEI	Director General
Mr. ANING	Secretary of the Board

Representatives of the following Member States also attended the meeting:

Afghanistan, Albania, Algeria, Angola, Azerbaijan, Belgium, Bulgaria, Burkina Faso, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, El Salvador, Estonia, Guatemala, Holy See, Hungary, Iceland, Islamic Republic of Iran, Iraq, Ireland, Israel, Italy, Jordan, Kazakhstan, Kuwait, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Namibia, Netherlands, New Zealand, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Saudi Arabia, Serbia, Slovakia, Spain, Sri Lanka, Sudan, Tunisia, Turkey, Ukraine, Uruguay, Bolivarian Republic of Venezuela, Zimbabwe.

Abbreviations used in this record:

ASEAN	Association of Southeast Asian Nations
DPRK	Democratic People's Republic of Korea
EFTA	European Free Trade Association
IPSAS	International Public Sector Accounting Standards
NAM	Non-Aligned Movement
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
TCF	Technical Cooperation Fund

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

– **Adoption of the agenda**
(GOV/2007/34)

1. The CHAIRMAN invited the Board to adopt the provisional agenda contained in document GOV/2007/34.
2. The agenda was adopted.

– **Introductory statement by the Director General**

3. The DIRECTOR GENERAL said that, at the invitation of the DPRK, an Agency team had visited the DPRK during the last week of June with a view to agreeing on modalities for verification and monitoring by the Agency of the shutdown and sealing of the Yongbyon nuclear facility, as foreseen in the initial actions agreed at the six-party talks in Beijing on 13 February 2007.
4. Document GOV/2007/36 detailed the ad hoc monitoring and verification arrangement that had been worked out between the DPRK and the Agency.
5. He welcomed the return of the DPRK to the verification process. He expressed particular satisfaction with the active cooperation that the Agency team had received from the DPRK during the visit and he looked forward to continuing to work with the DPRK as the verification process evolved as envisaged in the initial actions.
6. The Board had concluded in June that “a successfully negotiated settlement of the long-standing issue, maintaining the Agency’s essential verification role, would be a significant accomplishment for international peace and security”². In that context, he invited the Board to take the actions recommended in document GOV/2007/36.
7. As explained in the report, the conduct of the verification activities requested by the DPRK had not been foreseen in the Agency’s budget. The initial costs of those activities, estimated at €1.7 million for 2007 and €2.2 million for 2008, would cover inter alia the replacement of cameras and the installation of containment and surveillance devices, the purchase of other needed equipment, and logistical and staff costs. He requested Member States therefore to provide funding for the implementation of those verification activities in 2007 and 2008. He emphasized that, as with all the Agency’s verification work under the Statute, verification in the DPRK should not have to rely on donations by individual States. He intended therefore to include the associated costs in the draft Regular Budget for 2009.
8. The DPRK case clearly illustrated the need for the Agency to have an adequate reserve that could be drawn upon to enable it to respond promptly and effectively to unexpected crises or extraordinary requests, whether in the areas of verification, nuclear and radiological accidents, or other emergencies.

² See GOV/OR.1179 para. 100.

9. The Agency's financial vulnerability was also demonstrated by its current cash situation, which indicated that unless some major donors paid their outstanding contributions by the end of the coming month, the Agency would have to draw from the Working Capital Fund in order to continue operations. Unless contributions were received by September, that Fund would be depleted.

10. Finally, he stressed that the recent process of preparing and getting approval for the programme and budget for the coming biennium had once again highlighted the urgent need for adequate resources to ensure effective delivery of the entire programme that Member States had requested. As he had made clear during the Board meetings in June, even with the budget originally proposed by the Secretariat, the Agency remained underfunded in many critical areas, a situation which, if it remained unaddressed, would lead to a steady erosion of its ability to perform key functions, including in the verification and safety fields. To that end, and in order to remedy that unsustainable situation, he had initiated a study to examine the programmatic and budgetary requirements of the Agency over approximately the coming decade. He intended to engage a high level panel of experts to review the study and consider options for financing the requirements identified therein. Once completed, the study and the recommendations of the panel would be submitted to the Board.

11. The study would help to clarify expectations about the Agency's mission over the medium term and how those expectations could be matched by the necessary financial and human resources in a predictable and assured manner. The Agency's critical missions in the fields of development, safety and security, and verification deserved no less.

1. Report of the Programme and Budget Committee (GOV/2007/1/Mod.1)

12. The CHAIRMAN, introducing the item, said that the Programme and Budget Committee had been unable to report consensus on the budgetary estimates to the Board of Governors. Accordingly, an open-ended working group under the chairmanship of Ambassador Skoknic had been established to attempt to reach an agreement in that regard.

13. In the course of the meetings of the working group and the extensive consultations which had taken place, the Secretariat had provided further information, clarifications and modified scenarios on the budget level.

14. However, during its June session, the Board had been unable to reach consensus and had requested Ambassador Skoknic to continue his consultations. In the light of the views expressed during those consultations, the Board now had before it document GOV/2007/1/Mod.1.

15. He expressed the hope that agreement could now be reached on the draft programme and budget 2008–2009. That would contribute to an orderly and timely process by which the Agency's programme and budget could be recommended to the General Conference.

