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CONFERENCE OF NON-NUCLEAR WEAPON STATES
IMPLEMENTATION OF THE RESULTS OF THE CONFERENCE

Report of the Secretary-General

Addendum

In connexion with the preparation of the report of the Secretary-General on the implementation of the results of the Conference of Non-Nuclear-Weapon States, the Acting Director-General of the International Atomic Energy Agency submitted to the Secretary-General a progress report on the action taken by the Agency in connexion with the recommendations contained in certain resolutions adopted by the Conference. The progress report of IAEA was reproduced as an annex to the report of the Secretary-General (A/7677).

The General Conference of IAEA, at its thirteenth session held in Vienna in September 1969, also considered some questions which were related to the resolutions adopted by the Conference of Non-Nuclear-Weapon States. In conformity with the request of the General Conference, the Director-General of IAEA transmitted to the Secretary-General three resolutions adopted by the Conference in this relation, together with some documents and the records of the relevant proceedings of the Conference. These materials are reproduced herewith.

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I. LETTER DATED 14 OCTOBER 1969 FROM THE DIRECTOR GENERAL
OF THE INTERNATIONAL ATOMIC ENERGY AGENCY TO THE
SECRETARY-GENERAL

Please refer to the Acting Director General's letter of 17 July 1969, by which he forwarded to you a progress report pursuant to General Assembly resolution 2456 A (XXIII), on the action taken by the International Atomic Energy Agency in connexion with the recommendations contained in certain resolutions adopted by the Conference of Non-Nuclear-Weapon States.

While the action taken by the General Conference at its recent session will be described in the supplement to the Agency's annual report to the General Assembly, I wish to bring to your attention at this time three unanimous decisions of the Conference on matters which were also of concern to the Conference of Non-Nuclear-Weapon States.

The first relates to a fund of special fissionable materials. After considering this question, the General Conference requested me to transmit to you, for communication to the General Assembly, a memorandum by the Board of Governors (GC/XIII)/409; two notes (GC(XIII)/419 and GC(XIII)/419/Add.1) containing replies received from France, the Union of Soviet Socialist Republics, the United Kingdom and the United States of America to enquiries I had made concerning the supply of enriched uranium through the Agency; and the records of the relevant proceedings of the Conference.

I therefore have pleasure in enclosing herein the three documents referred to above together with relevant extracts from the provisional summary records of the plenary meetings of the Conference and of the Administrative and Legal Committee which gave initial consideration to the item.

I also enclose the texts of the resolutions (GC(XIII)/RES/256 and GC(XIII)/RES/261) dealing respectively with the financing of nuclear projects and the review of article VI of the Statute concerning the composition of the Board of Governors.

I am writing a separate letter to you concerning the decision of the General Conference regarding the Agency's responsibility to provide services in connexion with nuclear explosions for peaceful purposes.

(Signed) Sigvard Eklund
Director General

II. FUND OF SPECIAL FISSIONABLE MATERIALS

(1) Memorandum by the Board of Governors

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I. PURPOSE OF THIS MEMORANDUM

1. The purpose of this memorandum is to provide the General Conference with a background paper for its discussion of the request made by the Conference of Non-Nuclear-Weapon States in September 1968 that it consider "the establishment of a fund of special fissionable materials for the benefit of non-nuclear-weapon States and in particular of developing countries" [1]. The information presented relates largely to the international transfer of enriched uranium, since the need for transfers of plutonium except in small quantities for research purposes has not yet developed.

II. INTERNATIONAL TRANSFER OF SPECIAL FISSIONABLE MATERIALS

2. Four Member States - France, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America - have plants for enriching uranium. All transfers are arranged through governmental channels, either directly between the exporting and importing States, or through the Agency, acting as an intermediary between the two States concerned.

III. INTERNATIONAL TRANSFER THROUGH THE AGENCY

The Agency's supply function

3. The Agency's function in the supply of nuclear materials was a matter of very great interest when the Statute was being drafted 13 years ago. Evidence of this is the fact that seven of the Statute's 23 articles deal partly or exclusively with this function. The most important is Article IX (Supplying of materials); the other main ones are Articles XI (Agency projects), XII (Agency safeguards) and XIII (Reimbursement of members).

