

IAEA Board of Governors

Record of the 1296th Meeting
GOV/OR.1296

Protection of confidential information

Board of Governors

GOV/OR.1296

Issued: May 2011

Restricted Distribution

Original: English

For official use only

Record of the 1296th Meeting

Held at Headquarters, Vienna, on Thursday, 10 March 2011, at 10.10 a.m.

Contents

| Item of the agenda ¹ | Paragraphs |
|--|------------|
| 5 Assurance of nuclear fuel supply (<i>continued</i>) | 1–86 |
| 6 Project and Supply Agreement | 87–94 |
| 7 Protection of confidential information | 95–119 |
| 8 Follow-up to decisions on personnel matters taken by the UN General Assembly | 120–122 |
| 9 Any other business | 123–158 |

¹ GOV/2011/15.

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 BERNHARD | | Temporary Chairman (Denmark) |
| Mr CURIA | | Argentina |
| Mr POTTS | | Australia |
| Mr HAJIZADA | | Azerbaijan |
| Mr RECKER | | Belgium |
| Mr VALLIM GUERREIRO | | Brazil |
| Mr MPAY | | Cameroon |
| Mr CAZA | | Canada |
| Mr LABBÉ VILLA | } | Chile |
| Mr BERGUÑO HURTADO | | China |
| Mr HUANG Wei | | Czech Republic |
| Ms GORGOL | | Denmark |
| Ms CALLESEN | | Ecuador |
| Mr STACEY MORENO | | France |
| Mr MONDOLONI | | |
| Mr LÜDEKING | } | Germany |
| Mr TRAUTWEIN | | India |
| Mr KHULLAR | | Italy |
| Mr GHISI | | Japan |
| Mr NAKANE | | Jordan |
| Mr QUEISI | | Kenya |
| Mr YATANI | | Korea, Republic of |
| Mr LEE Jang-Keun | | Mongolia |
| Mr AMARSANAA | | Netherlands |
| Mr HAMER | | Niger |
| Mr ILLO | | Pakistan |
| Mr ANWAR | | Peru |
| Mr GARCÍA REVILLA | | Portugal |
| Mr MARCELO CURTO | | Russian Federation |
| Mr BERDENNIKOV | | Singapore |
| Ms TAN | | South Africa |
| Mr MINTY | | Tunisia |
| Mr HACHANI | | Ukraine |
| Ms MYKOLAICHUK | | United Arab Emirates |
| Mr ALKAABI | | United Kingdom of Great Britain and Northern Ireland |
| Mr SMITH | | |
| Mr DAVIES | } | United States of America |
| Mr WOOD | | Venezuela, Bolivarian Republic of |
| Mr UZCÁTEGUI DUQUE | | |

Attendance (continued)

| | |
|-------------|---|
| Mr AMANO | Director General |
| Mr RAUF | Office of External Relations and Policy Coordination |
| Mr CSERVENY | Secretary of the Board |

Representatives of the following Member States also attended the meeting:

Algeria, Austria, Belarus, Bulgaria, Burkina Faso, Colombia, Costa Rica, Croatia, Cuba, Cyprus, Dominican Republic, Egypt, Estonia, Finland, Greece, Holy See, Hungary, Islamic Republic of Iran, Iraq, Ireland, Israel, Kuwait, Lebanon, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Morocco, Namibia, New Zealand, Norway, Panama, Philippines, Poland, Qatar, Romania, Saudi Arabia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Syrian Arab Republic, Thailand, Turkey, Uruguay, Vietnam, Yemen, Zimbabwe.

Abbreviations used in this record:

| | |
|-----------------------|--|
| ABACC | Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials |
| AIPS | Agency-wide Information System for Programme Support |
| CCHEN | Chilean Nuclear Energy Commission |
| ECAS | Enhancing Capabilities of Safeguards Analytical Services |
| EFTA | European Free Trade Association |
| EU | European Union |
| FAO | Food and Agriculture Organization of the United Nations |
| G-77 | Group of Seventy-Seven |
| HEU | high-enriched uranium |
| IPSAS | International Public Sector Accounting Standards |
| LEU | low-enriched uranium |
| NAM | Non-Aligned Movement |
| 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 |
| OPCW | Organisation for the Prohibition of Chemical Weapons |

Abbreviations used in this record (continued)

| | |
|--------|--|
| SQP | small quantities protocol |
| UN | United Nations |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |

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

5. Assurance of nuclear fuel supply (continued) (GOV/2011/9, 10 and Add.1, and 16)

1. Mr VALLIM GUERREIRO (Brazil) said that his country judged the merit of proposals concerning assurance of nuclear fuel supply against the backdrop of likely scenarios in which they might prove to be useful. The two proposals already adopted by the Board relating to assurance of supply contained a fundamental flaw since the most likely scenario in which they would be useful assumed mischievous and reckless behaviour on the part of the beneficiary. Although the proposal currently before the Board in document GOV/2011/10 contained no such flaw, it did, however, raise some questions.

2. The scenario in which the proposal might be of some use presupposed that a company would eschew a customer even though the contract for the supply of LEU was profitable. Although not absolutely impossible to envisage, that scenario was most unlikely. The proposal also raised the question of a government forcing a company under its jurisdiction to continue doing business with a client with whom it no longer wished to do business. Such a scenario was difficult to envisage, particularly in market economies.

3. Governments had the sovereign right to provide whatever assurances they wished. Brazil wondered why the sponsors had decided to bring a proposal that took the form of an intergovernmental bilateral agreement to the Board, and why the Director General would be required to be a co-signatory. It was, however, pleased to note that failure to honour the assurance would not result in any financial or other consequences for the Agency.

4. Brazil was somewhat uncomfortable with the many initiatives that had been put forward on the issue of assurance of supply, since they assumed that a problem existed. Brazil, for its part, did not see where the problem lay since the projected surge in the number of nuclear power plants would take place primarily in countries that already operated nuclear power plants and produced their own fuel. Uranium isotope separation was an extremely difficult technology to master, requiring huge investment in terms of human resources, research and development and industrial capacity. There was simply no reason to believe that any of the few identified newcomers that would be operating nuclear power plants in the foreseeable future would decide to build their own enrichment facilities. The nuclear fuel market functioned effectively, and they would have no grounds to fear disruption to their supplies of reactor fuel.

5. There appeared to be an underlying assumption that safeguards applied to enrichment facilities were not effective. However, nothing could be further from the truth. There was not a single recorded instance in which an enrichment facility under Agency safeguards had been used for proscribed purposes, and there were no cases where nuclear material had been illegally diverted from a safeguarded enrichment facility.

6. Brazil, for its part, could not see what the different proposals sought to achieve. In view of the extreme unlikelihood of the scenarios in which they might be of some benefit, they neither provided an assurance of supply of LEU or fuel, nor helped to stem the spread of so-called “sensitive” technologies. Brazil therefore fully endorsed the call made by the G-77 and NAM to establish an open-ended forum to discuss the issue further in a frank and open manner.

7. Mr CAZA (Canada), noting with satisfaction the observation in paragraph 1 of document GOV/2011/10 that the international market in nuclear fuel continued to operate effectively and efficiently, said that the best guarantee of supply came from a well-functioning commercial market. Nevertheless, new mechanisms could make a contribution by promoting increased confidence among those seeking to develop or expand their nuclear power capabilities.

