

IAEA Board of Governors

Record of the 1233th Meeting
GOV/OR.1233

Term limits for the Director General

Follow-up to decisions on personnel matters taken by the United Nations general
Assembly

Any other business

Board of Governors

GOV/OR.1233

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Record of the 1233rd Meeting

Held at Headquarters, Vienna, on Thursday, 5 March 2009, at 10.35 a.m.

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¹ GOV/2009/16.

Attendance

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

Ms FEROUKHI		Chairperson (Algeria)
Mr WEDAH	_____	Afghanistan
Mr THERECKA		Albania
Mr KHELIFI		Algeria
Mr CURIA		Argentina
Mr SHANNON		Australia
Mr VALLIM GUERREIRO		Brazil
Mr DIALLO		Burkina Faso
Ms GERVAIS-VIDRICAIRE		Canada
Mr TANG Guoqiang		China
Ms GOICOCHEA ESTENOZ		Cuba
Mr STACEY MORENO		Ecuador
Mr FAWZY		Egypt
Ms KAUPPI		Finland
Mr CARON	}	France
Mr DENIAU	}	
Mr LÜDEKING		Germany
Mr BAAH-DUODU		Ghana
Mr MALHOTRA		India
Mr ALSHARIA		Iraq
Mr COGAN		Ireland
Mr AMANO	}	Japan
Mr NAKANE	}	
Ms GREIČIUVIENĖ		Lithuania
Mr ARSHAD		Malaysia
Mr DÍAZ		Mexico
Ms MACMILLAN		New Zealand
Ms LACANLALE		Philippines
Mr FERUTĂ		Romania
Mr BERDENNIKOV		Russian Federation
Mr AL-SAUD		Saudi Arabia
Mr MINTY		South Africa
Mr ROSELLÓ SERRA		Spain
Mr MARFURT		Switzerland
Mr FIDAN		Turkey
Mr SMITH		United Kingdom of Great Britain and Northern Ireland
Mr SCHULTE		United States of America
Mr VEDOVATTI RAFFO		Uruguay
Mr ELBARADEI	_____	Director General
Mr WALLER		Deputy Director General, Department of Management
Mr ANING		Secretary of the Board

Representatives of the following Member States also attended the meeting:

Angola, Armenia, Austria, Azerbaijan, Belarus, Belgium, Chile, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cyprus, Czech Republic, Denmark, Dominican Republic, El Salvador, Ethiopia, Greece, Holy See, Hungary, Islamic Republic of Iran, Israel, Italy, Jordan, Republic of Korea, Kuwait, Latvia, Lebanon, Libyan Arab Jamahiriya, Luxembourg, Montenegro, Morocco, Netherlands, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Republic of Moldova, Senegal, Serbia, Singapore, Slovakia, Sweden, Syrian Arab Republic, Thailand, The Former Yugoslav Republic of Macedonia, Tunisia, Ukraine, United Arab Emirates, Bolivarian Republic of Venezuela, Vietnam, Yemen and Zimbabwe.

Abbreviations used in this record:

CTBT	Comprehensive Nuclear-Test-Ban Treaty
CTBTO	Comprehensive Nuclear-Test-Ban Treaty Organization
EFTA	European Free Trade Association
FAO	Food and Agriculture Organization of the United Nations
HEU	high-enriched uranium
ICAO	International Civil Aviation Organization
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
LEU	low-enriched uranium
NAM	Non-Aligned Movement
NGO	non-governmental organization
OPCW	Organisation for the Prohibition of Chemical Weapons
PAHO	Pan American Health Organization
SAL	Safeguards Analytical Laboratory
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UNOV	United Nations Office at Vienna
UPU	Universal Postal Union
VIC	Vienna International Centre

Abbreviations used in this record (continued):

WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
WTO	World Trade Organization

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

4. Nuclear verification

(d) Implementation of the NPT safeguards agreement in the Syrian Arab Republic (resumed) (GOV/2009/9 and 2009/Note 9)

1. The CHAIRPERSON reported on the consultations she had held in an endeavour to reach consensus regarding publication of the report by the Director General on implementation of the NPT safeguards agreement in the Syrian Arab Republic (document GOV/2009/9). Regrettably, her efforts had not been successful. There being no consensus, the report could not be published.
2. Mr SCHULTE (United States of America) thanked the Chairperson for her efforts and expressed regret that it had not been possible to reach consensus.
3. The United States joined the European Union and others in stating its belief that the report should be released. The Agency's investigation was important and the United States believed that safeguards obligations had been violated. It was therefore appropriate that the report be made public. The Syrian Arab Republic had gone to enormous lengths to cover up its construction of the reactor. It had then gone to enormous lengths to cover up the evidence after its destruction, including bulldozing much of the surrounding hill and constructing a new building. The United States did not think that the Agency's investigation should also be covered up. Transparency was important, particularly in a matter of serious concern for the non-proliferation regime.
4. He found regrettable at least one suggestion that had been made at the preceding meeting, namely that publicizing the Director General's report was somehow politicizing the issue, and even that in some way the report was not objective. He took strong issue with that argument. The report by the Director General was a technical report and not a political one.
5. Many statements had been made calling upon Syria to provide full cooperation with the Agency's investigation, and it was his hope that by the next session of the Board it would be clear that such cooperation had been forthcoming. The United States had resumed its own dialogue with that country and one of the issues to be raised by the two senior United States officials presently in Damascus would be the need for Syria to provide the requested full cooperation with the Agency's investigation. If the Director General's report to the Board at its next series of meetings made it clear that such cooperation had not been provided, it might then be the moment to publicize his reports. While he accepted that there had been no consensus during the current series of meetings, the Board would have to return to the issue when it next met.
6. Mr DENIAU (France) thanked the Chairperson for her efforts and expressed regret that it had not been possible to reach consensus. That failure should in no way be allowed to prejudice deliberations at the Board's next series of meetings. There was general agreement that the Director General and his staff were to be thanked for their impartial and professional work in preparing the report, and that the decision not to publish it was in no way due to a lack of trust in the quality of the work.
7. Ms GOICOCHEA ESTENOZ (Cuba) said she had heard statements impugning what had been said by the Syrian Arab Republic, but none condemning Israel for use of arms prohibited under international conventions. Some speakers had referred to Israel's aggression and to the manner in which the Israeli bombing had affected the Agency's verification activities and constrained the

Board's consideration of the issue, but she had not heard any explanation as to why the Board had not been informed earlier of the possibility that a nuclear facility had been involved. There should be greater balance in the discussion of the issue to avoid political manipulation.

