

IAEA Board of Governors

Record of the 1289th Meeting
GOV/OR.1289

Assurance of nuclear fuel supply

Any other business

Board of Governors

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Record of the 1289th Meeting

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¹ GOV/2010/61.

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 PARVEZ		Chairman (Pakistan)
Mr CURIA	_____	Argentina
Mr MCGUIRE		Australia
Mr ALESKEROV		Azerbaijan
Mr RECKER		Belgium
Mr FAGUNDES DO NASCIMENTO	}	Brazil
Mr MASCHIETTO AYROSA		
Mr MPAY		Cameroon
Mr BARRETT	}	Canada
Mr CAZA		
Mr LABBÉ VILLA		Chile
Mr HU Xiaodi	}	China
Mr HUANG Wei		
Ms DRÁBOVÁ		Czech Republic
Ms CALLESEN		Denmark
Mr STACEY MORENO		Ecuador
Mr MONDOLONI		France
Mr LÜDEKING		Germany
Mr KHULLAR		India
Mr GHISI		Italy
Mr NAKANE		Japan
Mr QUEISI		Jordan
Mr YATANI		Kenya
Mr SHIM Yoon-Joe		Korea, Republic of
Mr ENKHSAIKHAN		Mongolia
Mr HAMER	}	Netherlands
Ms VAN DEELEN		
Mr ILLO		Niger
Mr ANWAR		Pakistan
Ms CÁCERES ESCALANTE		Peru
Mr COELHO		Portugal
Mr BERDENNIKOV		Russian Federation
Ms CHIN		Singapore
Mr MINTY	}	South Africa
Mr MABHONGO		
Mr CHAOUCH		Tunisia
Mr PAVLYSHYN		Ukraine
Mr ALKAABI		United Arab Emirates
Mr SMITH		United Kingdom of Great Britain and Northern Ireland
Mr DAVIES	}	United States of America
Mr WOOD		
Mr UZCÁTEGUI DUQUE		
	_____	Venezuela, Bolivarian Republic of

Attendance (continued)

Mr AMANO
Mr ANING

Director General
Secretary of the Board

Representatives of the following Member States also attended the meeting:

Afghanistan, Algeria, Angola, Armenia, Austria, Bulgaria, Colombia, Croatia, Cuba, Cyprus, Egypt, Estonia, Finland, Greece, Holy See, Hungary, Indonesia, Islamic Republic of Iran, Iraq, Ireland, Israel, Kazakhstan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Lithuania, Luxembourg, Malaysia, Mexico, Montenegro, Morocco, Namibia, New Zealand, Nicaragua, Nigeria, Norway, Oman, Panama, Philippines, Poland, Qatar, Romania, Saudi Arabia, Serbia, Slovakia, Slovenia, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, The former Yugoslav Republic of Macedonia, Turkey, Uruguay, Vietnam, Yemen, Zimbabwe.

Abbreviations used in this record:

G8	Group of Eight
G-77	Group of Seventy-Seven
GRULAC	Latin American and Caribbean Group
INPRO	International Project on Innovative Nuclear Reactors and Fuel Cycles
LDC	least developed country
LEU	low-enriched uranium
NAM	Non-Aligned Movement
NGO	non-governmental organization
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
NPT Review Conference	Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons
PACT	Programme of Action for Cancer Therapy
TACC	Technical Assistance and Cooperation Committee
UN	United Nations
WHO	World Health Organization
WTO	World Trade Organization

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

4. Medium Term Strategy 2012–2017 (continued) (GOV/2010/66)

1. Mr KHULLAR (India) said that the Medium Term Strategy document, carefully crafted after extensive negotiations, incorporated most of the suggestions made by India and offered an appropriate and balanced set of recommendations concerning the Agency's statutory responsibilities. India took note of the document and hoped that the Agency would use it as a framework for the formulation of the programme and budget proposals during the period 2012–2017.

2. Mr WOOD (United States of America) welcomed the timely and successful conclusion of the Medium Term Strategy process at the current Board meeting, since that would allow programme and budget to flow from strategy and planning, not vice versa. The hard work and discipline of Member States and Ambassador Feruță had resulted in a document that would inform the Secretariat's preparations for the upcoming budget cycle and subsequent biennia as well.

3. The United States had consistently supported the Medium Term Strategy exercise as one of the more promising ways for Member States to discuss and formulate coherent priorities for the Agency's work, though too often in the past the process had resulted in either too much information or too little prioritization to give proper guidance. In 2010, however, the exercise had resulted in a much improved and more concise document which laid out six broad themes Member States wished the Agency to pursue, without spelling out details that rightly should be left to the Secretariat. Micro-management could be as disruptive to an international organization as indifferent governance, but in the present case a good balance had been struck.

4. The document had been created in a spirit of compromise and did not perfectly reflect the priorities of any one Member State, precisely because it had been fashioned to reflect the priorities of all Member States. At the same time, it was focused and provided useful guidance for programme and budget formulation.

5. The leadership of Ambassador Feruță of Romania had been critical to its success; he and his staff had led the discussions with insight, vision and genuine dedication to the Agency's long term health.

6. The United States underscored that the period covered by the new Medium Term Strategy promised to be a critical one for the Agency and the international nuclear non-proliferation regime. How well Member States were able to respond to unexpected challenges and how effectively the Agency was able to provide the technical means to fulfil their expectations could potentially shape States' shared geopolitical future for years to come. For that reason, during discussions on the Medium Term Strategy, his country had emphasized the need to amplify the Agency's core safeguards mission and improve its relevant activities to support the expansion of nuclear power and address international development concerns.

7. The statement in the Medium Term Strategy document that "The Agency will continue to provide the international community with objective and independent verification of States' safeguards obligations." provided an essential foundation for nuclear cooperation which was at the heart of the Agency's statutory mandate.

8. The United States welcomed the Medium Term Strategy's treatment of technical cooperation and the peaceful uses of nuclear energy and had demonstrated its support of those priorities by its

long-standing leadership in funding technical cooperation, by President Obama's Peaceful Uses Initiative, and by its efforts to expand the availability of nuclear energy in accordance with the highest standards of safety and security. To achieve those goals, the Agency must have the resources to carry out its programmes each year and reliable, long-term funding to meet its capital infrastructure needs.

9. The United States endorsed the new Medium Term Strategy because it not only reflected the priorities of Member States but also supported his country's national vision of a strengthened Agency with a clear mandate to expand the peaceful use of nuclear power.

10. Mr NAKANE (Japan) welcomed the inclusion in the Medium Term Strategy 2012–2017 of many elements which his country had emphasized. The new strategy set forth clear priorities to meet the new challenges the Agency was likely to face in the six years to come. Japan especially appreciated the cross-cutting approach of Section A on facilitating access to nuclear power, which enabled the Agency to address Member States' needs for greater use of nuclear power in a holistic manner, and the inclusion in Section D of a number of substantive elements to better guide the Agency's technical cooperation activities. Japan took note of the Medium Term Strategy 2012–2017 and hoped it would be properly reflected in budget and programme proposals and the allocation of human resources in the Agency.

11. Mr HUANG Wei (China) said that his country highly commended the unremitting efforts of the open-ended Working Group headed by Ambassador Ferutã in pushing forward discussions on the Medium Term Strategy 2012–2017.

12. China welcomed the strategy set forth in document GOV/2010/66, which had been finalized after multiple rounds of discussions and was a comprehensive and balanced reflection of the main concerns and development needs of Member States in the new context of the peaceful use of nuclear energy and global nuclear non-proliferation.

13. China hoped that the Secretariat, with that strategy as foundation and guide and in light of developments and technological advances in nuclear energy, would formulate balanced and highly relevant work programmes and budgets for the cycles of the next 6 years with a view to providing better services for Member States.

14. China also hoped that the spirit of consensus demonstrated by Member States during discussions and consultations on the Medium Term Strategy would continue when other matters were discussed.

15. Mr UZCÁTEGUI DUQUE (Bolivarian Republic of Venezuela) said that the Medium Term Strategy 2012–2017 was a very important document whose main purpose was to guide the Secretariat in formulating the Agency's programme and budget for the next three cycles.

16. The document's format left some room for flexibility to respond to challenges arising globally in connection with the use of nuclear energy. The Secretariat should continue close dialogue with Member States in carrying out its mandates and in preparing programme and budget documents in particular.

17. His country attached special importance to strengthening the Agency's technical cooperation activities, including those aimed at promoting the transfer of nuclear technology to developing countries.

18. The Secretariat must also continue to strive for balance among the three pillars of the NPT: the peaceful use of nuclear energy, non-proliferation and disarmament.

19. Ms YPARRAGUIRRE (Philippines)* said the text submitted in document GOV/2010/66 adequately reflected the views and concerns expressed by Member States during discussions. It provided clear direction to the Secretariat for designing programmes, while allowing sufficient flexibility to respond to changes in Member States' needs and priorities during the period in question.

20. The Philippines would have wanted a broader perspective on the Agency's role in implementing the forward-looking actions recommended in the Final Document of the 2010 NPT Review Conference, in which Member States of the Agency that were also Parties to the NPT had agreed on specific actions that the Agency and its Member States should take in the coming years. However, her country appreciated that consensus had been reached by including some of the forward-looking actions within the Agency's strategic objectives.

21. The Philippines welcomed the inclusion of a separate section devoted to technical cooperation, as that placed the technical cooperation programme more explicitly among the Agency's objectives. In view of her country's growing use of nuclear technology in various non-power applications and its interest in developing a nuclear power programme, she also welcomed the emphasis on the Agency's role in assisting Member States in those areas. The document reflected the political commitment among Member States to further strengthen the Agency in view of its growing relevance in addressing contemporary global challenges as more and more countries turned to the Agency for technical assistance.

22. The Philippines looked forward to cooperating closely with the Agency in the area of water resources as the pilot Member State of the IAEA Water Availability Enhancement Project beginning in 2011. In June 2010 the Philippines had once again been designated as an IAEA Collaborating Centre for the application of nuclear techniques in studies of harmful algal blooms, which had resulted in valuable research relating to the use of nuclear techniques in the management of marine natural resources.

23. Her country welcomed the focus on the Agency's role in nuclear safety and nuclear security in view of the transboundary implications of even a single nuclear accident or nuclear security breach.

24. The Philippines welcomed the Agency's commitment to assist Member States in enhancing their national safety and security infrastructures. While responsibility for those areas rested primarily with Member States, the Agency played an important role in assisting national efforts to ensure appropriate levels of safety and security for all kinds of facilities and activities, taking into consideration national capacities and priorities.

25. Mr FERNÁNDEZ RONDÓN (Cuba)* welcomed the emphasis in the Medium Term Strategy 2012–2017 on the Agency's role in promoting the benefits of nuclear technologies and applications in areas where they added value: human health, cancer treatment, food security and water resource management. Cuba attached special importance in the coming cycle to cancer and cardiovascular diseases, which were becoming a global threat to human health, especially in developing countries. Cuba welcomed efforts aimed at promoting the safe and effective use of medical radiation for the diagnosis and treatment of patients and reiterated its support for the Agency's collaboration with WHO in that area.

26. Cuba welcomed the inclusion of the provision of effective technical cooperation by the Agency as a separate strategic objective. That reflected the sentiments of the great majority of developing countries within the Agency, which looked to it as the organization that had demonstrated technical capacity to transfer nuclear technology for peaceful purposes to all its Members. Therefore Cuba did not wish to see any decentralization of those functions of the Agency to other organizations.