16. He took it that the Board wished to take the recommended action contained in document GOV/2007/1/Mod.1 to adopt the Agency's programme for 2008–2009 presented by the Secretariat in document GOV/2007/1 and recommend to the General Conference for approval at its forthcoming 51st regular session, the adoption of draft resolution A in Annex 1 on the Regular Budget Appropriations for 2008, which provided for a Regular Budget appropriation for 2008 of €295 331 187, comprising €291 320 187 for the operational and recurrent portion of the Regular Budget and €4 011 000 for the essential investments portion of the Regular Budget, on the basis of an

exchange rate of €1.00 to \$1.00, bearing in mind that the adoption of IPSAS by 2010 had been approved at the June meetings of the Board subject to approval of the Agency's budget.

17. It was so decided.

18. In addition, regarding the reduction that had been identified in relation to verification activities in India, he took it that the Board agreed to recommend a supplementary appropriation to the approved Regular Budget for 2008 to finance those additional verification activities should they commence in 2008.

19. It was so decided.

20. Mr. ELDIN ELAMIN (Sudan)*, speaking on behalf of the Group of 77 and China, expressed concern about the late agreement on the draft budget and said that, in future, consideration of it should be undertaken as early as possible to ensure a timely process.

21. The Group was willing to join the consensus but had several concerns. While preserving the Agency's competence across all its statutory activities, a balance must be maintained between verification and promotional activities, particularly the technical cooperation programme.

22. Under resolution GC(50)/RES/12, the Secretariat had been requested to ensure that the resources for the technical cooperation programme were sufficient, assured and predictable. The Group expected that the Secretariat would present a comprehensive report, having consulted with all Member States, to the Board in September 2007.

23. Based on the package proposal adopted in 2003, any increase in the Regular Budget must have a corresponding increase in the resources of the TCF.

24. In view of the increase in the level of the budget, particularly that related to safeguards and verification activities, de-shielding should be deferred for the time being.

25. Finally, the Group was concerned that the use of the lapse factor as a means of achieving savings in staff costs carried an element of risk that the implementation of some programmatic activities might be adversely affected. Efforts should be made to minimize such adverse impacts.

26. The Group understood that the Director General intended to present a proposal on long-term planning for funding of the Agency's programmatic activities. The Group strongly supported the Agency in maintaining its competence and enhancing its capabilities. The demands on the Agency with regard to its statutory activities, including the technical cooperation programme, were increasing. Also, the nuclear renaissance and the ongoing increase in Agency membership would place further demands on the Agency with concomitant implications for resources. In that context, the Group looked forward to receiving new financing options.

27. The amount of the budget should in future be demand-driven and not governed by ad hoc solutions or restrictive practices, while maintaining a balance among the three pillars of the Agency.

28. Technical cooperation activities were the main statutory vehicle for transferring nuclear technology to help the developing countries make socio-economic progress through the peaceful applications of atomic energy. In the past however, despite tremendous efforts, it had not been possible to attain even zero real growth in the TCF. Hence there was an urgent need for a mechanism which would ensure sufficient, assured and predictable resources for technical cooperation.

29. Increasing reliance on extrabudgetary funding limited the independence and ability of the Secretariat to plan and implement various activities. Ways and means must be found to ensure assured, sufficient and predictable resources to meet programmatic needs.

30. Mr. SCHELLER (Germany), having expressed appreciation for the constructive work done during the informal consultations, said Germany attached great value to the work of the Agency and would continue to support it actively. Germany endorsed the Director General's view that the Agency needed adequate resources and that it had to move forward and undertake new activities in response to Member States' needs.

31. Like many other international organizations, the Agency had to face the fiscal and economic realities of its Member States. Germany attached great importance to budget stability as it provided the necessary transparency and predictability for international organizations and enabled them to maintain their level of professionalism. Transparency, synergies and long-term planning enabled international organizations to implement efficiency gains which might translate into a higher level of performance. His country had long advocated the principle of zero nominal growth for the budgets of international organizations and had not seen any evidence that it automatically affected performance adversely. It was important to make maximum efforts regarding savings, efficiency and transparency in order to optimize the use of existing financial resources.

32. Against that background, Germany had been prepared to go along with a proposal based on zero real growth, including an appropriate inflation rate. In view of his country's general policy and the economic realities it was facing, it had considered the proposal of 4.2% too high but had not wished to stand in the way of a consensus.

33. Mr. MACGREGOR (United Kingdom) acknowledged the Secretariat's efforts and the flexibility shown on all sides in the difficult budget discussions. At a time when the Agency was facing more demands and obligations, that had not been easy His country had joined the consensus on the budget in that spirit.

34. Recalling the 2002 Marnet external management consultant review of the Agency's processes, he said that further scope remained for improving the effectiveness and efficiency of the Agency's operations, particularly with regard to budgetary planning and management. The Marnet review could provide a good point of reference for the work of the high level panel announced by the Director General in his introductory statement.

35. Mr. WOOD (Canada), acknowledging the efforts of the Chairman, Ambassador Skoknic and the Secretariat, said that the various briefings and additional information on various aspects of the programme and budget, especially those early in the process, had been useful.

36. The action recommended in GOV/2007/1/Mod.1 represented a considerable improvement over the original proposals and, in that regard, he expressed appreciation for the Secretariat's efforts in following up on many of the suggestions that Canada and other Member States had made.

