

IAEA Board of Governors

Record of the 1209th Meeting
GOV/OR.1209

Nuclear verification
(a) The Safeguards Implementation Report for 2007

Board of Governors

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Record of the 1209th Meeting

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¹ GOV/2008/23.

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)
Mr HORVATIC		Vice-Chairman (Croatia)
Mr THERECKA	_____	Albania
Mr KHELIFI		Algeria
Mr CURIA		Argentina
Mr KRUSE		Australia
Mr MARSCHIK		Austria
Mr BAZOBERRY		Bolivia
Mr VALLIM GUERREIRO		Brazil
Ms GERVAIS-VIDRICAIRE		Canada
Mr LAGOS KOLLER		Chile
Mr LIU Yongde	}	China
Mr YANG Dazhu		
Mr ZEBIC		Croatia
Mr GARCÉS-BURBANO		Ecuador
Ms SINEGIORGIS		Ethiopia
Ms KAUPPI		Finland
Mr CARON		France
Mr SANDTNER		Germany
Ms AMOAH		Ghana
Mr KUMAR		India
Mr ALSHARIA		Iraq
Mr COGAN		Ireland
Mr GHISI		Italy
Mr AMANO		Japan
Mr MAKSIMOVAS		Lithuania
Mr CANCHOLA GUTIERREZ		Mexico
Mr AIT SLIMANE		Morocco
Mr EDOKPA		Nigeria
Mr SHAHBAZ		Pakistan
Mr MONTEALEGRE		Philippines
Mr BERDENNIKOV	}	Russian Federation
Mr ZHGUTOV		
Mr AL-TAIFI		Saudi Arabia
Mr MINTY	}	South Africa
Mr WRIGHT		
Mr MARFURT		Switzerland
Mr ARTHAKAIVALVATEE		Thailand
Mr SMITH		United Kingdom of Great Britain and Northern Ireland
Mr SCHULTE	_____	United States of America

Attendance (continued)

Mr ELBARADEI	Director General
Mr BURKART	Deputy Director General, Department of Nuclear Sciences and Applications
Ms CETTO	Deputy Director General, Department of Technical Cooperation
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, Belarus, Bulgaria, Burkina Faso, Cuba, Cyprus, Czech Republic, Dominican Republic, El Salvador, Estonia, Holy See, Hungary, Indonesia, Islamic Republic of Iran, Israel, Jordan, Kenya, Republic of Korea, Latvia, Libyan Arab Jamahiriya, Malaysia, Netherlands, New Zealand, Norway, Paraguay, Peru, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Tunisia, Turkey, Ukraine, Uruguay, Bolivarian Republic of Venezuela.

Abbreviations used in this record:

ABACC	Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials
AIPS	Agency-wide Information System for Programme Support
APCs	assessed programme costs
CPF	Country Programme Framework
DPRK	Democratic People's Republic of Korea
EFTA	European Free Trade Association
EU	European Union
GRULAC	Latin American and Caribbean Group
IPF	indicative planning figure
IPSAS	International Public Sector Accounting Standards
ITER	International Thermonuclear Experimental Reactor
LDC	least developed country
NAM	Non-Aligned Movement
NPCs	national participation costs

Abbreviations used in this record (continued):

NPT	Treaty on the Non-Proliferation of Nuclear Weapons
NWAL	Network of Analytical Laboratories
OECD	Organisation for Economic Cooperation and Development
PCMF	Programme Cycle Management Framework
RCA	Regional Cooperative Agreement for Research, Development and Training Related to Nuclear Science and Technology (for Asia and the Pacific)
SAL	Safeguards Analytical Laboratory
SIR	Safeguards Implementation Report
SIT	sterile insect technique
SQP	small quantities protocol
SSAC	State system of accounting for and control of nuclear material
TCF	Technical Cooperation Fund
UN	United Nations
WCF	Working Capital Fund

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

4. Strengthening of the Agency's technical cooperation activities

(a) Technical Cooperation Report for 2007 (continued)
(GOV/2008/11 plus Supplement)

(b) Application of the due account mechanism and its effectiveness (continued)
(GOV/INF/2008/6)

1. Ms DAMIBA (Burkina Faso)* said that her country attached great importance to activities for promoting the peaceful utilization of nuclear energy and to the maintenance of a balance between the three pillars of the Agency's work — technical cooperation, verification and safety. In 2007, her country had established a Technical Secretariat for Atomic Energy and a National Authority for Radiation Protection and Nuclear Safety for the management of Agency-supported activities in Burkina Faso.

2. In May 2008, a seminar on the contribution of peaceful nuclear energy applications to socio-economic development had been held in her country for the purpose of informing, in particular, ministers and other members of the executive about the very large range of such applications. The harmful effects associated with ionizing radiation had been explained and the importance of the National Authority for Radiation Protection and Nuclear Safety for ensuring high levels of radiation safety had been underlined. At the seminar, which had been a great success, two Agency experts had guided a discussion on application of the Code of Conduct on the Safety and Security of Radioactive Sources and the supplementary Guidance on the Import and Export of Radioactive Sources.

3. In Burkina Faso, which had in 2007 signed its CPF for 2007–2011, many technical cooperation projects were under way but people's needs were growing. However, her delegation was sure that the Agency's support would greatly assist Burkina Faso in its efforts to attain the Millennium Development Goals. That presupposed, of course, the availability of sufficient, assured and predictable resources for the Agency's technical cooperation activities — an issue highlighted in the report of the Commission of Eminent Persons on the future of the Agency.

4. Ms CETTO (Deputy Director General for Technical Cooperation) said that she was grateful for the expressions of support for the Agency's technical cooperation activities; she would convey them to the staff of her Department.

5. She and her colleagues had taken note of the suggestions made regarding future Technical Cooperation Reports and of the comments made on the draft Technical Cooperation Report for 2007.

6. Judging by the numerous and diverse comments made about it, financing was a matter of concern for all, with regard both to the Regular Budget and to the TCF. Board members had requested that her Department make constructive proposals regarding a strengthened funding mechanism. Document GOV/INF/2007/15, entitled "TC Programme Resources — Sufficient, Assured and Predictable" was very relevant in that connection. While the various financing issues were interlinked, and a thorough review of them within the framework of the '20/20 exercise' would be appropriate, her Department would greatly appreciate feedback on the document.

7. Note had been taken of the request for tighter application of the due account mechanism and for a review of the percentage figures used, in order to ensure that the mechanism was as fair and effective as possible.

8. The Secretariat had taken note of Member States' requests for an assessment of the impact of the decline in the purchasing power of the US dollar. It had been pleased to hear some comments in support of an increase in the TCF target. If the good rate of attainment achieved in 2007 was achieved also in future years, a TCF target increase would enable the Secretariat to meet greater demands for technical assistance.

9. Representatives of Member States in two particular regions had raised issues with regard to the so-called 'regional target shares' of TCF resources. However, there were no targets for the regional allocation of TCF resources. Although there were fluctuations in disbursements by country and by region from year to year, there was a clearly discernible tendency to respond to the needs of the less developed countries within the different regions — and less developed countries were not spread evenly around the globe. That tendency was in line with Member States' requests and the External Auditor's recommendation that the Secretariat target the needs of LDCs and work towards the attainment of Millennium Development Goals. Member States' cooperation in support of that process was greatly appreciated.