27. Cuba agreed with others that in the coming years the Agency should play a more active role in the verification of nuclear disarmament, for which it would require effective safeguards to discourage and detect the use of nuclear material for illicit purposes. Cuba supported the idea that the Agency, as instructed by its governing bodies and in conformity with its Statute, should carry out its activities in keeping with the purposes and principles of the United Nations for promoting peace and international cooperation, with the policies of the United Nations promoting global disarmament under safeguards, and with any international agreement concerning arrangements relevant to those policies.
28. Cuba was concerned to note the tendency towards more frequent attempts by the Secretariat and certain Member States to transform voluntary arrangements into obligatory ones. That was unfair and unacceptable, since it violated the principle of the voluntary nature of each State's decision to sign, adhere to and ratify international treaties.
29. With those comments, Cuba took note of the Medium Term Strategy 2012–2017 contained in document GOV/2010/66 and endorsed its use as a framework for the formulation of programme and budget proposals during the period in question.
30. Mr OTHMAN (Syrian Arab Republic)* thanked Ambassador Ferutã and the Secretariat for their work in producing the draft Medium Term Strategy 2012–2017, a document which in Syria's view should conform to the goals and functions of the Agency as defined in Article III of its Statute.
31. The Strategy was valuable as a reference, comprehensive framework and guide for the formulation of the Agency's programme and budget over the next three programming cycles but must not eclipse the basic reference, which was the Agency's Statute.
32. The pioneering role and demonstrated capacity of the Agency, developed during 54 years as the international organization working to disseminate peaceful applications of nuclear energy in many fields under the motto of 'Atoms for Peace', must be maintained and enhanced.
33. His country welcomed the six strategic objectives laid out in the document, especially the inclusion of one about facilitating access to nuclear power. The Agency played a unique role in supporting the introduction of safe and secure nuclear power programmes by countries desiring them while respecting the sovereign rights of countries to determine their nuclear programme and nuclear fuel cycle, in keeping with Article III of the Statute.
34. The Agency's promotion of nuclear technology and science would strengthen the capacities of Member States in the use of nuclear energy for peaceful purposes. That objective was essential, and all means to ensure its optimal implementation must be provided. The full implementation of General Conference resolutions on strengthening the Agency's activities in nuclear science, technology and applications would also contribute in that regard.
35. Syria attached importance to the improvement of nuclear safety and security as an objective in the coming period, while stressing that safety and security were first and foremost a national responsibility and that the role of the Agency was to assist countries by providing guidance when requested. Safety and security requirements should not be made into an obstacle hindering the transfer of nuclear technology to Member States or limiting the right of Member States to use nuclear energy for peaceful purposes. The Agency's efforts to expand the scope of commitments to international legal instruments in the area of nuclear safety and security must be accompanied by efforts to secure the commitment of all its Member States to all safeguards-relevant agreements and conventions.
36. Syria welcomed the inclusion of the provision of effective technical cooperation as a strategic objective and encouraged the Agency to mobilize all possible resources to achieve it, given that technical cooperation was the optimal means for the Agency to disseminate the peaceful uses of nuclear energy. Syria urged the Agency to make maximal use of the General Conference's resolutions

over the years on strengthening the Agency's technical cooperation activities, especially with regard to making technical cooperation resources sufficient, assured and predictable as part of the Regular Budget. It also encouraged the Agency to strengthen the principle of joint responsibility of Member States for the effective and efficient financing and implementation of technical cooperation activities.

37. The technical cooperation programme must be designed to meet the needs of Member States according to their requirements and should by no means impose on certain countries preconditions which ran counter to the Agency's Statute and relevant laws and rules, and in particular the guidelines and rules that governed the provision of Agency technical assistance. No imposition of additional conditions on countries receiving technical assistance, in an attempt to get them to commit to more than what was stipulated in the Statute, could be justified legally or technically. The Agency must not ask Member States to accept additional burdens merely in order to be eligible for technical assistance.

38. All Member States concurred on the need to enhance the effectiveness and efficiency of Agency safeguards and other activities in the field of verification to ensure the non-diversion of nuclear technology to military uses. His country stressed, however, that Agency safeguards must be applied to all Member States equally and transparently, and agreed with the thesis in document GOV/2010/66 that efforts to improve the efficiency of the safeguards system must also be based on the recognition that the full potential of the system would best be realized through implementation of comprehensive safeguards agreements in all States. Syria therefore called on the Agency to redouble its efforts to conclude comprehensive safeguards agreements with all Member States as soon as possible in order to realize the strategic objective of enhancing the effectiveness of Agency safeguards.

39. As for the additional protocol, Syria once again underscored that it was a complementary, voluntary and non-binding element of the safeguards system, the central purpose of which was to ensure the entry into force of comprehensive safeguards agreements in all Member States.

40. His country also considered it imperative to take all necessary measures to protect and secure safeguards-relevant information.

41. Mr SOLTANIEH (Islamic Republic of Iran)* said that while some of the inputs and concerns articulated by his delegation during the deliberations of the Working Group had been addressed in the text of the report, other concerns and expectations remained.

42. Iran reiterated that it attached great importance to the issue of nuclear safety, which constituted one of the key elements of any nuclear programme, and believed that the Agency played an important role in that field, as provided for in Article III of the Statute. There should be no restriction whatsoever on the transfer of technical information on nuclear safety in view of the global impact of any nuclear accident.

43. As nuclear technologies were introduced and used more widely, vigilance and concrete actions to enhance nuclear safety must continue. However, the primary responsibility for nuclear safety and security rested entirely with States, and his country underscored again that nuclear safety and security considerations should not be used to hamper research into and utilization of nuclear technology for peaceful purposes.

44. While Iran was fully aware of the central importance of nuclear safeguards and safety as prerequisites for the peaceful use of nuclear technologies, it strongly rejected the attempts by some Member States to reverse the Agency's order of priorities by giving primacy to safeguards and safety considerations in a manner that led to a restriction of the promotional role of the Agency. The developing countries viewed some new terms, such as the so-called '3 Ss', as an attempt to undermine the priority that should rightly belong to the Agency's promotional role. Nuclear safety was a purely

technical issue, while nuclear security was a political issue directly affecting States' national security. That was why primary responsibility for nuclear security must rest entirely with the States.

45. He recalled that nuclear security was not a statutory function of the Agency; it was therefore fully justifiable that the activities undertaken in the area of nuclear security continue to be financed through voluntary and extrabudgetary resources. It was absolutely essential to maintain a clear distinction between nuclear safety and nuclear security, since they were entirely different in nature and had entirely different impacts.

46. In the next Medium Term Strategy cycle, the Agency would need to resolve certain concerns regarding safeguards. Iran's most serious concern had to do with failure to ensure confidentiality of information related to safeguards implementation. The Agency needed to work on enhancing and strengthening the rules and modalities for maintaining that confidentiality. A particular issue was the protection of confidential information by staff, especially those leaving the Agency. The Secretariat should also pay due attention to confidentiality and the national security of Member States when reporting safeguards conclusions and other information on safeguards and verification matters.

47. That being said, Iran joined the consensus on the Medium Term Strategy with the expectation that its concerns would be taken into consideration during the planning and implementation of approved projects.

48. The DIRECTOR GENERAL thanked Member States for their inputs and Ambassador Feruță for his exemplary contribution in achieving consensus on the Medium Term Strategy 2012–2017 in the spirit of Vienna. As had been noted on a number of occasions, it was vital that the Agency's strategy have the support of every Member State.

49. Now that the Strategy had been drafted, implementation would begin. Past Strategies had been underutilized, but that should not be the case for the new document.

50. Implementing the Medium Term Strategy was the responsibility of all, but of the Secretariat in particular. Following Ambassador Feruță's suggestion, he would have the document printed as a booklet for daily use. He would keep a copy close by and would instruct his staff to use it as guidance when formulating the programme and budget for 2012–2013 and for the following two programme and budget cycles as well. In addition, he intended to strengthen the function for policy planning and strategy formulation within the Secretariat.

51. The CHAIRMAN, summing up, said that the Board had expressed appreciation to the Chairman of the Working Group for his diligent efforts and able leadership and had also expressed its appreciation to the Secretariat for its assistance in facilitating the work of the Group. He thanked on his own behalf the Group's Chairman, the Secretariat and the representatives of all Member States that had participated in producing the document.

52. Several members had considered that the new Medium Term Strategy reflected an appropriate balance between the Agency's promotional and other activities and that it sufficiently outlined the priorities expressed by Member States.

53. Several members had expressed the view that the new Strategy addressed the challenges and priorities of the Agency in a clear manner. They had also underlined that the Strategy provided practical guidance to the Agency in formulating its programme and budget for the coming three cycles.

54. Several members had expressed the view, however, that the Medium Term Strategy did not prejudge the actual budget levels for those three cycles.

55. Several members had noted with appreciation the emphasis placed in the Strategy on ensuring that the Agency had sustainable in-house capacity in all relevant areas in order to be fully capable of assisting Member States in using nuclear science and technology for peaceful purposes.

56. Specific views had been expressed with regard to the activities under each of the Agency's Major Programmes and the Board had also noted the comments made by the Director General.

57. He assumed that the Board wished to take the action recommended in document GOV/2010/66 and take note of the Medium Term Strategy 2012–2017, to be used by the Secretariat as a framework for the formulation of the programme and budget proposals during that period, with the understanding that any significant comments made by the Board would be taken into consideration by the Secretariat and that Member States might update the document if considered necessary.

58. It was so decided.

59. Mr FERUTĂ, speaking as Chairman of the Open-Ended Working Group on the Medium Term Strategy 2012–2017, thanked the Member States for their support and words of appreciation and said he would share them with the colleagues in his team.

60. The many encouraging comments suggested that the level of adherence to the new Medium Term Strategy would be high, which was the most important aspect.

61. The new Strategy, which would guide the Secretariat and Member States for the three cycles to come, would be published in booklet form to consolidate its role in the daily activities of the Agency and to call Member States' attention to it. So far it had been produced only in English, but if Member States agreed, it could be translated into all the official languages of the Agency.

62. He thanked the Member States that had contributed to the process and noted with pleasure that the document would benefit the Secretariat and the Agency's activities. It had been a privilege for his country to chair the Working Group following the contribution it had made to reaching agreement on the 2010–2011 programme and budget.

7. Assurance of nuclear fuel supply (GOV/2010/67 and Add.1, 68 and Add.1)

63. The CHAIRMAN said that the item had been included in the agenda at the request of a number of Board members, reproduced in document GOV/2010/57/Add.1. The Board had before it document GOV/2010/67 and Add.1, containing a proposal by a number of Member States to establish an Agency LEU bank for the supply of LEU to Member States, and document GOV/2010/68 and Add.1, containing a draft resolution on that subject submitted by a number of Board members.

64. Mr DAVIES (United States of America) said that concepts and proposals for an Agency-administered multilateral fuel assurance mechanism to assure fuel supplies for nuclear power plants had been under discussion since 2003. The most recent proposal, contained in document GOV/2010/67, drew on the many discussions on the subject that had occurred in the Board and in other forums regarding questions and concerns raised about the fuel bank as a concept and various other proposals. The resolution contained in document GOV/2010/68 called for the Board's adoption of the proposal to encourage and support the expansion of peaceful nuclear energy without increasing the risk of nuclear weapons proliferation, while respecting the rights of all Member States. Nothing in the proposal would alter in any way the sovereign right of Member States to develop peaceful nuclear

energy. President Obama had said that no approach would succeed if it was based on the denial of rights to nations that played by the rules. Rather, the aim was to support and enhance sovereign choice in weighing up the practicality of civil nuclear power in countries whose programmes were not large enough to justify the expensive development of enrichment capabilities.

65. There was general agreement that the international uranium market was working efficiently and well, and would continue to do so. However, unforeseen circumstances might disrupt a Member State's supply of LEU in a manner which the market could not remedy. In September 2006, the Nuclear Threat Initiative had offered to contribute US \$50 million to help create a stockpile of LEU owned and managed by the Agency to serve as a last-resort fuel reserve for Member States facing such a crisis. That generous offer had been subject to two conditions: that other donors would contribute \$100 million in matching funds, and that the Board would set up a mechanism to administer the LEU bank. The first condition had been met over a year previously through separate pledges from the European Union, Kuwait, Norway, the United Arab Emirates, and the United States. The Board now needed to act to fulfil the second condition by approving the actions recommended in document GOV/2010/67.

66. Some had expressed concerns that the LEU bank would impact the Regular Budget of the Agency, but there was no reason why it would need to be used to fund the project. The Agency had decades of experience in administering projects that relied on voluntary contributions. With over \$150 million in funding to start up the LEU bank, all direct and indirect costs could be met through the voluntary contribution of money, material, or services. Of course, additional contributions were encouraged, as they would further add to the value of the bank.