8. Mr FAWZY (Egypt) said that the issue at hand related not to transparency but rather to the Board's working methods and procedures with respect to the handling of restricted documents. Some delegations wished not to apply those working methods in certain cases but to apply them in others. There could be no picking and choosing when it came to applying Board procedures. If the Board wished to change one of its procedures, that should be discussed on a general basis and not on the basis of particular cases. As for the impartiality of the Director General and the Secretariat, nothing would serve better to uphold it than the Board working in an environment that was not degraded by political motivations.

9. Mr LÜDEKING (Germany) expressed concern about the way the discussion was progressing. The question of the content of the debate concerning the implementation of the NPT safeguards agreement in the Syrian Arab Republic should be separated from the question of the confidentiality of Board documents. He fully shared the view expressed at the preceding meeting that Board members should consider how best to protect confidentiality within the Secretariat and the Board and he looked forward to a discussion of that topic, but he had been surprised to see the discussion arise in connection with the subject at hand. Germany was firmly against the politicization of the Agency and its deliberations, but in cases of public interest the publication of reports could in fact serve to depoliticize the debate by providing factual information and preventing the emergence of myths.

10. Mr SOLTANIEH (Islamic Republic of Iran)* said that a matter of principle was at stake. Ways had to be found of protecting the confidentiality and credibility of the Board. There was also a need to be balanced and fair. The public had a right to a clear and balanced picture. Thus, the reports of the Director General could not be publicized without also publicizing the views of the country concerned. Furthermore, the Director General had prepared his report for the Board. If he had been preparing a report for the public, he doubtless would have expressed himself differently. In addition, the Agency's investigation was ongoing, and the report was not a final one. The credibility of the Agency should not be further jeopardized.

11. The CHAIRPERSON said in conclusion that there had been no consensus concerning the request to make public the report of the Director General contained in document GOV/2009/9. Accordingly the report would not be made public. She took it that the Board agreed to place on the agenda of its next meeting an item on derestriction of documents of the Board of Governors.

12. It was so decided.

6. Term limits for the Director General (GOV/2009/6/Add.1)

13. The CHAIRPERSON, introducing the item, said it had been put on the agenda at the request of the Resident Representative of the United Kingdom to the Agency on behalf of a number of Member States. An explanatory memorandum, as required by Rule 17 of the Provisional Rules of Procedure of the Board, was contained in document GOV/2009/6/Add.1.

14. Mr GORGOL (Czech Republic), speaking on behalf of the European Union, the candidate countries Turkey, Croatia and the Former Yugoslav Republic of Macedonia, 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, and the Ukraine, Republic of Moldova, Azerbaijan and Georgia, said that the European Union, together with Australia, Canada, Japan, the Republic of Korea, Mexico, Mongolia, New Zealand, Switzerland and the United States of America, had requested that the item be added to the agenda and he thanked the Director General and his staff for acceding to that request so promptly.

15. Recalling United Nations General Assembly resolution A/RES/51/241 of 22 August 1997 on strengthening of the United Nations system, and in particular paragraph 69 of section XXI which encouraged the specialized agencies to consider uniform terms and term limits for their executive heads, the European Union noted that, with the exception of the ILO, all United Nations specialized agencies now had term limits for their executive heads. Among the international organizations with a technical mandate related to that of the Agency, the OPCW and the CTBTO had term limits for their executive directors. The European Union believed that that was a matter of good management practice which would bring the Agency into line with other United Nations organizations. In addition, European Union guidelines existed for the heads of United Nations agencies which reinforced, in particular, provision for two-term limitations for consecutive periods.

16. The European Union was of the view that consideration of the item was particularly timely in the light of the forthcoming election of the Director General, allowing Member States to consider the issue without prejudice to any incumbent. The issue should be dealt on a stand-alone basis and should not be tied to the debate on the future of the Agency.

17. As for the procedure for instituting term limits for the Director General of the Agency, the European Union understood that that could be accomplished through a Board decision or resolution. However, it would welcome further advice from the Secretariat in that regard and requested that a non-paper be prepared setting out the procedural mechanisms to help inform discussions on the issue.

18. Mr CURIA (Argentina), speaking on behalf of the Group of 77 and China, said that, while the Group supported any efforts that could contribute to improving the Agency's governance and management, it was not in a position to take any decision or engage in substantive discussions on the matter at the current stage owing to the late distribution of the request, which required adequate analysis of the relevant legal and statutory aspects by all Member States. Any decision on the matter should be separate from the current process of election of the next Director General of the Agency.

19. Ms GOICOCHEA ESTENOZ (Cuba), speaking on behalf of NAM, said that NAM attached the greatest importance to any matter related to the strengthening of the United Nations system, including the IAEA. NAM considered that the issue of term limits for the Director General of the Agency was one that was of interest for the entire membership of the Agency, so any decision in that regard should be taken by the General Conference. Since General Assembly resolution A/RES/51/241 addressed the strengthening of the United Nations system from a broad perspective, any discussion of term limits for the Director General of the Agency should take place in the same spirit and cover a more comprehensive context, including other very important aspects addressed in the resolution. Discussions on term limits should be taken up within the context of the deliberations on the future of the Agency, and any decision on the matter should be separate from the current process of election of the next Director General.

20. Mr ARSHAD (Malaysia) said that his country fully supported all measures to strengthen the United Nations system and was ready to engage in discussions aimed at achieving that objective. Malaysia supported all efforts to improve the governance and management of the Agency and would like to see discussions on the implementation of General Assembly resolution A/RES/51/241

conducted in a more comprehensive manner, to include considerations pertaining to uniform terms and term limits for senior management posts as well.