8. Canada commended the efforts of the United Kingdom to complement other fuel assurance mechanisms through the development of the first Level 2 nuclear fuel assurance agreement, and noted that the role envisaged for the Agency in essentially endorsing specific supply contracts was different from that in previous proposals. However, in Canada's view the market functioned best in a streamlined regulatory environment where customer needs were directly matched by supplier capabilities in a manner that was as non-discriminatory as possible. The introduction of new requirements for one segment of the market might not serve that objective. In addition, the proposed assurance would be applied when supply contracts were negotiated, rather than in exceptional circumstances in the event of disruption, and Canada would question the appropriateness of the Agency's involvement in such commercial activities and so early on in the process. Resource implications for the Agency were also an issue given the potential number of supply contracts that the Agency might be requested to endorse. It would be preferable if the assessments requested from the Director General were left to the supplier State, in line with current practice. Also, the requirements to which Article III of the draft model agreement contained in the Attachment to document GOV/2011/10 referred would be better addressed in bilateral agreements between governments.

9. The model agreement was inconsistent with the national export control and nuclear cooperation policies of some States, including Canada. However, given the clarification in paragraph 6 of document GOV/2011/10 that the nuclear fuel agreement should be entirely voluntary, should not distort the functioning of the commercial market, and should not have any disadvantages for those States which chose not to join the mechanism, and Canada's expectation that the mechanism would be used very judiciously, his country did not oppose the recommended action set out in paragraph 15 of the document.

10. Mr DAVIES (United States of America) said that his country believed that international mechanisms to assure access to LEU for nuclear fuel could help to reassure States considering nuclear power, including developing countries, that their access to reactor fuel would not be disrupted.

11. The existing global market arrangements for nuclear fuel supply were working well and provided the first of three recognized levels of fuel assurance. In 2009 and 2010, the Board had approved two proposals for Level 3 assurances in the form of physical reserves of LEU under Agency auspices. The United States welcomed the opening of one of those reserves, comprising 120 tonnes of LEU, in Angarsk in December 2010, and noted that the United States Department of Energy had established a complementary fuel bank, comprised of 17.4 tonnes of downblended HEU, to further ensure that countries considering nuclear power would have access to uranium for their power reactors.

12. The contribution from the United Kingdom was the first proposal for Level 2 assurances — back-up commitments. It would further support the expansion of access to peaceful nuclear energy while reinforcing the international nuclear non-proliferation regime. The proposal added to the menu of options available to Member States to secure assurances for continued supply, and could help to meet a need not directly provided for in the measures already approved by the Board, such as fuel fabrication services.

13. He urged the Board to approve the proposal submitted by the United Kingdom, which would reinforce access to peaceful nuclear energy and reliance on a transparent market, and serve to reduce the risk of proliferation of nuclear weapons.

14. Mr RECKER (Belgium) recalled that the proposal submitted by the United Kingdom on behalf of a number of States had been discussed in the Agency since 2006. In-depth discussions had been held with all Member States and the proposal had been adapted to take into account the concerns and comments made. He hoped that the text could be approved by consensus by the Board.

15. Belgium was pleased to note that the proposal would provide additional assurances to countries that wished to conclude supply contracts for LEU. The draft model agreement concerned only LEU, but the Board might, in the future, wish to extend it to fuel manufacture.

16. He noted with satisfaction that the current market in nuclear fuel was working well and welcomed the clarification given in paragraph 6 of document GOV/2011/10 that the fuel agreement was voluntary, should not distort the functioning of the commercial market, and should not have any disadvantages for those States which chose not to join the mechanism.

17. His country attached great significance to the physical protection of nuclear materials and installations and believed that nuclear material could be transferred only when the recipient State undertook to ensure a level of physical protection that was, as a minimum, comparable to that set forth in INFCIRC/225. That level could be achieved by various physical protection measures, but their choice and implementation were the sole responsibility of the holder of the operating licence and, in some cases, the State.

18. As one of the co-sponsors of the proposal, Belgium encouraged Board members to support the action recommended in document GOV/2011/10.

19. Mr LABBÉ VILLA (Chile) said that proposals concerning assurances of fuel supply were relevant, in particular for developing countries, should a large number of countries plan to introduce nuclear power into their national energy networks in the medium term. Chile was therefore grateful to the United Kingdom and to the other co-sponsors of the proposal, which sought to promote the establishment of formal, trilateral agreements to prevent the unjustified interruption of supply contracts for LEU. The initiative was compatible with the fuel banks already established by the Board.

20. Initiatives on assurance of supply could not seek to impose limits on the rights set out in Article IV of the NPT and needed to contain clear and non-discriminatory eligibility criteria. Moreover, they should not jeopardize the effective operation of the market or make parties unjustifiably dependent on one another. They should not have financial implications that would cause difficulties for Member States.

21. As the proposal would help to build confidence between supplier and recipient States, Chile would not oppose the action recommended in document GOV/2011/10.

22. Mr TRAUTWEIN (Germany) said that his country had consistently supported the endeavours of the Agency and its Member States to develop proposals on multilateral nuclear fuel assurances, and had itself put forward a proposal aimed at the establishment of a mechanism for independent access to nuclear fuel cycle services that sought to complement the other proposals put forward in the Board.

23. While multilateral approaches to the nuclear fuel cycle could bring benefits in terms of energy security and non-proliferation, they should not distort the existing well-functioning fuel market. The proposal currently before the Board, which Germany had co-sponsored, sought to prevent the interruption of commercial contracts for political reasons and added to the existing mechanisms for assurance of supply available to Member States.

24. National export controls and decisions by national export control authorities remained unaffected by a nuclear fuel assurance agreement. Before signing such an agreement, Germany would have to adapt the model agreement to bring it into line with national export control legislation.

25. Germany hoped that the discussions on assurance of nuclear fuel supply would continue; additional options might help to meet demand for the secure supply of nuclear fuel, which was likely to increase given the growing interest in the peaceful use of nuclear energy.

26. Mr ANWAR (Pakistan) emphasized the importance of developing a consensus on the principles of fuel supply assurance mechanisms given their important implications. Any final proposal, agreed through open and extensive consultations, must include the following common generic principles: nuclear fuel supply assurances should be available to all Member States — both as supplier and recipient States — without discrimination; all proposals must conform to the Statute and must not include provisions that transcended the legal authority of Member States; and there should be no restriction on the inalienable right of Member States to develop nuclear science and technology, including the fuel cycle, for peaceful purposes. Provision should also be made for the supply of natural uranium and fuel fabrication.

27. The proposal before the Board did not conform to those principles since countries had to be a party to the NPT and have a comprehensive safeguards agreement in force as a condition for eligibility. In view of his country's legal obligations and known position on the NPT, Pakistan could not endorse any criteria based on that Treaty. His country was therefore obliged to disassociate itself from such specific elements and would not participate in a vote should one be held. However, his Government was willing to participate in any nuclear fuel supply arrangement that was equitable and compatible with the Agency's Statute.

28. 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. The United Arab Emirates was making good progress in the development of its nuclear energy programme and, in December 2009, had awarded a contract for four nuclear power reactors, the first of which was scheduled to begin commercial operation in 2017.

29. In his country's view, the international nuclear fuel market had matured sufficiently to provide a stable and secure supply. That being said, 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 back-up mechanisms and additional confidence for recipient States. The United Arab Emirates supported the establishment of a reliable multilateral framework for the assurance of fuel supply that would involve multiple assurance mechanisms and serve to support States' plans. More concrete fuel assurance proposals were essential, in particular for nuclear energy newcomer countries, and additional guarantees from supplier governments through legally binding commitments endorsed by the Agency would constitute a further step towards the establishment of a network of reliable mechanisms for assurances of supply covering both the front and back end of the fuel cycle.

30. With those comments, he supported the proposal and recommended action contained in document GOV/2011/10.

31. Mr HACHANI (Tunisia) said that any proposal to establish an assurance of supply mechanism should not affect the legitimate rights of Member States to develop nuclear energy for peaceful purposes.

32. According to the Final Document of the 2010 NPT Review Conference, further discussions concerning multilateral mechanisms should take into account technical, legal and economic

complexities, including the requirement of full-scope safeguards. For Tunisia, the requirement for full-scope safeguards was a non-negotiable principle that should be adhered to strictly.