67. Others had expressed concern that the LEU bank could disrupt the uranium market. The United States did not share that concern, judging the design, scale, and operating principles of the proposed LEU bank to be suitable only for providing assistance in extraordinary circumstances. In the context of a fuel market that supplied over 400 nuclear power plants worldwide, purchases of LEU sufficient for three reactor core reloads could not have any significant effect on the market price. Moreover, transfers of material from the bank would occur only in the exceptional case that neither the market nor a bilateral partner were able to fulfil a Member State's supply need. Given that LEU transfers overwhelmingly occurred under long-term contracts, the Agency's LEU bank would be a mechanism of last resort, to fill a gap that was foreseen and could not be resolved. The market would not be affected because market supply would not be available, and States would not be able to play the market as they would still have to pay market prices for procurement from the LEU reserve.

68. In 2009, the Board had approved the Russian Federation's proposal for an LEU reserve in Angarsk, Russia. The current proposal would not conflict with that reserve: rather, the two would reinforce one another, as they were both intended to help Member States facing a fuel crisis. A diversity of fuel assurance mechanisms would help build confidence in the reliability of fuel supply.

69. Action 58 of the Final Document of the 2010 NPT Review Conference had called for States parties to continue to discuss further, in a non-discriminatory and transparent manner, the development of multilateral approaches to the fuel cycle including mechanisms for assurance of nuclear fuel supply, without affecting rights under the NPT and without prejudice to national fuel cycle policies, taking into account full-scope safeguards requirements. The proposal contained in document GOV/2010/67 met all of those requirements.

70. The issue of fuel assurance mechanisms had been discussed for a long time. Thoughtful contributions from Agency Member States, both on and off the Board, had allowed the design of an Agency LEU bank to be refined. The United States was grateful for such efforts and appreciated the provision of technical advice by the Secretariat along the way. The time for debate was now over and

the time for action had arrived. The Board was in a position to accept the \$150 million in pledged funds and to approve the proposal for an Agency LEU bank. He therefore called on members to adopt the draft resolution contained in document GOV/2010/68.

71. Mr RECKER (Belgium), speaking on behalf of the European Union, the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Iceland, the countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro and Serbia, as well as Ukraine, the Republic of Moldova and Armenia, said that the European Union strongly supported the concept of multilateral approaches to the nuclear fuel cycle, which brought energy security and non-proliferation benefits without distorting the existing well-functioning market. The Council of Ministers had taken the decision to support the establishment of an Agency LEU bank, and the European Union had declared its readiness to make a substantial financial contribution and had undertaken many activities in support of the proposal contained in document GOV/2010/67. The establishment of an LEU bank represented an important step forward in multilateral nuclear approaches, reflecting in a positive way the outcome on the subject during the 2010 NPT Review Conference. It also came at an appropriate time, as an increasing number of new countries were showing interest in the peaceful uses of nuclear power. The European Union — after many years of discussion on the issue in which it had played an active role — welcomed the establishment of an LEU bank under Agency auspices, as provided for in the Statute.

72. The European Union requested Board members to give their full support for the establishment of the LEU bank and appreciated the generally positive response the proposal had received thus far. The European Union called upon the Secretariat — following the Board's decision — to take the steps necessary for implementing such an important project.

73. Mr MABHONGO (South Africa), speaking on behalf of the Group of 77 and NAM, said that there was a need to address thoroughly the technical, legal and economic aspects associated with the issue, as well as its underlying political dimensions, so as to ensure that any proposal that emerged was in full accordance with the Agency's Statute and took into account the respective legal obligations of Member States and the principle of non-discrimination. The multi-faceted aspects of assurance of supply required a meticulous discussion in an open-ended format. Those aspects, whose merit remained to be fully assessed, had a direct impact on the use of nuclear energy for peaceful purposes and needed to be subject to in-depth consideration by the Agency with a view to arriving at a consensus.

74. Concerns related to nuclear proliferation must not in any way restrict the inalienable right of all States to develop all aspects of nuclear science and technology for peaceful purposes and to pursue national nuclear fuel capabilities, including enrichment.

75. Any further consideration of assurance of supply had to be based on an agreement among Agency members, and on a coherent and comprehensive conceptual framework outlining the specific political, technical, economic and legal parameters that adequately addressed the views and concerns of all Member States and applied to all the proposals. That would help avoid any confrontation that would divide members of the Agency and the Board and hamper the credibility of the Agency and its policy-making organs. Since many questions raised on the issue had not received a satisfactory response, any proposal tabled in the Board should only be considered after extensive efforts had been made towards reaching a consensus. While any Member State had the right to make any proposal or table any resolution, attempts should be made to avoid polarizing or politicizing the Agency. Any proposal on assurance of supply should be based on objective eligibility criteria and should be in accordance with the Statute, taking into account the principle of non-discrimination and the respective legal obligations of Member States. Any Board decision which would have an impact on all Member States should take into consideration the interests of those States and should not merely be donor-

driven. Member States that made voluntary financial contributions to any proposal related to assurance of supply should not have any influence on the decision-making process in that regard. Financial contributions made by non-governmental sources should be subject to close consultation with all Member States. In the event those contributions were approved, no external influence should be placed on the Agency's work as a result, since that would jeopardize its independence, credibility and integrity.

76. Although the proposal contained in document GOV/2010/67 stated that all costs relating to the LEU bank would be funded exclusively through extrabudgetary resources, a full study should be conducted on the long-term financial implications for the Agency's resources — including staff costs — in the event of a shortfall in funds for the bank's operation, and on the measures to ensure that such funding was sufficient, assured, predictable and unconditional. Fuel supply could only be assured if there was an established mechanism to ensure fabrication of fuel from the LEU supplied through the bank. All possible model agreements between the suppliers, hosts, Agency and requesting States should have been made available before the adoption of any proposal, with a view to providing full information on all the permutations of bilateral and multilateral transactions.

77. The Group of 77 and NAM would have welcomed fuller discussions on: guarantees that delivery of the fuel to the requesting State would not be hampered by denials or delays of shipments and liability for compensation in cases where delivery was disrupted or delayed; the budgetary implications of applying safeguards to the material stored at the bank; the extent of control exercised by the Agency over the terms of agreement between the supplier State and host State regarding conditions of supply; and the criteria for the selection of the host State or States.

78. The consultations that were still under way regarding the framework for conducting further discussions on the issue needed to be transparent and inclusive. An open-ended working group was the best forum for conducting such discussions.

79. Mr LABBÉ VILLA (Chile), speaking on behalf of GRULAC, said that any initiative on assurance of supply could not seek to impose limits on the inalienable right of States to the peaceful uses of nuclear energy under Article IV of the NPT. Paragraph 9 of document GOV/2010/67 stated that those rights would not be compromised or diminished by the proposal therein. However, any initiative in that regard needed to contain objective and non-discriminatory criteria.

80. GRULAC would have welcomed further-reaching, more open dialogue on the proposal among all interested Member States prior to its tabling, as well as its earlier circulation. Assurance of nuclear fuel supply was a complex issue that required in-depth discussion on the technical, legal and administrative aspects, as well as the political and commercial implications. A conceptual framework with clear principles and objectives was required. GRULAC was prepared to work constructively in that regard and believed that an open working group would provide the best forum for a frank, open and inclusive discussion on all aspects related to assurance of supply initiatives.

81. Mr ALKAABI (United Arab Emirates) said that an increasing number of countries had shown an interest in developing peaceful nuclear energy programmes to meet their national energy demands. After evaluating energy demand and supply, his country had decided that nuclear energy would make a significant contribution to meeting its goals of energy self-sufficiency and security. It had subsequently published its policy on the development of a nuclear energy programme, which included strategies to ensure the programme's successful deployment and long-term sustainability.

82. His country had taken many major steps to develop its nuclear energy programme in line with that policy. In December 2009, the country's first four nuclear power reactors had been contracted, the first of which was scheduled to begin commercial operation in 2017. In pursuing nuclear energy development, the United Arab Emirates had made a choice to rely on the international market for the

supply of nuclear fuel, thus concluding that the market had matured sufficiently to provide it with a stable and secure supply. Whether a country chose to rely on the international market or not, further fuel assurance mechanisms should always be welcomed as they could strengthen the traditional fuel supply chain and contribute to the stability of the global nuclear energy sector by providing a back-up mechanism in the event of supply disruptions resulting from non-commercial obstacles.

83. The development of a new peaceful nuclear energy programme was a major undertaking involving major infrastructure requirements, resources and planning challenges. The availability of reliable fuel supply assurance mechanisms could support newcomer countries in their adoption of peaceful nuclear energy, especially as most of them had neither the capacity nor the interest to develop their own national fuel cycle capabilities. Conversely, the absence of such mechanisms might discourage States from moving forward in the adoption of peaceful nuclear energy, owing to concerns over lack of a reliable supply of nuclear fuel in the event of any disruption to existing market arrangements.

84. The concept of multilateral fuel assurance networks was not new: multiple proposals had been presented in the past. Some of those proposals now needed more serious consideration. The United Arab Emirates supported the proposal to establish an LEU bank as contained in document GOV/2010/67, which it had helped to develop and to which it had pledged a financial contribution of \$10 million. The proposal took into consideration the various views expressed within the Agency and the industry, and addressed many of the concerns raised by Member States. The proposed actions were designed not to infringe upon or restrict in any way States' rights to develop all aspects of nuclear science and technology for peaceful purposes, including domestic fuel cycle capabilities. The proposal laid out the legal basis for the establishment of the fuel bank, and further elaborated on eligibility criteria, for example the requirement that the receiving State should have a comprehensive safeguards agreement in force. It also made clear that the bank would not interfere with global market arrangements.

85. For countries with a nuclear energy programme under development, the implementation of such initiatives was a priority. The proposed fuel bank was an essential step towards the establishment of a network of reliable multilateral fuel assurance mechanisms including multiple services related to the front and back end of the fuel cycle.

86. Mr NAKANE (Japan) noted that the proposed Agency fuel bank was consistent with the inalienable right provided for in Article IV of the NPT and that nothing in document GOV/2010/67 or GOV/2010/68 affected the rights of any Member States, including the right to establish or expand their own nuclear fuel cycle capacity. He noted that the costs of all activities associated with the operation of the LEU bank would be covered exclusively by voluntary contributions and expressed appreciation that a detailed financial and administrative plan for the ongoing operation of the bank was expected to be developed by the Director General.

87. With respect to the International Uranium Enrichment Centre in Angarsk, the Agency LEU bank would add value by expanding the scope of disruption to be addressed without having a distortive effect on the existing nuclear fuel market.

88. Pursuant to the discussions on assurance of nuclear fuel supply held among Member States thus far, Japan felt that it was important to establish an effective framework that would be widely accepted and open to participation by many countries. To that end, his country had submitted a proposal on the establishment of an Agency standby arrangements system for the assurance of nuclear fuel supply, which had been circulated in September 2006 as INFCIRC/683. The proposal covered not only uranium enrichment, but also other important activities of the front end of the nuclear fuel cycle, including uranium ore, uranium conversion, fuel fabrication, uranium storage and reserves. Under that

system, any Member State could register its current nuclear fuel stock and supply capacity in the aforementioned areas. The system would help enhance the transparency and predictability of the front-end market, serving both to dispel concerns about uranium fuel supply and to prevent market failure. The utility of the proposal would not diminish even after the creation of the LEU bank. Japan hoped that the proposed system would be considered by the Board at an appropriate time, as one of the 'other complementary proposals' referred to in operative paragraph 5 of the draft resolution contained in document GOV/2010/68.

89. Mr SHIM Yoon-Joe (Republic of Korea) thanked the United States for its leading role in elaborating a proposal for an Agency LEU bank. His country had a sizeable civil nuclear programme and therefore attached great importance to ensuring a stable, sustainable and economic supply of nuclear fuel and exploring the various ways to achieve that. The Republic of Korea fully supported international efforts for multilateral approaches to the nuclear fuel cycle and had constructively participated in discussions on the subject. In June 2009, it had circulated INFCIRC/760 on possible criteria for multilateral approaches to the nuclear fuel cycle, outlining his country's unique situation in developing peaceful nuclear energy and proposing five basic criteria for considering fuel assurance mechanisms.

90. His country fully supported the LEU bank proposal contained in document GOV/2010/67, which clearly stated that the bank would not infringe on any rights of Member States concerning the peaceful uses of nuclear energy. The LEU bank would give the Agency a direct role in the area of assurance of nuclear fuel supply and could complement the LEU reserve already established in Angarsk in terms of size and options for Member States. The cost of the bank's future operation would be covered not by the Regular Budget but by voluntary contributions, and the eligibility criteria in the proposal reflected the common denominators shared within the Agency.