37. Most of the discussions had focused on the essential investments. Although the Secretariat had continually stated that the programme and budget were a fully integrated package, the Board had been asked to approve two separate appropriations: one for the essential investments and one for the operational and recurrent part of the budget. Canada trusted that would not be the case in future, nor that the essential investments would become part of the baseline used in the consideration of future increases to the Regular Budget.

38. In view of the debate about the essential investments and the possibility of additional exceptional funding requirements in the future, his delegation welcomed the Director General's announcement that he would undertake a review of the Agency's financial situation. There was a real need for the Agency to develop a longer-term financial plan so that Member States could have a better understanding of what they might face in coming years. Such a forecast should cover at least two or three biennia and could parallel the Medium Term Strategy.

39. Despite the importance of the Agency, acknowledged by Canada in its strong support for all the Agency's major activities, there was a need for continuing budgetary restraint. The Secretariat should report annually on the savings and efficiency gains made during the year. Such an initiative would usefully complement the introduction of IPSAS and the integrated Agency-wide Information System for Programme Support.

40. Finally, he expressed Canada's support for sufficient, assured and predictable funding of technical cooperation. Canada believed however that the same applied to funding of the Agency's safety and security activities.

41. Mr. AAS (Norway) was pleased that a basis for consensus had been found. On the one hand, a budget increase of 4.2% was more than some members considered desirable or necessary. On the other, it was also substantially less than the Director General, whose leadership Norway valued highly, and some members, including Norway, would have preferred. While the budget compromise had been necessary to reach a consensus, the final result was not necessarily the answer to the Agency's present challenges.

42. The Agency should be provided with sufficient financial and political support to fulfil its statutory mandate and, in that context, the draft programme and budget for 2008–2009 was well-argued and realistic. It was also important that the Secretariat continuously look for ways to streamline the organization and save money.

43. The investments proposed as essential should be given priority. Others, though important, would have to be postponed. Norway was particularly concerned about the need to maintain the Agency's independence in its relations with all members.

44. Norway would have preferred a combined strategy of more adequate financing of mandated tasks and investments for 2008–2009 and a plan to increase efficiency, optimize the use of resources and find savings in the slightly longer term. His country believed that such streamlining was possible. Norway welcomed the Director General's decision to set up a high level panel of experts to review programmatic and budgetary requirements over the next decade or so.

45. Mr. TANG Guoqiang (China) welcomed the consensus achieved and thanked all concerned for their efforts in that regard.

46. The recent nuclear power renaissance and new non-proliferation concerns had increased the Agency's workload. In that connection, China supported efforts to strengthen the Agency's capacity. At the same time, it was important to maintain the balance between its promotional and other statutory activities.

47. China would continue to work with other Member States to promote the peaceful uses of nuclear energy and to prevent the proliferation of nuclear weapons.

48. Mr. BERDENNIKOV (Russian Federation) welcomed the measures to reduce total expenditure on staff in 2008–2009, a requirement his country had frequently emphasized. As document GOV/2007/1/Mod.1 had been thoroughly revised in the light of Member States' wishes, the Russian Federation supported the consensus.

49. He noted that the growth indices of the budget appropriations for 2008–2009 remained very high and were out of step with the general budgetary trend in the United Nations system, which was based on the principle of zero real growth. He recalled that the Board's decision of July 2003 on a gradual real increase to the Regular Budget in 2004–2007 had been exceptional and temporary. Extending it to the coming financial period should not be regarded as binding on Member States to continue that practice in the future.

50. Ms. GOICOCHEA ESTENOZ (Cuba) noted with interest the Director General's decision to establish a high level panel of experts and said that her country would participate actively in the analysis of its recommendations.

51. The Agency's budget should not be set artificially by the budgetary policies of Member States. Rather, it should be based on an agreement regarding its actual needs in accordance with its mandate.

52. While nobody wanted to pay higher assessed contributions it was important that States' contributions were based on their ability to pay. Those with a greater capacity should make higher contributions.

53. Cuba did not support the proposal that the Secretariat should make annual reports on its savings and efficiency gains, which — as practice within the United Nations system had shown — would only impede the work of the Agency. The recommendations of the high level panel in that connection should be studied.

54. Also, her country was opposed to the principles of zero real growth and zero nominal growth as it believed that the budget should not be subject to an artificial ceiling.

55. In future, the essential investments should not form part of the baseline of the Regular Budget as they were resources for a specific purpose and should not constitute financial commitments for members.

56. Mr. RAMZY (Egypt) said there was an urgent need to secure the long-term funding of the Agency, particularly in view of the expected increase in demand for its services. In that regard, he took note of the Director General's proposal to provide the Board with a long-term plan on funding of the Agency activities. That plan should cover all the major programmes, including safeguards activities, which were bound to increase in view of the greater interest in nuclear power. It was important to maintain a balance among all areas of activity and for burdens to be shared equitably among all Member States. In that connection, cost-sharing options should be considered.

57. Mr. DENIAU (France) said his Government attached importance to controlling the expenditure of international organizations and so, like many States, France supported a policy of zero real growth and efforts to rationalize expenditure. At the same time, France was committed to ensuring that the Agency had the resources to fulfil its statutory missions to meet well-justified needs.

