



STATEMENT OF THE G-77 AND CHINA DURING THE IAEA BOARD OF GOVERNORS, 15-18 JUNE 2009, DELIVERED BY MS. MARÍA DE LOS MILAGROS DONNA RABALLO, CHARGÉ D'AFFAIRES, PERMANENT MISSION OF ARGENTINA

Agenda Item 2: The Annual Report for 2008

Madam Chair,

On behalf of the Group of G77 and China, allow me at the outset to reiterate our satisfaction in seeing you chairing this session of the Board and to reassure you of our full cooperation. The Group would like to thank the Director General and the Secretariat for preparing the draft of the Annual Report for 2008 as contained in document GOV/2009/23, which provides very useful information on the activities of the Agency and their results throughout the past year.

Nuclear Power, Fuel cycle and Nuclear Science,

Regarding the section on Nuclear Power, Fuel cycle and Nuclear Science, the Group notes with appreciation the work of the Agency in rendering engineering support for operation, maintenance and plant life management by compiling and disseminating information on technological advances, best practices and lessons learned from past experience. The group also notes the publication of nine reports in 2008 in these areas.

The Group further notes that more than 50 Member States are considering or planning to introduce nuclear power in their energy mix. To assist these MS, in 2008, Agency published "Evaluation of the Status of National Nuclear Infrastructure", which provides guidance for evaluating a country's infrastructure status based on "Milestones in the Development of a National Infrastructure for Nuclear Power". While welcoming the Agency's activities for providing assistance to these Member States, the Group would like to remind that such publications are only guidance documents and should not in anyway be made mandatory prerequisite for technical assistance.

The Group believes that the success of the nuclear renaissance would largely depend on the availability of a sufficient and skilled workforce in all stages of the nuclear fuel cycle. The Group, therefore, welcomes the publication of two new reports on training and human resource considerations for commissioning of nuclear power plants and decommissioning of nuclear facilities.

The Group appreciates the work of the Agency in the area of Nuclear Reactor Technology Development through coordinated research projects, workshops, training and publication of documents. The Group notes the importance given to the INPRO project on innovative technologies and approaches. The Group awaits the publication of the results of development of common user considerations, which INPRO completed in 2008, The Group notes that of 12 collaborative projects proposed by INPRO members in phase 2 of its activities, ten were operational in 2008. The Group encourages the Agency's continued efforts to seek innovation in nuclear power.

The Group welcomes the inclusion of activities like Nuclear Power Reactor Fuel Engineering, Spent Fuel Management, Integrated Nuclear Fuel Cycle Information System under Nuclear Fuel Cycle and Materials Technologies. The Group also welcomes the inclusion of activities under atomic and nuclear data, research reactors, accelerators, nuclear instrumentation and spectrometry and nuclear fusion and reiterates its support for these programmes.

Non-power Applications

Turning to the activities related to non-power nuclear applications, the Group attaches great importance to various activities in the field of food and agriculture, and recognizes the benefits obtained by Member States from the IAEA/FAO joint activities in the application of nuclear techniques in field of crop and livestock production systems, sustainable control of major insect pests, soil degradation and food quality and safety. The Group is encouraged by the guidelines developed by the Agency on Nitrogen Management in Agricultural Systems. The Group strongly supports the Agency's activities in the areas of Isotopic Techniques to Increase Crop Productivity, and Soil Conservation Techniques for Sustainable Agricultural Management.

The Group views that the Agency should continue to assist Member States in the attainment of the MDGs, including inter alia through the improvement of agricultural productivity and research on a variety of adaptation technologies, by utilizing all technological and scientific resources available within its capacity.

The Group notes with appreciation the Agency's activities in addressing the needs of Member States in the area of human health particularly with regard to capacity building and enhancement of technical capabilities in nutrition, nuclear medicine and diagnostic imaging and their associated quality assurance standards and procedures, as well as in cancer treatment. The Group highly commends the expansion of the Agency's collaboration with leading cancer organizations, and also with Member States' national cancer institutes and centers under the Programme of Action for Cancer Therapy (PACT). The Group takes note with satisfaction of the finalization of the agreement with WHO for a joint programme on Cancer Control. The Group is particularly heartened by the Agency's help in training over 70 health professionals from several developing countries. The Group commends the PACT Management Office for all its activities and fundraising efforts and encourages it to continue this noble endeavor.