91. When the proposal was adopted, the Republic of Korea expected follow-up measures — such as the selection of a host country and the acquisition of necessary uranium stocks, equipment and facilities — to be taken expeditiously, in cooperation and consultation with the Agency and Member States.

92. Economically predictable access to LEU was important, especially to newcomer countries. However, as the use of nuclear fuel expanded, nuclear by-products such as spent fuel and nuclear waste would pose a growing challenge. Without a long-term solution to the problem of spent fuel storage and disposal, the nuclear renaissance would not be sustainable. The Republic of Korea therefore encouraged the Agency to undertake comprehensive conceptual studies on the feasibility and challenges of multilateral approaches to the back end of the fuel cycle as well.

93. Mr SMITH (United Kingdom) expressed his country's support for the proposal to establish an Agency LEU bank, which represented a major step forward in addressing key issues that had been under discussion for several years, to provide assurances that would help promote the secure and economically viable expansion of nuclear energy. The United Kingdom looked forward to the adoption of the initiative in order to take timely advantage of the financial pledges made by a number of bodies, and welcomed the role envisaged for the Agency at the heart of the development.

94. Measures to provide assurances of nuclear fuel supply should be complementary and never mutually exclusive. At the Board meetings in March 2011, his country intended to present its own proposal for assurance of nuclear fuel, which relied not on a physical stock of nuclear fuel, but rather on the way in which a guarantee of nuclear fuel supply could be assured without interruption for non-commercial reasons. The United Kingdom welcomed the Director General's readiness to provide assistance to Member States bringing forward further proposals for assurance of nuclear fuel supply and looked forward to making its contribution to sustain momentum on such initiatives.

95. Mr BERDENNIKOV (Russian Federation) expressed his country's support for the Agency's work to develop multilateral approaches to the nuclear fuel cycle. In January 2006, President Putin had proposed an initiative to create a global infrastructure that would allow all interested parties equal access to atomic energy. One of the steps towards implementing that initiative had been the establishment by Russia and Kazakhstan of the International Uranium Enrichment Centre in Angarsk. Armenia and Ukraine were also currently participating in the establishment of the Centre. In 2009, the Board had adopted a resolution to establish an LEU reserve at the Centre, as set out in document GOV/2009/81. On 29 November 2010, Russia had officially informed the Agency of the completion of the reserve. Consequently, an agreement on its establishment would soon enter into force and Agency Member States would have access to it. All activities related to the reserve, including the application of safeguards, were financed by Russia.

96. The proposed LEU bank, together with the Angarsk reserve, would provide additional assurances to Member States regarding the reliability and predictability of nuclear fuel supply. That was especially important to those States just beginning to develop nuclear power. Use of the LEU bank's services would be voluntary, would not diminish the rights of NPT States Parties to use atomic energy for peaceful purposes and would not affect the current commercial nuclear market. Russia also supported other proposals in the field of multilateral approaches to the nuclear fuel cycle. It highly appreciated the efforts of those States and organizations that had contributed to the proposed establishment of the international LEU bank. In particular, Russia noted the contribution of Kazakhstan, which was a responsible member of the NPT and one of the driving forces behind the creation of a nuclear-weapon-free zone in Central Asia. As Kazakhstan had nuclear fuel cycle facilities where the bank could be situated, that would help minimize its operating costs.

97. Mr MONDOLONI (France) said that the nuclear expertise of France, which covered the entire nuclear fuel cycle, had many years previously prompted it to take an interest in and to promote initiatives regarding multilateral approaches to the fuel cycle.

98. At a time when more and more countries wished to acquire a nuclear power generation capability, the assurance of nuclear fuel supplies was essential. The nuclear fuel market was functioning well, and it was important that its satisfactory operation, which ensured that the demand for fuel was met in optimum fashion, be maintained. However, the risk of supply interruptions could not be excluded, and that risk might deter some countries from embarking on nuclear power programmes or prompt them to establish fuel cycles of their own that were not economically rational.

99. Consequently, in keeping with the spirit that had prevailed at the International Conference on Access to Civil Nuclear Energy held in March 2010 in Paris, his country wished to promote practical solutions that took account of the market and of the needs of beneficiary countries. France intended to uphold the inalienable right — enshrined in NPT Article IV — of all parties to the NPT to develop research, production and use of nuclear energy for peaceful purposes as long as they abided by their international commitments. There was accordingly no question of its wishing to limit the freedom of other States in the field of nuclear energy.

100. The proposed IAEA LEU bank was a mechanism of last resort that would come into play only after all normal commercial supply possibilities had been exhausted; it would complement the market, the sound functioning of which was — and should remain — the first line of fuel supply security. Moreover, the central role of the Agency in the establishment and functioning of the bank would guarantee that the bank functioned on the basis of objective and clearly defined criteria.

101. For those reasons, France was among the authors of document GOV/2010/67 and the sponsors of the draft resolution submitted in document GOV/2010/68.

102. Mr AYROSA (Brazil) said that in 2009, in response to the proposal of the Russian Federation regarding the establishment of an LEU reserve, his country had raised two questions that, in its view, had still not been answered. In so far as there had been a debate, it was a circular one in which the proposals made seemed meant to remedy a possible situation that had yet to be clearly defined — in effect, proposed solutions in search of a problem.

103. One question raised by Brazil related to the circumstances under which countries might have access to such an LEU reserve in the event that their supplies of LEU were interrupted for reasons not of a commercial or technical nature — in the event of “a supply disruption of LEU ... due to exceptional circumstances impacting availability”.

104. Leaving aside the possibility of a major catastrophe as a reason for a State to be granted access to the LEU reserve, the most probable scenario was that a customer State would behave so recklessly that sanctions would be imposed on it by all the enrichment service suppliers in the global market. How then could an assurance of supply mechanism under the Agency’s auspices be reconciled with the normal — satisfactory — functioning of that market?

105. The other question raised by Brazil related to matters of practicality: what would a State without a nuclear fuel fabrication plant do with the LEU purchased by it from the LEU reserve? The fuel assemblies would have to be fabricated elsewhere, and the reason preventing that State from obtaining LEU through the commercial market for LEU would probably prevent it from obtaining fuel assemblies through the commercial market for fuel assembly fabrication services.

106. In the debate, it had been claimed that the establishment of an LEU reserve would reduce the risk of nuclear weapons proliferation. His country did not believe that the development of a uranium enrichment capability by a State, in exercise of an inalienable right, in itself posed a proliferation risk. Moreover, Brazil was concerned about the implications that any proposal to establish an assurance of supply mechanism might have for the sovereign choice of a State to develop an indigenous nuclear fuel cycle capability. His country, although it had already developed such a capability, feared that the access of a State to an assurance of LEU supply mechanism might be made contingent on that State’s undertaking not to develop a uranium enrichment capability.

107. Brazil continued to believe that the issue of the establishment of supply assurance mechanisms for nuclear fuel cycle services should be debated thoroughly within the Agency framework, with in-depth consideration of all the legal, financial, technical and political aspects, before the Board took decisions, which should be mature decisions based on comprehensive consultations.

108. Unfortunately, comprehensive consultations on the issue had not yet taken place, either among the members of the Board or in the General Conference, despite the fact that they had been called for by several Member States.

109. The 2010 NPT Review Conference had — by consensus — called for a continuation of discussions on the issue and its technical, legal and economic complexities in a non-discriminatory and transparent manner. The fact that its call had not been taken duly into account created an undesirable precedent for the Board and sent an equivocal message as to the credibility of the nuclear non-proliferation regime review process.

110. Brazil hoped that, following the likely establishment of the proposed IAEA LEU bank, the concerns expressed by it and several other Member States would be taken up in a serious, transparent and inclusive manner, in order that the bank might prove to be a sustainable mechanism enjoying the support of the Agency’s membership at large.

111. Mr PAVLYSHYN (Ukraine) said that his country looked forward to the establishment of the proposed IAEA LEU bank, which would increase the confidence of States in their ability to obtain nuclear fuel in an assured and predictable manner.

112. Ukraine, which would like to see initiatives such as the one now under consideration receiving the widest possible support, wished to co-sponsor the draft resolution contained in document GOV/2010/68.

113. Mr HU Xiaodi (China) said that useful discussions had taken place in the Board on various initiatives for ensuring nuclear fuel supplies while addressing the risks of nuclear weapons proliferation.

114. With regard to the initiative now under consideration, China had noted that some Member States still had concerns.

115. His country, which was in principle ready to support all efforts to promote the peaceful utilization of nuclear energy while strengthening the international nuclear non-proliferation regime, was open to relevant initiatives regarding the establishment of nuclear fuel supply assurance mechanisms. It was in favour of an active role being played by the Agency in the operation of such mechanisms provided that the Agency's independence was preserved.

116. The establishment and operation of multilateral nuclear fuel supply assurance mechanisms involved complex political, economic, technical and legal factors and would affect the practical interests of many Member States. The concerns of those Member States should be taken fully into account.

117. It was important to pursue the objective of preventing the proliferation of nuclear weapons, but the right of Member States to use nuclear energy for peaceful purposes should not be impaired.

118. China stood ready to engage in consultations with all other interested Member States in search of a universally acceptable solution.

119. Mr CHAOUCH (Tunisia) said that his country could support all initiatives aimed at facilitating the acquisition of nuclear technology and materials for peaceful purposes by Member States that were Parties to the NPT and had accepted comprehensive Agency safeguards.

120. Regarding the proposal under consideration, Tunisia was of the view that access to the proposed IAEA LEU bank should not be regarded as an alternative to the exercise by Member States of the right to engage in peaceful nuclear activities, including such activities relating to the nuclear fuel cycle.

121. Regarding Action 58 agreed upon by the 2010 NPT Review Conference, referred to in preambular paragraph (d) of the draft resolution contained in document GOV/2010/68, for Tunisia the requirement of IAEA full-scope safeguards was a non-negotiable principle that should be adhered to strictly.

122. Tunisia wished that, before the tabling of that draft resolution, there had been consultations involving all interested parties with a view to accommodating all reservations. Also, it would have welcomed a Secretariat report on the financial and legal implications of the establishment and operation of the proposed IAEA LEU bank for the Agency and Member States.

123. His country regretted the lack of consensus on the proposal under consideration and hoped that there would be a comprehensive dialogue if similar proposals were made in the future.

124. Mr LÜDEKING (Germany) recalled that his country, which welcomed multilateral approaches to the issue of reliable access to nuclear fuel, had itself put forward a proposal regarding the

establishment of a mechanism for independent access to nuclear fuel cycle services. It was convinced that such multilateral approaches could bring benefits as regards the use of nuclear energy in a safe and secure manner and the attainment of common non-proliferation goals without distorting the nuclear fuel market, which was functioning well.

125. In Germany's view, the proposed IAEA LEU bank was a true mechanism of last resort that would enable Member States to obtain assistance in exceptional circumstances of a non-technical and non-commercial nature. It would not eliminate the entrepreneurial and operating risks of nuclear power plant operators; to do so might undermine the nuclear fuel market and lead to excessive willingness on the part of market participants to take risks. That could not be the purpose of a mechanism under the auspices of the Agency.

126. His country, whose full support the Director General could count on when implementing the draft resolution contained in document GOV/2010/68, looked forward to participating in future discussions on the assurance of supply issue.

127. Mr ILLO (Niger) said that care should be taken to ensure that the proposed IAEA LEU bank, if established, never distorted the uranium market. Serious consideration should be given to its possible impact.

128. The conditions for access to the bank should be equitable, and they should be spelled out in detail by the Agency, which should ensure in each case that the problems invoked in order to justify access to the bank were truly exceptional and insurmountable.

129. Although the Agency was entitled to receive special fissionable materials, it had no authority to act as a commercial organization; to do so would divert it from its mandatory tasks.

130. At all events, Niger recommended that certain questions raised by the establishment of the IAEA LEU bank, particularly ones relating to costs and competition, be the subject of consultations with organizations such as WTO.

131. Mr LABBÉ VILLA (Chile) said that any proposal for the establishment of an LEU bank under the auspices of the Agency had to take account of certain conditions: the rights of Member States, including the right to develop a nuclear fuel fabrication capacity or expand their existing capacity, must not be affected; the criteria for access to the bank must be clear and realistic and must be applied in a non-discriminatory manner; the existence of the bank must not be allowed to interfere with the international LEU market and affect existing contractual arrangements; there must be sufficient clarity as regards the functioning of the bank, especially the decision-making process in response to States' requests for access; and the establishment and operation of the bank must not have negative implications for the Agency's Regular Budget.