58. The budget increase put the Agency in a favourable position in comparison with other international organizations and indicated the high priority its Member States accorded to its missions and activities. The Agency should now have the resources to enable it to continue to fulfil its missions in a balanced way and to meet Member States' expectations.

59. During the preparation of the budget, a number of Member States had expressed the view that the Agency should continue to make efforts towards good management and to keep seeking improvements in effectiveness and productivity. His delegation encouraged the Secretariat to continue optimizing its management policies and practices keeping in mind previous reviews and recommendations, particularly those of the External Auditor, and the requirements and proposals of Member States. In particular, the Secretariat should optimize such cross-cutting activities as the implementation of IPSAS. It could also conduct studies with Member States on matters which had a significant impact on the budget, such as determining the rate of inflation taken into account in budget forecasts.

60. Finally, a number of Member States had expressed the need for a better medium-term view of investments needs and had requested that the Secretariat prepare an investment plan covering several cycles and all programmes. The resulting overview would help to determine priorities and would be

essential to future discussions on the budget. France therefore welcomed the study, and its review by a high level panel of experts, mentioned by the Director General in his introductory statement.

61. Mr. SHARMA (India) said that sufficient, transparent and predictable funding of the Agency's activities was a sine qua non for strengthening multilateralism, a vital aspect for Member States. When strengthening multilateralism, the specific responsibilities of different institutions should be taken into account and a 'one size fits all' approach was not appropriate.

62. In view of climate change and the rising global demand for nuclear power, the Agency's role in terms of all its statutory activities would be in sharper focus in the coming years and India welcomed the Director General's intention to set up a high level panel to review programme and budget requirements for the coming decade.

63. Ms. LISTYOWATI (Indonesia) thanked the Chairman, the Vice-Chairman and the Secretariat for their efforts to find consensus on the draft programme and budget for 2008–2009. She noted with appreciation the flexibility shown by all parties in the process.

64. Indonesia would be monitoring closely whether the budget was distributed in a balanced way among the Agency's major programmes and would be paying particular attention to how the Agency's technical cooperation programme was financed.

65. Mr. AMANO (Japan), having welcomed the consensus on the modified budget, said his country's position on the budgets of international organizations was well known. It called on the Secretariat to make maximum use of the resources available to it through savings and increased efficiency. Japan would continue to work actively with the Secretariat to ensure effective and efficient functioning.

66. Mr. BAZOBERRY (Bolivia) thanked Ambassador Skoknic for his efforts to help the Board find a consensus on the proposed budget. He underscored the Director General's view that the Agency's budget was of the utmost importance at a time when non-proliferation concerns and other matters required work of the highest quality possible.

67. Mr. DE LA TORRE FERNÁNDEZ DEL POZO (Spain)* commended the Secretariat's efforts over recent months to provide clarifications and propose alternative scenarios in order for consensus to be reached on the budget.

68. For reasons of budgetary discipline, his Government would have preferred to maintain the zero real growth principle applied to all United Nations organizations, which would have resulted in a budget increase of 2.8%, rather than the 4.2% eventually agreed upon. He pointed out that Spain, which always met its financial obligations to the international organizations in full and on time, was making a contribution to the United Nations system in 2007 that was 17% higher than the preceding year.

69. The DIRECTOR GENERAL thanked the Board for adopting the budget. It would enable the Agency to muddle through the coming year, but it was not adequate.

70. It would be important to carry out a study of how the financing of the Agency had deteriorated over the preceding decade to the point where its capacity to fulfil its major responsibilities was compromised. The Agency had to inform Member States candidly whether or not it was able to perform, effectively and efficiently, the functions they entrusted to it. The zero-real-growth principle was not appropriate for the Agency and impeded the establishment of priorities and the delivery of a demand-driven, reality-based programme.

71. In a national setting, governments could cut funding in low priority areas but that was impossible for an international institution all of whose activities were associated with basic development and security needs, and were increasing; and in which, moreover, balance had to be maintained among the statutory pillars. Some international organizations could postpone activities, but the Agency could not postpone, for example, verification.

72. If countries could dictate the terms of their safeguards inspections, the Agency's independence would be jeopardized. Rather, Member States should trust the Secretariat to determine what verification activities were necessary. Verification was a statutory legal obligation in which corners could not be cut. A situation where supplementary appropriations would have to be sought if safeguards measures were required in India in 2008 was unsatisfactory, as was the need to ask for additional funding to deal with the DPRK situation. There was no reserve in the budget for unforeseen eventualities. And it was not possible to defray sizeable costs of verification — such as the \$17 million spent on equipment for one facility in Japan — by means of efficiency gains.

73. Those were matters that would have to be addressed in the long term.

74. As past experience had shown, the amounts spent on regular verification, safety and development activities were insignificant compared to the expenses incurred if the Agency failed to detect a nuclear weapons programme or if a nuclear accident occurred. It was important to see the big picture.

75. Member States could determine what they wanted the Agency to deliver; but what the Secretariat could accomplish was contingent on the financial means provided.

76. The Secretariat was making continuous efforts to achieve efficiency gains. The External Auditor had commented favourably on the value for money that the Agency provided, and the Board could assess the validity of his judgement.