33. His country welcomed any initiative aimed at facilitating access to nuclear technologies and material by all States that complied with their NPT and safeguards obligations. Although that principle was set out in the proposal under discussion, a number of points made by many Member States had not been properly taken into account. He therefore called for further consultations with all interested parties to ensure that due consideration was given to the reservations and comments made. He trusted that any future proposals would be treated in the same manner.

34. Mr KHULLAR (India) said that his country had contributed actively to the debate among Member States about possible options for assurance of supply of nuclear fuel. Fuel bank arrangements or assurance of supply of enrichment services and LEU for use in nuclear power plants should be available to all Member States requiring such arrangements. The right of any Member State to conduct research and development on the nuclear fuel cycle for peaceful purposes should not be affected by those arrangements and artificial restrictions should not be imposed on supplier States that were in a position to support such fuel supply arrangements.

35. The Agency's Statute did not limit the cooperation available to the Member States of the Agency to parties to a particular Treaty. India was not a party to the NPT and the statement by the Governor from the United Kingdom that the proposal before the Board in no way impinged on the rights of the Agency's Member States as set out in the Statute was integral to India's position on the proposal.

36. Mr MINTY (South Africa) said it was disappointing to observe that, as demonstrated by the lack of open and all-inclusive discussion, the deliberations on the assurance of nuclear supply in the context of the Board continued to go against Action 58 of the conclusions and recommendations for follow-on actions from the Final Document of the 2010 NPT Review Conference, which had called for States parties to continue to discuss further in a non-discriminatory and transparent manner, under the auspices of the Agency or regional forums, the development of multilateral approaches to the fuel cycle, including the possibilities of creating mechanisms for assurance of nuclear fuel supply, as well as possible schemes dealing with the back-end of the fuel cycle, without affecting rights under the NPT and without prejudice to national fuel cycle policies, while tackling the technical, legal and economic complexities surrounding those issues, including the requirement of full-scope safeguards.

37. The proposal from several delegations to convene an open-ended working group on the issue could have contributed to building consensus on various aspects of multilateral approaches to the nuclear fuel cycle, had it not been rejected by some who appeared not to want a discussion but to prefer adopting a majority decision in the Board, rather than reaching a consensus. South Africa deeply regretted that development.

38. It was clear that the proposals thus far had not taken into account the concerns and needs of potential recipients, and the one currently before the Board contained an imbalance in the obligations of suppliers and recipients — which was perhaps not altogether surprising since all the proposals so far had been presented by potential suppliers. Moreover, the haste with which the proposals were being pushed through the Board could lead some to question their real purpose.

39. South Africa had consistently striven to reach decisions in the Board and elsewhere by consensus, and considered that more time for discussions would have been helpful. He shared the serious concerns expressed by previous speakers, and therefore hoped that the proposal could be discussed further in an open-ended working group, as suggested by the G-77 and NAM, with a view to producing a text that could achieve consensus.

40. Mr UZCÁTEGUI DUQUE (Bolivarian Republic of Venezuela) said that his country was of the opinion that the proposal contained in document GOV/2011/10 had not been sufficiently discussed among Member States and that there were still elements that caused concern to a large number of them, many of which were not Board members. It was important to be cautious and to take account of the views of all members of the Agency, not just members of the Board. Accordingly, as the G-77 and NAM had suggested, the issue of assurance of supply should be discussed further in an open-ended working group with a view to establishing a conceptual framework for any proposals submitted, and the matter should then be dealt with by the General Conference.

41. His country would caution against adopting the approach being taken with regard to assurance of supply because it could limit Southern countries' technological independence and their ability to develop their nuclear industry for peaceful purposes. It appeared that the proposals were intended to legitimize a cartel of countries that were able to control the supply of nuclear fuel, which would affect the inalienable right of countries to use nuclear energy for peaceful purposes in accordance with the NPT and the Statute.

42. It was the third time that a proposal on the issue had been submitted without Board members having any opportunity to improve it. His country was also concerned that decisions regarding assurance of supply were being taken under time pressure without Member States being given an opportunity to consider them in detail.

43. The proposal before the Board contained elements that were, in his country's view, contradictory. The focus should be on agreements that were not subject to technological embargos depriving States of the right to develop their nuclear programmes. According to Article IV of the draft model agreement, for example, the so-called "assurance" was subject to the national legislation of the supplier State, which ran counter to the intended objective and meant that there was no real assurance of supply.

44. The Statute established as the Agency's main objective "to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world". No proposal on assurance of supply 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.

45. With regard to the issues of representation and participation, he recalled that in the Board of Governors, 35 countries could make recommendations or take decisions on behalf of all Member States. Some of the decisions taken by the Board were not necessarily in the interests of the 151 Member States of the Agency. Decisions or resolutions that affected all Member States should accordingly be discussed in the General Conference.

46. A number of delegations, including representatives of regional groups that included the majority of the Agency's Member States, had expressed reservations about the proposal. His delegation, like others, could not support either the proposal in document GOV/2011/10 or the draft resolution contained in document GOV/2011/16. Given the importance of the subject, therefore, he called upon the Board to proceed in a manner that was consistent with the collective interest of Member States.

47. Mr HUANG Wei (China) said proposals had been made by various parties over a number of years for the establishment of a multilateral mechanism for assurance of nuclear fuel supply, and some had been approved by the Board. Member States still had concerns regarding the proposal now before the Board, and his delegation encouraged all parties to conduct extensive consultations with a view to reaching a solution acceptable to all.

48. Mr ZNIBER (Morocco)* expressed full support for the Agency being very strongly involved and taking a vanguard role in any multilateral approach to assurance of nuclear fuel supply in order to assist those countries that lacked the necessary technologies and to ensure that the rights of all parties were guaranteed. However, multilateral approaches should not result in inappropriate restrictions being placed on the use of nuclear energy for socio-economic development. It was his country's hope that a multilateral system could be agreed to by all parties, and that it would make a strong contribution to the non-proliferation regime while meeting the legitimate need of all countries to gain access to nuclear fuel for peaceful purposes. It was also important, while recognizing the legitimate economic and commercial interests of some stakeholders, that those interests should not prevail over the principle that any State desiring to do so might proceed to the production of nuclear fuel for peaceful purposes.

49. Mr PETERSEN (Norway)* expressed his country's strong support for multilateral approaches to the nuclear fuel cycle and for the proposal for the assurance of supply of enrichment services and LEU for use in nuclear power plants, as set out in document GOV/2011/10. Multilateral approaches to the fuel cycle would continue to be important parts of an equitable and sustainable international nuclear fuel cycle regime. The various approaches, including the present proposal, offered energy security without distorting the existing well-functioning market; they were voluntary and fully in line with countries' rights to the peaceful use of nuclear energy; even more important, they furthered the goals of non-proliferation and a world free of nuclear weapons. For those reasons, Norway had from the beginning been a strong supporter of multilateral approaches to the nuclear fuel cycle both politically and financially; his country was one of many donors to the IAEA LEU bank, approved by the Board in December 2010, and had already fulfilled its pledge of US \$5 million; it had also expressed its support for the establishment of a physical reserve of LEU in the Russian Federation.

50. The proposal now before the Board was a natural continuation of those physical reserves and the existing market, offering a complementary Level 2 assurance of supply, thereby reinforcing the existent market mechanisms and complementing other initiatives on assurance of supply. It was based on a model agreement to be concluded between governments of supplier and recipient States, with the IAEA Director General as co-signatory. The agreement would not distort the market, was voluntary and available to all eligible Member States, and might be introduced at little or no cost to the parties. It focused on the supply of enrichment services and LEU but could be developed for other services, including fuel fabrication, if the Board so decided in the future.