10. The issue of mobilization of extrabudgetary resources had been raised, and one Board member had referred to significant opportunities announced at a recent international conference — specifically for Africa. That confirmed her conviction that the Department of Technical Cooperation needed to reach out more in search of such resources, and it increased the relevance of what she had said the previous day about the charging of programme support costs in the case of extrabudgetary contributions.

11. Regarding NPCs, the Secretariat had been requested to apply the NPC mechanism in a more flexible manner.

12. Several comments had been made about technical cooperation programme implementation. There were always fluctuations in the implementation of the individual programme components from one year to another — that was natural, as each programme was a living entity with numerous factors impacting on its implementation. In the period 2006–2007, during which the number of Member States receiving Agency technical assistance had risen from 115 to 122, the number of implementation actions relating to the human resources component (the assignment of experts and lecturers, etc.) had risen from 10 444 to 11 623. Such figures reflected a remarkable amount of work. However, implementation could not continue growing in that way in response to the increasing needs of Member States without additional support.

13. Regarding the 'Delivering as One' initiative of the United Nations, the Agency's contribution to development could not be made in isolation; the Agency needed to cooperate with all relevant actors in a given recipient country, including the representatives of other organizations belonging to the United Nations system. The Agency's country-level technical cooperation strategy was very much in line with the 'Delivering as One' concept, and the Secretariat's aim was inclusion rather than self-exclusion.

14. Several members of the Board had suggested new initiatives, but, as she had made clear the previous day, the Secretariat was not well placed to embark on new initiatives at the moment. The current year was a year of intensive programme design and formulation activity, in addition to programme implementation. During the three-year cycle beginning in 2009, however, it would be possible to seek efficiency gains in overall technical cooperation programme management and to embark on some new initiatives within the framework of the '20/20 exercise'. She was therefore looking forward to the Board's discussion of the report of the Commission of Eminent Persons on the future of the Agency.

15. The CHAIRMAN, summing up on agenda subitem 4(a), said that the Board had commended the Secretariat for the quality of the draft Technical Cooperation Report for 2007 and had expressed appreciation of the Secretariat's efforts to strengthen the Agency's technical cooperation activities.

16. Several members had noted that technical cooperation activities were an integral component of the Agency's mandate under the Statute, a means of technology transfer and an efficient tool for accelerating sustainable development. They had emphasized that a balance should be maintained among the Agency's three pillars. The importance of maintaining coordination between the Major Programme for technical cooperation and the other Major Programmes as part of the Agency's one-house approach had been emphasized.

17. Wide-ranging and diverse comments had been made on the Agency's technical cooperation activities — for example, those relating to energy planning and nuclear power development, human resources development and sustainability, food and agriculture, human health, the SIT, water resources management, environmental protection, knowledge management, nuclear security and the security of radioactive sources, the building of partnerships, the mobilization of extrabudgetary resources, the Agency's contribution to the attainment of Millennium Development Goals and the role of the Agency as an important partner in development.

18. Activities being conducted within the framework of the regional cooperative agreements had been highlighted, and the Agency assistance provided in support of those agreements had been commended.

19. Comments had been made about programme delivery issues — for example, CPFs, the 2007 programme implementation rate, obstacles to the implementation of some projects and the need for the Secretariat to address them in consultation with the Member States concerned, the progress achieved in implementation of the PCMF and the need for appropriate training in the effective use of that tool, the importance of allocating sufficient resources to technical cooperation programme management, and the importance of the systematic evaluation of the Agency's technical cooperation activities.

20. Several members had cautioned against adoption of a unified United Nations approach to development since it might have negative implications for the financing and delivery of the Agency's technical cooperation programmes. Some other members had welcomed the steps taken by the Secretariat in support of the 'Delivery as One' initiative of the United Nations and had called for further steps in that regard.

21. The Secretariat had been requested to provide the Board with a further description of the procedures for implementation of Security Council resolution 1737, regarding Agency assistance to the Islamic Republic of Iran.

22. The Board had again stressed the need for sufficient, assured and predictable funding for the Agency's technical cooperation activities and had urged all Member States to pay their full TCF target shares and do so in a timely manner, to pay the NPCs due from them and to pay off any APC arrears. Several members had noted the large number of footnote-a/ projects. Some members had emphasized that the financing of technical cooperation activities should be in line with the concept of 'shared responsibility'. Several members had raised the issue of regional target shares of TCF resources and requested the Secretariat to review the allocation of funds to certain regions.

23. Many members had noted with appreciation that the rate of TCF target attainment had exceeded 95% by the end of 2007. It had been emphasized that the objective of the rate of attainment mechanism was to reach 100% attainment of the TCF target.

24. Several members had recalled document GOV/INF/2007/15, entitled “TC Programme Resources — Sufficient, Assured and Predictable”, and had stated that they were looking forward to receiving Secretariat proposals for addressing the issue of the long-term funding of the Agency’s technical cooperation programmes. They had expressed concern over the significant loss in the purchasing power of the TCF due to exchange rate fluctuations and had stressed that the resources of the TCF should be protected against such fluctuations.

25. The Board had noted the Secretariat’s responses to the comments made during the discussion of issues such as a strengthened funding mechanism, the mobilization of extrabudgetary resources, the rate of technical cooperation programme implementation, the ‘Delivering as One’ initiative of the United Nations, and the due account mechanism.

26. He assumed that the Board wished to take note of the draft Technical Cooperation Report for 2007 contained in document GOV/2008/11 and request the Director General to transmit it to the General Conference after any modifications which the Board considered necessary had been made, for the General Conference’s information and in response to the request contained in resolution GC(51)/RES/13.

27. It was so decided.

28. The CHAIRMAN, summing up on agenda subitem 4(b), said that several members had expressed appreciation to the Secretariat for preparing the report on application of the due account mechanism contained in document GOV/INF/2008/6.

29. Some members had noted the Secretariat’s conclusion that the due account mechanism was functioning reasonably well and had helped to increase contributions to the TCF.

30. Some members had recalled the External Auditor’s recommendation that inconsistencies in the application of the due account mechanism be eliminated and the General Conference’s view that the effectiveness of the due account mechanism depended on its consistent application to all Member States.

31. Several members had requested the Secretariat to review the percentage figures applied in the due account mechanism, the aim being to ensure that the mechanism was fair and effective.

32. Several members had stated that there was a need to review the mechanism in order to improve its effectiveness and efficiency and to review some of the alternative options. They had proposed that consultations be initiated to allow for the consideration of appropriate means that would enable the Secretariat to apply the due account mechanism in an equitable and effective manner.

33. The Chairman’s summing-up was accepted.

Mr Skoknic (Chile) took the Chair.

**(c) Technical Cooperation Fund targets for the 2009–2011 triennium
(GOV/2008/24)**

34. The CHAIRMAN said that Ms Sinegiorgis of Ethiopia and Mr Cogan of Ireland had been co-chairing a working group with a view to making recommendations to the Board on the target figures for the TCF triennium 2009–2011 and IPFs for the subsequent biennium 2012–2013. At the most recent meeting of the working group, an informal non-paper had been submitted by the Co-Chairs which was now before the Board as a formal proposal in document GOV/2008/24. It had been the subject of fairly intensive consultations with interested Member States during the last two days.

