



STATEMENT OF THE G77 AND CHINA DURING THE IAEA BOARD OF GOVERNORS MEETING, 2-3 DECEMBER 2010, DELIVERED BY H.E. MR. XOLISA MFUNDISO MABHONGO, PERMANENT REPRESENTATIVE OF SOUTH AFRICA

Agenda item 3: Technical Cooperation: Report of the Technical Assistance and Cooperation Committee (GOV/2010/69)

Vienna, 2 December 2010

Mr. Chairman,

The Group of 77 and China takes note of the report of the Technical Assistance and Cooperation Committee contained in document GOV/2010/69 for its meetings held on 29 and 30 December 2010.

The Group of 77 and China also wishes to express its appreciation to Ms. Ana María Cetto, DDG-TC for her commitment and service to the Agency and wish her all the best in her future endeavors. The Group also welcomes the appointment of Mr. Kwaku Aning as incoming DDG and assures him of the Group's full support and cooperation.

Thank you Mr. Chairman.

Agenda item 4: Medium Term Strategy - G77 and China

Vienna, 3 December 2010

Mr. Chairman,

1. On behalf of the Group of 77 and China, I wish to thank Ambassador Cornel Feruta, who has been ably assisted by Mr. Dan Neculaescu, from the Romanian Mission, for all his efforts at leading the discussions of this open-ended working group on the preparation of the Medium-Term Strategy for 2012-2017. They have demonstrated impartiality, fairness and openness, and we fully appreciate the professional manner in which they have conducted this exercise.

2. The Group reiterates that it attaches great importance to this exercise of preparing the MTS for the next three programme and budget cycles and reviewing the progress in implementing the current MTS, and had actively participated and articulated its concerns and expectations in the deliberations of the working group.

3. The Group notes with appreciation that a number of its inputs and concerns have been sufficiently addressed in the text and believes that it can be the basis of a compromise among all Member States. The document reflects an appropriate balance between the Agency's promotional and other activities. The Group further believes that it sufficiently outlines the priorities expressed by Member States and expects that it will provide adequate guidance to the Secretariat in designing programmes and undertaking its activities for the subsequent three programme and budget cycles.

4. The Group welcomes the broader emphasis placed on the enhancement of the Technical Cooperation Programme, particularly the devotion of a specific section thereto, and believes that this reflects its due importance as the main statutory vehicle of the Agency for transferring nuclear technology for socio-economic development. The Group notes with appreciation the central role accorded to the TCP as an essential vehicle for cooperation by facilitating free access to the peaceful uses of nuclear energy, the

transfer of nuclear technology and nuclear knowledge sharing. In the implementation of this strategy in the next cycle, it is important that the role of the Agency as a direct provider of technical assistance is affirmed, and does not wish to see any outsourcing or devolution of its functions to other organizations.

5. Considering the paramount importance attached by the Group to activities under Major Programs 1, 2 and 6, the Group is pleased at the focus on the Agency's role in assisting Member States in developing or expanding nuclear power programs and in promoting the advantages of nuclear technology and applications for addressing Member States' needs and priorities.

6. The Group notes with appreciation the emphasis placed on ensuring that the Agency will have sustainable in-house capacity in all relevant areas to fulfill its statutory responsibilities. The Agency should be fully capable of assisting its Member States in using nuclear science and technology for peaceful purposes, and should be accorded adequate financial and political support to enable it to respond to the requests of Member States.

7. Finally, with regard to Section F of the document, while the Group concurs that it is important for the Agency to constantly seek efficiency gains in management and ensuring more targeted prioritisation of activities, any cost-saving measure should not undermine the quality and delivery of the TC Program. The Group also requests the Secretariat to regularly report on the benefits being achieved in terms of budgetary savings and effectiveness of program delivery during the different stages of implementation of an enterprise resource planning system and ensuing use of International Public Sector Accounting Standards (IPSAS).

8. With these comments, the Group takes note of the Medium Term Strategy 2012-2017 to be used by the Secretariat as guidance for the formulation of the programme and budget proposals during the period.