132. Ms DRÁBOVÁ (Czech Republic) said that, in her country's view, all States having — or thinking of launching — nuclear power programmes needed to have assured and predictable access to nuclear fuel. Such access was particularly important for States that did not envisage establishing uranium enrichment capacities of their own.

133. Her delegation believed that the proposed IAEA LEU bank would provide such access without distorting the LEU market — that, on the contrary, it would be an effective back-up mechanism protecting against market disruptions.

134. Nuclear power plant operators and States stood to benefit from the proposed IAEA LEU bank, which should be one of a number of such international mechanisms. Access to the bank would not be contingent on renunciation by States of the right to establish a national nuclear fuel cycle or expand an existing one.

135. The Statute provided the Agency with the authority to carry out the activities necessary in order to establish and operate the proposed IAEA LEU bank. It allowed the Agency to create its own stock of special fissionable materials purchased from or donated by Member States under supply arrangements approved by the Board, for supply to Member States against the payment of charges determined by the Agency.

136. Moreover, a number of Member States had already undertaken to support the proposed IAEA LEU bank's establishment, the cost of which would thus be covered from voluntary contributions.

137. In the light of those considerations, her country was among the sponsors of the draft resolution contained in document GOV/2010/68.

138. Mr ANWAR (Pakistan) said that the proposal under consideration was very important, with far-reaching legal, political, financial and technical implications that should be examined carefully.

139. His country saw definite merit in the emphasis that the joint G-77/NAM statement placed on developing a consensus on the principles and parameters of a fuel supply assurance mechanism. Also, it shared the view that the establishment and operation of the mechanism should not be exclusively donor-driven; all Member States in a position to contribute should have an opportunity to do so.

140. In addition, his country agreed that non-proliferation concerns should be addressed. At the same time, the implementation of the proposal under consideration and of similar proposals should not be allowed to restrict the right of a Member State to use nuclear technology for peaceful purposes in accordance with the Statute. That point was a particularly important one as many countries were not sure about the real purpose of such proposals.

141. The proposal under consideration and similar proposals reflected the inadequacies of the present nuclear non-proliferation regime, which was bound to be undermined by — for example — 'exceptionalism' in the form of nuclear cooperation agreements linked with promises of selective entry into exclusive export control regimes. In Pakistan's view, the nuclear non-proliferation regime would function better if it were based on principles, objectivity and equity.

142. The sponsors of the draft resolution contained in document GOV/2010/68 had spelled out NPT-linked conditions for receiving LEU from the proposed IAEA LEU bank, including the existence of a comprehensive safeguards agreement between the requesting State and the Agency. Also, they had drawn on recommendations and conclusions of the 2010 NPT Review Conference. In addition, while acknowledging the right of States to engage in peaceful nuclear activities, including fuel cycle activities, they had confined the exercise of that right to States parties to the NPT. In Pakistan's view, that was inconsistent with the Statute, which clearly accorded to all Member States the right to develop applications of, carry out research on, produce and use nuclear energy for peaceful purposes.

143. Consistent with its legal obligations and its position regarding the NPT, his country could not endorse criteria or rights that were based on the NPT or flowed from an NPT Review Conference. Consequently, it could not associate itself with some elements of the draft resolution under consideration, and his delegation would not participate in any vote held on that draft resolution.

144. However, Pakistan was prepared to participate in any nuclear fuel supply arrangement that was equitable and compatible with the Statute. It possessed technology and expertise covering the complete nuclear fuel cycle, and it stood ready to provide front-end nuclear fuel services to other Member States — under Agency safeguards of course. It was offering such services as a complement to the proposed IAEA LEU bank and similar mechanisms, and its offer was fully in line with the objective of nuclear non-proliferation.

145. Mr CURIA (Argentina) said that in previous discussions about nuclear fuel supply assurances his country had expressed its conceptual concerns regarding some of the ideas that had been put forward.

146. With regard to the draft resolution under consideration, Argentina was particularly concerned about operative paragraph 5, as it drew on the wording of a resolution against which it had voted and gave the impression that the establishment of the proposed IAEA LEU bank would be a step towards the establishment of a system of internationalized nuclear fuel cycles and other nuclear fuel supply mechanisms that would discourage the development of national fuel cycles and potentially restrict the access now available to the national fuel cycles already developed. The implementation of paragraph 5 as it stood could lead to the rights under Article IV of the NPT being affected in an at present unforeseeable manner.

147. Accordingly, his delegation would like paragraph 5 to be deleted or at least amended through deletion of the words after “the matter”.

148. Mr MINTY (South Africa) said that, although the prevailing nuclear weapons proliferation concerns were prompting the consideration of alternative arrangements for the supply of nuclear fuel, it was important that such arrangements did not impose unwarranted restrictions on the legitimate peaceful uses of nuclear energy and on the inalienable right of Member States to develop nuclear fuel cycle capabilities consistent with their obligations under the NPT.

149. With regard to paragraph (d) on Action 58, he noted that, regrettably, the proposal of several delegations regarding the creation of an open-ended working group on the development of multilateral approaches to the nuclear fuel cycle had been rejected by a small number of delegations.

150. The many technical, legal and economic complexities associated with the proposed IAEA LEU bank had not been fully addressed. The proposal made in document GOV/2010/67 did not include provisions relating to the back end of the nuclear fuel cycle as called for by the 2010 NPT Review Conference. His delegation, and many others, believed that back-end issues should have been addressed in that proposal. Moreover, his delegation would have liked the proposal to be clearer as to the financing of the proposed IAEA LEU bank. Those were just two respects in which the proposal was deficient.

151. South Africa believed that the eligibility criteria for access to a nuclear fuel bank under the auspices of the Agency should be very clear and that all discrimination should be avoided in the bank’s operations. In that regard, the proposal made in document GOV/2010/67 contradicted certain sensitive political discussions currently taking place among a number of Member States, including some of the Member States that had made that proposal.

152. The present situation seemed to be one of those rare but unfortunate occasions where the Board was being asked to accept a proposal that had been developed in haste and whose practicality was highly questionable. In his delegation’s view, the proposed IAEA LEU bank could be of only symbolic value.

153. His delegation would have liked to see more time taken with a view to formulating a proposal that would command a consensus in the Board after all issues had been clarified.

154. Mr QUEISI (Jordan) said his country welcomed the proposals put forward by Member States and the Director General regarding mechanisms for assurance of nuclear fuel supply. It was appropriate to embark on a constructive dialogue on that issue as part of assistance to countries in the development of an economically feasible, secure, sustainable and effective nuclear programme. His country encouraged discussion of the proposals in a manner which would facilitate expansion of the

available options for assured supply of fuel. Nevertheless, in-depth and comprehensive discussions were needed of the legal, political and technical implications of such proposals.

155. Assurance of supply should form part of integrated programmes to render assistance to developing countries, allowing them to establish sustainable civil nuclear programmes. Jordan had repeatedly stated its intention to expand its range of options in that respect, including the purchase of nuclear fuel services from world markets, without prejudice to its right to develop research, production and use of nuclear energy for peaceful purposes without discrimination in accordance with Article IV of the NPT. That Article also encouraged all Parties to the Treaty to facilitate and participate in the exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy.

156. On 4 November 2010, Jordan had hosted the first meeting of the Executive Committee of the International Framework for Nuclear Energy Cooperation, which had been held as a follow-up to the Steering Group meeting held in June in Ghana at which the following Statement of Mission had been adopted:

157. “The International Framework for Nuclear Energy Cooperation provides a forum for cooperation among participating states to explore mutually beneficial approaches to ensure the use of nuclear energy for peaceful purposes proceeds in a manner that is efficient and meets the highest standards of safety, security and non-proliferation. Participating states would not give up any rights and voluntarily engage to share the effort and gain the benefits of economical, peaceful nuclear energy.”

158. Jordan had been one of the first members of that partnership and it had stressed its eagerness to participate effectively with a view to benefiting from know-how and achievements in the field of nuclear science and technology, and exchanging experience on how the basic obstacles to adopting nuclear energy could be overcome in order to develop infrastructure for all peaceful uses while ensuring non-proliferation and nuclear safety and security.

159. Ms CHIN (Singapore) said that her country understood that the aim of the proposal under discussion was to provide additional assurances of nuclear fuel supply, and while it was aware that the international fuel market had been functioning well, any nuclear power plant programme was a very long-term commitment and it was therefore important for countries which already depended on nuclear energy, or were considering adding nuclear power to their energy mix, to have assurances that nuclear fuel supplies would remain constant and predictable even under exceptional circumstances. Such a mechanism would benefit in particular those countries which did not plan to produce their own nuclear fuel or did not have the capacity to do so, inter alia owing to the high costs involved.

160. Therefore, Singapore was open to the discussion of such proposals, though it was important that they be clear, in particular with respect to the following: in providing assurances of nuclear fuel supply, there could be no denial of the right of Member States to establish or expand their own national fuel cycle production capacity if they deemed it necessary or beneficial to do so. Furthermore, the eligibility criteria must be objective and clear so that there would be no misunderstanding in the operational phase. There must also be clarity regarding any cost implications for the Agency.

161. After serious consideration of the proposal, her country could agree to the establishment of an Agency LEU bank. It understood that the group of countries putting forward the proposal had taken into consideration the concerns expressed by both developing and developed countries on several issues, including those she had outlined. Her country also understood that the LEU bank would be funded from voluntary extrabudgetary contributions. Given the benefits of the proposed LEU bank for Member States, in particular small and developing countries that were considering adding nuclear power to their energy mix, Singapore hoped that the proposal would enjoy a broad consensus, even

though some continued to have reservations. The proponents of such proposals, and those with concerns, should continue to engage in constructive dialogue.

162. Mr GHISI (Italy) said that, during its Presidency of the G8, his country had been instrumental in the adoption of the 2009 L'Aquila Statement on Non-Proliferation which encouraged the work of the Agency on multilateral approaches to the nuclear fuel cycle, including assurances of nuclear fuel supply, as an effective means of addressing the expanded need for nuclear fuel services. In doing so, his country had been fully convinced of the benefit of multilateral assurances of nuclear fuel supply for countries wishing to promote their development through the peaceful use of nuclear energy. Italy was pleased to see that the LEU fuel reserve in Angarsk was now a reality. That achievement should be reinforced by the establishment of an Agency fuel bank.

163. Mr UZCÁTEGUI DUQUE (Bolivarian Republic of Venezuela) said that his country was of the opinion that the proposal contained in document GOV/2010/67 and the draft resolution contained in document GOV/2010/68 had not been sufficiently discussed among Member States and that there were still elements which caused major concern to a large number of them, many of which were not Board members. It was thus important to be cautious and to take account of the views of all members of the Agency. The matter should thus be dealt with by the General Conference. Furthermore, as the Group of 77 and NAM had indicated, the issue of assurance of supply should be discussed in an open-ended working group with a view to establishing a conceptual framework for any proposals submitted on that issue.

164. His country found contradictory the draft resolution's reference to the final document of the 2010 NPT Review Conference which underscored the importance of discussing the development of multilateral approaches to the nuclear fuel cycle "in a non-discriminatory and transparent manner". Taking a decision without engaging in an open-ended negotiation process reneged on the commitment made by governments during that Conference.

165. The Agency's Statute established its main objective as "to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world". No proposal should limit the sovereign right of States to pursue development policies in the nuclear field with peaceful aims, including all phases of nuclear fuel production, nor should it impose discriminatory measures on any Member State of the Agency. Thus, any eligibility criteria should not go beyond the provisions of the Statute.

166. Furthermore, before taking any decision on the establishment of an LEU bank, the budgetary implications and funding modalities should be clearly defined. Member States had still not been adequately informed on those aspects. Moreover, his country was concerned that a major portion of the proposed funding came from non-governmental sources whose own interests could influence the decision-making process, thus impacting on the independence and objectivity of the Agency.

167. For those reasons, his country was in no position to support either the proposal contained in document GOV/2010/67 or the draft resolution contained in document GOV/2010/68.