35. Mr COGAN (Ireland), presenting the proposals contained in document GOV/2008/24, said that over the preceding weeks Ms Sinegiorgis and himself had held consultations with many delegations, both individually and in groups. In trying to identify a target figure, various factors had been taken into account, as required by previous Board decisions. The principal factors were set out in the package proposal agreed in 2003², which stated that, from 2005 onwards, TCF targets should be negotiated taking into account the voluntary nature of contributions, based on changes in the level of the Regular Budget and the price adjustment factor in the corresponding years. Those factors were concrete figures on the basis of which it had been possible to set an opening figure. The starting point had been the current level of US \$80 million. Taking into account inflation, using the OECD inflation adjuster, had brought that figure up to approximately \$83.4 million. Adding the 0.8% increase for the Regular Budget in 2007 had given \$84.035 million. In addition, an element had been included for new members, of which there had been five since 2006, bringing the total figure to \$85 million, or \$255 million over the three years. That was the figure proposed in the non-paper put forward by the Co-Chairs for consideration by the working group. While nobody had objected outright to the criteria used in reaching that figure, it had not been possible to reach a consensus. Other factors could have been taken into account, such as the loss in purchasing power of the dollar, but the Co-Chairs had decided that using only the principal factors was more likely to lead to a consensus. Various views had been expressed by the delegations and groups involved, with the suggested figures ranging from \$82 million to over \$90 million, the latter having been suggested by the Group of 77 and China. Having listened to the discussions thus far, the Co-Chairs believed that, if a consensus were to be achieved, it would be along the lines of the figures proposed in document GOV/2008/24.

36. In order to respond to the concerns of many delegations regarding the loss in purchasing power of the TCF owing to the decline in exchange value of the dollar, it had been proposed to invite the Secretariat to examine the issue and present to the Board, as early as possible, a report including recommendations for possible measures to protect the TCF against the effects of such currency fluctuations in the future.

37. In the non-paper, the Co-Chairs had not proposed any specific graduation between the various years of the 2009–2011 triennium. However, during consultations, it had become very clear that a figure of \$85 million for 2009 would pose a difficulty for a number of large contributors who had already agreed their national budgets for that year. Therefore, in a further attempt to reach a compromise, the Co-Chairs now proposed graduating the target figure over the three years, beginning with \$83.5 million in 2009, which reflected the current figure plus inflation.

38. The Co-Chairs hoped to continue their efforts, and appealed to all parties to show the necessary understanding and flexibility to allow progress towards a consensus agreement on the target figure.

39. The CHAIRMAN thanked the Co-Chairs for their work and dedication. It was regrettable that such an important matter had not yet been resolved, and interested parties should continue working towards an agreement. There were certain deadlines to be met, as the target figure had to be approved at the General Conference. He urged all parties to work with speed and flexibility, and in an exhaustive manner.

40. Mr SHAHBAZ (Pakistan), speaking on behalf of the Group of 77 and China, emphasized that resources for the Agency's technical cooperation activities should be sufficient, assured and predictable so that it could meet the objectives contained in Article II of the Statute. An appropriate balance must be maintained between the Agency's promotional and other activities.

² See GC(47)/INF/7.

41. As agreed in the package proposal in 2003, the Group believed that the TCF targets should be based on changes to the level of the Regular Budget and the price adjustment factor in corresponding years. A significant percentage of technical cooperation expenditure was in euros. Owing to the loss in purchasing power of the US dollar, the TCF was decreasing in real terms. Moreover, there were nine new Agency Member States, all of them developing countries, therefore the demand for technical cooperation would increase. Taking into account the longer planning period of the following cycle and the need for ensuring parity with growth in the Agency's budget, the TCF targets should be set individually with a view to ensuring a progressive increase over the triennium.

42. Mr AMANO (Japan) stressed the importance of having a realistic target, so that as many Member States as possible would pay their contribution in full, thus maximizing technical cooperation resources. The increasing rate of attainment in the preceding years showed that progress was being made in the right direction.

43. As to document GOV/2008/24, it was unfortunate that a consensus had not yet been reached on the TCF target for 2009–2011. Japan would make every effort to reach an agreement at the earliest possible date.

44. Ms GERVAIS-VIDRICAIRE (Canada) reiterated her country's opinion that the new TCF target should be based on the IPF identified previously for the triennium, namely \$82 million. Canada noted the proposal offered by the Co-Chairs and would not block a consensus should one emerge based on their methodology. However, it would be difficult to accept a higher TCF target, and Canada would be seriously concerned about the implications for the rate of attainment, which could be quite detrimental if the increase were overly large. Simply raising the target did not guarantee full funding, since for many countries, including Canada, their voluntary contributions were capped at a fixed level that was difficult to change.

45. While Canada recognized that it could be useful to explore future hedging mechanisms that could mitigate the problems caused by fluctuations in the value of the US dollar, moving to a split assessment system would be problematic for her country.

46. Mr SANDTNER (Germany) took note of document GOV/2008/24 and said that his country was prepared to work in a constructive manner together with other countries to reach a consensus. He proposed that the working group should continue its valuable work with a view to finding a solution as early as possible.

47. Mr SCHULTE (United States of America) welcomed the proposal submitted by the Co-Chairs of the working group. It contained many elements that could contribute to a solution, but was unfortunately not enough for consensus. The United States looked forward to working with other Member States to resolve the issue.

48. Mr MINTY (South Africa) said that his Government would be very disappointed with the outcome of the discussions on the TCF targets. He pointed out that the verification costs for one nuclear plant in a major developed country amounted to \$30 million. All that the developing countries were requesting was an increase in the TCF target figure of \$2–3 million. Member States should be fully aware that developing countries contributed to most of the costs related to verification. It was very important that the TCF had sufficient funds to ensure that it could meet the costs of all the projects and programmes in developing countries. South Africa urged all members to adopt a balanced approach, looking at the overall context of the Agency's work.

49. The CHAIRMAN, summing up the discussion, said that the Board had expressed its appreciation for the efforts of the Co-Chairs of the working group on the TCF targets, had taken note of their report and had urged all Member States to manifest flexibility in order to reach agreement on

the target figures. The Board had emphasized the necessity of rendering the resources of the TCF predictable, assured and sufficient.

50. The Board looked forward to receiving as soon as possible TCF target figures that it could recommend to the General Conference.

51. He took it that his summing-up was acceptable to the Board.

52. It was so decided.

5. Report of the Programme and Budget Committee (GOV/2008/12)

53. The CHAIRMAN recalled that the Programme and Budget Committee had proposed that the Board recommend to the General Conference for approval a total Regular Budget of €299.2 million for Agency programmes for 2009. The Committee had also made a recommendation on the level of the WCF.

54. Two further matters were pending from the Committee. It had been decided that the Chairman of the Board would hold further consultations on proposals for the funding of AIPS and consequently he had distributed his revised proposal to all members. Secondly, the issue of the application of programme support costs to extrabudgetary resources had been deferred to the present session of the Board and the matter had been the subject of a briefing for Member States on 20 May 2008.

55. Mr SHAHBAZ (Pakistan), speaking on behalf of the Group of 77 and China, said that the Group was prepared to join the consensus in approving the Agency's proposed programme and budget for 2009.

56. The Group wished to recall the comments it had made in the Programme and Budget Committee regarding the Secretariat's proposal to reduce the number of copies of Agency documents distributed and the agreement reached thereon.³

57. The Group recognized the importance of charging programme support costs for the administration of extrabudgetary activities, a measure which could help to reduce the extra burden on available resources and provide a clear separation between the costs of administering such activities and those of administering programmes under the Regular Budget.

58. Under the Rules Regarding the Acceptance of Voluntary Contributions of Money to the Agency,⁴ the Director General had authority to accept voluntary contributions provided that acceptance of such contributions would not involve the Agency in expenditures for which funds were not available. Thus, the Rules required that voluntary contributions must fully absorb all costs associated with extrabudgetary activities. However, programme support costs could be charged for activities funded from other voluntary and extrabudgetary resources, trust funds and special funds only as agreed with contributors.