The Group commends the Agency for its role in ongoing global water management efforts and in assessing the impact of climate change through its isotope hydrology initiatives, and appreciates the assistance it provides to Member States in their efforts towards incorporating isotope hydrology in their national water resource management programmes. The Group also notes with appreciation the publication of the Atlas of Isotope Hydrology - Asia and the Pacific, following the 2007 release of an atlas covering Africa that will be useful in making existing isotope data available to member states.

The Group recognizes the unique role that the Agency plays in assessing the impacts of climate change, in the management and assessment of marine and terrestrial environments, and in helping to establish safety and quality standards in seafood by using nuclear techniques. In this regard, the Group commends the Secretariat's efforts in conducting various Coordinated Research Projects (CRPs) and the implementation of technical cooperation activities in these areas in response to Member States' needs and requests.

With regard to the application of nuclear and radiation techniques in medicine and industry, the Group expresses its satisfaction with the Agency's support in the research and development of products such as radiopharmaceuticals for use in positron emission tomography (PET) and therapeutic radionuclide generators, and radiation-processed natural polymers for use in healthcare, agriculture, industry and the environment.

The Group also appreciates the Agency's support through the conduct of CRPs in the development of radionuclide generators to cater for the needs of Member States that do not possess radioisotope production facilities, and the enhancing of Member States' capacity and capabilities to solve specific technology problems in priority industrial sectors. In this context, the Group requests the Secretariat to undertake a detailed study on the possible frameworks that could strengthen national capabilities to ensure the availability of radioisotope supplies, including through the enhancement of the utilization of reactors in developing countries for isotope production.

In view of the crucial role that the Technical Cooperation Programme plays in upholding the promotional pillar of the Agency and in the implementation of technical cooperation activities in Member States for their sustainable socioeconomic development, the Group of 77 and China reiterates its calls for the strengthening of the promotional activities of the Agency including technical cooperation through the provision of adequate resources to cater for the growing needs of Member States.

Nuclear Safety and Security

With regard to the activities of the Agency in the area of nuclear safety and security, while noting that the primary responsibility of nuclear safety and security rests with the State, the Group attaches great importance to the issue of nuclear safety, which is an integral part of any nuclear programme. The Group has always supported the Agency's nuclear security activities, the overall goal of which is to assist Member States in improving their national nuclear security infrastructure. The Group reiterates that the nuclear safety and security considerations should not be used to hamper the utilization of nuclear technology for peaceful uses, especially in developing countries.

The Group maintains its view that the Agency plays a key role in supporting the increasing number of Member States, particularly developing countries interested in developing or using nuclear power as part of their national energy mix.

The Group is pleased to note in general that safety of civil nuclear programmes worldwide, including in developing countries, has remained at a high level.

The Group continues to reiterate the importance it attaches to nuclear safety and takes note of the Agency's efforts in supporting Member States in enhancing their capacities and regulatory infrastructure in this area. The Group would also like to commend the Agency for continuing its activities for the revision of the International Basic Safety Standards for Protection against Ionizing Radiation and for the Safety of Radiation Sources (BSS). In this regard, the Group would like to emphasize the Secretariat's role in assisting developing countries in using these safety standards upon their request. The Group looks forward to receive the revised version of BSS prior its envisaged publication in 2010.

In this connection, the Group also takes note of the Agency's assistance in organizing the fourth review meeting of the Contracting Parties to the Convention on Nuclear Safety, as well as the third review meeting of the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management in 2008 and 2009 respectively, to facilitate the peer review among Member States. These initiatives, including the revision of the International Basic Safety Standards for Protection against Ionizing Radiation for the Safety of Radiation Sources (BSS), reaffirm the importance of the Agency's safety requirements and guidelines.