4. Under Article IX, Members may make special fissionable materials available to the Agency and the Agency may receive and allocate them to other Members. The Agency may take and maintain physical possession of these materials, but in practice no material has been physically handed over to it. In all the international transfers in which it has participated, the Agency has acted as an unpaid intermediary between one Member State and another.

Availability of materials through the Agency

5. In 1957 the Soviet Union, the United Kingdom and the United States offered under Article IX.A of the Statute to make special fissionable material available to the Agency in the form of uranium-235 contained in enriched uranium. Later the United States also offered small quantities of uranium-233 and plutonium. The quantities offered were as follows:

[1] See United Nations document A/7277, Resolution J.II, para. 1 on page 14.

Member	Material	Quantity (kg)
Soviet Union	^{235}U contained in enriched uranium	50
United Kingdom	^{235}U contained in enriched uranium	20
United States	^{235}U contained in enriched uranium	5070
	^{233}U	0.5
	^{239}Pu	3.0

6. In order to determine the terms and conditions for the international transfer through the Agency of the uranium-235 thus offered, the Agency entered into a general supply agreement with each of the three Governments on 11 May 1959 [2]. Each Government offered to make the uranium available in any enrichment up to 20%, but both the United Kingdom and the United States agreements further provide that the "parties may agree to a higher enrichment with respect to uranium to be used in research reactors, material testing reactors or for research purposes".

7. The provisions in the agreements regarding prices are as follows:

- (a) Soviet Union: "The Government undertakes to base prices on a scale of charges corresponding to the lowest international prices in effect at the time of delivery for enriched uranium hexafluoride and for uranium compounds according to the percentage content of uranium-235";
- (b) United Kingdom: "The material shall be supplied at a price and on conditions which are not less favourable than the most favourable price and conditions which the United Kingdom Atomic Energy Authority are offering or are prepared to offer, at the date of the contract in question, to any other customer outside the United Kingdom for the supply of similar material"; and
- (c) United States: "The United States undertakes to make special nuclear material available to the Agency at the United States Atomic Energy Commission's published charges applicable to the domestic United States distribution of such material in effect at the time"

8. The duration of the agreements differs. That with the Soviet Union "shall cease to have effect one year after the day of its denunciation by the Agency or the Government"; that with the United Kingdom will remain in force "until the end of any calendar year after 1960 in which notice of the withdrawal of the offer [of enriched uranium] has been given"; and the agreement with the United States was concluded for a period of twenty years, which will end on 10 May 1979.

[2] The texts of the agreements are reproduced in document INFCIRC/5.

9. It is to be noted that under the general supply agreements the three Members in question have undertaken to make materials available to the Agency on request. Further steps have to be taken to enable the Agency to supply the materials to other Members.

10. It is to be noted further that the United States Atomic Energy Commission is able, under the Atomic Energy Act of 1954, to donate to the Agency every year up to US \$50 000 worth of special fissionable materials to assist and encourage research on peaceful uses of atomic energy or for medical purposes. The United States has made these free gifts every year since 1960 and they now total \$500 000 in value. The materials in question are not available for power reactors and have been used mainly for fuel for research reactors, in plutonium-beryllium neutron sources and in fission counters for research projects. Small quantities have also been given for such research purposes as the determination of nuclear data. The charges for the fabrication of the material into the desired form and its transport to the place of use are paid by the recipient Government.

Supply of materials through the Agency

11. The procedures which the Agency must follow in supplying special fissionable materials are outlined in Article XI of the Statute. Any Member or group of Members desiring to set up a project for a peaceful use of nuclear energy may request the Agency's assistance in securing such materials; such a request must be accompanied by an explanation of the project and must be considered by the Board of Governors. Article XI. E lists certain matters to which the Board must give consideration before approving the project and the supply of the material; one of these matters is "the special needs of the under-developed areas of the world" (Article XI. E. 6).

12. As the Agency does not keep its own stocks of materials, a supplier of the material has to be selected. In choosing the supplier, the wishes of the requesting Government are taken into consideration in accordance with Article XI.C of the Statute. If the requesting Government does not express a preference, enquiries are addressed to Members likely to have the material available. Most major requests have involved fuel for a particular reactor, and the type of fuel element required was therefore determined by that reactor's design. However, the country supplying the material and the country where it is processed into the required chemical and physical form need not necessarily be the same, and there have been a few cases of what may be termed "third country fuel services".