³ See GOV/COM.9/OR.273, paras 4–7.

⁴ See INFCIRC/370/Rev.2.

59. The Group noted that the Secretariat had proposed that programme support costs be applied to all expenditures funded from voluntary contributions, except those from the TCF which were already provided for under Major Programme 6.

60. The technical cooperation programme remained the only statutory function which was solely funded by voluntary contributions, comprising the TCF, additional contributions for activities for which TCF funding was not sufficient, and government cost sharing. Given that the whole of the programme was supposed to be carried out under Major Programme 6 with funds from the Regular Budget, there was no justification for charging programme support costs to any part of that funding, including additional contributions and cost sharing.

61. Government cost sharing reflected a shortage of funding for technical cooperation and was a demonstration of additional commitment to the project by the recipient Member State, as encouraged by the Agency under the central criterion and supported by the External Auditor. Government cost sharing, and other arrangements such as matching funds, were established mechanisms for expanding the resource base available to support technical cooperation. Similarly, footnote-a/ projects were technically sound projects whose implementation was considered important, but which could only be executed if additional funding became available. Arrangements for additional voluntary contributions and government cost sharing played a useful role in situations where projects ran the risk of being shelved owing to lack of funding.

62. According to an opinion given by the Agency's Legal Division in 1997,⁵ the voluntary contributions provided for in Article XIV.F of the Statute constituted the main part of the Agency's own resources for financing technical assistance, which could not be construed to be an activity other than planned and therefore needing extra cost to support. Moreover, according to a 1980 Note by the Secretariat,⁶ voluntary contributions were placed in the General Fund in accordance with Article XIV.F and costs of technical assistance falling within Article XIV.B.2 were thus included in the operational budget.

63. If funding for all technical cooperation activities was voluntary, and their management was paid for under the Regular Budget, there was no justification for imposing programme support costs on any of the component funding arrangements, and doing so might reduce the net funding available for technical cooperation, which would go against the long-standing demand of developing Member States for sufficient, assured and predictable funding. The Group was of the view that programme support costs should apply only to those extrabudgetary contributions that were going towards non-promotional activities. While the Group understood that the increasing extrabudgetary funding was intended to support certain Agency activities which would otherwise shift the priorities of the — already unbalanced — Regular Budget, it considered that sufficient, assured and predictable funding of technical cooperation would help maintain a balance across all the Agency's statutory activities.

64. Mr ZHGUTOV (Russian Federation) took note of the Agency's accounts for 2007 and encouraged the Secretariat to analyse and take into consideration in its future work the recommendations of the External Auditor aimed at improving programme management methods in the fields of safeguards, nuclear security and technical cooperation.

65. Other recommendations by the External Auditor required thorough study. In particular, it was not clear to his delegation how the proposed system of surcharges and discounts, intended to encourage the timely payment of contributions, could be combined with the principle of basing scales

⁵ See GOV/2940, Annex, para. 7.

⁶ See GOV/INF/366, para. 8.

of contributions on Member States' real ability to pay. Also, his delegation was not convinced that expressing the budget in one currency, the euro, would not lead to additional risks for those Agency expenses which had traditionally been made in US dollars.

66. With regard to the use of cash surpluses, his country's main concern was that such resources should be distributed among those members that made their payments reliably. Such an approach was envisaged both in the Agency's Financial Regulations and in internal Russian legislation. His delegation believed that projects intended to improve the operation of the whole Agency should be funded by all Member States. The use of cash surpluses for such purposes would mean that those projects were being subsidized only by those members that made their payments reliably, an approach he considered inequitable. Accordingly, he felt the decision to waive its share of the cash surplus for 2006 should remain a voluntary one for each Member State.

67. He noted that the draft Regular Budget for 2009 showed real growth in budgetary allocations. The trend toward exceeding zero real growth of expenses had been observable since 2003 and deserved more careful attention and analysis by, for example, the 20/20 project. He wished to point out that the real growth in the Regular Budget in 2009 was the result of objective causes, such as expenses for the monitoring programme in the DPRK and one-off investments in the Agency's potential. His delegation believed that the adjusted level of the Regular Budget for 2009 of €299.2 million was well-founded and would be prepared to support its adoption.

68. Mr MINTY (South Africa) observed that the rise in the number of members of the Agency, especially developing countries, naturally increased the demand for assistance and cooperation and that the anticipated expanded use of nuclear power would necessitate additional verification activities, making it increasingly difficult to maintain a policy of zero real growth for the Agency's budget.

69. South Africa was seriously concerned at the manner in which discussions on the draft budget for 2009–2011 had unfolded. In his delegation's view, when Member States pressured the Secretariat to make further reductions in the budget, they were heading into a dangerous situation, jeopardizing the Agency's ability to fulfil its safeguards and verification mandate and implement its core activities. South Africa continued to believe that the Agency needed to be provided with adequate resources to fulfil its mandate and that Member States should consider and respond appropriately to the challenges constraining the Agency's ability to carry out its responsibilities.

70. In conclusion, he acknowledged the importance of AIPS as a basis for IPSAS and urged that it be taken forward in a timely manner.

71. Mr KRIŽ (Slovenia)*, speaking on behalf of the European Union, said that the candidate countries Croatia, the Former Yugoslav Republic of Macedonia and Turkey, the countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia, the EFTA country Iceland, member of the European Economic Area, and the Republic of Moldova and Ukraine and associated themselves with the statement he was about to make.

72. The EU had some concerns relating to precisely how programme support costs would be applied. Responses to some questions from EU Member States had been gratefully received, but not all queries had yet been answered to their complete satisfaction. For that reason and given the importance and impact of the proposal, the EU urged the Secretariat to delay implementing the levy from 1 July 2008 to 1 January 2009, at the earliest, which would give all Member States time for further consideration.

73. The EU stressed the importance it attached to full transparency on the issue and on how Member States would be kept informed of possible savings resulting from the mechanism's implementation. As a matter of principle, the EU believed that any such levy should be applied in a

fair and equal manner and would not be able to accept any proposal that involved a selective or discriminatory approach.

74. Mr JOHANSEN (Norway)* said his country strongly believed that it was the responsibility of Member States to provide sufficient support to allow the Agency to fulfil all parts of its mandate. While ways of saving money and streamlining the organization should be continually explored, Norway recognized that there was a limit to the savings that could be achieved. In the previous year, the budget had been cut substantially by not accepting the proposed capital investments and further cuts of \$1.5 million could now be faced. Norway was surprised at the renewal of discussion of further budget cuts.

75. Norway's position was that the savings made from cutting Major Programmes 4 and 5 should be made available to fund AIPS. Along with several other countries, Norway had already contributed to the implementation of Plateau 1 of AIPS, and it was prepared to permit retention of its share of the 2006 cash surplus to cover the rest of the expenditures required. His delegation considered that capital investments which benefited all Member States should not depend on voluntary contributions, as that would lead to a skewed distribution of financial burdens among Members. Norway urged all Member States to permit retention of their respective shares of the 2006 cash surplus — without conditions of repayment that would complicate future budget discussions — to avoid an even more unbalanced division of financial burdens. Norway would view it as a major disappointment should funding needs for AIPS not be met.

