

IAEA Board of Governors

Record of the 1199th Meeting
GOV/OR.1199

Safeguards Analytical Laboratory: Sustaining Credible Safeguards

Any other business

Board of Governors

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Record of the 1199th Meeting

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¹ GOV/2007/68.

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. SKOKNIC		Chairman (Chile)
Ms. DAUTLLARI	_____	Albania
Ms. FEROUKHI		Algeria
Mr. CURIA	}	Argentina
Ms CONTRERAS DE ECKER		
Mr. SHANNON		Australia
Mr. STELZER		Austria
Mr. BAZOBERRY		Bolivia
Mr. FAGUNDES DO NASCIMENTO		Brazil
Ms. GERVAIS-VIDRICAIRE		Canada
Mr. LAGOS KOLLER		Chile
Mr. TANG Guoqiang		China
Mr. HORVATIC		Croatia
Mr. MOREJÓN-ALMEIDA		Ecuador
Ms. SINEGIORGIS		Ethiopia
Ms. KAUPPI		Finland
Mr. DENIAU		France
Mr. GOTTWALD		Germany
Mr. BAAH-DUODU		Ghana
Mr. SHARMA		India
Mr. AQRAWI		Iraq
Mr. COGAN		Ireland
Mr. DE CEGLIE		Italy
Mr. AMANO		Japan
Mr. DAINIUS		Lithuania
Mr. DÍAZ		Mexico
Ms. EL ABDAOUI		Morocco
Mr. OSAISAI		Nigeria
Mr. SHAHBAZ		Pakistan
Ms. LACANLALE		Philippines
Mr. BERDENNIKOV		Russian Federation
Mr. AL-SUWAYIEL		Saudi Arabia
Mr. MINTY	}	South Africa
Mr. GUMBI		
Mr. SCHALLER		Switzerland
Mr. PANUPONG		Thailand
Mr. SMITH	}	United Kingdom of Great Britain and Northern Ireland
Mr. DRAPER		
Mr. SCHULTE		United States of America

Attendance (continued)

Mr. ELBARADEI	Director General
Mr. BURKART	Deputy Director General, Department of Nuclear Sciences and Applications
Mr. HEINONEN	Deputy Director General, Department of Safeguards
Mr. WALLER	Deputy Director General, Department of Management
Mr. ANING	Secretary of the Board

Representatives of the following Member States also attended the meeting:

Afghanistan, Angola, Armenia, Azerbaijan, Belgium, Bulgaria, Colombia, Cuba, Cyprus, Czech Republic, Denmark, Dominican Republic, Egypt, El Salvador, Estonia, Greece, Holy See, Hungary, Indonesia, Islamic Republic of Iran, Israel, Jordan, Republic of Korea, Kuwait, Latvia, Lebanon, Libyan Arab Jamahiriya, Liechtenstein, Luxembourg, Malaysia, Malta, Monaco, Namibia, Netherlands, New Zealand, Norway, Paraguay, Poland, Portugal, Qatar, Romania, Slovakia, Slovenia, Spain, Sri Lanka, Sudan, Sweden, Syrian Arab Republic, Tunisia, Turkey, Ukraine, United Arab Emirates, Uruguay, Bolivarian Republic of Venezuela, Yemen, Zimbabwe.

Abbreviations used in this record:

AIPS	Agency-wide Information System for Programme Support
DPRK	Democratic People's Republic of Korea
EFTA	European Free Trade Association
GNEP	Global Nuclear Energy Partnership
GRULAC	Latin American and Caribbean Group
HEU	high-enriched uranium
IPSAS	International Public Sector Accounting Standards
IT	information technology
LEU	low-enriched uranium
NAM	Non-Aligned Movement
Necsa	South African Nuclear Energy Corporation
NPT	Treaty on the Non-Proliferation of Nuclear Weapons

Abbreviations used in this record (continued):

NPT Review Conference	Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons
PBC	Programme and Budget Committee
R&D	research and development
SAL	Safeguards Analytical Laboratory

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

4. Nuclear verification

(c) **Implementation of the NPT safeguards agreement and relevant provisions of Security Council resolutions 1737 (2006) and 1747 (2007) in the Islamic Republic of Iran** (continued) (GOV/2007/58)

1. Mr. GASHUT (Libyan Arab Jamahiriya)* said that his country had always emphasized the importance of universal adherence to the NPT and the application of safeguards. All nuclear issues should be resolved in accordance with the Statute of the Agency, which was the competent international institution in that field.
2. The Islamic Republic of Iran had the right to use nuclear energy for peaceful purposes. Equally, the Agency and the international community had the right to verify the nature of Iran's nuclear programme. As the Director General's report contained in document GOV/2007/58 indicated, the Agency had been granted access to Iranian nuclear facilities. The Libyan Arab Jamahiriya, while fully recognizing Iran's rights, called upon it to cooperate fully with the Agency in the interests of transparency, and to assuage the doubts of the international community.
3. Threats and sanctions should give way to dialogue, particularly in a highly sensitive area such as the Middle East. The case of Iran should also not distract the attention of the international community from the only nuclear-weapon State in the Middle East which had created a great imbalance in the security situation in the region and was not a party to the NPT. His country had renounced its own nuclear programme in the interests of non-proliferation and called upon all States to accede to the NPT and use nuclear energy exclusively for peaceful purposes.
4. Mr. FAWZY (Egypt)* welcomed the fact that the Agency had been able to verify the non-diversion of all declared nuclear material in Iran and confirm Iran's statements relating to its plutonium experiments and the P-1 and P-2 uranium enrichment programme. The Facility Attachment for the Natanz fuel enrichment plant had entered into force. He called upon Iran to continue implementing the work plan it had agreed with the Agency in order to regain the trust of the international community.
5. He applauded the Secretariat's impartial efforts to achieve a peaceful resolution of the Iranian nuclear situation. The international community should beware of political intervention in the technical work of the Agency, particularly when it was perpetrated by a certain State which was not even party to the NPT. The State concerned should accede to the NPT and submit to Agency safeguards in the interests of the common goal of eliminating nuclear weapons in the Middle East. The Iranian situation did not affect the right of non-nuclear-weapon States with NPT safeguards agreements to use nuclear energy for peaceful purposes, provided that they abided by their non-proliferation commitments.
6. The situation should be dealt with in the overall context of preventing nuclear proliferation in the Middle East as a whole. The Agency's credibility depended on the efforts made to implement General Conference, United Nations General Assembly and Security Council resolutions on the establishment of a nuclear-weapon-free zone in the Middle East. The lack of any serious efforts to achieve that goal was a major factor in the instability of the region.
7. Mr. WIBOWO (Indonesia) * said that over the years the debate on the Iranian nuclear issue had revealed differing perspectives and positions on the scope and nature of the Iranian nuclear

programme. The implementation of the work plan agreed between the Agency and Iran had led to some encouraging progress. The Agency had been able to conclude that the answers Iran had provided on its P-1 and P-2 centrifuge activities were consistent with its own findings and that there was no indication of UF₆ reversion and casting activity or of ongoing reprocessing-related activities. Furthermore, the physical inventory verification at the pilot fuel enrichment plant tended to confirm the physical inventory disclosed by Iran.

8. However, much remained to be done if a comprehensive and peaceful solution to the Iranian nuclear issue was to be found. Iran should be given a further opportunity to demonstrate goodwill and transparency by adhering to a detailed work plan, and all parties should continue to show their commitment to resolving the issue through diplomacy and peaceful means. The Agency and Iran should be allowed to continue to implement the existing work plan, and the Agency should verify the completeness of all declarations provided to it. At the same time, Iran needed to undertake further serious efforts to restore the confidence of the international community in the peaceful nature of its nuclear programme, inter alia by implementing an additional protocol.

9. His country supported Iran's right to develop a peaceful nuclear programme, but it also had to take seriously of the concerns of the international community.

10. Mr. MICHAELI (Israel)* said that the issue under discussion was Iran's attempts to acquire nuclear weapons through breaches of and non-compliance with its international commitments and through violation of resolutions of the Board of Governors and the United Nations Security Council, and of international law in general. It was unfortunate that some States, which had not found it necessary to respond to Iran's calls to eliminate Israel, nor joined the Director General in urging Iran to comply with Security Council resolutions, were trying to divert attention away from the real issue.

11. As the Israeli Government had stated, the Director General's report demonstrated that Iran continued to be in violation of Security Council and Board resolutions and continued to advance its nuclear programme. According to the report, the Agency was not in a position to fulfil its mandate and confirm reliably the absence of undeclared nuclear material or activities in the country. It thus confirmed the assessment that Iran, in its pursuit of nuclear weapons, continued to act in a manner that allowed it to gain time. Israel believed there was a need for determined action by the international community.

12. Mr. SOLTANIEH (Islamic Republic of Iran)* expressed appreciation for the valuable support NAM countries had given to the Iranian nuclear programme.