13. Before material can be supplied, two agreements have to be concluded. One of these is known as a Project Agreement, to which the recipient Government and the Agency are parties; it is required by Article XI. F of the Statute, where most of the points to be covered are set forth. One of them is that "the project shall be subject to the safeguards provided for in Article XII, the relevant safeguards being specified in the agreement". Safeguards are usually required in connection with reactor projects, whereas the quantities of materials supplied for research projects are usually well below those that can be exempted from safeguards. The main provisions of Project Agreements are standardized being varied only to meet particular circumstances.

14. The other agreement is known as a Supply Agreement, in which the exact type and quantity of material to be supplied, as well as the terms and conditions of supply, are specified. The supplying Government and the Agency must clearly be party to a Supply Agreement; on grounds of convenience the recipient Government becomes party as well.

15. The terms and conditions of supply to the recipient Government, including the price of the material, are normally the same as those offered by the supplying Government. The Agency's intermediary services are thus provided free of charge. In exceptional cases, the material itself has been provided free of charge; occasionally, also, small quantities for research have been lent to the requesting Government.

16. By June 1969 some 65 transfers of special fissionable materials had taken place through the Agency. The supplying Governments were those of France, the Soviet Union, the United Kingdom and the United States; the 15 recipients were Argentina, Austria, the Democratic Republic of the Congo, Finland, Greece, Iran, Mexico, Norway, Pakistan, Philippines, Romania, Spain, Uruguay, Viet-Nam and Yugoslavia. These transfers, about half of which were made as gifts, totalled approximately 54.5 kg of uranium-235 and 811 g of plutonium; with the exception of 1.7 kg of uranium-235 for a natural uranium power reactor in Pakistan, all the materials so transferred were for research reactor fuel or for other research purposes. [3]

IV. INCENTIVES FOR TRANSFER THROUGH THE AGENCY

17. At present two incentives to transfers through the Agency can be definitely identified. One is the cost-free nature of the materials annually made available by the United States; [4] the other is that the transfer arrangements that the Agency is in a position to make offer to some Member States opportunities of obtaining special fissionable materials which would not otherwise be open to them.

18. Nevertheless, the use made of the materials offered to the Agency more than ten years ago has not been very great, and more than 5000 kg of the uranium-235 still remains available. [5] This situation has led to an examination of the prevailing differences in the arrangements that can be made for supply bilaterally and through the Agency, four of the more important of which are the following:

- (a) Duration of supply arrangements. The Agency has up to now only undertaken to supply enriched uranium for one reactor core loading at a time, and most of the process leading up to the conclusion of the new agreements needed for a subsequent supply has had to be repeated each time. The potential delays inherent in this procedure could be very expensive in the case of power reactors. Under bilateral agreements, however, supply arrangements normally cover longer periods; one supplier, for example, is prepared to guarantee fuel supplies for the lifetime of nuclear power stations (up to 30 years). The possibility that such longer-term supply arrangements could be negotiated through the Agency is therefore well worth exploring. It is to be noted also that the total quantity of enriched uranium at present available to the Agency is insufficient to fuel one large light-water power reactor for a period of more than 10-15 years (which is only about half its lifetime), even if complete recycling of the plutonium produced is also taken into consideration;
- (b) Supply in advance of immediate needs. One supplier is ready to accept orders on a bilateral basis for advance delivery of enriched uranium and enrichment services covering estimated requirements for five years, and is prepared, on request, to consider even longer periods. This enables the user to protect himself against possible interruptions in supply and avoid the risk of having to shut down his power station on account of a fuel shortage. It should be possible for such supply arrangements to be made through the Agency also;

[3] A summary statement of transfers made through the Agency is to be found in the latest revision of document INFCIRC/40.

[4] See para. 10 above.

[5] See paras 5 and 16 above.

- (c) Toll enrichment. With this method of supply a user of enriched uranium provides natural uranium and pays a fee for its enrichment by a supplier of enriched uranium. The Agency cannot yet act as an intermediary in arranging for toll enrichment; and
- (d) Third country fuel services. [6] At present it is difficult for the Agency to arrange for fuel services (such as fabrication, reprocessing or blending) elsewhere than in the country of the supplier. On the other hand one supplier is today prepared to enter into arrangements for bilateral supply involving third country fuel services whenever a potential recipient so requests. It would appear desirable for the Agency to take steps to enable it to meet such requests as a matter of routine.