76. Norway welcomed the report of the Commission of Eminent Persons (GOV/2008/22) and endorsed the idea that the Agency was an extraordinary bargain, given the range of responsibilities it carried out at a very low cost. Norway wished to see the Agency as a strong and independent organization in future years, as its activities were of the highest importance. There should be a serious follow-up to the Commission's report. Responsible ministers needed to be kept fully informed. The report should be on the agenda of the Board in September and beyond, as appropriate, to ensure that the future of the Agency would be fully discussed.

77. Mr MARFURT (Switzerland) pointed out that the Programme and Budget Committee's report was missing references to his country's proposal to turn to Member States for the funding of one-off investments and to his country's concern that increasing recourse to extrabudgetary funds was leading to a polarization of the Agency's funding. With those amendments, Switzerland would support the recommendation made in paragraph 24 of Annex 1 of the report.

78. His delegation had not yet had sufficient time to study the Chairman's revised proposal on the funding of AIPS and would reach a position on it at a later date. In relation to programme support costs for extrabudgetary activities, he felt the Agency should continue with its deliberations on the issue.

79. The CHAIRMAN noted with appreciation that the Swiss delegation's suggestions had been among the fundamental elements used in his own revised proposal.

80. Mr LIU Yongde (China), referring to programme support costs, said he appreciated the Agency's problem of an increasing lack of resources and noted the divergent opinions of Member States on the issue. China believed that the TCF, as well as extrabudgetary contributions in support of technical cooperation activities, and government cost sharing should not be included in the programme support cost mechanism. He hoped that the Agency would engage in close consultations with Member States to avoid any negative impact on its technical cooperation and other activities.

81. The implementation of IPSAS would help the Agency to improve its financial management and efficiency, and therefore China supported its adoption in 2010 in line with the decision of the General

Conference. His delegation believed that the Chairman's revised proposal on AIPS funding could serve as the basis for further discussions. He hoped that the Secretariat would step up consultations with Member States to find a solution to the matter.

82. Mr WALLER (Deputy Director General for Management), responding to concerns expressed by Member States, emphasized that the reason a more uniform application of programme support costs had been proposed, and the reason all other UN organizations had such mechanisms, was that the Agency would thereby have the resources necessary to administer extrabudgetary contributions, thus increasing the amount of technical cooperation which it was capable of carrying out, as had also been observed by the Deputy Director General for Technical Cooperation.

83. Major Programme 6's budget was calibrated when the budgets were established so as to be sufficient to implement activities corresponding to the amount of the TCF, but it was not adequate beyond that level. Thus, without programme support costs, the undesirable point could be reached in the near future where the Agency would be forced to refuse offers of extrabudgetary contributions owing to a lack of resources to administer them. In addition, there were expenses in areas beyond Major Programme 6, such as in procurement, legal affairs, budget and finance, and human resources, that had to be covered when implementing extrabudgetary technical cooperation. The External Auditor had warned the Agency that it was effectively cross-subsidizing technical cooperation with funds from the Regular Budget.

84. It had been argued that charging programme support costs would discourage extrabudgetary contributions to technical cooperation. However, there was no evidence to support that when one looked system-wide at other UN organizations which charged such costs.

85. He recalled that the General Conference had specified that the Director General could not accept extrabudgetary contributions when acceptance would involve the Agency in expenditure for which funds were not available. That was why programme support costs were required. The Agency had postponed taking such a measure for longer than any other organization in the UN system, but was no longer able to do so.

86. The CHAIRMAN, referring to Annex 1 of the Programme and Budget Committee's report, took it that the Board wished to transmit the Agency's Accounts for 2007 (GOV/2008/9) to the General Conference, together with the draft resolution set out at the beginning of that document.

87. It was so decided.

88. The CHAIRMAN also took it that the Board wished to take note of the information contained in the 2007 Programme Evaluation Report (GOV/INF/2008/3) and in the Progress Report on the Implementation of IPSAS (GOV/INF/2008/4).

89. It was so decided.

90. The CHAIRMAN, turning to Annex 2 of the Programme and Budget Committee's report, said that with regard to the Secretariat's intention to apply programme support costs more broadly, some members of the Board had expressed the view that there was no justification for imposing such costs on any of the component parts of the technical cooperation programme, as its management was already financed from the Regular Budget. Accordingly, programme support costs should be applied only to extrabudgetary contributions going towards non-promotional activities. Other members had stated that they still had some concerns as to the precise modalities of how the charge would be applied and had requested the Secretariat to delay broader implementation, emphasizing that any such mechanism could be applied only in an equal and non-discriminatory manner.

91. In the light of the views expressed, the Secretariat had stated that it would continue to apply programme support costs on extrabudgetary contributions on a case-by-case basis, as was currently the practice.

92. The Board had noted the Director General's comment that, in the absence of programme support costs, the Agency would not be able effectively to implement and manage the increasing number of projects funded by extrabudgetary resources and could even find itself in the position of having to decline extrabudgetary funding.

93. He asked whether his summing-up on that issue was acceptable.

94. It was so decided.

95. The CHAIRMAN noted that it would not be possible to escape programme support costs forever and that all issues related to that subject needed to be resolved as soon as possible. He suggested that the programme support cost mechanism could be applied in the way that the Secretariat had envisaged on a trial basis, perhaps for two years. Of course, that suggestion could only be considered once further clarifications had been made regarding programme support costs.

96. Turning to the Agency's draft budget for 2009, he took it that the Board wished to recommend that the General Conference approve a total Regular Budget for Agency programmes for 2009 of €299.2 million.

97. It was so decided.

98. The CHAIRMAN asked whether the Board was prepared to note that, in view of the reduction in Major Programme 4 which had largely contributed to the reduced Regular Budget figure, it was the Secretariat's intention, if there were additional ad hoc verification activities to be conducted in 2009, to seek Board approval for a supplementary appropriation to the Regular Budget for 2009.

99. It was so decided.

100. The CHAIRMAN further took it that the Board wished to recommend that the General Conference keep the WCF for 2009 at the level of €15 210 000, as reflected in draft resolution C on page 17 of document GOV/2008/1.

101. It was so decided.

102. The CHAIRMAN said that all elements contained in the Programme and Budget Committee's report had been dealt with, except for the proposal in document GOV/2008/21 regarding the funding of AIPS and the modified Chairman's proposal on the matter. As the document had only recently been circulated, he suggested adjourning discussion on the matter to a later stage, before the final agenda item on any other business, bearing in mind that the 2006 cash surplus would only be used as a buffer if efficiency savings and extrabudgetary contributions did not cover the cost of implementing AIPS and consequently IPSAS.

103. It was so agreed.

104. In conclusion, the CHAIRMAN thanked Mr Allan Wright, the Rapporteur, for his work in preparing the Programme and Budget Committee's report.

6. Cooperation agreements with intergovernmental organizations (GOV/2008/13 and Corr.1)

105. The CHAIRMAN said that document GOV/2008/13 sought the Board's authorization, subject to the approval of the General Conference, to conclude the proposed cooperation agreement with the ITER International Fusion Energy Organization, as set forth in the Annex to the document.

106. Mr BURKART (Deputy Director General for Nuclear Sciences and Applications) said that nuclear fusion research around the world had been making remarkable progress, demonstrating its potential as a clean and lasting source of energy. Formidable challenges remained which could be best overcome through expanded international cooperation. An example was the ITER project, which was the single largest multinational cooperation endeavour in the energy field.