13. The Islamic Republic of Iran had exercised self-restraint and goodwill in resolving the ambiguities concerning and the allegations against its peaceful nuclear activities, and it had adopted confidence-building measures which went even beyond its legal obligations. Iran had no qualms about granting full transparency of its nuclear activities, as shown by the agreement it had reached with the Agency for the resolution of outstanding issues contained in document INFCIRC/711.

14. Over 2500 man-days of inspection, voluntary suspension of all activities related to enrichment, voluntary implementation of an additional protocol for some two and a half years, granting of full and unrestricted access to all nuclear material and facilities including military sites, and the initiative put forward by the President of Iran at the United Nations General Assembly on the establishment of a joint venture on uranium enrichment between Iran and other countries were all clear indications of Iran's efforts to achieve full transparency and cooperation. Unfortunately, the response to his country's constructive approach had been both inappropriate and unfair. A few countries with political motivations had made baseless allegations and had tried to derail the technical verification process and impose political pressure on the Agency through the Security Council, with a view to depriving Iran of its inalienable right to the peaceful uses of nuclear energy. Statements made by those countries in the

Board revealed that they had brought the Iranian nuclear issue before the Security Council and requested the suspension of Iran's enrichment activities on the pretext that Iran had made inconsistent declarations. However, the Director General's report showed that Iran's past declarations were consistent with the Agency's findings. His country had consistently stated that there was no legal or technical basis for referring the issue to the Security Council. The Director General had once again informed the international community that there was no evidence of diversion of nuclear material or activities for military purposes and that the Agency continued to be able to verify non-diversion.

15. The Agency could refer the case of a Member State to the Security Council pursuant to the following provisions of the Statute or its safeguards agreement: if, under Article XII.C of the Statute, the Agency's inspectors reported any non-compliance to the Director General, who then transmitted the report to the Board of Governors; if the Agency declared it was unable to continue its verification activities in the country; or if evidence of diversion of nuclear material and activities to military purposes was found and reported by inspectors. None of those provisions was applicable to Iran based on the reports of the Director General. Furthermore, in all Agency documents, including pertinent resolutions of the Board, the suspension of Iran's enrichment activities was referred to as a voluntary, non-legally binding and confidence-building measure. In his latest report, the Director General had once again reported that there was no evidence of reprocessing activities in Iran, although allegations regarding such activities had been used by some Western countries for four years to put undue pressure on Iran. Thus, the resolution adopted by the Board on 4 February 2006 and contained in document GOV/2006/14 had no legal basis to convey the Iranian nuclear issue to the Security Council, and the Security Council's own resolutions based on that resolution equally had no legal basis.

16. Despite the deadlock created by a few politically motivated Western countries, Iran had shown goodwill by launching a new initiative for the resolution of outstanding issues which had been viewed positively by the Director General and the international community at large. Iran had submitted an exhaustive list of issues to the Agency, including plutonium research, the P-1 and P-2 centrifuge programme, the source of uranium contamination, the uranium metal document, polonium-210 studies and the Gchine mine. Both sides had agreed that the issues would be considered in sequence following a well defined timetable and finalizing one issue before going on to the next. The Agency was to submit questions to Iran, which would respond within the agreed time frame. As the Director General had reported, Iran had allowed Agency staff the access they required and had provided supporting documents and responses, giving its full cooperation. It had even resolved the issue of plutonium research prior to the conclusion of negotiations on the work plan. It should be recalled that for four years the United States had been making allegations about the threat of Iran's plutonium nuclear weapon.

17. With regard to the P-1 and P-2 centrifuge programme, following intensive investigations and verification activities the Director General had reported that Iran's declarations concerning its past activities were consistent with the Agency's findings. The most important issue related to Iran's past nuclear activities was thus closed, and the allegations of clandestine and non-peaceful activities had been proved baseless.

18. The next issue in the work plan was the uranium metal document. To prove its goodwill, Iran had provided a copy of the document on 8 November 2007, much earlier than indicated in the work plan. The Director General had confirmed that the Agency had found no evidence of reconversion or casting activities. The issue of the uranium metal document was thus also closed.

19. In spite of the original agreement that only past issues would be covered, Iran had voluntarily agreed to deal with two current issues and had started negotiations on a safeguards approach and the Facility Attachment for the Natanz enrichment facility. The Facility Attachment had entered into force on 30 September 2007.

20. Iran was committed to implementing the work plan and was confident that the three remaining issues would be resolved within that framework. Any measure outside the framework of the Agency would undermine its authority and professionalism and jeopardize the constructive process which had begun. It was worth recalling that the more Iran had cooperated with the Agency since 2003, the harsher the response it had been faced with and the tougher the resolutions proposed by certain countries. That had forced it to change its course of action. The carrot-and-stick policy and the language of threats and sanctions had proved to be counterproductive.

21. As well as cooperating fully with the Agency, Iran was also pursuing negotiations with other countries with no preconditions. The next round of negotiations between the Secretary of the Iranian Supreme National Security Council and the High Representative of the European Union would take place on 30 November 2007.

22. He called upon all Member States of the Agency to lend their full support to the new constructive process of cooperation and allow the work plan to be implemented without obstacles, so that the three remaining issues could be closed and Agency safeguards routinely implemented in Iran.

23. Responding to some of the statements made during the discussion, he said that, on the eve of every series of Board meetings, and following any major breakthrough as a result of the joint efforts of Iran and the Agency, the United States made allegations against Iran, such as that nuclear weapons existed at the Parchin military site. During the meeting, a handful of members — notably Australia, France and the United Kingdom — added fuel to the fire. Similarly, during the negotiations in Paris between Iran and the three European countries which had led to the Paris agreement, Iran had made the extraordinary concession of agreeing to expand suspension of enrichment to uranium conversion activities at the Esfahan facility, even though it had nothing to do with the enrichment process. The three European countries, probably owing to political pressure from the United States, had responded by proposing a tougher resolution against Iran. Consequently, the Government of Iran had come to the conclusion that, no matter how many concessions it made, the intention was to keep the Iranian nuclear issue on the Board's agenda because there was in fact a hidden agenda, namely to pave the way for the issue to be referred to the Security Council in order to impose sanctions and further punitive measures.

24. In 2003, Iran had been requested by the three European countries to stop feeding UF₆ into centrifuge machines until the Agency had clarified the source of uranium particle contamination in Natanz. Although, in 2004, the Agency had confirmed Iran's assertion that the source of that contamination lay outside Iran and was not the result of any enrichment activities in Iran, the United States had continued to create tension so that, in 2006, the demand for suspension was expanded even to R&D, thereby attempting to deprive Iran of a fundamental human right. There was a limit to compromise and self-restraint under political pressure and thus, after two and a half years, Iran had stopped the voluntary and non-legally binding suspension of enrichment, as well as voluntary implementation of the additional protocol.

25. The same scenario had been repeated in the foregoing discussions. Almost all Member States had warmly welcomed the significant progress reported by the Director General in implementing the work plan, but the United States and a few other Board members had once again isolated themselves by totally ignoring the most recent developments and rereading the obsolete texts of the statements they had made in 2003. He sincerely advised them to learn the lessons of the past and not to repeat past mistakes, which might provoke confrontation.

26. In his introductory statement, the Director General had called on Iran to provide more proactive cooperation. That meant that Iran had already provided proactive cooperation and that he was now

requesting more such cooperation. Secondly, the nature of the work plan was such that Iran first had to receive questions and then respond to them; that was not a negative attitude, but rather a practical one.

27. The unfounded, hypothetical statement made by the representative of France to the effect that Iran would make one nuclear weapon after one year using 3000 centrifuge machines was reminiscent of a previous Board meeting in which the representative of the United States had warned the Board and the world at large that an Iranian engineer who had ordered 4000 magnets for a P-2 centrifuge, costing only a few dollars each and which he had not yet received, would soon be able to make two nuclear weapons. Regrettably, that allegation had been confirmed during a technical briefing for Board members by the then Deputy Director General for Safeguards. In fact, more than 90 items, only one of which was a magnet, were needed to make a centrifuge machine. Such non-technical discussion ran the risk of seriously undermining the Agency's technical credibility.

28. He drew attention to the entry into force of the Facility Attachment for the Natanz enrichment facility. As the Director General had indicated in his introductory statement, a safeguards approach was now in place for that facility which enabled the Agency to verify credibly all enrichment activities there. There was therefore no technical or legal concern regarding the exclusively peaceful nature of enrichment activities both in the present and in the past.

29. With regard to the statement made during the current meeting by the representative of Israel, which was regrettable in that it had been made by a State which was not party to the NPT and which had placed none of its nuclear installations under Agency safeguards, he reiterated his country's request to the Director General that Agency inspectors be sent to Israel.

30. The CHAIRMAN, summing up the discussions, said that the Board had taken note with appreciation of the Director General's report contained in document GOV/2007/58 on the implementation of the NPT safeguards agreement and related provisions of Security Council resolutions 1737 (2006) and 1747 (2007) in the Islamic Republic of Iran. The Board had commended the Director General and the Secretariat for their continuing professional and impartial efforts to resolve the outstanding issues related to Iran's nuclear programme.