21. Ms GERVAIS-VIDRICAIRE (Canada), noting the opportunity to align the Agency's management and governance with the best practices of other agencies in the United Nations system, said that her country supported term limits for executive heads of international organizations. The issue had been discussed by the Board in the past and it was important for Member States to consider limiting the tenure of the next Director General to a maximum of two terms. Her country looked forward to a fuller discussion on how to institutionalize that. Finally, she announced that Canada had decided to support the candidature of Ambassador Amano for the position of Director General.

22. Mr SCHULTE (United States of America) said that the forthcoming election of the Director General signalled a time of transition for the Agency, and transitions brought opportunities. Member States now had the opportunity to enact term limits at the Agency independently of specific individuals and candidates, and in the interest of effective management and application of best practices. The United States had supported term limits for executive heads of international organizations across the United Nations system as a matter of good management practice. While the Agency was technically not a United Nations agency, it was a close affiliate that was part of the United Nations common system, and it shared similar standards of performance and accountability. General Assembly resolution A/RES/51/241 called for the establishment of a four-year uniform term of office that would be renewable once for executive heads of subsidiary agencies, and it encouraged specialized agencies also to consider term limits.

23. Term limits were important and the overwhelming majority of United Nations organizations had implemented them, as had international organizations with mandates similar to that of the IAEA. The CTBTO, FAO, ICAO, IFAD, IMO, ITU, OPCW, PAHO, UNESCO, UNIDO, UPU, WIPO, WHO, WMO and WTO had all instituted term limits. Even the Secretary-General of the United Nations informally adhered to a two-term limit. The Agency was one of two remaining United Nations-affiliated international organizations that had yet to establish term limits. Despite having been fortunate in having had a succession of highly capable Directors General, it still needed to implement the practice. Term limits would also help to ensure the potential for all regional groups to be represented in the IAEA leadership.

24. The United States regarded term limits for the Director General of the Agency as an important enough issue to be considered on its own merits, even as other management best practices were being promoted. Given the timely opportunity presented by the Director General election cycle, the United States would not suggest further deferral of the issue to the discussions on the future of the Agency. A decision on term limits could be made separately from the election process, as many had suggested, but in parallel to it.

25. The IAEA Statute was silent on the issue of term limits, so consideration should be given to implementation of term limits by the Board and the General Conference. Specifically, a short operational Board resolution could recommend to the General Conference that it approve a two-term limit for the Director General. The Board could adopt such a decision upon the appointment of the next Director General in June 2009.

26. Mr FAWZY (Egypt) said that senior management positions were a matter of concern to all members of the Agency and should be discussed and decided upon by all members collectively. The specific issue of term limits for the Director General could not be viewed or dealt with in isolation. General Assembly resolution A/RES/51/241 not only addressed the terms of appointment for executive heads, it also urged action on a number of other issues that were of great relevance to the Agency, such as: equitable geographical distribution and gender balance in senior appointments; the

principle that there should be no monopoly on senior posts by nationals of any State or group of States; consideration of uniform terms and term limits for appointments to senior management posts; and uniform terms of office of four years, renewable once, for the executive heads of programmes, funds and other bodies.

27. With regard to the issue of the existing term limits for the executive directors of the OPCW and CTBTO, it should be noted that, unlike the Agency, both those organizations were treaty-based and they both operated with mandates that were fundamentally different from that of the Agency. With that in mind, it might be useful to take a closer look at those organizations to see where better practices existed that might be beneficial if applied to the Agency. Reforms in Agency management, including with regard to equitable geographical distribution, gender balance, the absence of monopolies on senior-level posts, term limits, etc., were issues of crucial importance that deserved to be dealt with comprehensively and carefully and no decision concerning the Agency's future should be taken precipitously.

28. Issues that Member States wished to raise concerning the Agency's management could be addressed in the context of the current discussions on the future of the Agency, which would allow all Member States ample time to prepare for an effective, substantive and comprehensive exchange of views.

29. Mr SHANNON (Australia) said that his country was one of those that had requested an agenda item on imposing a two-term limit for the Director General. The discussion of that issue was particularly timely, as it would allow the Board to conduct its deliberations without prejudice to an incumbent. Furthermore, it would not influence the forthcoming election, as both Ambassador Amano and Ambassador Minty had stated that, if elected, they would not seek a third term.

30. Instituting term limits would, in time, allow for broader representation in the Agency's leadership. Many United Nations and other agencies, including the CTBTO, FAO, UNESCO, WHO and OPCW, had enacted term limits, and the Agency should consider joining them by implementing General Assembly resolution A/RES/51/241.

31. As the Agency's Statute already mandated four-year terms for the Director General, Australia requested the Secretariat to prepare a non-paper on the procedural mechanisms via which term limits could be instituted.

32. Mr AL-SAUD (Saudi Arabia) said that setting term limits for executive heads had many advantages. It would make for rotation, thus encouraging incumbents to speed up the implementation of programmes, and it would promote equitable geographical distribution. Saudi Arabia therefore supported the proposal. It urged the Board to discuss all aspects of the subject and hoped that agreement would be reached on an appropriate mechanism.

33. Mr BERDENNIKOV (Russian Federation) said that the idea of introducing term limits for executive heads raised a number of questions.

34. The Agency was a unique body within the United Nations system. It was technically specific in its work, and that required stability in the Agency's leadership. A number of Directors General in the past, as well as the current one, had headed the Agency for more than two terms because they were highly qualified professionals for whom it had been difficult to find a suitable replacement. Under their skilful leadership, the Agency had become one of the most highly respected and authoritative international organizations, as the award of the Nobel Prize showed. Those circumstances should be borne in mind when discussing the issue of term limits.

35. There was currently no need to change the existing rules, because they worked well. Moreover, term limits might require amendments to the Agency's Statute, which would have to be ratified by two

thirds of Member States. That would take considerable time and effort. Any other procedure would not be helpful in terms of strengthening the organization's legal basis. Thus, the Board should confine itself to considering the matter — for example within the context of the discussions on the future of the Agency.