19. It will be apparent that there is a connection between the fact that ten years have passed since the Agency concluded its general supply agreements with the Soviet Union, the United Kingdom and the United States, and that in the meantime these major suppliers of special fissionable materials, particularly the United States, have developed and liberalized their bilateral supply policies. It would be desirable for these changes to be reflected in the Agency's general supply agreements, and to that end the major suppliers have been asked by the Secretariat whether they would henceforth be prepared to supply enriched uranium through the Agency on the same general conditions as those applying to bilateral supply. The Governments concerned have also been asked whether they would be prepared to increase the amount of enriched uranium that they will make available for supply through the Agency. The replies to these inquiries will have a bearing on the General Conference's consideration of the request made by the Conference of Non-Nuclear-Weapon States, and the Board of Governors has therefore asked the Director General to bring to the notice of the General Conference such developments as may occur before it comes to discuss the matter.

[6] See para. 12 above.

(2) Note by the Director-General attaching letters received from the Governor from France, the Resident Representative of the United States of America, the Governor from the Union of Soviet Socialist Republics and the Governor from the United Kingdom of Great Britain and Northern Ireland

1. At the end of the background paper which the Board of Governors has provided for the General Conference's discussion of a fund of special fissionable materials, a/ the Board has referred to inquiries that were sent earlier this year to the major suppliers of such materials, indicating that the Director-General would bring to the Conference's notice such replies as he received to those inquiries.

2. By noon on 23 September two such replies had been received and are reproduced below.

Text of a letter received from the Governor from France

"AIEA 69/226 MPL/jm

"26 June 1969

"In your letter of 16 May 1969, you asked me to inform you if the French Government would be prepared to supply special fissionable materials on a commercial basis and furthermore to make such materials available for the Agency's special fund.

"Document GOV/1348 of 4 June 1969 b/ clearly indicates that this fund is amply stocked at present, especially in view of the rate at which fissionable materials have been used since its inception. In the circumstances, it would appear that the fund will be able to meet the foreseeable needs of Member States for a long time to come.

"Nevertheless, as you know, the French Government has always given the closest consideration to all possible ways of helping the Agency, and I can assure you that the same attention will be accorded to any request which cannot be met from the Agency's fund of special fissionable materials."

Text of a letter received from the Resident Representative of the United States of America to the Agency

"12 August 1969

"I am writing in response to your letter dated 13 May 1969 concerning the availability of special fissionable materials through the IAEA and inquiring about the supply of such materials by the United States. Specifically, you inquired about the possibility of additional United States contributions of materials being made to the existing special fissionable materials fund and whether all terms and conditions applicable to bilateral transactions also apply to materials supplied through the Agency.

a/ GC(XIII)/409, para. 19.

b/ This document is for restricted distribution.

"At the outset, I should like to say that I believe the record of the United States in providing fissionable materials, notably enriched uranium, to other countries under attractive conditions for use in peaceful nuclear projects is widely known. As you noted in your letter, the United States has already allocated, pursuant to the United States-IAEA Agreement for Co-operation (which entered into force 7 August 1959) c/ 5,070 kilograms of uranium-235, of which only approximately 50 kilograms has been used thus far, principally for fueling research reactors and for other research purposes. Of the three kilograms of plutonium and 0.5 kilograms of uranium-233 allocated for Agency activities by the United States, 1.3 kilograms of plutonium and 0.5 grams of uranium-233 have been used.

"All of the materials supplied through the Agency have been subject to the same terms and conditions as are applicable to materials which are transferred bilaterally for similar purposes. However, a major advantage associated with materials supplied through the Agency has been the \$50,000 gift of materials, now totalling in the aggregate \$500,000, which the United States Atomic Energy Commission has made annually to the Agency since 1959 to assist and encourage research on peaceful uses or for medical therapy. Fourteen member States of the Agency have thus far received gifts of material in accordance with this offer.