51. Accordingly, Norway supported the proposal contained in document GOV/2011/10 and encouraged all Board members to give it their full backing.

52. Mr SOLTANIEH (Islamic Republic of Iran)* said there were a large number of legal, technical and financial questions related to the present proposal that remained to be answered. The eligibility criteria proposed for recipient States were discriminatory and would tend to polarize and politicize the Agency, which was a dangerous precedent for its future as an international technical body. His delegation in fact welcomed the criteria in the present proposal because, by depriving countries like Iran of access, they provided a clear justification and argument for Iran to continue its enrichment without interruption. Iran believed that subject to the provisions of the IAEA Statute any decision regarding the implementation of individual proposals on assurance of nuclear fuel supply should be made by consensus by the General Conference, taking into account the views and concerns of all Member States.

53. The issue of assurance of supply was essential for the development of nuclear power and nuclear energy in general. It was a very complex issue which had technical, legal, commercial and economic dimensions with political and strategic implications, and it had been discussed frequently over the previous three decades without any concrete, tangible result being arrived at. On each

occasion there had been individual proposals which had created polarization and political tensions — and it was his understanding that more proposals might be in the pipeline.

54. The Committee on Assurances of Supply, established by the Board in 1980, had failed after seven years of negotiation to agree on an international legally binding instrument, and had been put into abeyance in 1987, with some industrial countries arguing that following the Chernobyl accident there was no demand for more nuclear power, so no need for assurance of supply. It was high time to revive the Committee and begin real negotiation aimed at the conclusion of a legally binding instrument on assurance of supply; participation by all Member States should enrich the discussions, stop further polarization among Member States, and ensure wide, effective application of the instrument's provisions after their adoption by the General Conference by consensus. He proposed that the Director General consult Member States on reviving the Committee on Assurances of Supply and report to the Board accordingly.

55. Mr FAWZY (Egypt)* said that any initiative relating to assurance of nuclear fuel supply that was put before the Board should be the fruit of intensive consultations between Member States so as to reflect the interests and concerns of all Member States without discrimination, whether they were recipients or suppliers. The present proposal dealt with obligations on recipient countries but did not deal equally with obligations on supplier countries in the event of their breaching their undertakings. There had been a number of different initiatives in the past year, all of which had been drafted from the point of view of supplier countries, and it was necessary clearly to understand what each initiative proposed and how they complemented one another, and to inform Member States in detail as to their financial consequences. The adoption of proposals should in no way impinge on the right of all developing countries to develop their national capabilities in keeping with Article IV of the NPT. Egypt supported the establishment of an open-ended working group to undertake an in-depth study of all aspects of the proposals.

56. Ms FEROUKHI (Algeria)* underlined the importance of making an effort to find a consensus on the issue, rather than for the Board once again to stand divided. It was important to ensure that the interests of supplier and recipient countries alike, as well as the concerns that had been expressed, were taken into account. The collective consensus following the NPT Review Conference in May 2010 had been that discussions should continue and at a deeper level, and she appealed to Board members to avoid polarization and division in their ranks. Voting on the proposal would not resolve the fundamental concerns that had been raised.

57. Mr LÜDEKING (Germany) shared the previous speaker's concern that the proposal should not be a matter for confrontation or polarization in the Board, but insisted that it did not lend itself to that. It was a voluntary agreement, which was essentially a bilateral one between a recipient country and a supplier country. The Board was being asked to endorse the role of the Agency as set out in Article II of the draft model agreement attached to document GOV/2011/10, and there should not be any objection to that. He joined the plea made by the previous speaker not to make the issue one of confrontation, and urged the Board to adopt the recommended action set forth in document GOV/2011/10 without a vote.

58. Mr SOLTANIEH (Islamic Republic of Iran)* expressed surprise that the Governor from Germany had not taken due note of the statements made during the debate. Serious questions remained, and ambiguities had not been removed. A number of members had stated that they were not able to join a consensus on the matter, which was why the representative of Algeria had proposed taking more time to reach consensus, in order to avoid polarization. He rejected the suggestion that it was simply a matter between recipients and suppliers; the Agency was involved. All Member States were concerned that a new precedent was being established, and some were clearly barred from benefiting from the proposal, creating discrimination which ran counter to the principle of the integrity

of the IAEA Statute. In order to prevent polarization and further political problems for the Board, negotiations should be held on assurance of nuclear fuel supply involving all Member States, as had been the case in the 1980s.

59. Ms FEROUKHI (Algeria)* said the issue was one of genuine interest to all Board members, recipients and suppliers alike, but it had many different aspects and there had been a dozen individual proposals all of which had to be viewed in their overall perspective in order to see what the obligations were for Member States and the Agency. A coherent view was needed, and the NPT Review Conference had clearly decided on the need for in-depth negotiation.

60. Mr MINTY (South Africa) said the Board was being asked to make a decision on a proposal before it. However, in the interests of all Member States more time was needed for dialogue and for the clarification of the issues involved, as had been decided following extensive discussion at the NPT Review Conference. Several Board members, including South Africa, had indicated that they were not in a position to join a consensus on the proposal. He therefore suggested that those sponsors wishing to avoid polarization should withdraw the proposal in order to give all Member States more time to consider the issue in depth and try to reach consensus on it.

61. Mr SMITH (United Kingdom) said the nuclear fuel assurance proposal would in no way affect the rights of Member States to pursue the peaceful uses of nuclear energy in accordance with Article IV of the NPT, or their rights under the Statute.

62. As for the suggested imbalance between the obligations on supplier States and those on recipient States, he said that while it was true that the draft model agreement went to some lengths to articulate the obligations of recipient States, the weightiest responsibility lay with the supplier, who was obliged in the conditions set out to continue the supply of enrichment services.

63. Some had argued that the proposal was donor-driven. In fact, some of the most powerful stimuli for the elaboration of the proposal over the last several years had been the signals received from extensive discussions with potential users of the assurance emphasizing how useful it could be to them.

64. As for the cost and resources implications for the Agency and for supplier and recipient States, they would be limited to the marginal administrative effort required to reproduce and arrive at signature of the agreement set out; there would be no fees, and no purchases would be made or physical or financial structures created. The role of the Agency was important, and his delegation had spent some time defining that role with the Secretariat. The Agency had been at the heart of discussions over many years and brought substance and credibility to a nuclear fuel assurance. It was central to the implementation of measures previously agreed. However, the additional resources burden would be minimal, and no additional liabilities would be involved.

65. The United Kingdom was confident that the proposal would not perturb the functioning of the commercial market. Long-term, very expensive and operationally unique and important contracts for the supply of enrichment services would continue to be negotiated extensively between parties, and a nuclear fuel assurance would simply underpin such arrangements once they had been agreed. There were no barriers to those wishing to offer a nuclear fuel assurance, and no reason why a potential recipient State should feel obliged to pursue or not to pursue a nuclear fuel assurance.

66. The United Kingdom was confident that the proposal had value and usefulness, and made available a new and entirely voluntary option that would infringe the rights of no one. He invited the Board to approve the proposal, if necessary by signalling support for the draft resolution contained in document GOV/2011/16, which proposed the adoption of the recommended actions set out in paragraph 15 of document GOV/2011/10.

67. Mr UZCÁTEGUI DUQUE (Bolivarian Republic of Venezuela), endorsing the remarks made by the Governor from South Africa, said that assurance of nuclear fuel supply was an extremely important subject. The proposal before the meeting should be considered in great depth. Venezuela could not approve it as it stood.

68. The CHAIRMAN, noting that there seemed to be no consensus on the issue, asked whether the Board wished to adopt the draft resolution contained in document GOV/2011/16.