36. Ms GOICOCHEA ESTENOZ (Cuba) endorsed the views put forward by the representatives of Malaysia and Egypt. General Assembly resolution A/RES/51/241 touched upon a number of issues and her country was in favour of an all-embracing debate in the context of the discussions on the future of the Agency. All Member States of the Agency should take part in such a debate, since the issue was of interest to all.

37. Mr VALLIM GUERREIRO (Brazil) asked what legal form a term limit for the Director General would take, how the Agency would be bound by it and whether it would be necessary to amend the Statute. If the Secretariat prepared a non-paper, it should address those issues. The discussions on the future of the Agency might be an appropriate setting for an exchange of views on the subject.

38. Mr KIM Sung-Hwan (Republic of Korea)* said that reasonable term limits would contribute to making the Agency more efficient by giving the organization fresh impetus and helping it adapt better to a rapidly changing world. His country shared the view that the issue of term limits could be dealt with through resolutions of the Board and the General Conference. The Secretariat should prepare a non-paper on procedures and other related aspects, including the question of whether it was necessary to amend the Statute.

39. The CHAIRPERSON, summing up the discussions, said that several members had expressed their support for holding a discussion on the issue as a part of good governance and had noted that many other United Nations and other agencies had enacted term limits.

40. They had noted that United Nations General Assembly resolution A/RES/51/241 on strengthening of the United Nations system encouraged specialized agencies to consider term limits.

41. They had noted that such a practice would allow broader representation of regional groups.

42. Some members had requested that the Secretariat prepare a non-paper setting out procedural mechanisms to help inform the discussions.

43. Several members had indicated that, owing to the late submission of the proposal on term limits, they were not in a position to take a decision at present on the issue, which required adequate analysis of the relevant legal and statutory aspects.

44. Several members had expressed the view that that was an issue of interest to all Member States. Therefore, any decision on the matter should be taken by the General Conference.

45. Several members had indicated that resolution A/RES/51/241 addressed the strengthening of the United Nations system from a broad perspective and that any discussion on term limits should take place in a more comprehensive context in order to include other important related aspects. They had expressed the view that discussions on the issue of term limits should be addressed within the context of the deliberations on the future of the Agency.

46. Several other members had stated that the issue should not be linked to ongoing discussions among Member States on the future of the Agency.

47. Several had stated that discussion now was timely as the issue could be considered without prejudice to any incumbent. Several members had expressed the view that any decision on the matter should be separate from the current process of election of the next Director General of the Agency.

48. She took it that her summing-up was acceptable.
49. The Chairperson's summing-up was accepted.

7. Follow-up to decisions on personnel matters taken by the United Nations General Assembly (GOV/2009/4)

50. The CHAIRPERSON said that, in document GOV/2009/4, the Secretariat was submitting to the Board for its approval, in accordance with Staff Regulations 5.01(a) and 13.03, proposals for changes to the current net base salary scale for staff members in the Professional and higher categories on a no loss/no gain basis.

51. Mr CURIA (Argentina), speaking on behalf of the Group of 77 and China, took note of the suggested changes in order to bring the base/floor salary scale for staff members in the Professional and higher categories into line with the corresponding scale of the comparator, i.e. the United States Federal Civil Service, as approved by the General Assembly with effect from 1 January 2009. The Group noted that, to ensure that the consolidation was implemented on a no loss/no gain basis, there would be a corresponding reduction in the post adjustment multipliers.

52. On that basis, the Group recommended that the Board approve the revised salary scale as shown in the Annex to document GOV/2009/4 for promulgation by the Director General and approve consequential changes to the annual gross and net base salaries of the Director General as indicated in paragraph 7 of the document.

53. The CHAIRPERSON said she took it that the Board wished to take the action recommended in document GOV/2009/4 and approve the revised salary scale as shown in the Annex to the above-mentioned document for promulgation by the Director General and approve consequential changes to the annual gross and net base salaries of the Director General as indicated in paragraph 7 of the document.

54. It was so decided.

8. Any other business (GOV/INF/2009/1)

55. The CHAIRPERSON drew attention to document GOV/INF/2009/1 entitled Development of the Russian Federation Initiative to Establish a Reserve of Low Enriched Uranium (LEU) for the Supply of LEU to the IAEA for its Member States.

56. Mr CURIA (Argentina), speaking on behalf of the Group of 77 and China and referring to the proposals relating to assurances of supply of nuclear fuel, stressed the need for a cautious approach with a view to addressing thoroughly the associated technical, legal, financial and economic aspects, as well as possible political dimensions. The Group continued to believe that it was premature for the subject to be considered before the various unresolved aspects and concerns had been adequately

examined. Given the financial and administrative challenges facing the Agency, it was necessary to proceed with extreme caution before further burdens were imposed on Member States as a result of the activities that might be carried out in connection with those initiatives.

57. Concerns about nuclear proliferation should not in any way restrict the inalienable right of States to develop all aspects of nuclear science and technology for peaceful purposes. The Group reiterated its firm rejection of any attempt to discourage peaceful nuclear activities on the grounds of their alleged sensitivity. Any decision on the issue should be taken by consensus.

58. Ms GOICOCHEA ESTENOZ (Cuba), speaking on behalf of NAM, endorsed the statement made by the representative of Argentina on behalf of the Group of 77 and China.

59. Mr GORGOL (Czech Republic)*, speaking on behalf of the European Union, informed the Board that the Council of the European Union had decided in December 2008 to support the ambitious project for a fuel bank under Agency control proposed by the Nuclear Threat Initiative, and he read out the following conclusions adopted by the Council in that regard:

“The Council considers that it is important that the development of nuclear energy takes place in the best safety, security and non-proliferation conditions. Moreover, nuclear fuel supply security is crucial for countries developing a nuclear programme.

“The Council recalls that international efforts aimed at establishing multilateral mechanisms will provide States with increased energy security. This may also offer a credible alternative to the development of national enrichment and reprocessing capabilities.

“The Council decides to express its support for the establishment of a nuclear fuel bank placed under the control of the IAEA. The European Union is planning to contribute up to EUR 25 million to this project, once the conditions and modalities for the bank have been defined and approved by the Board of Governors of the IAEA.