107. The Agency had cooperated with the project since its inception, but more recently the ITER Council had approached the Agency to enter into a formal cooperation agreement. The Agency's role was to facilitate interaction amongst Member States, whether ITER parties or not, so as to harness the available expertise, especially in support of human resources development. The Agency's continued involvement was of the utmost importance to keep all Member States abreast of developments in the field.

108. Mr KRIŽ (Slovenia)*, speaking on behalf of the European Union, the candidate countries Croatia, the Former Yugoslav Republic of Macedonia and Turkey, the countries of the Stabilisation 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 ITER was a major international scientific and technical cooperation project aimed at global production of long-term environmentally friendly energy, which required a large worldwide increase in research efforts concerning energy sources to replace fossil fuels.

109. The EU welcomed the entry into force of the ITER Establishment Agreement as a milestone in nuclear fusion research. It attached great importance to the ITER project and recognized the Agency's significant contribution, noting that the main emphasis of the Agency's fusion programme was on increasing international cooperation and support for fusion power science and technology, and that the parties to the ITER project had made the Director General the depositary of the Agreement.

110. The EU supported the Board's taking the action recommended in document GOV/2008/13.

111. Mr AMANO (Japan) said that his country attached great importance to research and development in the area of nuclear fusion energy and was making a positive contribution towards promoting the ITER project as an active participant.

112. Japan welcomed the Agency's important role in promoting the project through the cooperation agreement with the ITER International Fusion Energy Organization and pledged its continued commitment to the project.

113. Mr ZHGUTOV (Russian Federation) said that the Agency had been cooperating with the ITER project since the outset and that there were great possibilities for future fruitful cooperation between the Agency and ITER, in particular during the construction of the reactor in Cadarache.

114. In view of the Agency's involvement with the ITER Organization since its establishment in 2007, his delegation had no objection to the Board authorizing the Director General, subject to approval by the General Conference, to conclude the proposed cooperation agreement.

115. Mr MARFURT (Switzerland) also approved the recommended action, noting that his country had been active in the field of nuclear fusion since the start of international research into the subject following the Second International Conference on the Peaceful Uses of Atomic Energy, held in Geneva in 1958. Switzerland welcomed the establishment of the ITER Organization in 2007 and said that, in 2008, the 22nd Fusion Energy Conference was due to be held in Geneva.

116. Mr WRIGHT (South Africa) recalled that his country had released a draft nuclear energy policy and strategy in 2007, which outlined an extensive programme to develop all aspects of the nuclear fuel cycle, including a possible resumption of conversion and fuel fabrication, as well as investigating the viability of enrichment and the reprocessing of used fuel. International and regional cooperation would play an important role in the implementation of such a policy.

117. South Africa had been closely following developments in other areas of nuclear applications and welcomed the flow of information from innovative projects and methodologies. His delegation considered that mutual consultations between the Agency and the ITER Organization would be beneficial and that an appropriate agreement format, such as outlined in the document before the Board, would ensure the exchange of expertise and scientific guidance for the benefit of all Member States.

118. Mr YANG Dazhu (China) said that his country believed that research into the peaceful application of fusion energy would make a significant contribution to addressing human energy needs, protecting the environment and promoting sustainable social development.

119. Noting the Agency's past research and development work in the field of fusion energy and its cooperation with the ITER project since its inception, as well as the fact that the Director General was the depositary for the ITER Organization's agreements, he said China supported the move for increased cooperation between the Agency and the ITER Organization and approved the recommended action.

120. The CHAIRMAN, summing up, said that several members of the Board had welcomed the entry into force of the ITER Establishment Agreement as a milestone in nuclear fusion research and had commended the important and constructive contribution of the Agency to the project.

121. Several members had also noted that the main emphasis of the Agency's fusion programme was on increasing international cooperation and support for science and technology for fusion power.

122. He took it that the Board wished to authorize the Director General, subject to the approval of the General Conference, to conclude the proposed cooperation agreement with the ITER International Fusion Energy Organization as set out in the Annex to document GOV/2008/13.

123. It was so decided.

7. Nuclear verification

(a) The Safeguards Implementation Report for 2007 (GOV/2008/14 and Corr.1)

124. The CHAIRMAN said that the SIR for 2007, contained in document GOV/2008/14, provided a description and analysis of the Agency's safeguards operations in 2007 and summarized the problems

encountered. The report had been the subject of an informal briefing on 20 May 2008 at which members had had the opportunity to seek clarifications prior to the present meeting.

125. The action recommended to the Board was to take note of the report and to authorize the release of the Safeguards Statement and the Background thereto for wider publication.

126. Mr CURIA (Argentina), speaking on behalf of GRULAC, said that the Group appreciated the professional manner in which the document had been prepared. In particular, regarding the implementation of safeguards in Latin America and the Caribbean, it noted with satisfaction the conclusion that the declared nuclear material in all countries of the region had continued to be used only for peaceful purposes. That conclusion demonstrated the clear commitment of the region to the non-proliferation of nuclear weapons in line with the Treaty for the Prohibition of Nuclear Weapons in Latin America and the Caribbean.

127. Mr CODORNIU PUJALS (Cuba)*, speaking on behalf of NAM, said that the Movement attached great importance to the SIR and reiterated its opinion that the report should cover the implementation of safeguards in Member States according to their respective agreements in a balanced and non-discriminatory manner.

128. NAM took note of the observations and conclusions drawn by the Secretariat regarding the implementation of safeguards agreements in 2007.

129. NAM shared the view expressed in the report that SSACs were fundamental to the effective and efficient implementation of safeguards and noted with appreciation the actions taken during 2007 to assist Member States in establishing and strengthening their SSACs. NAM called on the Secretariat to continue its efforts in that regard.

130. NAM renewed its calls upon the Agency to assist interested Member States, particularly developing countries, in building up domestic capabilities for the analysis of environmental samples. That would contribute to expanding the Agency's analytical capabilities and lead to an increase in the number of qualified members of the NWAL, which would allow the Agency to proceed with the analysis of environmental samples in a more efficient manner for verification activities. NAM noted that laboratories in two developing countries had started the qualification process for bulk analysis of environmental samples.

131. NAM emphasized its belief that the efforts of the international community aimed at nuclear disarmament should be equal and simultaneous to the efforts aimed at nuclear non-proliferation. In that regard, it requested that the Agency fulfil Objective C.2 of its Medium Term Strategy for 2006-2011⁷ in conformity with the provisions of the Statute.

132. Mr KRIŽ (Slovenia)*, speaking on behalf of the European Union, the candidate countries Croatia, the Former Yugoslav Republic of Macedonia and Turkey, the countries of the Stabilisation 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 the EU strongly supported strengthening the effectiveness and efficiency of the Agency's safeguards system and believed that the additional protocol together with a comprehensive safeguards agreement was the safeguards standard. The universalization of the additional protocol would strengthen the international non-proliferation regime,

⁷ "Contribute as appropriate to effective verification of nuclear arms control and reduction agreements, including nuclear disarmament" (see GOV/2005/8).

contribute to the security of all States and greatly increase the confidence necessary for international cooperation in the peaceful uses of nuclear energy.

133. The EU was pleased to note that the Safeguards Statement for 2007 had concluded that declared nuclear material in all States with a comprehensive safeguards agreement in force had remained in peaceful activities. It particularly welcomed the information that the Agency had been able to conclude that all nuclear material in the Republic of Korea remained in peaceful activities.