77. As stated in the Marnet report, investment in areas such as information systems was a prerequisite for further significant efficiency gains in the Agency. Investment would also be required over the coming years in such areas as the refurbishment of the Seibersdorf laboratories. In fact doubling of the budget would be necessary for the Agency to be able to effectively deliver all that Member States required from it.

78. He expressed appreciation for the fact that the Presidents of the United States of America and the Russian Federation had stated that the Agency's capabilities would need to increase in view of the nuclear energy renaissance worldwide, and that they fully understood the need for an increase in its financial resources. He expressed the hope that that view might be translated into concrete actions.

79. The results of a study to examine the Agency's financial requirements in the longer term would be made available as soon as practicable and it was likely that some concepts and approaches would have to be revisited. Member States should reappraise what they wished the Agency to deliver in terms of both security and development.

80. The CHAIRMAN, summing up, said that several members had stated that while preserving the Agency's competence across all its statutory activities, a balance had to be maintained between verification and promotional activities, particularly the technical cooperation programme.

81. They had expected that the Secretariat would adhere to its commitment to present to the September 2007 Board a comprehensive report on means to ensure that resources for the technical cooperation programme were sufficient, assured and predictable, in consultation with all Member States.

82. They had emphasized that, based on the package proposal adopted in 2003, any increase in the Regular Budget must have a corresponding increase in the resources of the TCF.

83. Several members had felt that, in view of the increase in the level of the budget, particularly that related to safeguards and verification activities, de-shielding should be deferred for the time being.

84. They had expressed concern that the use of the 'lapse factor' as a means to make savings could adversely affect the implementation of programmatic activities and they had emphasized that efforts should be made to minimize such adverse impacts.

85. Some other members had underlined the importance of making maximum efforts in savings, efficiency and transparency in order to optimize the use of existing financial resources and the importance of stable budgetary proposals in the years to come.

86. The Board had welcomed the Director General's statement that, due to the fact that the Agency remained underfunded in many critical areas, he had initiated a study to examine the Agency's programmatic and budgetary requirements over the coming decade, to be reviewed by a high level panel of experts who would consider options for financing the requirements identified therein. Once completed, the study and the recommendations of the panel would be submitted to the members of the Board. The Secretariat had taken detailed notes of members' comments during the discussion and those would be taken into account in the preparation of the study.

87. He expressed the Board's appreciation and sincere thanks to Ambassador Skoknic of Chile for his tireless efforts and able chairmanship of the open-ended working group, which had contributed to the agreement just reached. He also personally thanked all Board members for their cooperation and their kind words to Ambassador Skoknic and himself. Their task had not been easy, but neither had it been too difficult, otherwise they would not have succeeded. With the cooperation of the Board and of the Secretariat, the Agency's budget had now been adopted by consensus.

88. The Chairman's summing up was accepted.

2. Report by the Director General on monitoring and verification in the Democratic People's Republic of Korea (GOV/2007/36, GOV/INF/2007/13, GOV/INF/2007/14)

89. The CHAIRMAN said that in March 2007 the Board had requested the Director General to keep it informed of developments in the DPRK as appropriate. The Board had before it, in document GOV/2007/36, a report by the Director General on monitoring and verification in the DPRK, as well as documents GOV/INF/2007/13, containing the communication dated 16 June 2007 from the DPRK to the Director General and his reply thereto, and GOV/INF/2007/14, containing the text of the joint statement of 19 September 2005 agreed to at the fourth round of the six-party talks

90. Mr. TANG Guoqiang (China) said that the initial actions for the implementation of the joint statement adopted at the six-party talks on 13 February 2007, contained in document GOV/INF/2007/6, fully reflected the political will of all sides to achieve denuclearization of the Korean Peninsula through peaceful means. They were important for advancing the denuclearization process, normalizing relations among the countries concerned and maintaining peace and stability in North-East Asia.

91. China appreciated the efforts made by the Agency pursuant to that joint statement and welcomed the agreement reached between the Agency and the DPRK on monitoring and verification. Thus, China supported Board approval of the recommendations contained in document GOV/2007/36.

92. China expected the Agency to contribute towards implementation of the initial actions and to continue playing a constructive role in resolving the DPRK nuclear issue. It hoped that all parties concerned would make a joint effort to follow up the initial actions in a comprehensive and balanced manner. China welcomed the continued support for the six-party talks from the international community, which would facilitate denuclearization of the Korean Peninsula.

93. Ms. GOICOCHEA ESTENOZ (Cuba), speaking on behalf of NAM, stressed the Movement's principles and priorities on disarmament and international security as adopted at the 14th Summit Conference of Heads of State or Government of NAM, held in Cuba on 11–16 September 2006.

94. She reiterated NAM's desire for the total denuclearization of the Korean Peninsula and its continued support for the six-party talks as a means of finding a long term solution to the Korean nuclear issue through diplomacy and dialogue. Consequently, NAM had welcomed the six-party joint statement and subsequently the agreement on the initial actions for its implementation, adopted in Beijing on 13 February 2007.