31. Several members had recalled the work plan of August 2007 between the Secretariat and Iran for resolving the outstanding verification issues and had noted that full and timely implementation by Iran of the work plan would constitute a significant step forward. Several members had noted with satisfaction the efforts by the Secretariat and Iran in implementing the work plan thus far.

32. Several members had welcomed the progress achieved in the implementation of the work plan, especially with regard to the consistency of the Iranian declarations about past aspects of the P-1 and P-2 centrifuge programme with the Agency's findings. Several members had expressed support for the Agency's continued efforts to seek collaboration and verification of the completeness of Iran's declarations concerning its nuclear material and activities.

33. Several members had welcomed the fact that Iran had provided sufficient access to individuals and had provided answers and clarifications to the Agency's questions in a timely manner on issues raised in the context of the work plan. However, several had expressed regret that Iran's cooperation had been reactive rather than proactive and had supported the Director General's call for active cooperation and full transparency.

34. Several members had also noted with concern that there were still several issues which were not yet resolved, in particular those which could have a possible military dimension. They had urged Iran to provide clear and comprehensive answers to the Agency's questions during the coming few weeks.

35. Several members had expressed serious concern that Iran had not complied with the obligations established by the Security Council in its resolutions 1696 (2006), 1737 (2006) and 1747 (2007) and

had urged Iran to implement the measures contained therein, in particular those related to the suspension of all enrichment-related activities. They had recalled in that regard that the Security Council had expressed its intention in resolutions 1737 and 1747 to adopt further appropriate measures under Article 41 of the Charter of the United Nations should Iran continue in its failure to suspend enrichment-related activities.

36. Several members had noted with concern that no progress had been made with respect to the Agency's request to Iran that it reconsider its decision to suspend its implementation of the modified Code 3.1 of the Subsidiary Arrangements General Part, and had underlined that the Subsidiary Arrangements could not be suspended or amended unilaterally. They had called on Iran to reconsider its decision.

37. Several members had noted that the Facility Attachment for the Natanz fuel enrichment plant had entered into force in September 2007. They had also noted the assessment of the Secretariat that all declared nuclear material in Iran had been accounted for, while recognizing that the Agency's work on verifying the completeness of Iran's declarations was ongoing.

38. Several members had expressed concern that, as stated by the Director General, the Agency's knowledge about Iran's current nuclear programme, in particular with respect to current procurement, R&D, and possible manufacturing of centrifuges, was diminishing in the absence of the full implementation of the additional protocol and other additional transparency measures.

39. They had noted the Director General's assessment that it would be indispensable for Iran to implement the additional protocol to enable the Agency to provide assurances not only regarding declared nuclear material and activities but also regarding the absence of undeclared nuclear material and activities in that country, and had urged Iran to heed the Director General's call in that regard.

40. Members had reaffirmed the basic and inalienable right of all Member States to develop nuclear energy for peaceful purposes in conformity with their respective legal obligations. Several had emphasized the distinction between voluntary confidence-building measures and legally binding safeguards obligations.

41. They had also reiterated their support for the establishment of a nuclear-weapon-free zone in the Middle East region. They had stated that any attack or threat of attack against peaceful nuclear facilities would pose a great danger and constitute a grave violation of international law.

42. Several members had emphasized that the Agency was the sole competent authority for nuclear verification in connection with the NPT and that the Agency should continue its work to resolve the Iranian nuclear issue. They had expressed their rejection of any undue pressure on or interference in the Agency's activities, especially its verification activities, which could jeopardize its efficiency and credibility, and had recalled in that regard Article VII.F of the Statute.

43. Several members had expressed full support for the recent steps taken by the Director General to resolve the outstanding issues on Iran and had called on all parties concerned to avoid taking any measures which could put at risk the constructive process between the Agency and Iran.

44. The continued need for negotiation and dialogue among all parties covering all relevant issues had been emphasized as the way to reach a long-term solution of the Iranian nuclear issue. The package proposal of the six countries, with the support of the European Union High Representative, and the response thereto had been noted in that regard.

45. Some members had welcomed the Director General's proposal for a double time out, providing for the suspension by Iran of its enrichment-related activities and the suspension of sanctions as a basis for renewed dialogue. They had felt that that proposal merited serious consideration.

46. The Board had requested the Director General to continue to keep it informed of developments as appropriate.
47. He took it that his summing-up was acceptable.
48. The Chairman's summing-up was accepted.
49. The CHAIRMAN noted that there had been requests to make public the report of the Director General contained in document GOV/2007/58 and he asked whether that was agreeable to the Board.
50. It was so decided.

5. Safeguards Analytical Laboratory: Sustaining Credible Safeguards

(GOV/2007/59)

51. Mr. BURKART (Deputy Director General for Nuclear Sciences and Applications), introducing document GOV/2007/59, said that it brought to the attention of the Board the challenges facing the continued operation of the SAL and the need to improve the laboratory's capabilities for the analysis of safeguards samples. A workshop on the sustainability of the SAL's operations had been held in November 2006 in Seibersdorf in which all Member States had been invited to participate. The impetus for the workshop had been the ageing infrastructure of the nuclear materials laboratory of the SAL, which was housed in space rented from the Austrian Research Centers, Seibersdorf, and which was now over 30 years old. In addition, the workshop had addressed a number of related issues concerning the analysis of both nuclear material and environmental samples for safeguards, including the present and future sample loads, replacement or upgrading of analytical instruments, laboratory space requirements, staffing, maintainability of operations, and the continuing role of the network of analytical laboratories in Member States. In their February 2007 report, the workshop participants had recommended that a feasibility study be performed to examine available options and to define more clearly the cost benefit implications of each.

52. As a follow-up to the workshop, the Secretariat had convened an internal SAL study group which had examined the important issues that had been identified at the workshop in greater detail. Specifically, the study group had validated the need for high-quality, timely and independent analysis capabilities for Agency safeguards and had studied ways to optimize the laboratory infrastructure, equipment and staffing to meet that need. Consultants had been engaged to prepare a study of infrastructure options, including the renovation of the existing SAL facility as well as several proposals for constructing new laboratory space. Issues relating to the safety and security of SAL's operations had been considered decisive. The outcome of the study group's deliberations was summarized in the document, and more detailed technical documents were being made available to Member States on request.

53. Summarizing the main conclusions, he said that the Department of Safeguards had validated its near- to medium-term projections of the analytical services it would be expecting from SAL and the laboratory network. There was an urgent need for independent, state-of-the-art equipment with the necessary analytical capabilities to perform sensitive, accurate and precise analysis of environmental samples, especially plutonium particles. Such equipment would need to be housed in new laboratory space, and its successful operation would depend critically on finding and retaining the appropriate experts to operate and maintain it. The efficient, safe and secure operation of the nuclear material

laboratory needed to be assured for the coming 20 years, and the Agency needed to make optimum use of the highly qualified network of laboratories to support both nuclear material and environmental sample analysis. Those improvements were deemed by the Secretariat to be essential to the sustainability of the SAL's operations and, ultimately, to the credibility of Agency safeguards conclusions.

54. The Secretariat was committed to working closely and transparently with Member States in finding the most technically justified and cost-effective solution to the challenges faced.

55. Mr. ELDIN ELAMIN (Sudan)*, speaking on behalf of the Group of 77 and China, said that the Group strongly supported the Agency in its endeavours to uphold and maintain its competence and enhance its capabilities, and the objective of achieving and maintaining the independence of its statutory activities, which was necessary for its credibility. The Group noted the Secretariat's assessment that the Agency's ability to provide independent and timely analysis of safeguards samples was at risk because of the ageing technical infrastructure and analytical equipment at the SAL, and the Agency's efforts to identify and qualify new laboratories to serve as a backup for the SAL. The Group was of the view that the Agency should encourage and assist developing Member States in creating such facilities to share the work of the SAL.

56. For the most part, members of the Group had not participated in the workshop of technical experts held in November 2006. It was not clear to the Group why the requirements for the SAL had not been taken into consideration during the Board's recent negotiations on additional funding requirements for essential investments. The Group also noted that the estimates given in paragraph 30 of the report were provisional, with an uncertainty margin as high as $\pm 15\text{--}25\%$. The Group had noted that much effort had been invested in the past to upgrade safety and security at the laboratories. It would be desirable for information to be provided as to how the costs had been met on previous occasions. It would also be useful to have a breakdown of anticipated expenditure on safety and security as well as on additional human resource requirements. The Group also recalled that, during discussions in other fora, the Secretariat had been of the view that the procurement of ultra-high sensitivity secondary ion mass spectrometry equipment could be done with extrabudgetary resources. It therefore found it surprising that a supplementary appropriation might still be needed to purchase that equipment.