The Group further notes that since 1958 more than 200 safety standards have been published as highlighted at the 50th anniversary of its safety standards celebrated in 2008. The Group once again reiterates that these standards are non-legally binding. However, the Group welcomes the Agency's assistance to Member States in assessing their safety and security needs upon their request, particularly in Africa in 2008, with a view to enhancing their capabilities to search for orphan radioactive sources. The Group also takes note of the meeting held in Vienna in May 2008 to review the non-legally binding Code of Conduct on the Safety and Security of Radioactive Sources.

Regarding the nuclear and radiological incident and emergency preparedness and response, the Group takes note of the results of the emergency exercise conducted in Mexico in July 2008 known as ConvEx-3. The Group believes that the lessons learned from the exercise will contribute to improve the systems that would be required in an actual emergency, so as to enhance the preparedness of the Agency and Member States.

With respect to the denials of shipments, the Group appreciates the organisation of workshops on denials of

shipments of radioactive material as part of the implementation of the Action Plan of the Steering Committee on Denials of Shipments of radioactive material. Furthermore, while it notes the establishment of a database in collaboration with the International Civil Aviation Organization (ICAO) and International Maritime Organization (IMO) with a view to understand the reasons of denials of shipments, the Group encourages the Agency to continue exploring ways and means to avoid the occurrence of such denials, which affect industry, health care, and the nuclear field in equal measure. In this context, the Group notes an initiative by the Agency in organizing a platform for experts from the importing and exporting States to exchange views on the implementation of the Import/ Export Guidance.

With regard to the radiation safety, the Group welcomes the development of a new information management system (IMSIMS), to assist Member States in improving radiation safety infrastructure. The Group shares the Agency's view that this information will assist Member States in identifying their needs and priorities in this field.

Regarding the radioactive material for medical uses, the Group welcomes the Agency's recent publications, focusing on new technologies, as well as training materials made available to health workers in this area. The Group further welcomes the Agency's guidelines and safety standards, as useful reference points to improve safety culture in nuclear activities. In this context, the Group encourages the Agency to continue its effort to assist Member States by providing comprehensive guidance on the radiation protection of patients.

The Group shares the view that confidence in the safety of radioactive waste management disposal arrangements are among the important factors contributing to the public acceptance of nuclear energy. In this regard, the Group notes the publication of the updated safety standards on classification of radioactive waste, which covers all types of radioactive waste. The Group also welcomes the launch of the international project on demonstrating the safety of geological disposal (GEOSAF) in 2008.

I thank you Madam Chair.

Agenda item 3: Strengthening of the Agency's Technical Cooperation Activities

Madam Chair,

The Group of 77 and China wishes to thank Deputy Director General Ms. Ana Maria Cetto for her introductory statement and the staff of the Technical Cooperation Department for preparing the relevant documents and for the briefings on this subject.

The Group wishes to reiterate the paramount importance of the Technical Cooperation Programme (TCP) of the Agency. As the main statutory vehicle of the Agency for transferring nuclear technology, it plays a key role in the promotion of nuclear technology for sustainable socioeconomic progress in developing countries and contributes towards the attainment of the Millennium Development Goals.

The Group takes note of the theme of this year's TC Report and concurs with the notion of TC being a shared responsibility by all stakeholders. The Group also recognizes that the combined contributions of Member States and the Secretariat are crucial for the planning and successful implementation of the TCP, which is essentially based on the needs and evolving priorities of the recipient Member States.

While the Group considers the Country Programme Framework (CPF) as one of the programming tools that could be employed in planning the TCP, it reiterates that the CPF is a non-binding document and shall not be the definitive reference to screen Member States TC projects or to prevent them from participating in TC activities. The 5-year validity of the CPF also means that it is a static document that will not be able to capture the evolving needs and change in priorities of Member States from developing countries over that period. Since Member States require sufficient time and adequate attention to draw up their individual country's development plans, the Group therefore does not accept the imposition of artificial deadlines for

the submission of CPFs.