95. NAM noted with satisfaction that an Agency team headed by the Deputy Director General for Safeguards had visited the DPRK, at the Government's invitation, on 26–29 June 2007. NAM welcomed the understanding reached between the Agency and the DPRK during that visit, as reflected in paragraph 5 of the Director General's report contained in document GOV/2007/36. In that regard, NAM emphasized that the Agency was the sole competent international authority on nuclear verification issues.

96. Mr. DUARTE (Portugal)*, speaking on behalf of the European Union, the candidate countries Croatia and Turkey, the country of the Stabilisation and Association Process and potential candidate Albania, the EFTA country Iceland, members of the European Economic Area and Ukraine, said that the European Union continued to support the common goal and political will of the six parties to achieve the denuclearization of the Korean Peninsula in a peaceful manner. The European Union underlined the importance of a swift and full implementation of the commitments contained in the joint statement, leading to the early dismantlement of the DPRK's nuclear weapons programme in a complete, verifiable and irreversible manner.

97. He welcomed the first steps towards the implementation of the joint statement, particularly the initial actions agreement of 13 February 2007, the Director General's visit to the DPRK in March 2007, the visit that Agency personnel had just made to the DPRK and the ad hoc arrangement including, inter alia, the DPRK's consent to permit access to the facilities to be shut down and sealed. The European Union welcomed the DPRK's willingness to cooperate in that regard.

98. The European Union agreed with the course of action proposed in document GOV/2007/36, in particular the ad hoc arrangement laid out in paragraph 5, and requested the Director General to keep the Board informed of further implementation of that arrangement and its financial aspects. Consistent with its strategy against the proliferation of weapons of mass destruction and its strong belief in multilateralism, the European Union was considering further support for the Agency's monitoring and verification activities in the DPRK and would explore the possibility of making a specific contribution to that end.

99. He hoped that the recent developments represented a first step towards the DPRK's compliance with its international obligations, in particular the return to the implementation of its comprehensive

safeguards agreement under the NPT and full compliance with Security Council resolution 1718 (2006), in particular operative paragraph 6.

100. The European Union looked forward to the continuation of the six-party process for the implementation of the joint statement and the denuclearization of the Korean Peninsula and welcomed the constructive role that the Agency could play in that regard.

101. Mr. SCHULTE (United States of America) welcomed the proposed arrangement between the Agency and the DPRK as described in the Director General's report and said his country strongly supported the recommendations contained therein. The return of Agency personnel to the DPRK for monitoring and verification purposes was an important component in the implementation of the initial actions agreement adopted in February 2007.

102. The United States looked forward to the DPRK expeditiously shutting down and sealing the facilities at Yongbyon and Taechon, consistent with the initial actions agreement. It also looked forward to the early return of Agency personnel to begin monitoring and verification activities at those sites.

103. The United States had released some funds for that purpose to the Agency and expected to contribute further resources. His delegation encouraged other countries, both those party to the agreement and other Agency Member States, to ensure that the Agency had sufficient resources to carry out that essential task. He welcomed what the Ambassador of Portugal had said on behalf of the European Union in that regard.

104. The steps agreed to as part of the initial actions were only the first steps in a larger process towards the verifiable denuclearization of the Korean Peninsula. The United States looked forward to the early resumption of the six-party talks and the fulfilment by all parties of the obligations of the initial actions agreement and the joint statement of 19 September 2005.

105. Mr. WOOD (Canada) said that the implementation of monitoring and verification measures in the DPRK, as foreseen in the six-party initial actions agreement, should be the next concrete step towards fulfilling the commitments of the joint statement. In that regard, Canada looked forward to the verifiable shutdown of the Yongbyon nuclear facility, including the reprocessing facility, and any other facilities that might be agreed upon.

106. The DPRK's nuclear programmes continued to be of concern to Canada, especially in light of the nuclear explosive test conducted in October 2006. Canada looked forward to an early resolution of the Korean nuclear issue and was of the view that the full implementation of a comprehensive, negotiated settlement would address all needs and concerns.

107. His delegation was pleased with the steps towards implementation of the initial actions agreement of 13 February 2007, for example the dialogue between the Agency and the DPRK. Canada strongly supported the six-party talks as the most direct means of achieving a Korean Peninsula free of nuclear weapons and looked forward to the implementation of all the commitments of the September 2005 joint statement, including the DPRK's commitment to abandon its nuclear weapons programme. The Agency had an important role to play in that process and he assured it of Canada's continued and full support.

108. Canada welcomed the recommendations put forward in document GOV/2007/36, including the request that the Board, which bore responsibility for Agency activities, be kept informed as appropriate.

109. Mr. SHANNON (Australia) was encouraged by the Agency's recent visit to the DPRK and the arrangements agreed upon to verify and monitor the shutdown and sealing of the Yongbyon nuclear

facility and the reactor under construction in Taechon. That was an essential first step towards the DPRK implementing its six-party commitments to dismantle fully its nuclear weapons programme. Australia supported the recommendation that the Board authorize the Director General to implement the ad hoc arrangement contained in paragraph 5 of document GOV/2007/36.

110. He noted that no timetable had been specified for the DPRK to move forward with its commitments of 13 February 2007, beginning with the shutdown and sealing of the Yongbyon facility under Agency supervision and followed by the provision of a complete declaration of all nuclear programmes and disablement of all nuclear facilities. Australia urged the DPRK to proceed without delay and to cooperate fully and openly in fulfilling those commitments and those of the 2005 joint statement.