57. In view of the need for further clarification on those issues, the Group considered it premature for the Board to take any decision on the actions proposed in the report. The Group was also open to the suggestion that the overall funding and equipment requirements for the SAL should be made part and parcel of the 20/20 review.

58. Mr. QUIÑONES (Dominican Republic)*, speaking on behalf of GRULAC, noted the need to strengthen the Agency's independent analysis capabilities for safeguards, and the additional funding requirements set out in paragraph 30 of the report. The Group was of the opinion that the topic required more in-depth consideration by the Secretariat and analysis by Member States. It suggested that an investment programme be drawn up to meet the needs of the SAL for submission to Member States, and to other possible sources of funding, in order to attract the necessary extrabudgetary resources. In any event, supplementary Regular Budget appropriations should be avoided.

59. Mr. DUARTE (Portugal)*, speaking on behalf of the European Union, the candidate countries Croatia, the Former Yugoslav Republic of Macedonia and Turkey, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro and Serbia, the EFTA country Iceland, member of the European Economic Area, as well as Moldova and Ukraine, said that the European Union attached the utmost importance to ensuring that the Agency's current programme needs and the security and safety requirements at the SAL were met. It noted with

concern that the SAL was not fully compliant with current Agency safety requirements and security guidelines and noted the assessment that it could not be made compliant without the financial consequences set out in the report. On the basis of the information provided in the report and at the technical briefing held in November 2007, the European Union was of the opinion that more time was needed to study the recommended action. In order to assess the options presented and the initial estimates of the funding needed, the European Union would like to receive additional information on those options and estimates, as contained for example in the Secretariat's internal report, which could be discussed in an informal working group of interested Member States that might discuss how to ensure that the Agency could perform analyses in a cost-effective, accurate, confidential and timely manner while abiding by the budget approved by the Board. The European Union was looking forward to taking up that important issue at the Board's meetings in March 2008.

60. Mr. SCHALLER (Switzerland) said that one had to wonder about an institution which, after using tools and premises for decades for its essential activities, found itself without any money to replace them. Switzerland was far from delighted by the picture that had been presented to the Board, particularly in the light of its requests during the budget discussions for predictable management of the investments needed for premises and equipment upgrades.

61. The report stated that the SAL performed around 20% of environmental sample analyses, the rest being done by the network of analytical laboratories. The Agency should be able to rely mainly on the network to cope with the risks of equipment shortcomings. The relationship between the network and the SAL should be addressed in depth in the investment proposal. The question was whether the Agency should aim to increase, or maintain, its 20% share of sample analysis work, or concentrate on monitoring the reliability of the network's laboratories and on improving the network in terms both of quality and quantity. In his country's view, the priority was to define the desired relationship between the SAL and the network over the coming 20 years, and to decide on the investments that would be needed so they could be incorporated in long-term financial planning. A working group on that subject would have ample time to produce a report by the spring of 2008. In the meantime, if a temporary problem were to arise the Agency should plan to rely on the network.

62. Ms. GERVAIS-VIDRICAIRE (Canada) said that her delegation recognized the important contribution that the SAL made across a range of Agency activities. In particular, its capability for characterizing nuclear material was critical to the credibility of the Agency's safeguards conclusions, especially those regarding the absence of undeclared nuclear material. While her country was committed to maintaining the Agency's capabilities in that area, it also noted that the proposals under consideration amounted to a significant investment. Though no financial commitment was currently being requested, Canada was conscious of the possibility that such a commitment might be sought in future.

63. Clearly, the infrastructure proposals had to address the space, security and safety issues associated with the equipment and activities of the laboratory. There also had to be clear priorities and objectives.

64. Sound management practice would suggest that the Board should not approve any proposals until it had determined that clear objectives had been set for the capabilities of the laboratory, that a plan had been fully developed to meet those objectives and that the required resources were available. The document seemed to put forward several proposals at once, related both to new equipment and to renovation or renewal of infrastructure. Additional information was needed to be able to consider those proposals fully.

65. While her country supported the maintenance of the capabilities of the SAL and the associated network of analytical laboratories and while it would not be averse to enhancing those capabilities, it

also wanted to ensure that any proposals put forward were consistent with a results-based management framework, clearly defined objectives and available funding. It therefore requested the Secretariat to produce a more detailed proposal document which identified its objectives and presented the Board with options for addressing those objectives.

66. Mr. BAZOBERRY (Bolivia) said that his country was committed to the achievement of the Agency's objectives and to the maintenance of a proper balance between the three main pillars of its activities. It recognized the need to strengthen the Agency's analytical capabilities by renewing the SAL's analytical equipment and physical infrastructure. However, any additional costs that might entail should not affect Regular Budget appropriations.

67. Mr. MINTY (South Africa) said that for some years his country had repeatedly voiced the view that the safeguards and verification mandate of the Agency needed to be strengthened and that it would support all efforts to that end.

68. It shared the view that the rate of environmental sample analysis needed to be addressed, as reportedly only a limited number of samples could effectively be evaluated by the established laboratory network and with the current functional equipment. Considerable delays in sample analysis owing to limited capacity had been reported in the past and his country had repeatedly encouraged the Agency to identify candidate laboratories to be added to the Agency's network. It took note of the age of the equipment at the Seibersdorf laboratories and the lack of funds to invest in infrastructure and equipment as a result of budgetary constraints.

69. If Member States had not refused to increase budgets earlier, presumably the Secretariat would have been able to make the necessary investments in good time. South Africa had repeatedly warned that restricting the budgets of the Agency and asking it to make savings could seriously undermine its core activities. That should not be allowed to continue. He encouraged the Agency to mobilize the expected investment requirements from extrabudgetary sources and called on Member States to contribute to that important area of the Agency's work. He also noted that supplementary Regular Budget appropriations might be required.

70. Mr. AMANO (Japan) said that his country agreed that maintaining and strengthening the Agency's independent and credible analytical capability for safeguards was of the utmost importance, and it shared the serious concerns expressed by the Director General in his report that that capability was at risk.

71. The current situation, requiring an urgent update of ageing equipment and the SAL facility, might have been different had closer consultation taken place between the Secretariat and Member States and had management plans for the SAL both in the medium- and long-term been presented at an earlier stage. It was important to learn from that experience.

72. The options and funding requirements outlined in the Director General's report were still at a preliminary stage. It was important to consider wider options with a view to developing an in-depth medium- and long-term plan. Transparency and the involvement of Member States were essential in that process. Moreover, the cost assessment and funding measures required broader consideration, including the issue of how to secure the required human resources. It was also important to ensure consistency between the current SAL proposal and the 20/20 study.

73. Coordination was required between the current SAL proposal and the existing programme and budget proposal for 2009, since the latter also included funding to update the infrastructure of SAL. The programme and budget proposal for 2009 should therefore be updated and distributed to the Member States prior to the informal meeting of the PBC. Moreover, given Member States' budgetary

constraints, appropriate measures should be taken, including the removal of lower-priority projects from the programme and budget proposal.

74. Immediate action was needed to prevent a weakening of the Agency's analytical capabilities or shutdown of the laboratory, or other incidents that could affect the Agency's credibility. Member States should be encouraged to provide extrabudgetary support. At the same time, Japan would like to take an active part in discussions, together with other Member States, to consider options for maintaining and strengthening the Agency's safeguards capabilities. Japan wished to and was prepared to consider how it could itself contribute in order to sustain an independent and credible laboratory in the future and enable it to continue its excellent work.

75. Mr. DRAPER (United Kingdom) said that there was clearly a need for the Agency to have its own independent laboratory, but in deciding on the funding strategy it was important not to lose sight of the overall objective: to ensure that there was a robust system in place for effective and efficient analysis of safeguards samples. A single independent laboratory for nuclear material analysis, which appeared to be the basis of the proposal contained in document GOV/2007/59, however well endowed it was with equipment and skilled personnel, could not satisfy that objective, since it would remain vulnerable to disruption.

76. As the document indicated, the network of analytical laboratories generally worked well for environmental samples, but the network needed to be expanded. The document also stated that nearly all nuclear material analysis for safeguards purposes was currently undertaken at SAL. His country did not see why that should be the case. There were laboratories in Member States that were capable of analysing such samples, including several in the United Kingdom whose laboratories might be willing to participate in such a network if there was a regular throughput of samples. Laboratories could not be expected to remain on standby waiting for the occasional sample. Effective management of such a network required skills and equipment that differed from those required for the operation of a single central laboratory.

77. Before deciding on the funding strategy for SAL, it was important to know that the review had considered the analysis service in the round, looking at options such as enhancement of the network; and to assess the various options against the criteria of robustness, sustainability, cost-effectiveness, quality and timeliness. Otherwise, it was impossible to judge how the SAL should focus its activities and investment in skills and equipment. Accordingly, his country strongly supported the call by the European Union for a review of how the assessment had been made, what options had been considered and the funding estimates arrived at.