The Group wishes to highlight that the planning of the TCP, its implementation, monitoring and evaluation involve close cooperation between the Member States and the Secretariat. The Programme Management Officer (PMO), who is the direct interface between the Agency and the Member State, acts as the Agency's resident expert on a Member State's needs, interests and priorities. In view of the specialized nature of the work of the Agency, this close interfacing between the PMO, who is the contact point for the overall management of a Member States' TCP, and Member State's counterpart, usually the National Liaison Officer (NLO), cannot be delegated to UN resident representatives. The joint responsibility of the PMO and the Member State's counterpart is to carefully design projects based on the Central Criterion and developmental strategies of the Member States concerned, using the IT-based Programme Cycle Management Framework (PCMF). In this regard, the Group looks forward to the enhancement of this IT-platform, particularly by making it a more user-friendly tool, and reiterates the need to provide appropriate training to Member States in its subsequent phases of implementation.

The Group continues to stress on the vital role of the National Liaison Officers in TC project implementation, while keeping in mind the responsibilities of respective Member States in the designation of the NLOs. In this context, the strengthening of the NLO's management capabilities and the capacity of the NLO office, together with the strengthening of the role of the PMO would be essential to enhance country programme delivery.

The Group remains concerned that the resources for the TCP are still not sufficient, assured and predictable (SAP) to meet the objectives mandated in Article II of the Statute as called for in several GC resolutions. The Group also calls for adequate funding for MP6 to ensure successful programme delivery.

The Group welcomes the success of the TC activities within the different regions and thanks the Secretariat for its role in providing support and assistance. In this regard, the Group also looks forward to an increase in nuclear energy activities in the current cycle in tandem with Member States' growing interest in the nuclear power option in their energy mix, along with sustained focus on the areas of health, applications of nuclear technology in food and agriculture, environment, water resources and industry, as well as in nuclear knowledge management.

With regard to the developmental impact of the TCP, the Group welcomes the assessment of the OECD that 100% of the TCP is contributing to development. This underscores the Group's long-standing position that recognizes the TCP as fulfilling the Agency's mandatory role in promoting peaceful nuclear technology by responding to Member States' requests to address their developmental needs and priorities.

The Group deems it necessary for the Agency to maintain an adequate balance between its promotional activities, which constitute the Technical Cooperation Programme, and its other statutory activities. The Group stresses the need to strengthen Technical Cooperation activities and continuously enhance the effectiveness and efficiency of the TCP in accordance with the requests and needs of Member States. The Group equally emphasizes that all measures taken and policies adopted in this regard should preserve and enhance the ownership of TC projects by developing countries.

The Group would like to reiterate its concern over the significant loss in buying power of the TCF due to the exchange rate fluctuations. In this regard, the Group believes that the TCF should be protected against such losses by suitable measures, and encourages the Secretariat to continue to implement the relevant measures approved by the Board of Governors.

The Group would like to commend the staff of the TC Department, who in spite of increasing workload conditions, managed to achieve an implementation rate of 72.9% for 2008. The Group however, wishes to see the calculation of this rate be based on the TC-approved core programme for the year under assessment, which would give a better indication of actual programme delivery. The Group would like to highlight that

the assessment of the implementation level should also take into account various factors. While expressing its appreciation to the staff of the TC Department for their efforts in trying to achieve efficient programme delivery despite resource constraints, the Group calls on the Secretariat to help overcome the long-standing obstacles such as delays and denials for procurement as well as the continuing problems with travel and visa restrictions imposed by a number of countries that are affecting the implementation of the TCP.

As reflected in the Report, in the case of the Asia-Pacific region, several incidences that were beyond the control of Member States and the Agency have hampered programme delivery in 2008, among them the major natural disasters and the unfavorable security/political situations in several countries in the region. Had it not been for these events, the volume of delivery and financial implementation would have been higher, following the trend of the preceding years.