69. Mr UZCÁTEGUI DUQUE (Bolivarian Republic of Venezuela) requested that a vote on the draft resolution be taken by roll-call.

70. Mr SMITH (United Kingdom) supported that request.

71. The CHAIRMAN invited the Board to proceed to a roll-call vote on the draft resolution contained in document GOV/2011/16.

72. Niger, having been drawn by lot by the Chairman, was called upon to vote first.

73. 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, Peru, Portugal, Russian Federation, Ukraine, United Arab Emirates, United Kingdom, United States of America.

Against: None.

Abstaining: Argentina, Brazil, Ecuador, Niger, Singapore, South Africa, Tunisia, Bolivarian Republic of Venezuela.

74. There were 26 votes in favour and none against, with 8 abstentions. The resolution was adopted.

75. As indicated in paragraph 27 above, Pakistan took no part in the vote.

76. Ms TAN (Singapore), speaking in explanation of vote, said that her country had no objections in principle to the concept of nuclear fuel supply assurances, but every proposal was different and must be assessed on merit. Outstanding issues relating to the proposal just adopted included whether it was necessary for the Agency to play a role in what was essentially a bilateral agreement; the fact that the draft model agreement elaborated on the obligations of recipient States but was largely silent on the obligations of supplier States in the event of a breach of contract; and the possible cost implications of the Agency's involvement.

77. While expressing sincere appreciation for the outreach efforts of the delegation of the United Kingdom, she stressed that any proposal submitted to the Board for adoption should be the product of genuine consultations that took into account the interests of all concerned parties. To do less would be to do a disservice to the work of the Board, as the proposals before it would be less robust than they should be. The need for transparent and genuine dialogue and consultations should apply to all issues being considered by the Board, not only to selected topics. Had those outstanding issues and other questions been adequately addressed, her country might have been in a position to support the proposal. With deep regret, it had abstained.

78. Mr QUEISI (Jordan), speaking in explanation of vote, said that the proposal just adopted could contribute to strengthening the non-proliferation regime so as to ensure the exclusively peaceful uses of nuclear energy. He had therefore voted in favour of the proposal, without prejudice to the right of any Member State to engage in research or to generate nuclear energy.

79. Mr KHULLAR (India), speaking in explanation of vote, 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 existing light water reactors to provide proliferation resistance and higher energy output.

80. India had contributed actively to debate among Member States on possible options for assuring nuclear fuel supply. Fuel bank arrangements and assurance of supply of enrichment services and LEU for use in nuclear power plants 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 for peaceful purposes. Neither should artificial restrictions be imposed on supplier States in a position to support such fuel supply arrangements.

81. 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. The Statute, including Article III, did not limit the cooperation available to Member States to those party to particular instruments. He had taken note of the statement made by the Governor from the United Kingdom in that regard, which was integral to India's support for the resolution. In his country's view, implementation of the resolution, including the role played by the Director General, should be strictly circumscribed by the Statute and Member States' respective safeguards agreements with the Agency.

82. Mr UZCÁTEGUI DUQUE (Bolivarian Republic of Venezuela), speaking in explanation of vote, said that he shared the concerns expressed by the majority of Member States with regard to the concept behind the resolution just adopted. Those concerns went beyond legal and technical details to underlying principles, particularly non-discrimination and the inalienable right of countries to develop nuclear technology for peaceful purposes under the NPT and the Statute. The resolution violated those principles. He expressed regret that the proposal had been submitted to the Board without the necessary opportunities for substantive negotiation having been provided to ensure that the opinions of all Member States were taken into account.

83. Mr SOLTANIEH (Islamic Republic of Iran)* expressed deep concern that the majority view in the Board of Governors did not seem representative of the majority view of Member States as a whole. He also expressed concern at the procedures followed, particularly the fact that the Board had been forced to take a decision on a contentious issue which might profitably have been the subject of further consultation.

84. Mr MINTY (South Africa) said that, under Rule 34 of the Provisional Rules of Procedure, proposals involving expenditure by the Agency should not be voted upon in the absence of a report from the Director General on their administrative and financial implications. Given that no such report had been submitted in respect either of the resolution just adopted or of the resolution adopted by the Board in December 2010², he assumed that no financial expenditure would be incurred by the Agency in respect of either resolution — although others might wish to cover any costs arising.

85. Mr RAUF (Head, Verification and Security Policy Coordination Section, Office of External Relations and Policy Coordination) replied that the functions envisaged for the Director General under the draft model agreement set out in document GOV/2011/16 were not expected to be onerous. Confirmation with a Depository Government of the NPT that the recipient State was a Party to the

² GOV/2010/70.

Treaty could be obtained through an exchange of letters. Confirmation of the other necessary criteria could be provided as part of the regular functions of the Secretariat, and as such would involve no additional cost.

86. Mr MINTY (South Africa) reiterated that a report should be submitted to the Board in respect of any proposal involving expenditure, whether onerous or otherwise, and requested that the necessary report be duly prepared by the Secretariat, even after the fact.

Mr Bernhard (Denmark), Vice-Chairman, took the Chair.

6. Project and Supply Agreement (GOV/2011/12)

87. The CHAIRMAN drew attention to document GOV/2011/12, which contained a Project and Supply Agreement concerning the transfer from the United States of America to Chile of LEU for research reactors.

88. Mr LABBÉ VILLA (Chile) said that, on 5 November 2010, the Chilean Nuclear Energy Commission (CCHEN) had formally requested the Deputy Director General for Nuclear Energy to provide Agency assistance with the exchange of 18 kilograms of HEU for 33 kilograms of LEU from the United States, in line with international efforts to reduce the amount of HEU used in research reactors. Replacing HEU with a low-enriched material substantially decreased the risks of diversion to non-peaceful activities.

89. CCHEN had two research reactors which had originally operated with HEU. They were mainly used for training qualified personnel, conducting materials experiments and producing radiopharmaceuticals for diagnosis and treatment. The first reactor had begun operating in 1974. Though the first fuel had been acquired with the reactor, Chile had, from the start, made its own fuel, acquiring only enriched uranium on the international market. Nuclear engineers had also designed new cores for the reactors, enabling them to operate efficiently with uranium-235 enriched to 19.9%.

90. Chile had reached agreement with the United States to exchange its HEU for a similar quantity of LEU which would allow it to continue producing fuel elements. The transfer would be made in accordance with Chile's comprehensive safeguards agreement and additional protocol. The transfer of HEU to the United States had already been made early in 2010, as Chile had reported to the Agency at the time. The second phase — delivery of LEU to Chile by the United States — would take place as soon as the proposals set out in document GOV/2011/12 had been approved by the Board.

91. Mr DAVIES (United States of America) said that, in March 2010, the Government of Chile and CCHEN, in cooperation with the Global Threat Reduction Initiative, had completed the removal from Chile of HEU no longer needed at two research reactors. Occurring only days after a major earthquake in Chile, it attested to the commitment and dedication of all involved. The Project and Supply Agreement now before the Board would enable the United States to supply LEU to Chile to support the continued operation of the two reactors for important scientific and research purposes. The proposed Agreement was similar to others previously approved by the Board pursuant to the terms of the 1959 agreement for cooperation in the civil uses of atomic energy, as amended, between the United States and the Agency and he hoped it would be approved.

92. Mr NAKANE (Japan) said that the Communiqué of the Washington Nuclear Security Summit, issued in April 2010, encouraged the conversion of reactors from HEU to LEU fuel and the minimization of the use of HEU, where technically and economically feasible. The LEU transfer under discussion formed part of collective efforts to enhance nuclear security, and he therefore supported the project. He expressed the hope that the goal of securing all vulnerable nuclear material in four years, as mentioned in the Communiqué, would be achieved through those efforts.