"You also noted in your letter that United States' supply policy now provides for the possibility of (a) long-term supply up to 30 years, (b) toll-enrichment, and (c) supply of enriched uranium inventory up to five years in advance of actual needs, and that these provisions are not reflected in our current agreement for co-operation. While these more recent terms and conditions are not as yet reflected in our agreement with the Agency, it should be noted that they are primarily relevant to special fissionable materials for use in power reactors. To our knowledge, no requests for fueling such reactors have as yet been made to the Agency, nor has the Agreement for Co-operation been a limiting factor in the use of the Agency as an intermediary for fueling power reactors. It is the normal preference of my Government to include the most current terms and conditions in agreements in response to proposals related to specific power projects, in view of varying needs of individual countries for fuel quantities and supply arrangements and of the need for my Government to maintain a realistic allocation of its capacity for the production of enriched uranium. My Government is fully prepared to consider requests for special fissionable materials through the Agency for power reactor projects under the same terms and conditions that are applicable to the supply of materials bilaterally.

"In summary, based on requests received thus far by the Agency for special fissionable materials, all of which have been for research reactors or research purposes, the quantity of materials that the US has thus far committed to the Agency would appear to be more than adequate, although as stated above the US is fully prepared to consider requests for material for specific power reactor projects. The US has supplied, and will continue to supply, materials through the Agency on the same terms and conditions as materials that are supplied on a bilateral basis for similar purposes."

c/ Reproduced in document INFCIRC/5, part III.

Text of a letter received from the Governor from the Union of Soviet Socialist Republics

"513

"25 September 1969

"I am writing in connexion with your letter of 10 March concerning possible terms for the enrichment of nuclear fuel and also in reply to your letter of 13 May regarding terms for the supply of fissionable material to Member States.

"As you know, the fund of special fissionable materials was set up as a result of agreements concluded between the Agency and a number of Member States. The Government of the Union of Soviet Socialist Republics in particular concluded an Agreement with the Agency, dated 11 May 1959, under which it has made available to the Agency a certain amount of uranium-235 'as a first step towards the fulfilment of Article IX of the Statute of the International Atomic Energy Agency'. As you are aware, this fund of fissionable materials has so far sufficed to meet requests submitted by Member States. During the ten years of the fund's existence there have been no less than sixty-five transfers of fissionable material to Member States and yet, according to information provided by the Secretariat, the fund is still largely unused. Accordingly, we take it that there is no need at present to increase the fund of special fissionable material held by the Agency.

"With regard to the terms governing the supply of fissionable material from this fund, we wish to recall that in Article 3 of the Agreement between the Government of the USSR and the IAEA (document INFCIRC/5) it is stated that 'The Government undertakes to base prices on a scale of charges corresponding to the lowest international prices in effect at the time of delivery for enriched uranium hexafluoride and for uranium compounds according to their percentage content of uranium-235'.

"One important means of providing Member States with fissionable materials, particularly for nuclear power generation, is the enrichment of nuclear materials to the concentrations necessary for their use as nuclear fuel.

"At the twelfth regular session of the Agency's General Conference, the delegation of the USSR stated that 'as part of the effort to promote still further the development of the peaceful uses of atomic energy in the developing countries, especially the generation of nuclear power for the purpose of improving the economic welfare and prosperity of the people of these countries,... the Soviet Union was prepared to enrich natural uranium for interested non-nuclear countries up to 2.5-5 per cent in uranium-235, i.e. to the level of enrichment required for nuclear power stations'.

"In confirming this statement I have the honour to inform you that in view of the interest expressed by a number of non-nuclear States, the appropriate organizations in the USSR have formulated conditions for natural uranium enrichment in the USSR on behalf of non-nuclear States Parties to the Non-Proliferation Treaty ... [see document reproduced below]. It is envisaged that such uranium enrichment operations will be carried out by the Soviet Union either on a bilateral basis or through the IAEA."

"TERMS GOVERNING NATURAL URANIUM ENRICHMENT (TO 2.5-5 PER CENT IN URANIUM-235) IN THE UNION OF SOVIET SOCIALIST REPUBLICS ON BEHALF OF FOREIGN STATES

"Natural uranium reprocessing and enrichment services will be provided by the Soviet Union on the basis of world market conditions.

"All commercial questions relating to the enrichment in the Soviet Union of the natural uranium of foreign customers will be dealt with by the All-Union Export-Import Office 'Tekhsnabeksprom' (Moscow G-200 Smolenskaya-Sennaya ploshchad 32/34; telephone 244-32-85; cable 'Tekhsnabeksprom', Moscow).

"It is envisaged that uranium reprocessing and enrichment services will be provided on the following basis.