111. Australia hoped that the recent developments would represent a first step towards the DPRK's full compliance with its international obligations, in particular a return to the implementation of its comprehensive safeguards agreement under the NPT and full compliance with Security Council resolution 1718 (2006). In so doing, the DPRK could make a crucial contribution to its future security and stability and begin reversing the harm done to its national interests by the pursuit of nuclear weapons. Australia stood ready to support substantive progress towards a nuclear-weapon-free Korean Peninsula, including through energy assistance and bilateral development assistance to the DPRK.

112. Mr. AAS (Norway), having said that his country remained committed to achieving a denuclearized Korean Peninsula through the six-party talks, urged the DPRK to shut down the Yongbyon nuclear facility as early as practically possible as that would constitute an important milestone in the implementation of the initial actions made in Beijing.

113. Norway was pleased with the results achieved during the Agency's visit to the DPRK in June 2007 and welcomed the understanding referred to in paragraph 5 of document GOV/2007/36. He stressed that it was vital to implement the various aspects of that understanding in full.

114. It was important for the Agency to monitor the dismantlement of the DPRK's nuclear weapons programme, and Norway believed that the arrangement agreed upon laid the foundations for that goal to be attained.

115. Norway hoped that the understanding would be an important step in common efforts to halt the proliferation of weapons of mass destruction. However, the Agency had to be provided with the resources needed to perform the agreed monitoring and verification activities and Norway agreed with the Director General that those costs should be integrated into the Regular Budget for 2009.

116. Mr. KIM Sung-Hwan (Republic of Korea) said that his country welcomed the fact that an Agency team had visited the Yongbyon nuclear facility in June 2007 and that an understanding had been reached with the DPRK on monitoring and verification. He expressed appreciation for the Agency's strenuous efforts to help resolve the DPRK nuclear issue, including the Director General's visit to that country in March 2007.

117. His country welcomed the DPRK's positive move to implement the initial actions agreement of 13 February 2007 and noted with satisfaction that the DPRK had informed the Agency team that it would shut down and seal the four nuclear facilities at Yongbyon and the 200 MW(e) nuclear power plant in Taechon. The ad hoc arrangement contained in paragraph 5 of document GOV/2007/36 was appropriate and would be instrumental in implementing the initial actions. The Republic of Korea hoped that the Board would render its full support to that arrangement so that the shutdown and sealing of the DPRK's nuclear facilities, and other necessary verification activities, might proceed as smoothly and expeditiously as possible.

118. The Republic of Korea would commence the provision of emergency energy assistance by delivering 50 000 tons of heavy fuel oil to the DPRK. The first shipment of 6200 tons would leave the Republic of Korea on 12 July 2007 and arrive in the DPRK on 14 July 2007. The fact that the DPRK had announced it would consider suspending the operation of its nuclear facilities from the moment the first shipment was made demonstrated that country's commitment to implementation of the initial actions.

119. His delegation hoped that the Agency would accelerate the process of dispatching a monitoring and verification team to the DPRK in order to keep track of the shutdown of facilities there.

120. Mr. AMANO (Japan) welcomed the understanding reached between the Agency and the DPRK on arrangements for monitoring and verification by Agency personnel as a result of the Director General's visit to the DPRK in March 2007 and the Agency team's visit in June 2007. It was important that the Board approve the recommendations contained in document GOV/2007/36 so as to enable the Agency to start its activities in the DPRK without a moment's delay.

121. The initial actions were but a first step towards the complete implementation of the six-party joint statement. The abandonment of all nuclear weapons and existing nuclear programmes by the DPRK was required not only by the joint statement but also by Security Council resolution 1718 (2006). Continued efforts within the framework of the six-party talks would be needed to achieve that end.

122. Ms. LISTYOWATI (Indonesia) said that her country was encouraged by the recent progress made regarding the DPRK nuclear programme. Indonesia welcomed the Agency team's visit to the DPRK in June 2007, at the invitation of that country, to discuss arrangements for the monitoring and verification of the shutdown of the Yongbyon nuclear facility as part of the initial actions agreement reached at the six-party talks on 13 February 2007. It was pleased to learn that an understanding had been reached on several arrangements, as mentioned in document GOV/2007/36.

123. Stressing the importance of the denuclearization of the Korean Peninsula for maintaining peace and stability in the region, she expressed the hope that the positive developments made on that long-standing issue would lead to a process that would eventually bring the DPRK back to the Agency, the NPT and the family of nations. For progress to continue, Member States must support the Agency's ongoing effort and the DPRK must maintain its cooperation.

124. Ms. CONTRERAS DE ECKER (Argentina) expressed her country's satisfaction with the success of the six-party talks. The initial actions agreement, maintaining the Agency's essential verification role, had been achieved through negotiation and constituted a step towards resolving a long-standing issue affecting international peace and security.

125. The Director General's visit to the DPRK and his discussions with State officials, which focused on re-establishing the relationship between the DPRK and the Agency, had been very helpful. The recent visit to the DPRK by the Agency team, headed by the Deputy Director General for Safeguards, had resulted in the establishment of important arrangements for the monitoring and verification of the shutdown and sealing of the nuclear facilities at Yongbyon and the nuclear power plant under construction at Taechon pursuant to the initial actions. The positive results of those visits were a clear demonstration of what could be achieved through multilateralism and with the support of Member States. To resolve all outstanding issues, Argentina urged the entire international community to maintain its support for rebuilding relations between the Agency and the DPRK.