93. The CHAIRMAN said he assumed the Board wished to take the action recommended in document GOV/2011/12.

94. It was so decided.

7. Protection of confidential information

95. The CHAIRMAN said that the item had been included in the agenda at the request of the Islamic Republic of Iran on behalf of the Group of 77. The letter containing the request was reproduced in document GOV/2011/2/Rev.1/Add.1.

96. Mr SOLTANIEH (Islamic Republic of Iran)*, speaking on behalf of the G-77 and NAM, recalled the views expressed by NAM at the December 2010 meetings of the Board.³

97. The Group had taken note of document 2010/Note 60 and of the information provided by the Director General that the Secretariat had continued to raise staff awareness of the vital importance of respecting confidentiality, that nearly 2000 Agency staff and contractors had passed the mandatory information security test and that the Secretariat continued to follow international best practices in all aspects of information security.

98. However, the Group was concerned about the implications of possible violations of the Agency's regulations on information security, including the possibility of leaks of restricted material, for instance, by staff leaving the Agency. The G-77 and NAM therefore requested the Secretariat to keep the Member States informed on measures taken to continually improve the protection of confidential information in the Agency.

99. Mr CSUDAY (Hungary)*, speaking on behalf of the European Union, the candidate countries Croatia, Iceland, Montenegro and the former Yugoslav Republic of Macedonia, the countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, and Serbia, the EFTA country Norway, member of the European Economic Area, as well as Ukraine and the Republic of Moldova, recalled resolution GC(54)/RES/11, in which the General Conference had stressed the importance of maintaining the confidentiality of information related to the implementation of safeguards and safeguards agreements. It had requested the Director General to continue to review and update the established procedure for the protection of safeguards confidential information within the Secretariat and to report periodically to the Board about the implementation of that regime.

100. Document 2010/Note 60 on information security indicated that the Agency had been constantly re-evaluating and improving the way in which confidential information was handled and that it would continue to do so. The Director General had informed the Board in December 2010⁴ that the Agency

³ See GOV/OR.1289, paras 229–230.

⁴ See GOV/OR.1286, para. 34.

had committed more resources than ever before to protecting confidential information. A dedicated position to deal with those matters had been established in the Secretariat and a new security awareness campaign for all staff had been launched, which included completion of a mandatory online training course.

101. The European Union expressed its confidence in the actions taken by the Director General and the Secretariat to ensure the proper protection of confidential information, noting however that such protection, though important, must not be used to impede the Agency's verification activities.

102. Mr DAVIES (United States of America) said that his country strongly supported the Secretariat in its efforts to ensure appropriate confidentiality and appreciated the recent report to Member States on the status of the implementation of those efforts (2010/Note 60), which had been discussed by the Board only in December. The United States therefore questioned the need for the agenda item and hoped it was not intended by a few States to divert the Board from the other important work before it, including obtaining a well-informed understanding of whether Iran and Syria were meeting relevant United Nations Security Council or safeguards obligations.

103. His country would welcome a further report from the Secretariat on its confidentiality measures when it believed that further developments warranted it. Until then, there was no basis for complaints about the integrity and confidentiality of the Agency's work, including that done by cost-free experts.

104. Mr SOLTANIEH (Islamic Republic of Iran)* said that the Agency's statutory functions included fostering the exchange of scientific and technical information on the peaceful use of atomic energy and encouraging the exchange and training of scientists and experts in that field. In carrying out those activities, however, the Director General and staff members were prohibited from disclosing any industrial secret or other confidential information coming to their knowledge by reason of their official duties for the Agency. The purpose of the Agency's information security policy was to ensure that a system, including physical and electronic measures, was in place so that staff of the Secretariat and all who entered into a contractual relationship with the Agency both knew and could carry out their responsibilities with due regard to the required protection of information the Agency gathered or generated.

105. It was the policy of the Agency, supported by an appropriate physical and electronic infrastructure, to preserve the confidentiality, authenticity, integrity and availability of information and to ensure that all staff members understood and accepted their obligations. Complying with that information security policy was a fundamental duty of Agency staff and constituted a necessary part of the foundation upon which the integrity of the Agency as a credible and effective organization must stand. The information security policy applied not only to all Agency staff but also to internal and external contractors. Such contractors, whether individuals or enterprises, must be made aware of that policy and must adhere to it, and all other applicable policies and procedures stemming from it.

106. Security was fundamental to the effective and efficient transaction of the Agency's functions. The Director General and the senior staff were committed to establishing and maintaining effective information security measures to protect information where it was necessary to do so and to manage its release where appropriate. Achievement of that objective was required to ensure Member States' confidence and cooperation in promoting the exchange of information. To that end, the Director General had established an information security infrastructure with functions, roles and responsibilities defined at the Agency and Departmental levels. Each staff member was responsible for protecting classified information. Each manager was responsible for ensuring that staff had clear instructions, guidance and, where necessary, training to enable them to do so. Each manager was also responsible for monitoring the implementation of the policy by their staff, and violations of the policies and procedures could result in disciplinary measures.

107. He cited Article VII.F of the Statute on staff responsibilities in relation to confidentiality, General Conference resolution GC(54)/RES/11, para. 22, on the protection of safeguards confidential information, and INFCIRC/153 (Corrected), para. 5, which stated that the Agency could only publish summarized information obtained during the implementation of safeguards agreements upon decision of the Board if the States directly concerned agreed; Iran had never agreed to the publication of such information. He further cited Rule 1.06.1 of the Staff Regulations and Staff Rules on classified information.

108. Concern about the leakage of confidential information was shared by almost all Member States as well as the Director General. The leakage of information and violation of the spirit and letter of the Statute and Staff Regulations by two former Deputy Directors General for Safeguards, after leaving the Agency, through interviews and research projects for United States institutes on issues related to their previous activities, using the highly confidential information that only they and the Director General had had access to, was a matter of serious concern.

109. He suggested the establishment of an open-ended advisory committee for all Member States to discuss all aspects of the issue with the assistance of the Secretariat in order to prepare practical means to protect confidential information and a mechanism like that in the OPCW to monitor and advise on remedial measures. He requested the Director General to take appropriate steps in that regard.

110. Mr SABBAGH (Syrian Arab Republic)* said that his country welcomed the information provided by the Director General about the regime for managing the confidentiality of information in the Agency and had noted his statements during the Board in June 2010 that the matter was highly complex and required an in-depth study.

111. Document GOV/2843 (1996) contained the proposal that the unrestricted circulation of most Board documents could be permitted some time after issue, whereas the Board could maintain restrictions on those containing sensitive and confidential information, such as the annual Safeguards Implementation Report. It was surprising, therefore, that Agency reports from Board meetings were appearing on the websites of research institutions connected with security and intelligence while Board meetings were still being held. That raised questions about the Agency's approach to the security of such reports and the capacity of its technical infrastructure, as well as about the usefulness of Board discussions and decisions not to publish information. His country therefore called on the Secretariat to clarify what procedures could be implemented to prevent the unauthorized dissemination of reports.

112. The evidence suggested that Agency policies on the protection of confidential information were not always effective. Former staff members had failed to protect sensitive information after separation from the Agency, which called the robustness of the Agency's systems into question and highlighted the need for procedures to prevent such disclosures.

113. External and internal contractors also had access to sensitive and confidential information. Many countries had long requested the Secretariat to provide a list of cost-free experts, stating their nationality and the nature of the work entrusted to them.

114. Syria supported the request made by NAM in June 2010⁵ that the Director General submit a comprehensive report on the Agency's system for protecting confidential information and its efforts to revise and update the procedures, taking account of current discussions and proposals submitted by Member States. The protection of confidential information was of great concern to many countries and

⁵ See GOV/OR.1271, para. 9.

groups of countries in the Agency and must be ensured so that the organization could perform its tasks with impartiality and professionalism.