The Group reiterates its call for adequate resources to alleviate the increasing burden faced by the TC Department due to activities for fuel repatriation well as core conversion from HEU to LEU. The Group reiterates its position that such activities are not promotional activities. The Group therefore believes that the cost of the management of such projects, including staff support costs, should be fully financed through the Nuclear Security Fund and other extrabudgetary resources.

Thank you Madam Chair.

Agenda item 4: Report of the Programme and Budget Committee

Madam Chair,

The Group highly appreciates the efforts of Ambassador Feruta the Permanent Representative of Romania Vice Chairman of the Board of Governors in attempting to achieve consensus on the 2010-2011 Programme and Budget.

The Group notes that the Vice Chairman's proposal for 2010-2011 Programme and Budget indicates many decreases and alternative financing methods for the Major Capital Investments, as well as some savings and austerity measures, in addition to plans to achieve further progress in the discussions with the government of the host country.

The Group is of the view that savings should not compromise the ability of the Agency to implement its programmatic promotional activities. In this context, the Group is concerned that increasing the lapse factor to achieve savings could have negative impacts on the implementation of some promotional activities.

The Group still finds that the suggested increases for MP3 with a view to regularizing the funding of the management of nuclear security activities, which is presently being financed through the Nuclear Security Fund, are quite problematic and difficult to accept. The Group is satisfied with the manner in which the Nuclear Security Plan is being implemented through the Nuclear Security Fund, which relies on extrabudgetary funds.

Furthermore, the Group is disappointed that Major Programmes 1, 2 and 6 have been subject to decreases in a manner that could jeopardize the ability of the Agency to implement its main statutory mandate to promote the peaceful uses of nuclear science and technology.

Finally, the Group stresses that the final decision on the adoption of the budget should reflect an understanding on the launching of consultations with the aim of revisiting the shielding mechanism, as well as an agreement to increase the resources of the TCF in the future cycles in manner that matches the increases in the regular budget.

For example, as far as TCF is concerned, an agreement can be reached to the effect that, as from 2012, the

TCF will, as a minimum, increase by the average of the overall increase in the regular budget and the zero real growth figures, but this increase will not be less than the figure determined for price adjustment for the budget as a whole. Such an increase would be valid for a period of two years, where after it will be adjusted again in accordance with this formula.

Thank you Madam Chair.

Agenda Item 6: Assurance of Supply

Madam Chair,

Regarding the issue of Assurance of Supply, on which documents GOV/2009/30, 31 and 32 are presented, the Group has always stated that there is a need for caution while addressing thoroughly the associated technical, legal and economic aspects, as well as the underlying political dimensions of this issue. So that any proposal that eventually 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. Therefore, the Group is of the view that no decision or recommendation can be made regarding this issue at this stage. However, the Group would like to put on record the following preliminary ideas and concerns.

The Group 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, in particular given its relevance for the sustainable socio-economic uplift of developing nations. The Group, in principle, reiterates its strong rejection of any attempts aimed to discourage the pursuit of any peaceful nuclear technology on the grounds of its alleged "sensitivity".

The Group is of the view that any proposal for the assurance of supply should not be designed in a way that discourages States from developing or expanding their capabilities in the area of the nuclear fuel cycle, nor to hamper research and development and international cooperation in the field of peaceful nuclear activities. The Group reiterates that it is the sovereign right of all States without discrimination to develop or expand their capabilities in the field of peaceful nuclear activities including the nuclear fuel cycle.

The Agency should not lose its main focus on promoting the peaceful uses of nuclear science and technology, including national fuel cycle capabilities, through national capacity building and transfer of technology. Any proposal which may contain any element that is not in full accordance with the IAEA Statute cannot be acceptable to the Group.

Furthermore, from a technical point of view, none of the proposals provide a proper assurance of supply of nuclear fuel. Rather they merely create a backup mechanism to provide LEU when the supply of fuel is disrupted for political reasons. However, having guaranteed access to LEU will not help the recipient states because they require a supply of nuclear fuel assemblies to load into their power reactors. In practical terms, this would mean that it will be impossible on a short notice to supply nuclear fuel where required through the proposed backup mechanisms, especially if the receiving State does not possess fuel fabrication plants. Another difficulty of a legal nature derives from the fact that fuel assemblies and their fabrication methods normally are proprietary technology belonging to the reactor manufacturer.