"The initial material accepted from the customer for reprocessing and enrichment must be a natural uranium in the form of a chemical concentrate with a uranium content of at least 50 per cent or in the former of a higher or lower uranium oxide with a uranium content of at least 81 per cent.

"'Tekhsnabeksprom' will produce from the initial material and supply to the customer uranium hexafluoride enriched to 5 wt per cent in uranium-235.

"The initial material must be delivered CIF Soviet port or FCR Soviet frontier station and shall not be subject to payment.

"The enriched uranium will be delivered FOB Soviet port or FCR Soviet frontier station in accordance with scales of charges for uranium reprocessing and enrichment services which are agreed between 'Tekhsnabeksprom' and the foreign customers and correspond to world prices.

"The method of taking and analysing samples of the initial material and the enriched uranium will be subject to agreement.

"The customer will be entitled to receive free of charge the 'tails' in the form of uranium hexafluoride delivered FOB Soviet port, or FCR Soviet frontier station.

"The uranium-235 content of the 'tails' delivered to the customer may lie in the range 0.20-0.35 wt per cent, on condition that the total amount of uranium-235 in the enriched uranium and the 'tails' delivered to the customer shall not exceed the amount of this uranium isotope in the initial material minus production losses during reprocessing and enrichment.

"Shipments of enriched and depleted uranium shall, by agreement with the customer, be made in 'Tekhsnabeksprom' containers or in containers of the customer made in accordance with the designs and technical specifications of 'Tekhsnabeksprom'. The capacity of the containers will be 160 litres for the enriched hexafluoride and 2.5 m³ for the depleted hexafluoride."

Text of a letter received from the Alternate to the Governor from the
United Kingdom of Great Britain and Northern Ireland

"25 September 1969

"You wrote to Mr. Wearing on the above subject on 13 May, drawing attention in particular to resolutions which were adopted by the Conference of Non-Nuclear-Weapon States which requested, among other things, that the IAEA should study the most effective means of ensuring access to special fissionable materials on a commercial basis and that the General Conference of the Agency should consider at its next meeting the establishment of a fund of special fissionable materials for the benefit of non-nuclear-weapon States, and, in particular, all developing countries.

"This matter was discussed at the meeting in June 1969 of the Agency's Board of Governors, and at that meeting you described the action you had taken and informed the Board that you had asked the Member States, in a position to supply special fissionable material, to say whether they were prepared to increase the quantity which they had already supplied and to give an up-to-date statement regarding the terms on which they would be prepared to provide such material through the Agency.

"Your letter of 13 May, and the subsequent discussion in the Board of Governors, have been given careful consideration by the United Kingdom authorities and I am now able to reply to your letter on the subject.

"I am instructed to say that, in the first place, the United Kingdom authorities believe that, under the terms of the Agency's Statute, the Board of Governors would be able to authorize the Director-General to act as intermediary in the supply of reactor fuel, and nuclear material for use in reactor fuel, in greater amounts than heretofore: and I would add that they would warmly support such activity by the Agency. The United Kingdom authorities envisage that arrangements made through the Agency could relate to the supply of power reactor fuel and to the supply of fuel or material on a long-term basis. In essence, therefore, the United Kingdom favours the aims and objectives of the resolutions of the Conference of Non-Nuclear Weapon States to which you refer in your letter. If the United Kingdom were asked and were able to supply through the Agency, it would propose commercial terms which would not differ from those applying to direct sale. The United Kingdom Government is of course ready to consider any requests for help in this matter which it may receive either through the Agency or directly from Member States.

"For the rest, Sir, as was pointed out in the June discussion in the Board of Governors, and in the responses you have already received from France and the United States of America, the existing fund of special fissionable materials held by the Agency has not yet been fully utilized. Accordingly, the United Kingdom does not think it necessary at the present time to increase the offer of 20 kilograms of contained uranium-235 which it has already made."