126. Mr. BERDENNIKOV (Russian Federation) commended the Agency team, headed by the Deputy Director General for Safeguards, on the work carried out and the important results achieved during the recent visit to the DPRK. Russia hoped that the constructive interaction between the DPRK

and the Agency would continue during the monitoring of the shutdown of the facilities at Yongbyon and Taechon. The Agency's effective work in that regard was an important part of implementation of the February 2007 six-party agreement and brought denuclearization of the Korean Peninsula closer.

127. Noting the absence of a representative from the DPRK at the present meeting, even though the report under discussion concerned that country directly, he expressed the hope that normalization of the situation would take place soon and that the DPRK would return to the Agency, resume its obligations under its safeguards agreement and conclude an additional protocol without delay. Such steps would facilitate progress in the six-party talks, help to achieve the denuclearization of the Korean Peninsula and strengthen the non-proliferation regime.

128. Ms. MACMILLAN (New Zealand)* welcomed the understanding reached by the Agency with the DPRK on monitoring and verification of the shutdown of the Yongbyon nuclear facility as a significant first step. New Zealand commended the DPRK and the Agency for the efforts made and hoped that the arrangement could be speedily and fully implemented.

129. New Zealand, which supported the six-party talks, was encouraged by the progress being made towards an improved security situation on the Korean Peninsula and noted the importance of the Agency's role in that continuing process. Monitoring and verification were essential elements and the Agency was well-equipped to carry out those functions.

130. New Zealand hoped that such an auspicious beginning would be the first step towards the DPRK returning to full compliance with its international obligations and that all parties would continue to work constructively to bring about a positive resolution.

131. Mr. MONTEALEGRE (Philippines)* said that his country viewed the DPRK's agreement to a visit from the Agency as a positive step forward towards greater transparency, security and stability in the Asia-Pacific region.

132. Following a visit to the DPRK in June 2007, the Foreign Affairs Secretary of the Philippines, Mr. Alberto Rómulo, had said that the DPRK's decision had been key in creating favourable conditions for the resolution of outstanding issues on the Korean Peninsula and maintained the Agency's essential verification role. During that visit, the President of the DPRK's Supreme People's Assembly had expressed his country's overriding commitment to the denuclearization of the Korean Peninsula.

133. For the Philippines, peaceful resolution of the Korean nuclear issue through decisive diplomacy and meaningful dialogue was imperative for sustained development in the region. As the current Chair of ASEAN, the Philippines stood ready to extend any assistance to the six-party talks to help ensure that the process moved further forward. Furthermore, it supported adherence by all parties to their international commitments, including the six-party joint statement of September 2005 and the initial actions for the implementation of that statement agreed upon on 13 February 2007.

134. The CHAIRMAN, summing up, said that the Board had taken note with appreciation of the Director General's report contained in document GOV/2007/36. It had also noted the joint statement from the fourth round of the six-party talks contained in document GOV/INF/2007/14 in which, inter alia, the DPRK had expressed its commitment to abandoning all nuclear weapons and existing nuclear programmes and returning, at an early date, to the NPT and to the Agency's safeguards.

135. The Board had noted and welcomed the agreement on the initial actions for the implementation of the six-party joint statement, contained in document GOV/INF/2007/6, which had been reached at the third session of the fifth round of six-party talks held in Beijing on 13 February 2007. In that agreement the DPRK had agreed, inter alia, to shut down and seal for the purpose of eventual abandonment, the Yongbyon nuclear facility, including the reprocessing facility, and invite back

Agency personnel to conduct all necessary monitoring and verification as agreed between the Agency and the DPRK. The Board had expressed its appreciation to China for its role as host and Chairman of the six-party talks, had noted the steps being taken by the States concerned to proceed with the initial actions and looked forward to the full implementation of the joint statement.

136. The Board had expressed the view that a successfully negotiated settlement of that long-standing issue, maintaining the essential verification role of the Agency, would be important for international peace and security. In that regard, the Board had welcomed the Director General's visit to the DPRK and his discussions with DPRK officials in March 2007 which had focused on re-establishing the relationship between the DPRK and the Agency. The Board had further welcomed the recent visit of the Agency team to the DPRK and the understanding reached with the DPRK on the arrangement described in document GOV/2007/36. It had expressed the need to implement the understandings reached with the DPRK as soon as possible. Several members had stated that they were already positively considering making financial contributions to the Agency's monitoring and verification activities in the DPRK.

137. The Board had emphasized the importance of continued dialogue to achieve a peaceful and comprehensive resolution of the DPRK nuclear issue and the early denuclearization of the Korean Peninsula.

138. He took it that the Board wished to take the recommended action described in document GOV/2007/36, namely to: note the joint statement and the initial actions; authorize the Director General, subject to the availability of funds, to implement the ad hoc arrangement contained in paragraph 5 of document GOV/2007/36; and request the Director General to keep the Board and the parties to the six-party talks informed as appropriate.

139. It was so decided.

The meeting rose at 12.40 p.m.