“The nuclear fuel bank will be part of a broader effort to provide multilateral fuel supply mechanisms. Different solutions will have to be developed for different needs. In this spirit, the European Union intends to pursue in the near future in-depth discussions on this issue with third parties concerned.”

60. As the Council had noted, the fuel bank was not exclusive in character. There were complementary initiatives and ideas, including several proposals by the European Union and other States that might prove useful in meeting different situations and needs.

61. In that connection, he thanked the Japanese Government for having organized a seminar on the nuclear fuel cycle on 26 January at the VIC. The conference organized in London on 17–18 March on multilateral approaches to the fuel cycle, which was a follow-up to the conference held in Berlin in April 2008, could make a further useful contribution to the discussion.

62. The development of multilateral nuclear fuel supply mechanisms was of particular relevance for the global nuclear non-proliferation regime. A reliable and transparent mechanism that addressed energy security concerns and respected market mechanisms would give countries that had chosen the nuclear power option a viable alternative to developing nuclear fuel cycle capabilities of their own.

63. The Agency should maintain its leading role in pursuing that objective. The European Union’s contribution would allow the organization to start elaborating modalities for the nuclear fuel bank. The European Union looked forward to participating in detailed discussions with all Member States, making good use of the report on options for assurances of supply contained in document

GOV/INF/2007/11. The nuclear fuel bank would be an important step towards making multilateral fuel supply mechanisms a reality.

64. The European Union would appreciate it if the Secretariat could develop a concept for the establishment of a nuclear fuel bank and submit it to the Board at its June meetings. Discussions among all stakeholders could start without delay on that basis to determine the specific modalities for the bank. Upon the approval of such an initiative, the physical setting-up of the nuclear fuel bank could take place in place early in 2010.

65. The European Union was also ready to engage in discussions on other proposals for multilateral fuel supply mechanisms complementing a nuclear fuel bank, and the Agency should play an active role in developing in detail ideas currently being pursued by its Member States.

66. Mr BERDENNIKOV (Russian Federation), introducing document GOV/INF/2009/1, entitled Development of the Russian Federation Initiative to Establish a Reserve of Low Enriched Uranium (LEU) for the Supply of LEU to the IAEA for its Member States, said the proposal in question was based in Article IX of the Agency's Statute.

67. In view of the growing interest in nuclear power in the world, and in support of the Director General's initiative on multilateral approaches, the Russian Federation had decided to establish on its territory under Agency auspices a guaranteed reserve of 120 tonnes of LEU. That would be sufficient to manufacture two full fuel loads for the most common type of pressurized water reactor in the world with a capacity of 1000 MW. An LEU reserve of that kind would ensure reliable supplies of fuel for nuclear power plants when the market could not do so. In developing its proposal, his country had worked on the following assumptions.

68. The main guarantee of reliable nuclear fuel supplies was a properly functioning market where both suppliers and consumers complied with their obligations under commercial contracts. The reserve was intended for the provision of nuclear fuel to consumers in circumstances where they encountered insuperable difficulties of a political nature in obtaining LEU. Nuclear material from the reserve should be available to any Member State of the Agency that met its non-proliferation obligations and had placed all its peaceful nuclear activities under Agency safeguards. The rights of Member States, including to develop their own nuclear fuel production capacity, would not be contravened or infringed. In other words, having the right to receive LEU from the guaranteed reserve would not mean having to relinquish the right to establish and develop one's own fuel cycle. Agency budget expenditure or additional contributions from Member States would not be required. The Russian Federation would bear all the costs associated with the production of the LEU reserve, its storage and maintenance, application of Agency safeguards, etc. Any country receiving material would pay only the cost of the material supplied to it in accordance with current market rates. The guaranteed reserve would not undermine the existing LEU market. The supply mechanism of the reserve would be triggered by a decision of the Director General and LEU would be supplied at his request without delay. There would be no discussion of each individual shipment in the Board of Governors. The Director General would act on the basis of a prior decision covering all potential recipients. Neither Russia nor any other State would influence his decision regarding supply.

69. Those assumptions, his country believed, were in accordance with the principles for establishing a nuclear fuel bank under Agency's auspices set forth in the introductory statement of the Director General, which his country fully supported. The views put forward by the Group of 77 and endorsed by NAM posed no difficulties for his country.

70. Furthermore, the Russian proposal did not conflict with other known initiatives, such as that of the Nuclear Threat Initiative to establish an LEU reserve under Agency control, the German proposal, and others.

71. With regard to the mechanism for implementing the Russian initiative, the creation and use of the guaranteed reserve should be regulated via two agreements: one between Russia and the Agency on the provision of an LEU reserve in accordance with Article IX of the Agency's Statute; and the second, a model agreement between the Agency and a potential recipient country.

72. The Russian Federation intended to work in close consultation with the Secretariat and Member States and proposed to develop and submit for consideration by the Board substantive proposals in that regard.

73. Mr SCHULTE (United States of America) said that each Board of Governors meeting brought news of greater global interest in nuclear power. Though individual motivations varied, one factor driving that interest was the quest for energy security. Realizing the full benefits of nuclear power required all countries to have reliable access to nuclear fuel. For those reasons, President Obama had called for the establishment of a new international nuclear energy architecture, including an international nuclear fuel bank, international nuclear fuel cycle centres and reliable fuel supply assurances, to meet growing demands for nuclear power without contributing to proliferation. The Director General had said that he too remained convinced that a multilateral approach had great potential to facilitate the expanded safe and secure use of nuclear energy for peaceful purposes, while reducing the risk of proliferation.

74. Two concepts that would provide for fuel assurances, and the associated funding, were nearly in place. After so much effort, the time had come to bring them to fruition.

75. The nuclear power sector was blessed with a reliable, dynamic, and well functioning market. More than 400 reactors worldwide were supplied through sound, long-term contracts with a diverse set of vendors. Still, as had become evident recently, even with the most stable markets the possibility of unforeseen interruptions remained. It would therefore be wise to bolster the international fuel market against unexpected disruptions. The Director General had recognized that fact and had called on Member States to devise new mechanisms to ensure reliable access to nuclear fuel. In response, many had developed one or more fuel assurance proposals.