78. Mr. MOREJÓN-ALMEIDA (Ecuador) said that his Government had always attached great importance to all three pillars of the Agency's activities and it recognized the need for a credible and effective safeguards and verification regime. It agreed that the ageing of the technical infrastructure and equipment of the SAL could put the Agency's capacity to perform independent and timely analyses of safeguards samples at risk. His country took note of the additional funding needs set out in paragraph 30 of the document and endorsed the idea of asking Member States to provide extrabudgetary support, and of seeking other possible funding sources so as to avoid the need for supplementary Regular Budget appropriations.

79. Mr. SHANNON (Australia) said that his country recognized the importance to the Agency of maintaining the technical capabilities necessary to undertake its safeguards activities in an effective manner, and the central role played by the SAL in achieving that goal.

80. The report proposed an option that involved a very significant investment, almost €40 million over the coming three years, which was expected to come from extrabudgetary funding, though the possibility of supplementary Regular Budget appropriations was not ruled out. It would seem

appropriate for such a significant investment in infrastructure at the laboratory to be considered in the strategic context of the 20/20 study currently being undertaken by the Secretariat. Australia encouraged the Secretariat to explore and develop options for ensuring that the Agency could sustain an appropriate level of analytical expertise, so that those options could be assessed against the framework of the outcomes of the 20/20 study.

81. The report drew attention to a situation which had a potential short-term impact in addition to the longer-term strategic issues. While taking the time to assess properly the options for dealing with the long-term issues, the Secretariat should develop a plan to address the short-term consequences associated with the possible early failure of parts of the ageing infrastructure. The network of analytical laboratories might be able to play a role in providing business continuity in the event of any such early failures. In fact, the role to be played by the network also needed to be considered carefully in developing the long-term options for future consideration by the Board. Greater use of the network might be able to substitute for some of the investment proposed in the report, particularly if his country's impression was correct that parts of the network had underutilized capacity.

82. In light of the above, and taking note of the important concerns raised in the Director General's report, Australia believed that further study of options was required to address the situation identified in the report. It would welcome the opportunity to work with the Secretariat in seeking viable ways of ensuring that the Agency could continue to have access to the analytical capabilities essential to sustaining credible safeguards.

83. Mr. TANG Guoqiang (China) said that his country had always supported the Agency in adopting all necessary measures to strengthen its safeguards and verification capabilities in response to the evolving situation. To support the Agency's work, it had joined the Member State support programme in July and it hoped to work closely with the Secretariat in exploring various means of improving the Agency's capability for analysing environmental samples, including through the network of analytical laboratories. With regard to the upgrading of laboratory infrastructure and the acquisition of state-of-the-art equipment proposed by the Secretariat, the question of funding had been discussed at earlier meetings of the PBC and the Board and some Member States had raised concerns and had expressed the hope that the Secretariat would intensify its consultations with Member States in order to gain their full understanding and support and resolve the issue in an appropriate manner in the course of future budget exercises.

84. Mr. SCHULTE (United States of America) said that his country strongly supported the mission of the SAL which was a critical element in the network of laboratories that provided the Agency with the analytical services that were vital to the effectiveness of safeguards.

85. The Secretariat's report raised legitimate concerns regarding conditions at the SAL. It had been generally agreed that the problems cited in the report, including infrastructure and security issues and the ageing of important equipment, needed to be addressed.

86. The Secretariat had proposed a major investment that would entail considerable operating costs. In order for Member States to make the best decision, they would need more information on issues like staffing, the use of the network of analytical laboratories, and other alternatives. With regard to financing, his country was not in a position to endorse specific equipment strategies or funding requirements, or to commit to any budgetary solutions to the problems raised in the report, particularly supplementary Regular Budget appropriations.

87. Nevertheless, the United States had long provided considerable extrabudgetary support for the SAL. It looked forward to working with others in continuing to provide the necessary extrabudgetary assistance. It strongly supported the comments made by the representative of Japan and noted with

appreciation that that country wished to, and was prepared to consider how it could contribute in order to sustain an independent and credible laboratory in the future and help it continue its excellent work.

88. As countries considered extrabudgetary assistance, he asked the Secretariat to examine whether existing human resources and personnel practices were adequate to support existing or future equipment. Attracting and retaining personnel with the necessary expertise was just as essential as sustaining and upgrading the equipment they operated. The United States would provide additional comments in a letter to the Secretariat shortly.

89. It was in the collective interest to ensure that Agency safeguards capabilities were strong and that the Agency had the tools it needed to do its work. Given the complexity of the problems faced by the SAL, the larger strategic issues might best be considered in the ongoing 20/20 study. His country looked forward to seeing the results of that study, and working together to identify what made sense in the continuing efforts to strengthen the Agency's capabilities in that important area.

90. Ms. CONTRERAS DE ECKER (Argentina) said that her country had repeatedly underscored the need for the Agency to have adequate technical capabilities for the implementation of safeguards and had encouraged the Secretariat to identify new technologies and methods that would make safeguards more effective and efficient, and less intrusive. It also recognised the importance of the SAL in that regard. It took note with concern of document GOV/2007/59, but felt it would be premature to decide on any course of action at the current time. The Secretariat should provide further information on the various options and on the criteria for validation and environmental analysis for safeguards purposes. In particular, it would be useful to have an overall approach identifying concerted actions that would allow the SAL's capabilities to be maintained and possibly expanded, the measurement capacity of the network of analytical laboratories to be assured in a sustainable manner, and new measurement methods to be studied. The Secretariat should also make greater efforts with Member States to find new ways of expanding the network, especially in developing countries, and to identify alternative measurement techniques.

91. Mr. AQRAWI (Iraq) said that his country supported the proposal by the Secretariat to upgrade and enhance the SAL's analytical capability in order to avoid dependence on external laboratories and secure the Agency's impartiality and independence. Given the considerable cost of the proposal, Iraq called on the Secretariat to explore the possibility of extrabudgetary funding, especially through donations from interested States. Additional burdens should not be placed on developing countries. He urged the Secretariat to provide more detailed and precise information on funding. As yet, it was premature to take any decision on the issue.

92. The DIRECTOR GENERAL said the issue under discussion opened a Pandora's box of questions about the kind of Agency Member States wished to have in the future and the kind of services they wished it to deliver. The Agency was losing its ability to keep pace in the technological race. As early as September 2002, he had warned that it was at risk of being unable to carry out certain of its core functions, in particular verification. That had been the result of the policy of zero real growth to which the Agency had been held since 1986, a policy applied across the United Nations system, irrespective of the differing mandates, priorities and responsibilities of the various organizations. While conforming to zero real growth, the Agency had had to face the challenges of Chernobyl and Iraq. It had been forced to do so reactively and at a heavy financial cost, not proactively through less expensive preventive measures. States had to reflect on whether they were now prepared to spend funds on preventive measures in order to avert disaster under any of the three pillars of the Agency's activities.

93. The idea of the 20/20 study had come to him during a budget discussion with the realization that financial quibbling was taking priority over preparing for a possibly perilous future. The Agency

would need some US \$100 million if it was to remain credible, whether in the verification area, where its work could make a difference between war and peace; in the safety area, where averting any future Chernobyls was essential to preserving the nuclear power option; or in the security area, where the need to combat the risks of extremists acquiring radioactive or nuclear material had been driven home by the 11 September 2001 terrorist attack in the United States.

94. The proposal regarding the SAL was related to the issue of credibility. The equipment there, provided by a generous donor, performed like a workhorse but had been old when acquired and was much older now. The SAL was crucial to validating the results of analyses of environmental samples, hence the proposal to acquire an ultra-high sensitivity secondary ion mass spectrometer which could make a major difference to the Agency's capacity in that area. One representative had lamented the Agency's lack of a system for amortizing capital investment. That was indeed unfortunate, but it was endemic to the entire United Nations system, hence the plans to introduce IPSAS. Another speaker had asked why the issue of the SAL had not been raised during the recent budget discussions. One reason was that, at that time, the Secretariat had not finished its study of the matter, and another was that the Agency's essential funding requests had not been met even without the additional requirements for the SAL.

95. That raised the fundamental question of whether Member States wanted an organization that was efficient and effective, especially in areas where cost-cutting was impossible. Relying on extrabudgetary funding, particularly for core functions, was not a solution. The External Auditor had actually described it as a distortion of the international character of an organization. Extrabudgetary funding was not predictable, it was sometimes supplied with conditions attached and it had an adverse impact on the Agency's ability to recruit top-quality staff and ensure geographical distribution. In his view, Member States should assume financial responsibility for core functions in accordance with the scale of assessment instead of passing the buck in the hope that funding would come from somewhere else, which it sometimes did but sometimes did not.

96. A speaker had mentioned the question of human resources. Because the Agency's scale of remuneration was fixed under the common system it was often impossible to recruit the best staff. Salaries were not competitive compared with the private sector, especially in information technology and certain technical fields.

97. One speaker had urged the Agency to expand its network of laboratories. That had long been one of his objectives, but investment was needed for laboratories to be qualified to become part of the network.