115. Mr CAZA (Canada) said his country was satisfied that document 2010/Note 60 reflected a due and diligent examination of all aspects of the protection of confidential information by the Secretariat. There was currently no need to revisit the issue.

116. The CHAIRMAN, summing up the discussion, said that several members had expressed their concern at recurring leaks of safeguards confidential information, including the possibility of leaks by staff leaving the Agency. They had requested the Secretariat to keep Member States informed on the measures taken to continually improve the protection of confidential information in the Agency.

117. Several members had noted the Director General's remarks in his introductory statement indicating that the Secretariat continued to raise staff awareness of the vital importance of respecting confidentiality and that it continued to follow international best practice in all aspects of information security. They had also noted that the Secretariat had circulated in November document 2010/Note 60 on information security at the IAEA.

118. Several members had expressed their confidence in the actions taken by the Director General and the Secretariat for ensuring the proper protection of confidential information.

119. The Chairman's summing-up was accepted.

8. Follow-up to decisions on personnel matters taken by the UN General Assembly (GOV/2011/5)

120. The CHAIRMAN said that document GOV/2011/5 contained proposals, in accordance with Staff Regulations 5.01(a) and 13.03, for changes to the current net base salary scale for staff members in the Professional and higher categories on a no loss/no gain basis.

121. There being no speakers, he assumed that the Board wished to take the action recommended in the document, namely to approve the revised salary scale as shown in the Annex to the document for promulgation by the Director General and approve consequential changes to the annual gross and net base salaries of the Director General as indicated in paragraph 3 of the document.

122. It was so decided.

9. Any other business

123. The CHAIRMAN invited Governors to take up any matters referred to by the Director General in his introductory statement or any other items of interest to delegations.

124. Mr CSUDAY (Hungary)*, speaking on behalf of the European Union, expressed deep appreciation for the work of the outgoing Director of the Office of Nuclear Security, Ms Anita Nilsson. She had been the head of the Office since its inception and had ably overseen the

development of two Nuclear Security Plans. More than 10 000 people had been trained in various aspects of nuclear security and physical protection updates had been conducted at over 100 sites in more than 30 States. 50 integrated nuclear support plans had been drawn up along with a series of documents providing guidance to States on establishing nuclear security. She had worked hard to ensure that nuclear security was regarded as a mainstream Agency activity. There was now wider acceptance of the fact that while nuclear security was a national responsibility, it could not be dealt with in isolation. The European Union wished the outgoing Director every success in her future endeavours and wished the incoming Director all the best in his challenging new capacity.

125. Mr QUEISI (Jordan)*, speaking on behalf of the Arab Group, said that in its resolution GC(53)/RES/17, the General Conference, having expressed concern about the Israeli nuclear capabilities, had called on Israel to accede to the NPT and place all of its nuclear facilities under comprehensive Agency safeguards. The 2010 NPT Review Conference, in its Final Document, had similarly stressed the importance of Israel acceding to the NPT. It had also endorsed a request to the Agency to prepare background documentation for a conference in 2012 on the establishment of a zone free of nuclear weapons and all other weapons of mass destruction in the Middle East.

126. Not only had Israel failed to implement General Conference resolutions on its nuclear capabilities, it also claimed that the NPT was ineffective in the Middle East, although the reality was the opposite. All the Arab States had acceded to the Treaty and found themselves confronted with Israel's nuclear arsenal, which continued to increase unchecked. The NPT would not be effective in the region unless Israel became a party to it.

127. The General Conference had not adopted a resolution on Israeli nuclear capabilities at its 54th session, but continued concern had been expressed about the growing danger to peace and security in the Middle East and worldwide.

128. While all the Arab States stood ready to take measures to set up a nuclear-weapon-free zone, Israel continued to defy the international community and block all initiatives aimed at establishing such a zone. Its policy towards its neighbours remained aggressive, which increased the threat to the region in connection with its nuclear capabilities. Israel continued to insist that peace in the Middle East was a prerequisite for the establishment of a nuclear-weapon-free zone. It was time for the international community to take a stance on Israel's delaying tactics.

129. Regrettably, certain influential States, including nuclear-weapon States, while constantly declaring their support for the universal application of the NPT, continued to turn a blind eye to Israel's actions and nuclear capabilities and to apply double standards. It was surprising to hear accusations that the Arab Group wanted to politicize the Agency from the very States whose allegiance to Israel outranked all other considerations. In such circumstances, the Israeli nuclear threat continued to hang like the sword of Damocles over the other States in the region.

130. The issue of Israeli nuclear capabilities must remain on the agenda of the Agency's policy-making organs, and the Arab Group urged all Member States to promote the universal application of the NPT and the establishment of a nuclear-weapon-free zone in the Middle East.

131. Mr GHISI (Italy) joined others in expressing appreciation for the work of the outgoing Director of the Office of Nuclear Security, Ms Nilsson. It was thanks to her support that the joint initiative taken by Italy, the Agency and the Abdus Salam International Centre for Theoretical Physics in Trieste for a pilot project to establish an international school on nuclear security had been brought to fruition, with the first course to take place from 11 to 22 April 2011. The course was aimed at professionals from developing countries working at institutions related to nuclear security. Scientists and students from all Member States of the UN, UNESCO or the Agency were welcome to attend the school.

132. Ms MYKOLAICHUK (Ukraine) recalled that 26 April 2011 would mark 25 years since the disaster at the Chernobyl nuclear power plant, which had become a turning point for the understanding of the new challenges and threats created by technology that confronted countries around the world, and which had made it clear that a responsible and holistic approach to the peaceful use of atomic energy was a precondition for a safer future world.

133. The international community should use the commemoration of the Chernobyl disaster as an opportunity to devote more efforts and attention to current problems of the peaceful and safe use of nuclear energy and other hazardous technologies, and to the protection of the public and environment from emergency situations.

134. Ukraine's strategy to address the after-effects of the Chernobyl disaster aimed at fostering the long-term development of the region and providing people with the support they needed to lead safe and healthy lives. With the support of the international community, Ukraine was still restoring the Chernobyl site. In that connection, a number of major projects were reaching the construction phase and sums in the order of €740 million would be required to complete them. International solidarity would be needed to raise such funds, and Ukraine counted on the support of States and other donors to bring the projects to a successful conclusion.

135. She invited delegations to three major international events to be held in Kiev in April 2011 in commemoration of the disaster: a Chernobyl pledging conference; a high-level meeting on the safe and innovative use of nuclear energy; and an international scientific conference on nuclear safety. She thanked the Director General and the Agency for their readiness to be involved in the latter two events.

136. Mr NAKANE (Japan) thanked the Agency for its active cooperation with the Integrated Support Centre for Non-Proliferation and Nuclear Security, which had been established in his country in December 2010 and aimed at contributing towards strengthening the global non-proliferation and nuclear security regime, particularly in Asia.

137. In November and December 2010, the Japan Atomic Energy Agency had hosted its first international training course in the field of nuclear security in cooperation with the Agency. Japan would continue to contribute towards international capacity-building in close cooperation with the Agency.

138. He welcomed the recent conclusion by a number of States of safeguards agreements with the Agency and the bringing into force of additional protocols by others. He congratulated the Director General on having attained, in May 2010, his target of 100 States with additional protocols in force, the number since having reached 106. Japan continued to support the Secretariat's efforts towards the universalization of comprehensive safeguards agreements and the additional protocol, and the amendment of SQPs.

139. 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 universalization 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.