76. Over two years previously, the Nuclear Threat Initiative had announced a pledge of US \$50 million for an international nuclear fuel bank. That pledge had been made upon two conditions, both of which had to be met before the General Conference in September 2009. Generous pledges had been forthcoming from Norway, the United Arab Emirates and the European Union, as well as support from the United States Government, in response to that offer. Total contributions from Member States of \$100 million would meet the first condition. With support from Member States, a total of \$150 million would be available to the Agency provided the second condition was met: the Board of Governors must approve an institutional framework for the fuel bank. The details surrounding the initiative were complex and deserved considered discussion. Now that the funding goal was close to being met, his country looked forward to the Director General's bringing forward a concrete concept for consideration at the Board's meetings in June.

77. As the Governor from the Russian Federation had just indicated, his country's proposal for an LEU reserve to be held at Angarsk was also nearing fruition. The United States looked forward to further in-depth consultations among all Member States and the Secretariat on future steps and strongly supported the Russian Federation's call to bring the proposal as outlined to the Board for consideration as soon as possible.

78. The United States continued to make progress on yet another component to support that endeavour. Three years previously, it had announced that 17.4 tons of HEU derived from military stockpiles thanks to disarmament efforts would be turned into an LEU fuel reserve. To date, over

3 tons of HEU had been downblended and more than 50 tons of LEU fuel had been produced. Once an operational framework was in place, that material could be drawn upon for last-resort assurance.

79. The concept of IAEA involvement in nuclear fuel assurances was not new: the issue was covered in Article III.A.2 of the Statute. In 2003, the Director General had brought the issue back to the fore in his essay entitled *Towards a Safer World*. Since then, the Agency had overseen an expert group study and issued a substantive framework report. Member States had put forward more than 12 proposals, and a number of international conferences had been convened. In addition, several multilateral bodies had established working groups to explore mutually acceptable solutions. Over the preceding four years, a great amount of time and effort had been devoted to the venture. Along with many others, the United States hoped to see a tangible product emerge before the current era of Agency leadership drew to a close.

80. The appetite for a fuel assurance mechanism was clear, the need was growing, the resources were in place and the time was right to bring the concept to life.

81. Ms GERVAIS-VIDRICAIRE (Canada) welcomed the concept paper put forward by the Russian Federation and circulated in document GOV/INF/2009/1. The proposal contained important assurances, in particular that such a reserve would not undermine the commercial nuclear fuel market. Canada supported the objectives of the suggested new mechanism and hoped the paper would lead to more substantive discussions on the many multilateral fuel supply assurance initiatives proposed to date so that their details could be assessed by Member States.

82. Mr NAKANE (Japan) said his country had hosted a seminar on global nuclear fuel supply on 26 January 2009 which had provided a useful opportunity for information sharing and fact finding on issues relating to the front end of the nuclear fuel cycle. He expressed appreciation to the Member States that had participated, and to the Secretariat for its assistance in organizing the seminar. Japan was prepared to join in the discussions on nuclear fuel assurances, including at the upcoming conference to be held in London. It welcomed the fact that the proposals put forward by Member States were being examined in a transparent manner at the Agency.

83. Mr FAWZY (Egypt), referring to the proposals on mechanisms for nuclear fuel supply assurances, said that his country endorsed the position of NAM and the Group of 77 that there was a need to study thoroughly all the legal, economic, political and technical implications of those proposals which clearly affected the right of States to develop their own national capacity in all areas of the use of nuclear energy for peaceful purposes. Egypt could not welcome any initiative that might discourage States from developing their own capacity or serve as a substitute for promoting international cooperation and capacity building, which was a fundamental aim of the Agency. The NPT did not distinguish between sensitive and non-sensitive activities, and arguing that some nuclear activities were sensitive, regardless of whether or not they were subject to Agency safeguards, diminished the importance and centrality of the safeguards regime. If the balance enshrined in the NPT between technology transfer, safeguards and disarmament continued to be impaired, that would undermine the regime and threaten its stability and viability. None of the initiatives put forward expressly made membership in the NPT a condition for States wishing to benefit from the new mechanisms, nor did they mention the need for those States to have comprehensive safeguards agreements. That downgraded the centrality of the NPT and comprehensive safeguards agreements.

84. In addition, the proposals could hardly be seen in isolation from efforts within the framework of export control mechanisms that aimed to restrict supplies of certain nuclear technologies. Some States were trying to use the Agency as a means to restrict exports and limit the dissemination of nuclear technologies. That was a cause for concern. The best guarantee, obviating the need to discuss nuclear fuel supply assurance mechanisms, would be for supplier States to commit themselves to honouring

the commercial contracts they concluded with importing countries and not to suspend supplies for political reasons totally extraneous to safeguards implementation.

85. Egypt saw much that was positive in the vision outlined by the Director General for the internationalization of all new and existing nuclear facilities, together with the eradication of nuclear weapons. That idealistic vision should be realized by taking all necessary steps in parallel and in a manner that ensured that nuclear-weapon States honoured their disarmament obligations completely and in a verifiable manner, especially since non- nuclear-weapon States had already shown good faith and assumed many onerous obligations over the preceding decades.

86. Mr TANG Guoqiang (China) said that, with a view to meeting the growing global demand for energy, promoting the peaceful uses of nuclear energy and effectively responding to nuclear non-proliferation challenges, many proposals had been put forward recently aimed at the establishment of multilateral mechanisms to assure nuclear fuel supply, and valuable consultations on the issue had begun in certain multilateral settings. China supported in principle any efforts to promote the peaceful use of nuclear energy and strengthen the nuclear non-proliferation regime. Generally speaking, it remained open-minded about the proposals on a multilateral mechanism to assure nuclear fuel supplies. Since the relevant proposals involved complex political, economic, technical and legal factors, affected the vital interests of various countries and were at different stages of development, the question of how they interrelated and how they would evolve in future should be carefully studied and discussed. Quite a number of countries had expressed concern about the proposals. The international community should seek practical solutions acceptable to all parties through full consultation that would not only promote nuclear non-proliferation but would also prevent any impact on the rights of all countries to the peaceful use of nuclear energy.