III. RESOLUTIONS ADOPTED BY THE GENERAL CONFERENCE OF
IAEA ON 29 SEPTEMBER 1969

(1) Financing of nuclear projects (GC(XXIII)/RES/256)

The General Conference,

(a) Recognizing that the application of nuclear energy in the production of power and the use of radioisotopes and radiation in food preservation, agriculture, health, medicine, hydrology and geological prospection have reached a stage at which they can help to accelerate the economic and technical advancement of developing countries,

(b) Realizing that the benefits of peaceful applications of nuclear energy should be shared by and made accessible to all nations, and that the growing disparity in their distribution among advanced and developing countries should be reduced,

(c) Aware of the difficulties experienced by the developing countries in obtaining the necessary financing for nuclear projects, including the training of manpower and the establishment of essential facilities, even when such projects are found to be technical feasible and economically viable,

(d) Aware also that the limited means at the disposal of the Agency fall far short of the increasing needs of developing Member States for technical assistance, and

(e) Taking into account the discussions on this subject at the twelfth session of the General Conference and in the Board of Governors,

1. Requests the Director-General to make a comprehensive study of the likely capital and foreign exchange requirements for nuclear projects in developing countries during the next decade, and of ways and means to secure financing for such projects from international and other sources on favourable terms, particularly in the form of grants or long-term loans at low interest, and to make suggestions concerning a constructive role which the Agency could play in this regard; and

2. Requests the Board of Governors to review the progress of this study and to report thereon to the General Conference at its fourteenth regular session.

(2) Review of article VI of the Statute (GC(XXIII)/RES/261)

The General Conference,

(a) Recalling resolution GC(XII)/RES/241 whereby it requested the Board of Governors to undertake a review of article VI of the Statute, which lays down the Board's composition,

(b) Having received and examined the Board's reports on the efforts it has undertaken thus far to carry out that review, a/

(c) Noting that the Board has established an Ad Hoc Committee to assist in the review and that all members of the Agency are afforded an opportunity to be represented at the Committee's meetings, and

(d) Noting also that the Committee has so far met from 15 to 17 April, on 3 and 4 June and on 19 September 1969, that over fifty members of the Agency have participated in its discussions, that several proposals have been discussed and that certain areas of consensus have emerged, a/

1. Commends the intention of the Board of Governors to continue the study of article VI of the Statute as an urgent matter;

2. Requests the Board to take into account the views expressed at the thirteenth regular session of the General Conference, and, for this purpose, transmits to the Board the relevant records and documents of the Conference; and

3. Requests the Board to make every effort to present a draft amendment in sufficient time to permit its consideration by the General Conference at its fourteenth regular session, in pursuance of article XVIII.C(i) of the Statute.

a/ GC(XIII)/408 and GC(XIII)/415.

IV. THE ESTABLISHMENT OF A FUND OF SPECIAL FISSIONABLE MATERIALS

(1) Comments made at plenary meetings of the General Conference during its thirteenth regular session

The following are the relevant extracts from the provisional summary records—*/ of the plenary meetings of the General Conference during its thirteenth regular session:

127th plenary meeting, 23 September 1969 /GC(XIII)/OR.127/

The DIRECTOR GENERAL:

Para. 33 "In connexion with the establishment of the Fund of Special Fissionable Materials he observed that it had perhaps not been sufficiently realized that quantities exceeding 5000 kilogrammes of fissionable materials including uranium-235 had been made available to the Agency almost since its inception, but had been utilized only to a very limited extent. In compliance with the CNNWS resolution, the major suppliers had however been invited to increase supplies of fissionable materials to the Agency. The United States had stated that it was willing to supply materials through the Agency on the same conditions as under bilateral agreements. Member States could thus obtain supplies of fissionable materials for up to thirty years, acquire a supply of enriched uranium for up to five years in advance of actual needs, and make toll-enrichment arrangements. France had also indicated its willingness to consider requests for fissionable materials in excess of normally available supplies and there was reason to believe that two other major suppliers, namely the USSR and the United Kingdom would respond favourably to the Agency's request."

128th plenary meeting, 24 September 1969 /GC(XIII)/OR.128/

Mr. SEABORG (United States of America):

Para. 15 "The United States would continue supplying special nuclear materials to other countries through the Agency for fueling reactors or for research purposes, on the same attractive terms and conditions as were applicable to materials supplied on a bilateral basis for similar purposes. For the eleventh consecutive year it was making available, as a gift, up to \$50,000 worth of special nuclear material for use in Agency projects in research and medical therapy."

*/ These records are subject to correction.

Mr. PEIRIS (Ceylon):

Para. 58 "His delegation fully supported the Agency's role as a supplier of fissionable materials under appropriate safeguards. It was convinced that that role would grow in importance as nuclear power programmes expanded. The availability of fissionable materials through the intermediary of the Agency would not only accelerate the introduction of nuclear power but would also enable a number of countries to select their power reactor systems on the basis of economics rather than of other considerations such as assurances of the availability of enriched uranium.