168. Mr CAZA (Canada) said that his country believed that the international commercial market for nuclear fuel supply had worked well to date and would continue to do so. Nevertheless, new mechanisms for assurance of supply could make a contribution by promoting increased confidence among those seeking to develop or expand their nuclear power capabilities.

169. Canada supported the principles previously outlined by the Agency in that regard, namely that such mechanisms must be non-discriminatory and available to all States in compliance with their safeguards obligations, that the release of material should be based on objective criteria established in advance, and that such mechanisms should not require that any recipient relinquish rights granted

under the NPT. In addition, they should not disrupt the existing commercial market and be limited in their use to exceptional circumstances. A variety of complementary proposals and concepts for fuel assurances should be considered and each proposal should be carefully scrutinized on its own merits.

170. In that context, his country welcomed the further elaboration of the Agency fuel bank initiative. The proposal addressed the key concerns regarding eligibility criteria and potential impact on the commercial market. In particular, his country noted that the establishment of the reserve of LEU and the subsequent implementation of supply agreements with Member States would be a mechanism of last resort only and any disturbance of or interference with the functioning of the existing fuel market would be avoided. Concerns regarding potential cost implications for the Agency had also largely been addressed, although his country looked forward to the future elaboration and consideration by the Board of a detailed financial and administrative plan and Host State Agreements. Canada also noted that the proposal did not impact on the existing rights of Member States. To sum up, the proposal constituted a practical step forward and his country supported its approval by the Board and urged its adoption by consensus.

171. Ms VAN DEELEN (Netherlands) said that her country had always been a strong supporter of multilateral nuclear fuel assurance mechanisms and, in particular, the proposed Agency fuel bank. It therefore warmly supported the proposal contained in document GOV/2010/67. The Netherlands was convinced that the proposal would provide Member States with a viable fuel assurance mechanism. It also believed that there had been sufficient consultations and discussions on the issue and that it was therefore time for the Board to take a favourable decision.

172. Mr STACEY MORENO (Ecuador) said that his country would always take a constructive approach to any proposal which was capable of facilitating peaceful nuclear activities, particularly in LDCs, thus upholding the inalienable right of such countries to use nuclear energy for peaceful purposes.

173. The topic under discussion, which was related to the nuclear fuel cycle, was an important one. However, his country felt that the establishment of a fuel bank, while interesting, was not a particularly urgent matter. The draft resolution did address some of the concerns that had been raised, but many elements still required clarification, such as funding and, in particular, the sustainability thereof in the long term, ensuring that no external influence was brought to bear and that access to the mechanism was assured. Thus, Ecuador hoped that, if a positive decision was taken, that would not prevent more in-depth consideration in the Board with a view to taking decisions in future in connection with the implementation of that initiative.

174. Mr PETERSEN (Norway)* said his country was firmly convinced that the proposed fuel bank would be an important step towards the development of a new, equitable and sustainable international nuclear fuel cycle regime. The proposal fully respected the right of countries to the peaceful uses of nuclear energy and it benefited energy security without distorting the existing fuel market, also furthering the goals of non-proliferation and a world free of nuclear weapons. It also reflected the positive outcome of the 2010 NPT Review Conference. Furthermore, given the fact that many new countries were embarking on nuclear power programmes, the timing was right.

175. Norway had been a strong supporter of multilateral approaches to the nuclear fuel cycle from the start. It was one of the many donors to the Agency LEU bank and had paid the final instalment of its pledge of \$5 million in September 2010. He thanked the Secretariat for its efforts. The funding for the proposal was secured and the issue had been discussed thoroughly. Norway now looked forward to the establishment of the fuel bank under Agency auspices, as provided for in the Statute, thus furthering one of the core objectives of the organization. It urged all Board members to give the

proposal their full support and called upon the Secretariat, following the Board's decision, to take the necessary steps to implement that important project.

176. Ms GOICOHEA ESTENOZ (Cuba)* said that her country was of the opinion that the important issue currently under consideration required further elaboration and negotiation owing to its sensitivity, complexity and implications, with a view to achieving consensus in the General Conference. Unfortunately, the proposal contained in document GOV/2010/67 had only been published officially on the GovAtom website on 26 November 2010.

177. In addition to associating herself with the statements made on behalf of the Group of 77, NAM and GRULAC, she also expressed full support for the statements made by the representatives of Brazil, Argentina, South Africa and Venezuela.

178. Her country upheld its position of principle on the issue under discussion. Though it did not oppose the establishment and operation by the Agency, in conformity with its Statute, of an LEU bank, such a bank must comply with the following conditions: it must be available to all Member States without discrimination; it must have assured, predictable and unconditional funding; and it must ensure that there were firm commitments on the part of fuel manufacturers to process the LEU into fuel elements.

179. Cuba shared the view expressed by several countries regarding the many technical, economic, financial and political questions on which no satisfactory response had as yet been forthcoming from the Secretariat or the proponents of the initiative. The main proponents had, regrettably, not addressed the genuine concerns raised by a large number of countries and they had put forward the draft resolution contained in document GOV/2010/68. Paragraph 5 of that draft resolution prejudged the future adoption of a system to strengthen assurances of nuclear fuel supply, which gave cause for concern that there might not be proper consultation on and in-depth consideration of other proposed mechanisms with a view ensuring the support of Member States. The draft resolution also lacked an essential element, namely independence, which needed to be ensured in the face of the source of some of the extrabudgetary funding.

180. If the international fuel bank was truly to be the responsibility of the Agency, it should be established with the participation of all Member States. Therefore, Cuba was in support of the establishment of an open-ended working group to consider the issue. Given the significance of the issue, the General Conference would subsequently need to look into the proposals, or even the decision taken by the Board.

181. Mr KAZYKHANOV (Kazakhstan)* said his country fully supported the draft resolution contained in document GOV/2010/68. It believed that the project was ready for implementation and had appropriate financial backing.

182. His country's position on the establishment of LEU reserves under Agency auspices was well known. It had expressed its readiness to allow its territory to be used to host the proposed fuel bank, as indicated in a statement made by the President of Kazakhstan and in the country's position paper on that issue which had been circulated in INFCIRC/782. If the draft resolution was adopted, Kazakhstan hoped that the Board would authorize the Director General to take steps to that effect. To date, it was the only Member State that had made such an offer. It possessed a developed nuclear industry, nuclear technology, highly qualified nuclear experts and corresponding infrastructure and national legislation. It stood ready to cooperate with the Secretariat in preparing a Host State Agreement and consulting on the technical details.

183. Moving forward on the issue of multilateral nuclear fuel supply assurances was a step in the right direction. The establishment of LEU reserves under Agency auspices should assist all States in

gaining guaranteed access to nuclear fuel and would not infringe their sovereign right to develop peaceful national nuclear energy programmes.

184. Mr OTHMAN (Syrian Arab Republic)* thanked all States that had contributed to the proposal contained in document GOV/2010/67 which, unfortunately, lacked many technical, financial and legal details and was thus not ripe for discussion and implementation. Any proposal in that regard should be in conformity with the Agency's Statute and the sovereign right of States to develop their nuclear programmes, including the nuclear fuel cycle, as guaranteed by all relevant international instruments. It should also not reduce international cooperation on the peaceful uses of nuclear energy.

185. The proposal currently under consideration came less than one year after the adoption of the Russian initiative on the establishment of an LEU reserve. Sufficient time should be allowed for comprehensive consideration of the proposal in the light of experience with the implementation of the Russian initiative. As yet, no request had been submitted to the Board for fuel supplies. There was thus no need for haste. Many features of the proposal needed further discussion, in particular funding and the management of the proposed fuel bank. In addition, the eligibility criteria needed to be standardized and harmonized with those for the Russian initiative, and with the eligibility criteria for technical cooperation and the guiding principles for technical assistance set forth in INFCIRC/267. Imposing conditions which were legally and technically unwarranted hampered international cooperation, which should be promoted and encouraged by the Agency in accordance with its Statute.

186. Finally, the Board was indeed responsible for the discharge of the Agency's functions, but it was nevertheless accountable to the General Conference. The adoption of any decision to establish an LEU bank should have the approval of the General Conference and all the Agency's Member States, not just members of the Board.

187. Mr SOLTANIEH (Islamic Republic of Iran)* said that the issue under consideration was a complex one with technical, legal, commercial, economic, political and strategic implications. Over the preceding three decades, assurance of supply had been frequently discussed without arriving at any tangible result. There had been some progress recently, but more time was needed since many Member States remained sceptical and there was still a lack of trust. The Agency's Committee on Assurances of Supply had failed to produce the international legally binding instrument it had been mandated to prepare even after seven years of negotiation. He himself had witnessed the reluctance of the industrial countries to cooperate and accommodate the concerns of developing countries, a situation he was again witnessing today.

188. There was concern over hidden and transparent attempts to deprive other countries of nuclear fuel production capabilities and related technology. It was being argued that, apart from a few countries, including the nuclear-weapon States and those which had rejected the NPT, States must accept a denial of their inalienable rights. The main concern of developing countries was that the developed countries were seeking to create a monopoly on strategic and critical technology and a state of nuclear apartheid.

189. Articles II and III of the Agency's Statute and Article IV of the NPT guaranteed the inalienable right of States to develop research, production and use of nuclear energy for peaceful uses, and parties with the capabilities to provide assistance and transfer technology either directly or through the Agency undertook to do so. That clearly included the right to have national policies and facilities for the production of fuel for domestic nuclear power plants and research reactors. Member States had the right to choose their nuclear fuel supply options without discrimination or restrictions. The Final Document of the 2010 NPT Review Conference had confirmed that all States' choices and decisions in the field of peaceful uses of nuclear energy should be respected without jeopardizing their fuel cycle policies.

190. Iran rejected any attempt to discourage certain peaceful nuclear activities on the grounds of their alleged sensitivity. It therefore rejected any restriction on access to nuclear fuel or on the inalienable right of States to develop all aspects of nuclear science and technology, including the nuclear fuel cycle, for peaceful purposes.

191. The recent problems with the supply of fuel requested for the Tehran research reactor, which produced radioisotopes for humanitarian, medical purposes, and the inability of the Agency to take a decision on the conclusion of a supply agreement confirmed his assertion that there was no legally binding assurance of fuel supply and no genuine political determination on the part of potential suppliers to provide one.

192. Any consideration of the issue of nuclear fuel supply assurances must be based on a coherent and comprehensive conceptual framework that adequately addressed the views and concerns of all Member States and that was subject to the provisions of the Statute. Furthermore, any decision on proposals for assurances of supply, and specifically on the establishment of an Agency fuel bank, which had an undeniable impact on all Member States, must be negotiated and decided on by the General Conference by consensus.

193. Member States could not accept a situation where any organization or entity outside the Agency, such as the Nuclear Threat Initiative, might launch initiatives, donating money for the Agency to establish such mechanisms. Money and donations should not be a deciding factor for such an important issue in an autonomous organization. If Member States reached a decision on any initiative, they themselves should provide the funding through the Regular Budget or voluntary contributions. Financial or political expectations were naturally attached to any donation from NGOs or private institutions. The Agency did not need charity. As a matter of principle, donors from Member States should not create leverage, which ran counter to the principles enshrined in the Statute under which all Member States decided on an equal footing what was best for all.

194. The proposal under consideration included conditions that polarized Member States and imposed discrimination which contravened both the letter and spirit of the Statute. It was interesting that industrial countries that were active in the field of nuclear energy, the nuclear fuel cycle and nuclear weapons were taking the lead in worrying about possible interruptions in fuel supplies to developing countries when those very countries had questioned the utility of the proposal and had raised concerns about the lack of open-ended negotiation. It was ridiculous that the proponents of the proposal should be providing assurances that it would not distort the uranium market, since they themselves ran that market. The only conclusion that could be drawn was that the underlying intention of the proposal was further nuclear monopoly and nuclear apartheid under the umbrella of the Agency. All Member States should have equal opportunity to benefit from a mechanism like an Agency fuel bank. The proposal was not a solution for existing fuel supply constraints but a new problem, creating obstacles and political tensions among Member States. Thus, it was not acceptable.

195. Finally, he noted that, since voting sheets were already being distributed by the Secretariat, even though discussions were still in progress, it appeared that it was irrelevant what Member States had to say on the subject as the decision was already taken.

196. Mr DAVIES (United States of America) said that the sponsors of the LEU bank proposal had reached many mutual understandings about its aim, scope, and implementation, but that his comments reflected the understanding and policy only of his own Government.