Thank you, Mr. Chairman.

Agenda item 7: Assurance of Nuclear Fuel Supply - G77 and NAM

Vienna, 3 December 2010

Mr. Chairman,

I have the honor to speak on behalf of the Group of 77, the NAM also associates itself with this statement. On the issue of "assurance of supply", the Group of 77 would like to reiterate its views and concerns expressed in its statements during the June 2009, November 2009, March 2010 and June 2010 sessions of the Board on this matter which, inter alia, stated that there is a need to address thoroughly the associated technical, legal and economic aspects, as well as the underlying political dimensions of this issue, so that any proposal that emerges in this regard is in full accordance with the Statute and takes into account the respective legal obligations of Member States, and the principle of non-discrimination.

The multi-faceted aspects of "assurance of supply" and its various dimensions require a meticulous discussion in an open-ended format. These aspects, whose merit remain to be fully assessed, have a direct impact on the use of nuclear energy for peaceful purposes and should be subject to an in-depth consideration by the totality of the IAEA membership with a view to arriving at a consensus by its Policy Making Organs.

The G77 reiterates that 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 as clearly stipulated in the Statute, in particular the right to pursue national nuclear fuel capabilities, including enrichment.

The G77 reiterates that any further consideration of the issue of "assurance of supply" must be based on an agreement among the Agency's membership on a coherent and comprehensive conceptual framework

outlining the specific political, technical, economic and legal parameters that adequately addresses the views and concerns of all Member States, and apply to all the different proposals. This will help avoid any confrontation that would divide the membership of the Agency and the Board and hamper the credibility of the IAEA and its policy-making bodies.

Considering there are still many questions raised by the Group that have not yet received any satisfactory response, any proposal tabled at the Board on the "assurance of supply" should only be considered after extensive efforts have been made towards reaching a consensus.

While any Member State has the right to make any proposal or table any resolution, it should avoid polarizing or politicizing this international technical body. 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 decision of the Board which will have an impact on all Member States should take into consideration the interest of those States and should not merely be a donor-driven decision. Member States who make voluntary financial contributions to any proposal relating to "assurance of supply" should not have any influence on the decision-making process related thereto. Financial contributions made by non-governmental sources should be subject to close consultation with all Member States. In the event they are approved, this should not create circumstances of external influence on the work of the Agency as it would jeopardize its independence, credibility and integrity.

With regard to the specific proposal under consideration for the "Establishment of an IAEA Low Enriched Uranium Bank for the Supply of LEU to Member States, the Group wishes to raise the following points relating to some of its financial and technical aspects:

" While the proposal states that all costs relating to the bank would be funded exclusively through extra-budgetary resources, the Group requests for a full study on its long-term financial implications on the Agency's resources, including staff costs, should there be a shortfall in the voluntary extra-budgetary funds resulting in insufficient funds to maintain or operate the LEU bank in the future and the measures to ensure that such funding is sufficient, assured, predictable and unconditional.

" The Group would like to emphasize that fuel supply can only be assured provided there is an established mechanism to ensure fuel fabrication of 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 this proposal in order to ensure that all permutations of bilateral/multilateral transactions are fully understood and prepared for.

The Group would have preferred that a full discussion be carried out on the following aspects:

" The guarantee/assurance that delivery of the fuel to the requesting state would not be hampered by denials/delays of shipments as well as the liability for compensation in cases where the delivery is disrupted or delayed.

" The extent of budgetary implications for applying safeguards on the material stored in the bank.

" The extent of control that is exercised by the IAEA on the terms of agreement between the supplier state(s) and the host state(s) regarding the conditions of supply.

" Criteria for the selection of host state(s).

Finally, the G77 notes that consultations are still ongoing on the framework for conducting further discussions on the issue and reiterate that transparent and inclusive deliberations are required to formulate an acceptable framework for assurances of nuclear fuel supply. The G77 continue to believe that an open-ended working group is still the best forum for conducting such discussions, and requests the Chairman of the Board to continue his efforts at achieving consensus in this regard.

Thank you, Mr. Chairman.