134. The EU welcomed the fact that for the first time there were more States with a comprehensive safeguards agreement and additional protocol in force than States without an additional protocol in force, but regretted that 30 non-nuclear-weapon States party to the NPT had not brought a comprehensive safeguards agreement into force by the end of 2007 and that there were still 76 States without an additional protocol in force. The EU encouraged all States to sign, ratify and implement an additional protocol and undertake the necessary steps to bring a comprehensive safeguards agreement into force without delay.

135. The EU welcomed the progress made in the implementation of integrated safeguards and noted that, during 2007, many EU countries already had such safeguards implemented, with all EU Member States expected to be ready for their implementation in 2008. The EU also welcomed the progress made by the European Commission and the Agency in agreeing common working arrangements for integrated safeguards.

136. Finally, the EU urged all States with SQPs to bring them into line with the modified version, if they had not already done so, in order to reinforce the safeguards system.

137. Ms GERVAIS-VIDRICAIRE (Canada) said that the SIR for 2007 continued to demonstrate that the vast majority of States were in compliance with the obligations arising from their respective safeguards agreements, an attainment reflecting a high degree of cooperation between States and the Secretariat and high levels of transparency concerning activities in States.

138. She commended the Secretariat for its efforts to improve the document and welcomed the addition of more State-specific information, including information on safeguards implementation in States under integrated safeguards.

139. She noted that the Agency had drawn broad safeguards conclusions for an additional 15 States, bringing the total to 47, and was pleased to see that more than half the States with comprehensive safeguards agreements in force also had an additional protocol in force, signalling acceptance of the new verification standard by a growing majority of States.

140. She was also grateful to note that the implementation of State-level integrated safeguards had led to a reduction of inspection effort in the field and expected that trend to continue as more States came under integrated safeguards. She also appreciated that the reduction in field effort was being complemented by an increase in effort at Headquarters, reflecting a shift in the focus of safeguards implementation from verification of declared nuclear material to an information-driven system directed at States' nuclear activities as a whole.

141. The State-level integrated safeguards approach in Canada was being introduced on a sector-by-sector basis, and a cooperative approach between Canada's SSAC, the Agency and the Canadian nuclear industry had resulted in good progress, with further significant progress expected in the near future. Field trials had recently been completed for the introduction of short-notice random inspections at Canada's conversion and fuel fabrication facilities, which was a necessary step for the introduction of integrated safeguards in that sector.

142. Noting the Secretariat's concerns regarding the effectiveness of SSACs, she expressed her delegation's particular concern at the fact that, in 2007, 10 States had not submitted the declarations required under the additional protocol. She stressed the importance of the State and Secretariat providing each other with timely and accurate information as required by the safeguards agreements.

143. While acknowledging the improvements to the SIR for 2007, she pointed out that it constituted the Agency's annual report card to Member States on the results of its verification efforts throughout the year, and that it was increasingly important, in moving to State-specific approaches, to ensure that Member States and the general public could understand the safeguards conclusions drawn by the Agency for each State and the processes used to reach them. Fundamental changes to the content and format of future reports would be required to achieve that, and indeed she understood that the Secretariat was already working in that direction.

144. Mr ZHGUTOV (Russian Federation) said that his delegation viewed the SIR for 2007 positively, noting the growth — since 2006 — in the number of States in which verification procedures under safeguards agreements and additional protocols had enabled the Agency to establish that all nuclear materials were used exclusively for peaceful purposes. That was one of the most important achievements of the Agency's painstaking work to strengthen the safeguards system and to increase its efficiency and effectiveness. His delegation remained interested in seeing further improvement in the Agency's verification functions, including through universalization of the application of the additional protocol. The Russian Federation, for its part, had begun to fulfil its obligations under its additional protocol following its entry into force on 16 October 2007.

145. It was nevertheless a matter of concern that the Secretariat had not been able to draw any safeguards conclusions in respect of 30 States party to the NPT because those States did not have safeguards agreements with the Agency in force. The Russian Federation appealed to those States to implement their commitments under the Treaty without delay.

146. One of the Agency's key activities in the verification area was the development of safeguards approaches, procedures and technology. The Russian Federation had been working with the Agency in that area for some 26 years, in particular through its safeguards support programme. During that time, 50 tasks had been completed, and in the current year 6 six new tasks were to be carried out, including training courses on nuclear material, accountancy and control courses for Agency inspectors, and work on environmental sample analysis.

147. Mr KRUSE (Australia) welcomed the increased number of States with additional protocols in force reported in the SIR and was pleased to note that, for the first time, the number of States with comprehensive safeguards agreements and an additional protocol in force exceeded the number without an additional protocol. Of States with comprehensive safeguards agreements that had significant nuclear activities, 73% had an additional protocol in force and a further 16% had an additional protocol signed or approved by the Board. Australia recognized that the additional protocol was an integral part of the Agency's safeguards system and considered that a comprehensive safeguards agreement with an additional protocol represented the contemporary safeguards verification standard for non-nuclear-weapon States.

148. Australia also welcomed the increased number of States for which the broader safeguards conclusion had been reached. It was, however, disappointing to note that, at the end of 2007, 30 States party to the NPT had yet to bring into force a comprehensive safeguards agreement as required by Article III of the NPT. The pace of States concluding modified SQPs was also disappointingly slow.

149. With the increased number of States under integrated safeguards, it was essential that the Secretariat's reporting should evolve to explain the nature, scope, and significance of safeguards implementation and evaluation for individual States subject to integrated safeguards.

150. The inclusion of more State-specific information in the SIR for 2007 was also useful, with the information on the Republic of Korea providing a good example of how State-specific information could improve Member States' understanding of, and confidence in, its conclusions. The details showed how effective and proactive cooperation between the Secretariat and the Republic of Korea had been able to bring that matter to a successful close.

151. It was a matter for concern that the effectiveness of SSACs had been identified as a problem area for safeguards implementation for the second successive year and corrective action was urgently required. In addition, the Secretariat should provide greater transparency in the matter of the ten States with additional protocols that had failed to submit the required declarations in 2007.

152. With much practical experience in implementing safeguards, Australia had a long record of assisting other States in carrying out their safeguards obligations, including under the additional protocol, and it stood ready to provide further assistance.

153. Mr CURIA (Argentina), speaking on behalf of his own country, said that safeguards were especially important at a time when nuclear power was increasingly seen as a viable source of alternative energy. It was gratifying to note from the SIR for 2007 that the Agency had achieved positive conclusions on the peaceful use of nuclear energy in most countries which had a comprehensive safeguards agreement in place.

154. Bearing in mind the importance of the information contained in Section B of the SIR: Background to the Safeguards Statement, and the fact that it would be published, his country considered that certain improvements could be made to it in future reports. For instance, although the wording in paragraph 6 reflected the relevance of the broad range of new tools available for verifying States' declarations, it did not do justice to them in that it failed to express with clarity that those tools, in particular the Model Additional Protocol, gave credible assurances on the completeness and correctness of the declarations. The reference to the tools available being "limited" might be counterproductive to the perception of the effectiveness of the safeguards activities carried out by the Agency.

155. Mutual cooperation between the Agency and national and regional systems was and would continue to be a fundamental pillar of safeguards. Argentina would continue to support the expansion of such cooperation in line with the provisions of paragraph 7 of INFCIRC/153, especially with ABACC, without prejudice to the independence required in its conclusions.

156. His delegation welcomed efforts aimed at expanding the network of laboratories for environmental particle analysis and the possible extension to conventional destructive analysis, which would be a vital contribution to resolving the situation concerning the status of the SAL mentioned in several parts of the SIR. He congratulated Brazil, China and the Secretariat for their efforts in that area. In addition to the actions identified, other possible technical and institutional solutions could be considered in order to meet requirements in the short and medium term.