197. The sponsors agreed on the principle that the LEU bank should operate within the constraints of extrabudgetary resources made available to the Agency on a voluntary basis. It would rely on the Director General and the Secretariat to enter into host country arrangements that imposed no insupportable obligations on the Agency and, drawing on expert advice from outside, to acquire LEU

for the bank in measured procurements that neither affected the market for that commodity nor burdened the Agency with insupportable costs for management of the material.

198. Concerning fuel fabrication, the proposal aimed to reinforce confidence in the availability of LEU; the manufacture of fuel assemblies for any specific reactor was a commercial and technical undertaking of a different character. Any State with a power plant operating on its territory would have, or the plant operator would have, market arrangements for fabrication, often involving States other than the source country of the LEU used.

199. It was not plausible to demand a commitment from companies that fabrication services would be provided in any contingency, and it was doubtful that Member States that were hosts to fuel fabrication companies could legally impose that obligation on their nationals. One State sponsoring the proposal had separately commissioned a survey of the fuel fabrication industry and would share with Member States the findings of that study concerning the capacities and, indeed, redundancies among competent firms to provide fabrication services specific to the various designs of nuclear power plants in operation.

200. The Model Supply Agreement between the Agency and a State purchasing LEU from the bank was provided in document GOV/2010/67, Attachment 1. The principles and basic criteria the Agency should require in any host State arrangement were also set out in document GOV/2010/67. For efficient implementation, the Director General needed the latitude to develop one or more Host State Agreements that would reflect a variety of services hosts might contribute voluntarily to the Agency. Each such agreement would be subject to consideration and approval by the Board of Governors.

201. Any State purchasing LEU from the bank would be responsible, in conjunction with the plant operator, for arranging for transport of the LEU from the bank to a fabricator and to the end-use power plant, just as it would for any contracted supply of LEU the inhibition of which would have triggered resort to the IAEA bank. As set forth in document GOV/2010/67 and its Attachment 1, the purchasing State bore liability from the moment it assumed title to the material.

202. National consent rights regarding re-export or re-processing that attached to LEU acquired for the IAEA bank as a result of the material's sourcing or location of enrichment would apply after the transfer of the material to a purchasing State. Suppliers were not in a position to separately guarantee provision of separate commercial shipping services.

203. With reference to calls for unanimous adoption — of principles or of a conceptual framework — by the General Conference or by “all governing bodies” of the Agency, the United States recalled that the proposal under consideration would authorize an Agency project as defined in Article XI of the Statute. That provision established the responsibility of the Board of Governors to approve projects. His country and the other co-sponsors therefore asked that the Board exercise that authority by adopting the resolution contained in document GOV/2010/68.

204. If the current voluntary, cost-neutral proposal were adopted by vote or by consensus, the Board and the Agency would still have work ahead of them. The United States would diligently and with good will work through with the Agency all the questions which had been discussed, with transparency, mutual respect and preserving the rights of all Member States.

205. Mr SOLTANIEH (Islamic Republic of Iran)* said that the clarification by the United States that fuel fabrication would be up to the companies and not be guaranteed had only heightened his country's concern and raised the question of what a potential recipient of LEU from the Agency's bank should do with the material. A scheme which did not include fuel fabrication was flawed from a technical, not political, standpoint and would undermine the Agency's credibility.

206. Mr DAVIES (United States of America) responded by saying it was his understanding as a non-specialist that fuel supply and fuel fabrication for reactors was very often handled by separate companies operating in separate countries, and it was an oversimplification to describe the proposal as technically flawed simply because it did not include provision for fuel fabrication.

207. The CHAIRMAN invited the Board to proceed to take a decision on whether to adopt the draft resolution contained in document GOV/2010/68.

208. At the request of Mr Uzcátegui Duque (Bolivarian Republic of Venezuela), a roll-call vote was taken.

209. Australia, having been drawn by lot by the Chairman, was called upon to vote first.

210. The result of the vote was as follows:

In favour: Australia, Azerbaijan, Belgium, Cameroon, Canada, Chile, China, Czech Republic, Denmark, France, Germany, India, Italy, Japan, Jordan, Kenya, Republic of Korea, Mongolia, Netherlands, Niger, Peru, Portugal, Russian Federation, Singapore, Ukraine, United Arab Emirates, United Kingdom, United States of America.

Against: None.

Abstaining: Argentina, Brazil, Ecuador, South Africa, Tunisia, Venezuela.

211. There were 28 votes in favour and none against, with 6 abstentions. The resolution was adopted.

212. Mr CURIA (Argentina), explaining his vote, said he had abstained because his country was of the view that the uranium bank should be a supplement to existing practices in the nuclear fuel market, not an alternative to them, and that its implementation should in no way impinge on the inalienable right of States party to the NPT to develop nuclear energy as provided for by Article IV of the Treaty.

213. Argentina would have preferred to see paragraph 5 of the resolution deleted or amended. That paragraph should not be understood in any way as an endorsement or advance approval of any initiative on assurance of nuclear fuel supply which might emerge in the future, and any such initiative must be evaluated by the Board of Governors based on its own merits.

214. Mr KHULLAR (India), explaining his vote in support of the resolution, said that as a country with well-established capabilities over the entire fuel cycle and a sizeable pool of highly qualified and trained manpower, India was prepared to supplement international efforts for sustainable growth of nuclear energy while addressing proliferation concerns and would like to participate as a supplier State in such initiatives. His country believed the potential existed to use thorium-based fuels in light water reactors to provide proliferation resistance and higher energy output.

215. India believed that fuel bank arrangements should be available to all Agency Member States requiring them and should not affect the right of any Member State to carry out research and development on nuclear fuel cycles. Neither should artificial restrictions be imposed on supplier States in a position to support such fuel supply arrangements.

216. Not being party to the NPT, India was not bound by the decisions of the NPT Review Conference. Nothing in the resolution just adopted by the Board could derogate from the rights of Member States set forth in the Agency's Statute. In his country's view, implementation of the resolution, including the role played by the Director General, should be strictly circumscribed by the Agency's Statute and Member States' respective safeguards agreements with the Agency.

217. Mr ENKHSAIKHAN (Mongolia), explaining his vote in support of the resolution, recalled that the issue had been discussed in the Board and outside it for some years already; that in 2007 the

Director General had reported on a possible new framework for the utilization of nuclear energy; that in 2009 he had reported on a proposal for the establishment of an Agency LEU bank; and that the previous year the Board had adopted a resolution to establish an LEU reserve in Angarsk, Russia. The Board's current consideration of the proposal on assurance of supply and the Board's decision were thus a logical continuation of that process.

218. The essence of the proposal was to establish an Agency LEU bank for possible use by Member States as an assurance of nuclear fuel supply for their nuclear facilities. It was one of several proposals that had been made on various aspects of assured nuclear fuel supply in line with Article IV of the NPT and Article IX of the Agency's Statute.

219. After careful examination, Mongolia had determined the four eligibility criteria in paragraph 19 of document GOV/2010/67 to be clear and fair and agreed with the seven actions recommended in paragraph 22. The proposal ensured the right of States to receive LEU from a guaranteed supply mechanism and did not require giving up the option to establish or further develop a national fuel cycle. The proposal was also plainly not linked to any conditions except the clearly defined eligibility criteria, nor did it affect in any way potential future international assurance supply mechanisms.

220. Mr QUEISI (Jordan), explaining his vote in favour of the proposal, said that the vote and discussion on the subject of assurance of nuclear fuel supply was in keeping with the general trend in the area of nuclear fuel supply and promotion of the peaceful uses of nuclear power. Jordan had supported the resolution without any prejudice to the right of any country to develop nuclear fuel cycles in accordance with Article IV of the NPT.

8. Any other business

221. Mr DAVIES (United States of America), speaking on behalf of the North America Group, expressed thanks to some senior officials who would soon be leaving the Agency for their dedicated service and contributions to the Agency.

222. Ms Ana Maria Cetto had headed the Agency's Department of Technical Cooperation with great dedication since 2003. The Member States in North America recognized the importance of technical cooperation in the work of the Agency and had been long-standing leaders in support of technical cooperation and the strengthening of its activities.

223. Mr Yuri Sokolov had been a sure and expert hand at the helm of the Department of Nuclear Energy since 2003, and the Group was grateful for his leadership in furthering the safe and efficient use of nuclear power worldwide and in establishing programmes to provide Agency guidance to States newly interested in nuclear power so that they could expand power generation in a responsible manner.

224. Mr Werner Burkart had brought enthusiasm, innovation, and commitment to his role as Head of the Department of Nuclear Sciences and Applications since 2000, promoting the effective use of nuclear technologies and techniques in development and environmental applications, an area of growing international focus and action.

225. The North America Group also thanked Mr Johan Rautenbach for his service as Director of the Office of Legal Affairs in facilitating the work of the Agency across its diverse mandates, and Ms Eliana Amaral for her service as Director of the Division of Radiation, Transport, and Waste Safety in promoting the Agency's critical nuclear safety mission.

226. The Group extended a warm welcome to the incoming Deputy Directors General, Kwaku Aning, Alexander Bychkov, and Daud Mohamad, and to the incoming Directors of the Office of Legal Affairs, Peri Lynne Johnson, and of the Division of Radiation, Transport, and Waste Safety, Pil-Soo Hahn. The Group looked forward to working with all of them to advance the Agency's important work promoting the contributions of atomic energy to peace, health, and prosperity throughout the world.

227. Mr RECKER (Belgium), speaking on behalf of the European Union, paid tribute to senior officials who were leaving the Agency. He thanked Mr Burkart for his excellent work, openness and personal commitment to the work of the Department of Nuclear Sciences and Applications; Mr Sokolov for the professionalism and expertise with which he had led the Department of Nuclear Energy in challenging times; Ms Cetto for her long-standing efforts and personal contribution to promoting and enhancing the technical cooperation Programme, and Mr Rautenbach for his expertise and dedication as Director of the Office of Legal Affairs. The European Union wished them all the best in their future endeavours.

228. The European Union thanked Mr Kwaku Aning for his outstanding work as Secretary of the Policy-Making Organs. Mr Aning had served as a wise advisor to the Chairman of the Board and the President of the General Conference and had attended closely to Member States' concerns. His integrity and impeccable professional work would stand him in good stead in his new role as Deputy Director General and Head of the Department of Technical Cooperation, where many challenges lay ahead, and the European Union assured him of its full support. He congratulated Mr Vilmos Cserveny as the new Secretary of the Policy-Making Organs and assured him likewise of the European Union's full support.

229. Mr SOLTANIEH (Islamic Republic of Iran)*, speaking on behalf of the Vienna Chapter of NAM, said that the group remained concerned by recurring leaks of safeguards confidential information, including the possibility of leaks by staff leaving the Agency, which in the absence of adequate corrective measures called into question the credibility of the Agency's regime for ensuring the protection of safeguards confidential information.

230. The group recalled the Director General's opening statement to the September 2010 session of the Board², in which he had rightly pointed out that those issues were very complicated and required time for in-depth consideration. During that session of the Board, NAM had requested³ that the Director General present a comprehensive progress report to the Board at its current, December, session that would fully address the group's concerns regarding the protection of safeguards confidential information by the Agency. In that regard, NAM noted with appreciation the Secretariat's circulation of document 2010/Note 47 providing more specific information on the use of cost-free experts in 2009. NAM also welcomed the Director General's intention to present a progress report on the Agency's information security regime in time for the current session of the Board. However, given that the Secretariat had circulated document 2010/Note 60 on information security at the Agency only the previous week, NAM requested the inclusion of an agenda item to discuss the matter at the Board meetings in March 2011, when the issue of cost-free experts could also be discussed.

231. Mr AL HINAI (Oman)*, speaking on behalf of the Arab Group, recalled that in September 2009 the General Conference had adopted resolution GC(53)/RES/17, entitled "Israeli nuclear capabilities", calling on Israel to join the NPT and place all its nuclear facilities under Agency comprehensive

² See GOV/OR.1276, para. 38.

³ See GOV/OR.1283, para. 166.

safeguards. The General Conference had also expressed deep concern over the nature of Israeli nuclear capabilities outside the non-proliferation regime.