98. The SAL issue would be discussed further, including under the 20/20 study, but he had wanted to bring it before the Board immediately for consideration in view of its importance and urgency. His position was clear: if Member States wanted the Agency to carry out certain activities, they had to be prepared to finance them.

99. Mr. HEINONEN (Deputy Director General for Safeguards), explaining why the Agency needed verification capability in Vienna, said that only a combination of the SAL and the network of analytical laboratories was workable for verification purposes. In some cases, sample results were needed quickly. Timely verification of plutonium, for example, had to be done in the space of just one month. A network could never perform environmental sample analysis in one month: it was physically impossible. As one representative had pointed out, network laboratories had national tasks and responsibilities and could only analyse a limited number of samples every year for the Agency. Sometimes Agency samples were ready for analysis at times when national laboratories could not accommodate such work. In special verification cases such as Iraq, Iran and the DPRK, samples came in peaks and it was very difficult to ensure a smooth flow of work. Another special case involved the

centrifuge parts brought back from Iran to assess contamination: such work could not have been carried out anywhere except within the Agency. The proposal was not for the Agency to do all verification work, but simply to acquire some limited independent capabilities for such work. Though the funding for independent analysis was by no means sufficient to cover the costs, a network of analytical laboratories was a necessity in view of Regular Budget constraints.

100. Mr. BURKART (Deputy Director General for Nuclear Sciences and Applications) said that the Agency had never had a dedicated laboratory built specifically for safeguards analysis. Rather, it rented sub-optimal facilities. The Agency's secondary ion mass spectrometer had not been purchased through the Regular Budget. The current, ailing equipment had been 15 years old at the time it was donated to the Agency as a generous extrabudgetary contribution. Member States had profited greatly from that donation; however, it had to be understood that considerable resources were now needed to maintain and stabilize those analytical capabilities which had demonstrated their utmost importance in the preceding few years.

101. The CHAIRMAN, summing up the discussions, said that the Board had expressed its support for the Agency's need to provide independent and timely analysis of safeguards samples and to strengthen its independent analytical capability for safeguards.

102. Several members had noted with concern that the nuclear laboratory of the SAL was not fully compliant with Agency safety and security requirements and had noted that, as stated in the report, it could not be made compliant without financial consequences.

103. Several members had noted that the Board had recently gone through extensive negotiations on additional funding requirements for essential investments, a large part of which was related to expenditure on safeguards activities in the future, and they had queried why the requirements for the SAL had not been reflected at that time.

104. It had been emphasized that coordination was required between the current proposal and both the existing programme and budget proposal for 2009 and the ongoing 20/20 project.

105. Several members had noted that their representatives had not taken part in the workshop of technical experts conducted in November 2006 to discuss scenarios to ensure the sustainability of operations at the SAL.

106. Several members had requested the Secretariat to provide further information and clarifications on the options and estimated costs, including staffing, use of the network of analytical laboratories and other technical aspects, for further consideration by Member States, with a view to taking up the matter again at the Board's March 2008 meetings.

107. Some members had expressed the view that any proposal put forward by the Secretariat should be consistent with results-based management and clearly defined objectives and available funding.

108. The Board had noted the comments of the Director General on some aspects of the discussion. The issue at hand was the kind of resources Member States were willing to provide to finance a core Agency activity — in the case in question credible verification — and to take adequate preventive measures to avoid much more costly consequences. The current situation was the logical result of 20 years of zero real growth in the Agency's budget. The current failing secondary ion mass spectrometry machine had been a donation which the Agency would not have been able to afford to buy. The introduction of IPSAS would allow for capital budgeting, which was crucial for an Agency which relied primarily on technology. Reliance on extrabudgetary contributions for core Agency functions was a distortion of the budgetary process and eroded the international character of the Agency. The network of analytical laboratories was no substitute for the Agency itself being able to conduct environmental sampling, both for validation of results and for analysis in cases of limited

availability of network laboratory facilities. As for expanding the network, candidate laboratories had to qualify. As for human resources, members should bear in mind the difficulties the Agency experienced in attracting suitable expertise as the United Nations scales of remuneration could not compete with the private sector.

109. In light of those comments, he took it that the Board wished to take note of the Director General's report contained in document GOV/2007/59, to request additional information on various options and the corresponding funding requirements in order to arrive at cost-effective, accurate and timely proposals for solutions, to encourage Member States to contribute extrabudgetary support, and to recommend that funding requirements be considered in the context of the Agency's programme and budget proposals and the envisaged long-term planning project.

110. It was so decided.

6. Any other business

111. Mr. INOCÊNCIO PEREIRA (Portugal)*, speaking on behalf of the European Union, the candidate countries Croatia, the Former Yugoslav Republic of Macedonia and Turkey, the countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia, the EFTA country Iceland, member of the European Economic Area, as well as the Republic of Moldova and Ukraine, said that providing assurances of supply of nuclear fuel was a challenging objective with roots in the Agency's founding documents. The European Union thanked the Secretariat for circulating the report entitled Possible New Framework for the Utilization of Nuclear Energy: Options for Assurance of Supply of Nuclear Fuel (GOV/INF/2007/11), reflecting all proposals and ideas for the development of a multilateral framework for the nuclear fuel cycle.

112. The European Union had presented to the Secretariat a non-paper on assurances of supply of nuclear fuel which contained, inter alia, a set of criteria against which proposals could be assessed. However, a number of European Union member countries had made individual contributions and were actively involved in the issue. It was of great importance not only to raise awareness of the issue but also to build consensus. Efforts should be pursued to develop access guarantees and establish relevant multilateral provisions without unduly interfering with market conditions. The European Union supported the Director General's focus on the study and development of specific projects and proposals and on corresponding legal mechanisms and, bearing in mind non-proliferation goals and the increased interest in nuclear power, was looking forward to a result-oriented exchange of views on the issue.

113. Turning to the 20/20 study and speaking on behalf of the European Union, the candidate countries Croatia, the Former Yugoslav Republic of Macedonia and Turkey, the countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia, the EFTA countries Iceland and Norway, members of the European Economic Area, as well as the Republic of Moldova and Ukraine, said that, in his comments to the Board in June 2007, the Director General had expressed his conviction that it was necessary to have a discussion about what kind of Agency Member States wished to have in the future. He had expressed his fear of increasing erosion of the Agency's ability to perform its functions and had underlined the importance of maintaining a balance between the Agency's activities and increasing resource constraints in Member States.

114. The European Union was a strong supporter of the Agency and considered it highly important that it was able to meet its statutory tasks in the future. It commended the Director General for his work and valued the 20/20 initiative. That study offered a timely opportunity for the Agency to take a critical look at its future activities both in programmatic and budget implementation terms.

115. The European Union supported a cross-boundary process that could help the Agency pool its technical, scientific and management skills to produce a coherent vision of future priorities. The Agency needed to look at where it could maximize the value it could bring and have a comparative advantage. The 20/20 study would be an opportunity to look at the best practices from industry and other international organizations, and to identify further programmatic management and administrative efficiencies with a view to making the Agency a fit and lean organization for the year 2020.

116. The process should be participatory, should respect the mandate of the Agency as determined by its Statute, and should be fully transparent. Thus, an interactive dialogue should be held with members of the Board. The MANNET Report and matters relating to the Seibersdorf Laboratory, AIPS and IPSAS could also be considered. It was important to include political visionaries as well as people with scientific, economic, management and financial oversight experience in the high-level panel of experts the Director General was planning to establish. The Board should be informed of the membership of the panel and should be briefed on the subject by the Secretariat as soon as it has terminated its internal review and had determined that it was ready to submit its study to the high-level panel.

117. Mr. QUIÑONES (Dominican Republic)*, speaking on behalf of GRULAC, said that the issue of assurance of supply of nuclear fuel, which the Director General had mentioned in his introductory statement was of singular importance and required in-depth analysis. Any initiative relating to the civil use of nuclear energy had to respect the inalienable right of States to the peaceful use of nuclear energy recognized in Article IV of the NPT. Any attempt to alter the balance of obligations set forth in that Treaty, calling into question that right, could undermine the NPT regime. GRULAC took note of document GOV/INF/2007/11 gathering together the various proposals on the subject.

118. Mr. SHAHBAZ (Pakistan), speaking on behalf of the Group of 77 and China, said that assurance of supply of nuclear fuel was a complex issue that required a phased approach, addressing in depth the associated technical, legal and financial aspects. It was premature for the Board to consider the issue before the various aspects and concerns had been adequately addressed. Undue concerns about proliferation should not be allowed to hamper the development of nuclear science and technology for the socio-economic advancement of developing countries.