140. He congratulated the Director General on the report⁶ he had provided in his introductory statement on the ECAS project and, in particular, on the progress made with the Clean Laboratory Extension, which was on-time and within budget. He looked forward to attending the inauguration of the Clean Laboratory Extension in June 2011 and to the start of construction of the new Nuclear Material Laboratory later that year. In relation to the new Nuclear Material Laboratory, his delegation continued to ask for complete transparency on the full scope and cost of the project, and would welcome an update for all Member States on its overall requirements and the availability of funding. His country wanted to see the best possible laboratory, as it would be critical to the Agency in meeting its mandate over the next 30 years and more. His delegation understood the imperative for a “core lab” approach, but requested clarification on what functional capabilities would be lost or reduced if the project was scaled back from full scope to the “core lab”. His delegation also requested that the Secretariat inform the Board about its proposed timeline for completing the full-scope project, and how much additional cost would be incurred if parts of the project were deferred.

141. Together with a number of other Member States, his country had contributed significant extrabudgetary funding to the new Nuclear Material Laboratory project. While recognizing the important role voluntary contributions could play, he reiterated that the funding of the ECAS project was a shared responsibility of all Member States that should be reflected in the proposed 2012–2013 budget by reducing the planned overreliance on voluntary contributions. Overreliance on donations yet to be solicited magnified the complexity of project management and increased the risk of delays and cost increases. His delegation was therefore disappointed to see the small level of funding allocated to the project in the proposed budget and strongly urged the Secretariat to revise that level upward. His country was prepared to work with other Member States in considering all funding options to ensure that the critical capability to be provided by the project would be available in the time frame required.

142. Finally, he joined other delegations in thanking Ms Nilsson, outgoing Director of the Office of Nuclear Security, for her contributions to the Agency. He also extended congratulations to Mr Mrabit, the incoming Director of the Office of Nuclear Security, and recognized the work of Mr Eidet, outgoing Director of the Division of Budget and Finance.

143. Mr CURIA (Argentina), also speaking on behalf on Brazil, said that 2011 marked the 20th anniversary of ABACC, whose two decades of successful joint activities in the area of safeguards reflected the high level of mutual understanding and cooperation that Argentina and Brazil, along with the Agency, had achieved in their work together. He thanked the Director General for agreeing to attend the commemorative events to be held in Brazil and Argentina in July 2011. ABACC was currently in the process of expanding its role, following a joint declaration by the Presidents of Argentina and Brazil in January 2011.

144. Mr CAZA (Canada), referring to the issue of placing an item on the subject of Israeli nuclear capabilities on the Board’s agenda, recalled that the Director General’s report in document GOV/2010/49 had indicated that the Secretariat was not in a position to provide the Board or General Conference with information on those matters beyond what was included in that report itself and in the Safeguards Implementation Report. Therefore Canada saw no need to place the item on the agenda.

145. Mr LÜDEKING (Germany), having echoed the tributes of other delegations to Ms Nilsson and Mr Eidet, said that a divisive debate on the subject of Israeli nuclear capabilities would not lead to progress towards implementation of the Resolution on the Middle East adopted by the 1995 NPT Review Conference. His country was committed to, and would continue vigorously to pursue, the goal of a zone free of nuclear weapons and other weapons of mass destruction in the Middle East, and had

⁶ See GOV/OR.1290, paras 25–26.

therefore welcomed the result of the 2010 NPT Review Conference on that issue. The prospect of a conference devoted to the objective of such a zone offered an opportunity that should not be missed. He called on all Member States to work towards implementation of the agreements reached at the 2010 NPT Review Conference and suggested that the Agency could make a constructive contribution by convening a forum to look at the experience of establishing nuclear-weapon-free zones in other regions of the world.

146. Ms YPARRAGUIRRE (Philippines)* said that her country was presenting the Philippine Commission on Audit as a candidate for the provision of external audit services to the Agency for 2012–2013. The Commission on Audit was the Philippines' supreme audit institution, with extensive auditing experience at international level, including with the UN Board of Auditors and as external auditor of FAO from July 2008 to the present. It also had significant audit experience connected with UN-assisted projects in the Philippines.

147. The Philippines hoped to be given the opportunity to provide the Agency's External Auditor. As the post had only been held by a representative from a developing country once before, her country believed it was high time that one did so again, in keeping with efforts to enhance the participation of developing countries in the work of the Agency.

148. Mr PANČESKI (Serbia)* expressed condolences to the family of the late Ambassador Fuad Ismayilov and the Embassy of Azerbaijan for their loss. He also conveyed his country's sympathy to the people and government of New Zealand in the aftermath of the recent earthquake there.

149. He informed the Board that the Vinča Nuclear Decommissioning Programme, which had begun in 2002, had now resulted in the safe, secure and successful transport of more than 8000 fuel elements from Serbia to the Russian Federation, their country of origin. He thanked all those involved in that comprehensive and very complicated operation, including the Agency, the United States of America, the Russian Federation, the EU, the Czech Republic, Hungary and Slovenia, as well as the Nuclear Threat Initiative.

150. He reminded Member States, however, that the fuel repatriation had been just one phase within a larger programme that aimed at fully decommissioning and dismantling a research reactor that had stopped operating 27 years before. Therefore Serbia, as a country in transition, continued to be in need of assistance and cooperation from its partners in further projects that would ultimately achieve a green Vinča.

151. Mr SOLTANIEH (Islamic Republic of Iran)* supported Jordan in calling for the inclusion of an item on Israeli nuclear capabilities in the agenda of the Board, as his country believed those capabilities posed a serious threat to the region and the wider world. He called on all those countries that had expressed their commitment to universalizing the NPT to prove their sincerity by putting pressure on Israel to join the NPT without further delay.

152. He reiterated his concerns regarding the use of cost-free experts within the Secretariat, especially those from the United States of America employed in the Department of Safeguards. In Iran's view, such use of cost-free experts contravened normal recruitment practice and infringed confidentiality. He understood that, since Iran and other countries had first expressed concerns related to such cost-free experts, their status had started to be changed to that of junior professional officers so that they could continue their activities. He requested the Director General to produce a report for the Board listing all cost-free experts, their nationality, their functions and their date of recruitment.

153. He drew attention to the recent attacks aimed at assassinating nuclear scientists in his country, which posed a threat to the promotion of international cooperation in the peaceful uses of nuclear

energy. Indeed, he considered them a form of nuclear terrorism and called on the Agency to take them into consideration as such in the future.

154. His country considered that the frequent sessions of the Board, four times per year, created a huge burden, in terms of both workload and financial resources, for the Secretariat and caused inconvenience for the majority of Member States, especially developing countries, which had difficulty in sending delegations so frequently. There was a lack of time between sessions for thorough study of issues by governments and the Secretariat, thus leading to political tensions and polarization of the Board. The experience of similar specialized agencies showed that efficiency and cooperation could be enhanced if meetings were held at more appropriate intervals. He therefore proposed that the Chairman begin consultations on reducing the number of Board sessions from four to three per year and report to the Board on the matter at its next meeting.

155. 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 be 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 authorize it to encourage States to accede to international treaties.

156. The 54th regular 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.

157. The CHAIRMAN noted that a number of senior members of the Secretariat staff would shortly be leaving their positions. Ms Nilsson had headed the Office of Nuclear Security since its inception in 2002 and as a result of her efforts the Agency's nuclear security programme had made a significant contribution to improving global nuclear security. Mr Eidet, as Director of the Division of Budget and Finance, had presided over the Agency's annual accounts and biennial budgets for a period of nearly nine years, a period that had included the major innovations of AIPS and IPSAS. Mr Ramamoorthy, who was leaving as Director of the Division of Physical and Chemical Sciences in the Department of Nuclear Sciences and Applications, had fostered cooperation and collaboration across the Agency in his seven years as the Director of three programmes in Major Programmes 1 and 2.

158. Finally, he thanked members of the Secretariat, the conference officers, the précis-writers and the interpreters for their work to facilitate the Board's meetings.

The meeting rose at 1.45 p.m.