The proposals do not address the supply of natural uranium which fuels a large number of reactors world over. The Group believes that it is important to address this issue in order to dispel perceptions that the real aim of these proposals is to restrict and discourage States from developing or expanding their national enrichment capabilities on the ground of their alleged "sensitivity" instead of providing a technically viable assurance of supply of nuclear fuel.

The reliability of the triggering mechanism under the proposals also needs further reflection. The State that disrupts supplies can easily claim that any disruption was due to technical or commercial considerations,

thereby blocking the possibility to resort to the suggested mechanisms within the framework of the Agency. Furthermore, there can be no real guarantee that a State that has interrupted the commercial supply of fuel will not attempt to block the triggering of backup mechanisms within the Agency.

As far as the financial implications are concerned, the proposal to establish an Agency LEU Bank will surely entail significant financial burdens both for its associated initial establishment and for its maintenance and operation. Unless the political considerations as well as the technical and practical limitations stated above are sufficiently addressed, such a mechanism and its related funding, even if totally dependent on extrabudgetary resources, will divert high level attention while having very little added value to the Member States.

In this connection, the Group recognizes that the unilateral proposal put forward by the Russian Federation might entail less financial burdens as far as the Agency is concerned. However, the costs related to the conclusion and the implementation of the relevant agreements should be carefully assessed against the background of the actual reliability of the assurance provided for in this proposal.

Regarding the eligibility criteria, the above mentioned documents are not in conformity with the Statute or the legal obligations of Member States. For example, they make access to the backup mechanisms conditional upon a Member State being one "with respect to which ... no specific report relating to safeguards implementation ... is under consideration by the Board of Governors". The Group is of the view that this is not an acceptable or credible eligibility criteria. For example, there have been cases where specific safeguards reports were issued in response to allegations, and other cases where these reports contained requests for Member States to take measures that exceed their legal obligations. The Group believes that these reports cannot form the basis for an eligibility criteria.

The Group stresses that any further consideration of the issue of assurances of supply of nuclear fuel must be based on a coherent and comprehensive conceptual framework that adequately addresses the views and concerns of all Member States.

In light of the above, regarding the recommended action in document GOV/2009/30, the Group does not consider that the document presents a coherent and comprehensive conceptual framework that can form a basis for a more detailed proposal for an IAEA LEU bank to be brought forward for the Board's consideration. The Group maintains its view that the various technical, economic, legal, and political considerations need to be properly addressed in a transparent and open-ended manner.

The Group also stresses the importance of strict adherence by the Secretariat to the Rules Regarding the Acceptance of Voluntary Contributions as approved by the General Conference on 21 September 2001. Given the above-mentioned considerations, the Group finds it premature to authorize the Agency to accept any financial pledges directed to finance the proposed LEU bank. The Group underscores that the mere availability of extrabudgetary resources does not in itself justify rushing the Secretariat into engaging in new activities unless duly approved.

Furthermore, regarding the recommended action in document GOV/2009/31, the Group does not consider that the document contains a comprehensive conceptual framework that can form a basis for developing the draft model agreements that could be approved by the Board on this proposal.

On document GOV/2009/32 regarding the Proposal of Germany, the Group stresses that an intergovernmental organization such as the IAEA should not administer a commercial company for the supply of nuclear fuel or enrichment services.

Based on the above views and concerns, the Group reiterates that no decision or recommendation can be made regarding this issue at this stage. The Group is not in a position to endorse any of the proposals contained in the above mentioned documents.

Finally, the Group recommends that, subject to the provisions of the Statute, any decision regarding the implementation of these proposals be taken by consensus by the General Conference, to take into account the views and concerns of all Member States.

Thank you, Madam Chair.