232. The May 2010 NPT Review Conference in its Final Document had reaffirmed the importance of Israel's joining the NPT and placing all its nuclear facilities under Agency comprehensive safeguards. The Review Conference had called for the convening of an international conference to consider establishing a nuclear-weapon-free zone in the Middle East and had authorized the Agency to develop the terms of reference for such a conference.

233. Although the 54th regular session of the General Conference had not taken a decision on that issue, a discussion had been held that had reflected the concern of a large number of Member States regarding the threat posed by Israeli nuclear capabilities to peace, security and stability in the Middle East and the world.

234. All the Arab States had joined the NPT and had declared themselves ready to take practical measures toward creating a nuclear-weapon-free zone in the Middle East. In the meantime, Israel, for its part, continued to defy the international community by refusing to join the NPT and place all its nuclear facilities under Agency comprehensive safeguards despite the various international initiatives in that regard aiming to create a nuclear-weapon-free zone in the Middle East. Israel had on many occasions made public declarations in that regard, and the concern over Israel's nuclear capabilities was aggravated by the aggressive policies pursued by Israel vis-à-vis neighbouring Arab States that threatened peace and security in the region.

235. The Arab Group was deeply disconcerted by the fact that nuclear powers made pronouncements in support of the universal character of the NPT but seemed to turn a blind eye to the nuclear capabilities of Israel, which contradicted that principle.

236. Accordingly, the Arab Group demanded that the issue of Israeli nuclear capabilities remain on the Agency's agenda and called on Member States to work toward a truly universal NPT and toward creating a nuclear-weapon-free zone in the Middle East with a view to maintaining peace and stability in the region.

237. Mr CAZA (Canada) announced his Government's voluntary, extrabudgetary contribution of \$130 000 to support implementation of the Code of Conduct on the Safety and Security of Radioactive Sources and the associated Guidance on the Import and Export of Radioactive Sources. As one of the world's largest suppliers of radioactive sources, Canada had long supported the Agency's work related to the Code of Conduct. Officials from the Canadian Nuclear Safety Commission had assisted the Secretariat and colleagues from many other Member States in the development of best practices related to the Code and Guidance. Canada's Department of Foreign Affairs and International Trade had approved funding, as it had for several years, from its Counter-Terrorism Capacity Building Program to assist the Agency in its annual technical meetings related to the Code and Guidance. Canada greatly appreciated the work of the Agency in that area and remained committed to sharing its experience with other Member States.

238. His country also welcomed document 2010/Note 60 on information security at the Agency, noting that it reflected due and diligent examination of that important issue by the Secretariat.

239. Mr NAKANE (Japan) said that the most realistic and effective way to strengthen the Agency safeguards system was through the universalization of the additional protocol. 103 States had now concluded an additional protocol with the Agency, as compared to 93 a year previously. Japan paid tribute to the strenuous efforts of the Secretariat in that regard under the strong leadership of the Director General. Japan would continue to work towards the universalization of the additional protocol, including by hosting the Asian Senior-level Talks on Non-Proliferation (ASTOP) meetings,

and cooperating with the Agency on various seminars on the subject. His country would make an extrabudgetary contribution towards the holding of Agency safeguards seminars in the Asian region in March 2011. Japan was very pleased that Singapore had kindly agreed to host the seminars, and hoped for the active participation of other States in the region.

240. He expressed his Government's gratitude to the Deputy Directors General who were leaving the Agency. Mr Burkart had made extensive contributions in the area of nuclear sciences and applications, in particular to PACT, the Agency's collaborating centre scheme and achievement of the UN Millennium Development Goals. Ms Cetto's work in the key area of technical cooperation had been truly far-reaching and had contributed greatly to the Agency's success in that regard. Mr Sokolov had made extensive efforts towards ensuring the peaceful use of nuclear energy, developing global capabilities and facilitating the sharing of information and knowledge. His great contributions to INPRO activities would be remembered as one of his valuable achievements. Japan wished all three good health, prosperity and success.

241. Ms CHIN (Singapore) expressed her country's support for the Agency in all three main areas of its work — safety and security, safeguards and verification, and science and technology — which were equally important and mutually reinforcing. The Agency's support to China, Singapore and the United States in hosting the ASEAN Regional Forum intersessional meeting on peaceful uses of nuclear energy in July 2010 had been appreciated. In addition, her country would be collaborating with the Agency and Japan to host two interregional seminars on the safeguards system in March 2011.

242. She expressed her country's appreciation to Mr Sokolov, Mr Burkart and Ms Cetto for their dedication in advancing the important work of the Agency in their respective fields and wished them every success in their future endeavours. She also expressed support to the incoming Deputy Director General for Technical Cooperation, Mr Aning.

243. Mr MCGUIRE (Australia) expressed his country's appreciation to the outgoing Deputy Directors General for their excellent service to the Agency and its Member States throughout their respective terms. In particular, Australia recognized their significant contributions during the commissioning and operation of the OPAL research reactor, and their commitment to facilitating the expansion of the peaceful uses of nuclear science and technology in the Asia-Pacific region. He wished them every success in their future professional and personal endeavours. Australia also welcomed the incoming Deputy Directors General and looked forward to working productively with them.

244. Australia welcomed document 2010/Note 60 on information security at the Agency and felt that the actions outlined therein addressed the issue comprehensively and satisfactorily. He requested the Director General to keep the Board informed of future developments in that area as appropriate.

245. Mr KHULLAR (India) recalled that his country had withdrawn its nomination of the Comptroller and Auditor General of India for the post of External Auditor of the Agency in order to arrive at a consensus at the 53rd session of the General Conference in 2009. However, India would be presenting the candidature once again for the period 2012–13. The Comptroller and Auditor General of India was the country's supreme audit institution with extensive auditing experience — including performance audits — at an international level. A developing country had provided the External Auditor only once in the history of the Agency. Such an imbalance needed to be redressed and India's assumption of the post for 2012–13 would be a step in the right direction. He trusted that his country's patience reflected in its previous withdrawals would be rewarded by a consensus in its favour at the 55th session of the General Conference in 2011.

246. He expressed his country's deep appreciation for the work of the outgoing Deputy Directors General, wishing them well in their future endeavours.

247. Mr LABBÉ VILLA (Chile), speaking on behalf of GRULAC, expressed gratitude to all the outgoing Deputy Directors General and other officials leaving the Agency and wished them happiness and success in the future.

248. Mr DAVIES (United States of America) expressed regret that the issue of Israeli nuclear capabilities had once again been brought before the Board, indicating that certain States were more interested in scoring political points and dividing the Agency than engaging in serious dialogue or cooperating to build a climate of trust and confidence. Israel had broken no agreements under the purview of the Agency, unlike other Member States whose nuclear activities were on the Board's agenda. Although the United States remained firmly committed to the universality of the NPT and the achievement of a Middle East free of all weapons of mass destruction and their means of delivery after the right conditions were met, it believed that continuing to single out Israel for censure was inappropriate and counterproductive. Repeatedly raising the issue could only serve to further politicize the Agency and undermine prospects for holding a conference in 2012 on a Middle East free of weapons of mass destruction, as called for by the 2010 NPT Review Conference.

249. Mr SOLTANIEH (Islamic Republic of Iran)* expressed support for the proposal by the Arab Group that the issue of Israeli nuclear capabilities should remain on the agenda while Member States worked towards universality of the NPT and a nuclear-weapon-free zone in the Middle East. The issue of Israeli nuclear capabilities was of serious concern to all Member States, as it posed a threat not only to the Middle East but to the world as a whole, particularly considering that Israel had not undertaken any international commitments or placed its nuclear facilities under full-scope Agency safeguards.

250. During the early 1980s, there had been discussions in the General Conference on whether to suspend Israel from the exercise of the privileges and rights of membership for violation of its obligations. During those discussions, the delegate of the United States had said that the politicization of the Agency was unacceptable to his Government because it had been founded as a technical body to promote the peaceful uses of atomic energy. The delegate had said that the pattern of abuse of the UN system to carry on political vendettas was corrosively dangerous and that the politicization of the Agency must cease.⁴ The United States had stated its intention to withdraw from the Conference and reassess its policy regarding its support for and participation in the Agency and its activities. Iran agreed that the Agency was a technical body that should not be politicized, and therefore felt that double standards were being applied in addressing the Iranian nuclear programme.

251. During the same discussions, the delegate of Israel had stated that the Statute did not make membership of the Agency conditional upon States placing their nuclear facilities under safeguards,⁵ otherwise, many members would be in violation of the Statute.⁶ Iran's view was that Israel's clear policy not to place its nuclear facilities under Agency safeguards or join the NPT justified concerns that Israeli nuclear capabilities posed a serious threat to international peace and security.

252. With regard to Japan's offer of an extrabudgetary contribution to hold seminars on safeguards, Iran emphasized that the Secretariat could not decide to convene a seminar or conference on sensitive issues just because a State had donated money for that purpose. Such details as the agenda and invitees first needed to be considered and approved by Member States and the Secretariat.

⁴ See GC(XXV)/OR.237, para 53.

⁵ See GC(XXV)/OR.237, para. 4.

⁶ See GC(XXVI)/OR.245, para. 27.

253. Since the additional protocol was non-legally binding, as confirmed by the 2010 NPT Review Conference, the Secretariat should not urge Member States to adhere to it. It was the sovereign right of a State to decide whether to join a treaty or not.

254. He expressed his country's sincere appreciation for the excellent, competent work and dedication of Ms Cetto, and welcomed Mr Aning who would be replacing her. He also thanked Mr Burkart, Mr Sokolov and Mr Rautenbach as they left the Agency. They had all been very professional and impartial in carrying out their excellent work.

255. Mr AZOULAY (Israel)* said that his country rejected the unrelenting efforts of certain countries to raise the issue of the so-called Israeli nuclear capabilities. Those countries were attempting to associate Israel with countries such as Iran and Syria that were under investigation by the Agency for non-compliance with their international obligations. Raising the issue was incompatible with the rules and norms of international law: it was the sovereign right of any State to decide whether it consented to being bound by any particular treaty. The Statute required the Agency to carry out its activities with due observance of the sovereign rights of States and did not encourage States to accede to international treaties.

256. The 54th session of the General Conference had chosen not to adopt a resolution on Israel, but instead to give a chance to the peace process and deliberation of the issue among States of the Middle East. The Agency should focus on Member States that were in violation of their safeguards obligations. The most significant threats to the non-proliferation regime and the NPT were those posed by States that pursued nuclear weapons under cover of their NPT membership, of which there had been four cases in the Middle East. Making accusations against Israel served to distract attention from those real and serious violations. Iran represented the greatest threat to peace and security in the Middle East and beyond, and the real facts concerning that country's drive for nuclear weapons could not be concealed.

257. The preceding week, Iran itself had used the argument of the sovereign rights of States not to accede to treaties and conventions, which was clearly a case of double standards.

258. The CHAIRMAN thanked all participants and the Secretariat for their professionalism and for helping him to carry out his functions smoothly.

259. He noted that a number of senior members of the Secretariat staff would shortly be leaving their positions. Mr Burkart had served for over ten years as Deputy Director General for Nuclear Sciences and Applications and had a number of substantial achievements to his credit during that time. Ms Cetto, Deputy Director General for Technical Cooperation, had rightfully earned the tributes paid to her during the TACC for her leadership of the technical cooperation programme over the preceding eight years. In his role as Deputy Director General for Nuclear Energy, Mr Sokolov had directed and strengthened the work of his Department for the preceding seven years. Mr Rautenbach was leaving after eight years as Director of the Office of Legal Affairs, Mr Ramamoorthy was leaving after seven years as Director of the Division of Physical and Chemical Sciences, and Ms Amaral was leaving after five years as Director of the Division of Radiation, Transport and Waste Safety. He thanked them all for their substantial contributions to the work of the Agency and wished them well for their future endeavours.

260. The Secretary of the Board and General Conference, Mr Aning, was leaving that role to take up the position of Deputy Director General for Technical Cooperation. Mr Aning was universally admired and respected. For over ten years, he had provided the advice and support needed to run the Agency's business smoothly and effectively, and had been a source of wise counsel and a facilitator of consensus. The Agency wished him success as he took up his new tasks. He (the Chairman) looked

forward to working with Mr Aning's replacement, Mr Cserveny, who was sure to be a capable successor.

261. Finally, he thanked members of the Secretariat, the conference officers and the interpreters for their efforts to facilitate the Board's meetings.

The meeting rose at 7.25 p.m.