119. Mr. GUMBI (South Africa) said that, as Board members might be aware, on 8 November 2007 an emergency services operational officer had been shot at the Necsa facility in Pelindaba, which housed research and development installations as well as commercial nuclear facilities. The incident had occurred at about 00:16 when four technically sophisticated, armed criminals had entered the Necsa site by cutting the outside fence and slipping through the electric fence. The preliminary investigation indicated that the criminals had possessed prior knowledge of the electronic security systems, as some security layers of the electric fence had been deactivated, thus preventing an alarm from being relayed to the security control centre. The activities had been captured on surveillance cameras but unfortunately had not been detected by the operators on duty. The criminals had broken into the fire engine room and had removed one of the ladders from a fire engine. They had gained access to the first floor of the emergency control centre through a window. A computer had been removed from the office they had broken into and had been placed on the first floor balcony. The criminals had then moved down the corridor to the control room manned by the station commander and an operator. The station commander had heard the intruders and had immediately contacted security. The criminals had gained access by kicking in the door to the office

adjacent to the emergency control room. They had attacked the station commander with a pipe and, when he resisted, they had shot him. They had also assaulted the operator. At no time had the emergency control room systems been compromised. Furthermore, the emergency control centre contained no nuclear material, nor did it control the operations of any nuclear installation. Its function was to act as the on-site nerve centre for response to a nuclear emergency in the unlikely event that one should occur. After the attack, the criminals had fled via the same route by which they had entered. Necsa's security personnel had arrived and the emergency plan had been activated. The national police service had responded immediately with officers, dogs and a helicopter. The area had been searched thoroughly but the criminals had escaped. Another incident had occurred in the western section of the Necsa site at the same time. A patrolling security officer had spotted intruders, shots had been fired and the intruders had fled. The emergency services operational officer who had been shot had been transported to hospital and was out of danger. All indications were that the computer left on the balcony had not been accessed but, in any case, it did not contain any nuclear-sensitive information.

120. The police were investigating a charge of breaking and entering and attempted murder. Necsa was also conducting an internal investigation with the assistance of technical advisors. Some immediate corrective actions had already been implemented. The investigation would determine the root cause of the incident and any additional corrective actions would be taken to prevent a recurrence. Necsa was cooperating in the police investigation by not disclosing any sensitive information that might compromise the process. Necsa had suspended the security management personnel concerned, including the general manager, pending the outcome of the internal investigation which would cover culpability, negligence and improvements to the security system.

121. Necsa was covered by various legislation, including the National Energy Act and the National Nuclear Regulator Act. The latter stated that the licensee had to ensure the safety and security of the site, that the installations and persons thereon had to be approved by the national nuclear regulator, and that the licensee had to establish and implement arrangements to prevent unauthorized persons from entering the site or any part thereof. South Africa shared the international community's concern over nuclear security and believed that, although the responsibility for controlling and securing nuclear material and facilities rested with each and every State, relevant international instruments played an important role in strengthening national and collective efforts in that regard. His country was committed to implementing those instruments and would continue to evaluate and, where necessary, improve its nuclear security policies and practices.

122. The Agency would be kept informed of developments regarding the incident at the Necsa facility. South Africa had recently finalized an integrated nuclear security support plan and looked forward to a meeting with the Agency to exchange views on the lessons learned from the incident, which could also benefit other Member States in the implementation of their nuclear security policies and the improvement of relevant guidelines.

123. Mr. GOTTWALD (Germany) underlined the critical importance of raising awareness and developing constructive options with regard to the multilateralization of the nuclear fuel cycle and he thanked the Director General for his opening remarks on the topic, which had alluded to the German Government's efforts to create an international enrichment centre open to all interested States.

124. Germany welcomed the Director General's report entitled Possible New Framework for the Utilization of Nuclear Energy: Options for Assurance of Supply of Nuclear Fuel, contained in document GOV/INF/2007/11, and looked forward to further discussion on the development of concepts for multilateralization of the nuclear fuel cycle at the Board's next series of meetings. He drew attention to the declaration of the Foreign Ministers of the Netherlands, the United Kingdom and his own country regarding fuel supply security, which had been circulated in document

INFCIRC/713. To support the efforts of the Director General and the Secretariat, Germany had organized a workshop on 8 October 2007 in Berlin to discuss the interests of different States with regard to nuclear fuel supply and non-proliferation and to raise awareness of the importance of the subject among decision-makers in Europe. The Austrian Foreign Minister had presented her country's views, including the Austrian proposal circulated in document INFCIRC/706. German, French, British and Dutch members of parliament had also been invited, along with experts from several countries and the Agency. The workshop had examined the feasibility of different proposals, concentrating on the German proposal for an Agency-controlled territory housing a commercial enrichment plant, as circulated in document INFCIRC/704. The participants had viewed the proposal as balanced and within the scope of the Agency's statutory activities. However, certain legal aspects required further consideration and Germany had therefore intensified discussions with legal experts and the Agency in order to clarify those questions. It would inform the Board at its next series of meetings of the progress made.

125. Speaking on behalf of the Netherlands and the United Kingdom as well as his own country, he announced those countries' intention to organize an international conference on aspects of nuclear fuel supply in 2008, with the support of the Agency. Those three countries cooperated closely in the field of enrichment under the Treaty of Almelo. In the common declaration circulated in document INFCIRC/713 they had expressed their willingness to discuss the question of supply of nuclear fuel with interested countries with the aim of strengthening their rights under Article IV of the NPT. The planned conference would be entitled Possibilities of Nuclear Fuel Supply for Countries Having a Special Interest in Nuclear Energy and would focus on existing fuel supply chains and aspects of fuel supply security. Based on the anticipated growth in interest worldwide in developing civil nuclear programmes, the conference would look at options that would give States increased security of fuel supply. The three Governments extended a special welcome to those countries that had recently expressed an interest in developing nuclear energy, as the event would provide a good opportunity to exchange views.

126. Mr. AMANO (Japan) said that his country believed it was important to establish an effective nuclear fuel supply assurance framework which could be widely accepted and in which many countries could easily participate. That framework should also fulfil the requirements for maintaining the nuclear non-proliferation regime.

127. Japan recognized the importance of the Russian proposal for an international uranium enrichment centre. In particular, the model agreement between a recipient country and the Agency should be fully discussed, as it could serve as a standard in establishing the future framework of nuclear fuel supply assurance and could also help define the Agency's role in that framework. It was very important not to be hasty in reaching a conclusion on the model agreement, but to have a comprehensive and in-depth discussion of its contents.

128. Mr. MOREJÓN-ALMEIDA (Ecuador) said that the issue of assurance of supply of nuclear fuel was highly important and required in-depth, detailed analysis. Thus, his country had examined carefully document GOV/INF/2007/11.

129. Ecuador firmly upheld the inalienable right of all States to benefit from the peaceful uses of nuclear energy, recognized in Article IV of the NPT. In view of the growing demand for nuclear power, the consequent expansion of fuel cycle-related services and the concomitant proliferation risks, Ecuador was following with interest and wished to participate in the rich debate on options for assuring the supply of nuclear fuel in a safe, equitable, foreseeable and non-discriminatory manner on a multilateral basis. It commended the efforts of the Secretariat in that regard and urged it to continue to examine options which would help prevent proliferation while enabling countries to benefit from

nuclear power in accordance with their NPT obligations, and which did not require States to renounce their rights with regard to any part of the nuclear fuel cycle.

130. Mr. SHAHBAZ (Pakistan), said that any assurance of supply mechanism would have to be apolitical and non-discriminatory and available to all States that were in compliance with their safeguards obligations. It could also not require a State to give up its rights with regard to any part of the nuclear fuel cycle. The mechanism should be adopted through a multilaterally negotiated instrument in order for it to enjoy international legitimacy.

131. Mr. CURIA (Argentina) said that the Director General, in his introductory statement, seemed to take for granted the need to create a multinational mechanism for assurance of supply of nuclear fuel and related services which went beyond the existing system. Argentina believed that consensus did not exist within the Board either on that need or on whether the peaceful development of the nuclear fuel cycle was in itself a proliferation risk and should therefore be limited. Changing the existing mechanism could be considered as a form of censorship or limitation of scientific and technological knowledge, which would affect particularly countries with a small- and medium-scale level of nuclear development, though some elements of the various initiatives might well be positive. He noted that his country had not received an invitation to the meeting organized by Germany in October. His country upheld the position it had already expressed at the NPT Review Conference in May 2005, as well as at the General Conference and Board meetings in 2006 and 2007.

132. Mr. STELZER (Austria) expressed appreciation for the Secretariat's excellent work in preparing document GOV/INF/2007/11. The report summarized the various concepts and ideas put forward, including the Austrian initiative on multilateralization of the nuclear fuel cycle, and would certainly serve as a valuable basis for further deliberations on that crucial matter within the Agency.

133. The case of Iran was an example of a crisis in international security resulting primarily from a lack of trust regarding the nuclear fuel cycle. The Austrian proposal reapplied ideas that lay at the root of European integration: a first phase could be devoted to optimizing international transparency, going beyond Agency safeguards obligations; a second phase, which could begin in parallel, should enable equal access to and control of the most sensitive technologies, particularly enrichment and reprocessing.