87. Ms LACANLALE (Philippines) said that, as her country was thinking of embarking upon a nuclear power programme, it attached great importance to nuclear fuel supply assurances. Member States should be given the opportunity to appreciate fully all the related aspects, including the technical, economic, financial and legal aspects, to allow them to make an intelligent decision. The Secretariat had prepared an information document some years back containing a compilation of the various proposals. It should update that document and provide a comprehensive analysis of all the proposals.

88. Mr LÜDEKING (Germany) commended the Director General for his leadership in advocating the establishment of multilateral mechanisms to assure access for all countries to nuclear fuel. In September 2004, he had established an international expert group whose report, circulated in February 2005, had set the stage for serious consideration of the issue and had prompted several specific proposals by Member States of the Agency. He thanked the Governor from the Russian Federation for the information he had provided on his country's initiative. That proposal, as well as the proposal by the Nuclear Threat Initiative, was aimed at establishing fuel reserves to be used to assure fuel supplies if needed.

89. By way of contrast, Germany's proposal for a multilateral enrichment sanctuary project, first submitted in 2006, aimed at establishing a multilateral enrichment plant in a territory administered by the Agency. With the other two proposals mentioned, it could be considered as offering a 'menu of options', to use a term from the Russian Federation proposal contained in document GOV/INF/2009/1. The three proposals could be seen as complementary elements of a comprehensive multilateral framework of fuel cycle arrangements.

90. During the Board's current series of meetings, his Government had organized a side event to brief Member States on how its proposal was developing. It had provided details on a draft model host State agreement and a model agreement between a group of interested States and the Agency, the

contents of which were outlined in document INFCIRC/735. The side event had allowed for detailed discussion of the opportunities offered to States interested in acquiring a commercially run enrichment plant which was independent of existing enrichment companies. It had also clearly testified to the maturity of the approach suggested by Germany.

91. He had been asked what Germany stood to gain from the initiative, given that it had indicated that it did not seek to have a stake in the project. The question might also have been prompted by the continuing scepticism regarding multilateral fuel supply arrangements. His country had no narrowly defined, selfish motives in putting forward the proposal. Its point of departure was that, in order to ensure the viability and effectiveness of the nuclear non-proliferation regime, it was indispensable to address proliferation risks associated with the nuclear fuel cycle. In doing so, it was necessary to take account of the interest of all States in an assured, predictable and cost-effective supply of nuclear fuel, and of the need to remain within the existing international legal framework.

92. In response to a comment made by the representative of Egypt, he said that his Government's proposal would not constitute a substitute for cooperation but, on the contrary, could be seen as encouraging cooperation in the nuclear field. It was in full compliance with the three basic principles laid down by the Director General in his introductory statement. It was consistent with Article IV of the NPT. It avoided the creation of new dividing lines among NPT State Parties. It was also attractive from an economic point of view and provided for an equitable and market-compatible solution. It focused on creating confidence that, on the one hand, there was a guaranteed supply of nuclear fuel without any curtailment of existing rights and, on the other, that the possible misuse of civilian nuclear programmes was effectively minimized. That should be in the interest of all Member States. Proliferation risks were a key security concern and a challenge for all. To address them effectively, it was necessary to join forces and work together. He looked forward to further discussion of his country's proposal and thanked the Secretariat for its assistance in elaborating it.

93. Mr FIDAN (Turkey) said that his country was prepared to consider all the proposals and was open to non-discriminatory approaches. However, any nuclear fuel supply assurance mechanism had to fulfil four essential conditions.

94. Firstly, participation in such arrangements should be on a voluntary basis and should not require of any State that it relinquish its legitimate rights enshrined in the NPT, including the right to develop national fuel cycle capabilities. Secondly, such a mechanism should function as a back-up for the current fuel market, which had so far proven to be successful and problem-free. The mechanism should not disrupt or supplant that market, but rather provide an additional option for Member States in need of nuclear fuel. Thirdly, it should convince States that they would be able to obtain nuclear fuel in a predictable, stable and cost-effective manner in the long term without undue interference, i.e. it should be based on objective criteria. Finally, in order to avoid subjective interference, production or storage facilities should not be under the control or jurisdiction of any State or group of States. The only plausible option was to place the mechanism under the control and jurisdiction of the Agency, which should play a central role in establishing such mechanisms.

95. Under Articles III.A.1 and III.A.7 of its Statute, the Agency already had sufficient authority to discharge such functions. However, comprehensive and transparent consultations on the technical, political, legal and economic implications of the initiative would need to take place before any decision could be taken on what was a complex and sensitive issue.

96. Mr KIM Sung-Hwan (Republic of Korea)* said that, in view of the substantive progress made in developing the content of the proposals submitted, it was now appropriate for the Board to engage in extensive discussions on all aspects thereof. His country was encouraged by the Director General's

comment in his introductory statement that he intended to develop a possible implementation framework for one proposal for consideration by the Board, once the remaining funding was secured.

97. The Republic of Korea was operating the fifth largest nuclear fleet in the world and remained in a unique situation in terms of its peaceful uses of nuclear energy. It was therefore giving careful consideration to the various proposals on multilateral fuel assurance mechanisms.

98. Turning to safeguards, he said that the Agency, whose technological expertise was indispensable in discharging its mandate and obligations, should continue to maintain and upgrade its capacities to analyse nuclear and radioactive material. In that connection, his Government had decided to donate \$300 000 to the Agency in 2009 for the purpose of improving the SAL. His country hoped that the Agency would continue to keep Member States informed of its efforts to upgrade safeguards analytical capabilities.

99. Ms EL ABDAOUI (Morocco)* said that her country supported the general principles laid down by the Director General in his introductory statement. It was important that any multilateral approaches to the fuel cycle respect the right of Member States to use nuclear energy for peaceful purposes and that they did not create any restrictions that were in conflict with international law.