157. Argentina attached particular importance to improving the effectiveness and efficiency of safeguards and congratulated the Secretariat on its efforts to implement more effective safeguards approaches and to investigate more effective technologies that minimized the intrusion on peaceful nuclear activities.

158. The Secretariat's efforts, together with States and operators, to implement short-notice random inspections and a "mailbox system" in fabrication and conversion plants, were also important. As noted in paragraph 171 of the SIR, a short-notice random inspection approach had been developed for Argentina, and a field trial had been conducted to verify its feasibility. Given that such inspections

would be carried out routinely in the future, it was surprising to see the negative comments contained in paragraph 128.

159. Highlighting the importance of training for safeguards personnel, especially inspectors, he suggested that the training should be reinforced by promoting the exchange of good practices and experience in order to ensure excellent standards. Argentina cooperated with the Agency and ABACC and, in 2007, it had hosted a regional training course on accounting and control systems for nuclear materials.

160. The way in which generic State-level safeguards objectives were described in Section D.1.1 of the SIR should be revised with a view to achieving implementation that not only exploited synergies, but also avoided duplication and ensured there was no systematic or probabilistic application of certain activities, especially with regard to Objective A.

161. In future, greater consideration should be given to the Agency's approach to safeguards in nuclear-weapon States; such safeguards should be guided by their contribution to nuclear disarmament, which was the primary criterion in defining their scope and implementation, as well as the way they were described in the report.

162. Mr YANG Dazhu (China) welcomed the overall conclusions set out in the SIR for 2007 following the comprehensive evaluations of safeguards information. It was pleasing, in particular, that all nuclear material had remained in peaceful activities in 47 States, 15 more than in the previous year and that, for 107 countries, all declared nuclear material had remained in peaceful activities. The universal implementation of comprehensive safeguard agreements and additional protocols played an important role in strengthening the Agency's safeguards system and his delegation was pleased that progress had been made in enhancing the system's effectiveness and efficiency.

163. Additional protocols had come into force in eight more countries and further countries were implementing comprehensive safeguards; however, 30 NPT States had still not ratified comprehensive safeguards agreements as required by the Treaty and overall progress in the conclusion and entry into force of additional protocols had fallen short of expected goals. He called on States, particularly those with significant nuclear activities, to sign, ratify and implement safeguard agreements and additional protocols as soon as possible.

164. China had always opposed the proliferation of weapons of mass destruction and, as a party to the NPT, it had always strictly abided by its non-proliferation obligations and fully supported the Agency's safeguards activities. China had established a Member State Support Programme in August 2007 and had been represented for the first time in a meeting of programme coordinators as a full member in April 2008 to discuss, with the Secretariat and other members, ways and means to strengthen the safeguards system and improve its effectiveness and efficiency. Appropriate laboratories in China had started the qualification process for joining the NWAL. China intended to continue its efforts to help strengthen the safeguards system.

165. Mr MARFURT (Switzerland) said the SIR for 2007 was precise, comprehensive and informative. The inspection goals had been more fully met in recent years, in terms of both quantity and timeliness, and that trend had continued in 2007, with the percentage of inspections where the goal had been only partially met or not met at all decreasing.

166. Declared nuclear material had remained in civilian use in all States with a comprehensive safeguards agreement in force. His delegation called on all non-nuclear-weapon States party to the NPT which had not concluded safeguards agreements to do so at their earliest convenience.

167. Since 2006, the cost of implementing safeguards had increased by some €20 million. While the objectives of strengthening the effectiveness of safeguards appeared to have been reached, he

wondered therefore whether that had been to the detriment of their efficiency. Although integrated safeguards were applied fully in 14 States and partially in 6 States, he could not detect any significant reduction in the cost to the Agency, and he accordingly supported the External Auditor's thoughts on the need for a more detailed cost-benefit analysis of integrated safeguards implementation.

168. Recalling the general debate statement⁸ made by Switzerland at the 2007 General Conference, he reiterated that documents such as the Safeguards Statement that were liable to be reported by the media should be written in such a way as to be easily understood by non-specialists. A clearer message based on the Safeguards Statement should therefore be produced to describe the fruits of the Agency's safeguards work.

169. Mr CANCHOLA GUTIERREZ (Mexico) noted with satisfaction the conclusion in the SIR for 2007 that all nuclear material had remained in peaceful activities in States with safeguards agreements in force. He welcomed in particular the conclusions reached in 2007 as a result of safeguards in the Republic of Korea and the DPRK. In the former, the Agency had found no indication of the diversion of declared nuclear material and no indication of undeclared nuclear material. As to the DPRK, the Agency had not been able to implement safeguards there since 2002 and so could not draw any safeguards conclusions, but it had verified the shutdown status of the facility at Yongbyon.

170. Mexico supported the Agency's efforts to inform the international community in a clear and impartial manner on Member States' compliance with their obligations under safeguards agreements and on the verification of the use of nuclear materials under those agreements.

171. Mexico had taken note in particular of section B.4. of the SIR on safeguards expenditure and resources and of the €110.6 million spent from the Regular Budget for safeguards. It viewed with satisfaction the progress made by the Agency in strengthening the efficiency and effectiveness of the safeguards system through the introduction of integrated safeguards, cooperation with national and regional accounting and control systems for nuclear material, training, and quality management.

172. His delegation agreed with the Secretariat that, in order to contribute to strengthening the effectiveness and efficiency of safeguards implementation, Member States should provide reports and declarations in a timely manner and with due regard to quality in accordance with their safeguards agreements and additional protocols, as the late submission of reports continued to be a cause for concern.

173. Mr SANDTNER (Germany) said that the SIR for 2007 described the Agency's safeguards activities in a comprehensive and informative manner. With regard to section B of the SIR, it was regrettable that, by the end of 2007, 30 non-nuclear-weapon States party to the NPT had not yet brought comprehensive safeguards agreements into force and that 77 of the 163 States with such agreements did not have additional protocols in force. Germany urged all States concerned to bring the respective agreements into force as soon as possible.

174. Figure 6 in paragraph 175 of the SIR showed that the overall expenditures of the safeguards programme had reached a new peak of over €128 million, underlining the necessity for further improvement of the programme's efficiency. Above all, it was to be hoped that the introduction of integrated safeguards would lead to tangible cost reductions. His delegation fully endorsed the External Auditor's recommendation to make the reductions as transparent as possible.

175. The SIR mentioned two developments which served as good examples of cost-saving. First, the saving of approximately 500 person-days of inspection through changes in inspection practice in

⁸ See GC(51)/OR.8, para. 46.

implementing integrated safeguards, which would ease the economic burden not only on the Agency and its Member States, but also that on operators and, secondly, a further reduction in the number of environmental samples achieved through careful planning.

176. Concerning extrabudgetary contributions to the safeguards programme, his delegation welcomed the two new support programmes established by Spain and China, which not only provided the Agency with additional means, but also reflected the commitment of those two States. Germany, the second-largest contributor after the United States of America in the area of safeguards support programmes, would highly appreciate any further contributions from States.

177. Finally, his delegation welcomed the intention to start applying safeguards to nuclear material while still in the exporting State when that material was shipped from States with voluntary offer agreements to States with comprehensive safeguards agreements, as that was a simple and useful method further to enhance the efficiency of safeguards.

The meeting rose at 6 p.m.