134. In view of the crucial importance of nuclear technology for global security, the worldwide renaissance in the use of nuclear energy and the inherent dangers of that technology, namely that sensitive material, equipment and know-how could potentially be misused for weapons programmes and terrorist activities, Austria hoped for an in-depth and results-oriented discussion of the nuclear fuel cycle at the Board's next series of meetings, and that all proposals would be given due and balanced consideration.

135. Mr. SCHULTE (United States of America) said that the Agency had an important role to play in promoting nuclear security activities that contributed to combating the threat of nuclear and radiological terrorism. His country therefore welcomed the Agency's organization of the International Conference on Illicit Nuclear Trafficking which was being held that week in Edinburgh in the United Kingdom. That conference, with participants from more than 70 countries, was a positive step in assessing the challenges posed by trafficking in nuclear and other radioactive material, and in reviewing ways to overcome them. He thanked the United Kingdom for hosting it.

136. The United States believed that nuclear security and measures to protect against nuclear terrorism were of the utmost importance and it was committed to the successful implementation of the Agency's nuclear security programme. It continued to work with the Agency and other donor States to establish a workable list of priorities for the nuclear security plan and looked forward to working with the Agency to help implement those priorities.

137. The United States welcomed the Agency's involvement in the Global Initiative to Combat Nuclear Terrorism, which had held its first meeting in Morocco. The number of participants in the Global Initiative and the number of programmes and exercises conducted under its auspices continued to grow.

138. His country endorsed the AIPS project as a necessary modernization of Agency management that would benefit all Member States. All members had a stake in the Agency's effectiveness and efficiency and the use of modern technology and practices, and the United States hoped they would all provide extrabudgetary funding for the system as soon as possible. The United States was examining sources of extrabudgetary funding and hoped to be able to contribute.

139. The United States supported the Director General in his efforts relating to the establishment of an Agency-administered mechanism for reliable access to nuclear fuel and welcomed the fact that the Secretariat was working with Russia on a specific concept that could be implemented in the near future. At the preceding General Conference, the United States Secretary of Energy had expressed the hope that the Agency would be able to make significant progress towards implementing those arrangements by the next General Conference. A well-functioning market and back-up mechanism would support the expansion of nuclear power worldwide while providing a viable alternative to the spread of sensitive fuel cycle technologies. Having such a mechanism in place would assist countries in making decisions on the development of nuclear energy. The mechanism would be apolitical and no rights would be denied.

140. The report contained in document GOV/INF/2007/11 provided an excellent summary of a range of concepts for assurance of supply and suggested a possible framework for those concepts that provided a good basis on which to proceed. The United States advocated proceeding on a step-by-step basis. The ideas put forward by Member States were not mutually exclusive, and a diversity of approaches could enhance confidence and provide options for countries considering nuclear energy. An attempt might be made to put initial steps in place by the Board's meetings in June 2008, providing access to one or more of the enriched uranium reserves that had been proposed and were under active discussion. Over time, additional elements could be added to the mechanism, extending beyond uranium enrichment to other aspects of the fuel cycle. He encouraged the Secretariat to play a leading role in consultations with interested Member States to develop those initial steps within the suggested timeframe.

141. For its part, the United States was creating a reserve of LEU to support fuel supply assurances. In June 2007, the Department of Energy had awarded a commercial contract for the downblending of 17.4 metric tons of HEU into LEU for use in a national fuel reserve. The Department of Energy had begun shipments of HEU to the contractor and downblending was scheduled to begin in 2007 and end in 2010.

142. Another initiative to promote the peaceful uses of nuclear power worldwide was the GNEP. Thirty-five countries had taken part in the second GNEP Ministerial Meeting immediately prior to the 2007 General Conference. Seventeen countries had become full partners in the GNEP by signing the GNEP Statement of Principles, which expressed a shared vision of expansion of nuclear energy for peaceful purposes in a clean, safe and secure manner, while reducing the risk of nuclear proliferation. Other countries that shared that vision would be welcome to participate and would not give up any rights by joining the voluntary partnership. The United States welcomed the Director General's observation that the GNEP was a promising framework to make nuclear energy more widely available. At the GNEP Ministerial Meeting, partners had agreed to establish working groups on infrastructure development and fuel services. Those efforts should complement the Agency's work.

143. Ms. COPPOOLSE (Netherlands)* highlighted the importance that her country attached to AIPS, which could not yet be implemented as the Secretariat had received no funding for it. In the preceding year, the Board had decided that IPSAS should be implemented by 2010. As AIPS was a prerequisite for reaching that goal, it should be the joint responsibility of all Member States to face the financial consequences of that decision. AIPS was not any random IT project, but a carefully selected system that deserved Member States' full support. It would not only enable the Agency to manage its ever increasing tasks and responsibilities with a more transparent, cost-efficient and integrated support system, but would also lead to important cost savings of €6 million per year. The Netherlands took the need to implement AIPS very seriously and was therefore willing to pay its share of the funding for the first phase of the project. However, that contribution would only cover part of the costs. She urged all Member States to pay their share of the required €7 000 000. The Netherlands pledged €126 000.

144. Mr. JOHANSEN (Norway)* said that AIPS was central to increasing the efficiency and effectiveness of Agency-wide programme delivery, which was why Norway had supported investment in it in the budget discussions earlier in the year. It had also supported essential investments for the Seibersdorf laboratory and for other purposes. It still thought that it would have been wise for the Board to be forward-looking in that regard and include AIPS in the budget. Member States should make it a priority to try to find money to implement AIPS, since it was a matter of investing money to save money. Others should follow the example of the Netherlands.

145. Mr. SHARMA (India) said that his country supported the implementation of AIPS. It seemed perfectly reasonable that the Agency, with several hundred million dollars' worth of expenditure annually, should seek to streamline and upgrade its business processes. He thanked the Deputy Director General for Management and his colleagues for providing information in that connection. India strongly supported the project and noted that its successful implementation might lead to considerable savings, as well as increased efficiency in overall programme delivery.

146. The DIRECTOR GENERAL, commenting on the issue of assurance of supply, said that there were two aspects to the proposed new framework. The first came under Article IX of the Statute, which provided that the Agency should have material available to provide to Member States if required. That involved creating a fuel reserve. The modalities had not been agreed upon, but the Agency's duty to provide that service was clear. The assurance of supply mechanism would not disrupt the market in any way and was considered a last resort, in case a country was denied supply for political reasons. Certain incidents in the past could have been avoided if such a mechanism had been in place. The mechanism would be open to all Member States that were in compliance with their safeguards obligations and it would not take away rights from any country. The mechanism should also be adopted through a multilaterally negotiated instrument. The second aspect was related to whether there was any advantage to having multinational centres for enrichment or reprocessing activities. A consensus had not yet been reached on that question and many proposals were under discussion. However, the common factor in all the proposals was that such centres would not require any country to give up their rights under the NPT. Multinational centres would provide assurances to all those countries that were introducing nuclear power, avoiding the need for them to build expensive fuel cycle facilities; and they could ultimately help control nuclear material.

147. With regard to AIPS, he said that he wished he could have heard more statements like the one from the Netherlands pledging actual resources for the system. He thanked the representatives of Norway, the United States and India for expressing their support for AIPS and their intention to seek resources for it. AIPS was very important to make the Agency more efficient and effective, and funding for it was required as early as possible in order to meet the objective of applying IPSAS by 2010.

148. Mr. WALLER (Deputy Director General for Management) said that AIPS was not an IT project, but a re-engineering and integration of all Agency processes in order to achieve a more efficient and effective delivery of the programme. Time was of the essence. If the Agency did not start implementing AIPS in the first half of 2008, there would not be 100% synergy with the implementation of IPSAS. That opportunity should not be missed.

149. With regard to the 20/20 study, the intention was to provide Member States before June 2008 with the results of the internal study that was being performed by the Secretariat, and the recommendations of the independent commission of eminent persons. That would initiate a dialogue that would later feed into other aspects of the Agency's work, including the programme and budget cycles, as Member States deemed appropriate. The former President of Mexico, Mr. Ernesto Zedillo, had just agreed to chair the commission, but no other members had been appointed as yet.

– Tributes

150. The CHAIRMAN bade farewell to colleagues who had finished or would shortly be finishing their tour of duty: the Resident Representatives Mr. Mazi of Albania, Mr. Nieuwenhuys of Belgium, Mr. Cabello Sarubbi of Paraguay, Mr. Bota of Romania and Mr. Kurdi of Saudi Arabia.

151. Some senior colleagues from the Secretariat were leaving their posts: Mr. Cherif, the Director of the Office of Programme Development and Performance Assessment, Mr. Shaw, the Director General's Special Assistant for Policy, and Mr. Mantoura, the Director of the Agency's Marine Environment Laboratories in Monaco.

152. He wished all those who were leaving success in their future endeavours.

The meeting rose at 1.40 p.m.