100. Morocco had worked tirelessly to combat nuclear proliferation and was keenly aware of the importance of nuclear fuel production in that connection. However, any form of discrimination would affect non-proliferation efforts and erode mutual confidence among Member States. Her country therefore advocated dialogue aimed at creating a multilateral mechanism that satisfied all parties.

101. Mr AL-JASEM (Kuwait)* said that his country was keen to diversify its energy mix and was aware of the role that nuclear energy could play in sustainable development. His Government had decided to establish a high-level committee on nuclear energy as a first step towards greater cooperation with the Agency, and in order to build Kuwait's national capacity.

102. The process of setting up a fuel bank under Agency auspices should be non-discriminatory. In addition, all States should fulfil their obligations under the NPT. Kuwait had decided to contribute \$10 million in support of the initiative and encouraged other Member States to follow suit.

103. The Board should discuss the proposals which had been put forward in greater detail at its June meetings.

104. Mr ALKAABI (United Arab Emirates)* said that nuclear energy could make a significant contribution to meeting his country's goals in terms of domestic energy sufficiency and security. In evaluating the potential development of a future domestic nuclear energy programme, the United Arab Emirates had chosen to rely exclusively on the external market for its supply of nuclear fuel and had concluded that the international nuclear fuel market was now sufficiently stable and secure to be able to supply any nuclear power plants in the country. However, it welcomed the concept of fuel assurance mechanisms that would further increase the stability of the entire global nuclear energy industry.

105. In that regard, and consistent with his country's policy of supporting assurance programmes aimed at making nuclear fuel supplies more secure, the United Arab Emirates, in cooperation with the Nuclear Threat Initiative, had donated \$10 million to help establish a last-resort fuel bank under Agency auspices.

106. He encouraged other Member States to support all Agency initiatives aimed at enhancing the security of nuclear fuel supplies and called for discussions in the Board of one or more of the proposed mechanisms.

107. Mr SOLTANIEH (Islamic Republic of Iran)* said that an assured nuclear fuel supply was essential for the development of nuclear power and nuclear energy in general. In the absence of an internationally agreed, legally binding instrument, States had no option but to exercise their sovereign right to produce fuel for their own needs.

108. The issue was a highly complex one that had technical, economic, and practical implications, and it therefore required extensive discussion. It would be premature to take any decision at the current time and, in view of the fact that all Member States would be affected, any future decision should be taken by the General Conference.

109. An autonomous, independent, technical organization like the Agency should not allow external organizations of any kind, including NGOs like the Nuclear Threat Initiative, to influence its decisions through donations. Donors usually expected to have special leverage, which was contrary to the principle enshrined in the Agency's Statute whereby all Member States decided on an equal footing what was best for all. Therefore, acceptance of any donation should be decided by the General Conference.

110. Iran objected to any initiative that would prevent Member States from using their capabilities as they deemed appropriate while all activities were under comprehensive Agency safeguards. He expressed the hope that the silence of some Member States on the issue would not be interpreted as a sign of agreement or consensus.

111. Mr SCHULTE (United States of America) welcomed the generous donations announced by the representatives of Kuwait and the United Arab Emirates. The Agency now had \$150 million for the purpose of establishing a nuclear fuel bank at little or no extra cost to Member States. His delegation looked forward to discussing the two proposals before the Board in greater depth in June.

112. The DIRECTOR GENERAL, responding to a number of concerns expressed by Member States with respect to multilateral approaches to the fuel cycle, said that the aim was to protect all Member States. The NPT was designed to ensure that nuclear energy was used for peaceful purposes. In that connection, simultaneous efforts were needed in three areas. Firstly, with regard to disarmament, he welcomed the commitment by the Presidents of the United States and the Russian Federation to take steps to reduce nuclear weapon stockpiles and to move forward on the CTBT and a fissile material cut-off treaty. Secondly, there was a need to strengthen the Agency's safeguards system. Many countries still did not have an additional protocol in force and the Agency did not have the resources it needed for security-related activities. The third issue was assurance of fuel supplies, and that issue had to be seen as a win-win situation.

113. Every country should have security of assurance while not adding to proliferation. If every country had its own fuel cycle, the margin of security would not be very wide. That did not mean, however, that an attempt was being made to develop a system that would take away countries' rights under the NPT. He could not countenance the adoption of any proposal by the Agency which took away States' rights.

114. Three main proposals had been put forward: by Germany, the Russian Federation and the Nuclear Threat Initiative. Whether countries wished to continue to have their own fuel cycle was up to them and none of the proposals touched on that. The aim was to ensure that every country had an assured fuel supply, so it would not be obliged to have its own enrichment and reprocessing capabilities, with the associated waste management problems. All the proposals were highly complex and had given rise to a great deal of distrust. The best way to overcome that was to engage in dialogue. No one was being asked to take any decisions before the proposals had been fully discussed, and it was important not to prejudge the outcome.

115. In conclusion, it was important to view the situation as a whole, i.e. both to welcome nuclear disarmament and strengthening of safeguards and, at the same time, to show goodwill towards expanding technical cooperation, which was the highest priority for developing countries.

116. Ms GOICOCHEA ESTENOZ (Cuba) requested the Secretariat to ensure more efficient coordination with other VIC-based organizations. The Board meeting on the preceding afternoon had clashed with a meeting organized by UNOV to discuss the increased security measures in the building. Nearly half of the security expenditure in the VIC came from the Agency's budget and it was therefore important for delegates to be able to take part in meetings on security matters. She requested that her concern be conveyed to the Secretariat of UNOV.

117. Mr WALLER (Deputy Director General for Management) said that there had already been several joint briefings on the increased security measures, some of which had actually been repeated in order to allow delegates to attend. The preceding day's meeting would also be repeated. He would remain in close contact with his senior colleagues in UNOV to ensure that channels of information remained open.

118. The CHAIRPERSON, summing up the discussions, said that, with regard to the specific issue of nuclear fuel supply assurances, she understood that the Board would continue its discussions on the proposals put forward and the Secretariat would assist in elaborating the framework.

119. She asked whether her summing-up was acceptable.

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

The meeting rose at 1.10 p.m.