Para. 59 Ceylon looked forward to the day when; as a result of the disarmament negotiations now taking place, the supra-Powers would agree to limit their stockpiles of nuclear weapons and thereby release sizeable quantities of fissionable materials for the peaceful programmes of Member States. It was hoped that the supply of such materials would be channelled through the Agency. Such a development would strengthen the organization, while at the same time promoting the application of its safeguards system."

129th plenary meeting, 25 September 1969 /GC(XIII)/OR.129/

Mr. MOROZHOV (Union of Soviet Socialist Republics):

Para. 63 (24) "At the twelfth regular session of the General Conference, the Soviet Union, wishing to promote still further the development of the peaceful uses of atomic energy - and especially of nuclear power - in the non-nuclear countries, expressed its readiness to enrich natural uranium for interested countries up to 2.5-5 per cent in uranium-235, i.e. to the level of enrichment required for nuclear power stations.

(25) The Soviet Union now reaffirms its readiness to do this and, in view of the interest expressed by a number of non-nuclear States, the appropriate organizations in the USSR have formulated terms for natural uranium enrichment in the USSR on behalf of non-nuclear States parties to the Non-Proliferation Treaty. These terms are being communicated to the Secretariat. In this connexion it is envisaged that such uranium-enrichment operations will be carried out by the Soviet Union either on a bilateral basis or through the Agency."

Mr. HIRSCH (France):

Para. 64 "... However, the Agency had not carried out on a large scale the functions of broker in nuclear materials, since countries continued to prefer bilateral exchanges in that field. The same applied to transactions concerning power reactors. The Agency's fund of special fissionable materials was in fact still quite fully stocked. When that was no longer the case the French Government would be prepared to give its close attention to the matter of placing the required amounts of fissionable materials at the disposal of the Agency's fund."

Sir John HILL (United Kingdom):

Para. 86 "In connexion with the Agency's statutory responsibility to encourage and foster the great new nuclear industry and, at the same time, ensure that its power was not misused, the United Kingdom believed that the Board of Governors could properly authorize the Director General to act as intermediary in the supply of reactor fuel and nuclear material for use in reactor fuel on a long-term basis and in greater quantities than the Agency had previously dealt with. If it were to offer to supply fuel in such cases the United Kingdom would do so on commercial terms no different from those which would apply to a direct sale to another country."

130th plenary meeting, 25 September 1969 /GC(XIII)/OR.130/

Mr. BOETZELAER (Netherlands):

Para. 30 "His delegation suggested that the two documents prepared by the Board of Governors, namely the memorandum on a fund of special nuclear materials and the report on the Agency's responsibility to provide services in connexion with peaceful nuclear explosions, should also be brought to the attention of the General Assembly. Those documents constituted, for all practical purposes, addenda to the Board's Report to the Secretary-General, which dealt with the same topics in a more concise manner."

131st plenary meeting, 26 September 1969 /GC(XIII)/OR.131/

Mr. ISTINYELI (Turkey):

Para. 33 "His delegation supported the conclusions contained in the reports on nuclear explosions for peaceful purposes, the review of Article VI of the Statute and the fund of special fissionable materials."

132nd plenary meeting, 26 September 1969 /GC(XIII)/OR.132/

Mr. QUIHILLALT (Argentina):

Para. 62 "With reference to the fund of special fissionable materials, he recalled that his Government had always sought to have the Agency implement one of the basic conditions envisaged by the Preparatory Commission and laid down in the Statute, namely, that it should act as an international supplier of fissionable materials for power reactors. The request made by the Conference of Non-Nuclear-Weapon States again demonstrated how important it was for the development of nuclear power production in many countries that a supply of fissionable material should be available on an international scale. An analysis of document GC(XIII)/409 showed how little progress had been made along those lines over the past thirteen years and how urgent it was to adopt a more positive attitude which would enable the Agency to make provision on a regular and long-term basis for supplying fissionable materials for power reactors to Member States requesting them."

Mr. BRILLANTES (Philippines):

Para. 114 "He strongly supported the Agency's role as a supplier of fissionable material under appropriate safeguards. With the growing awareness in the developing regions of the economic advantages of nuclear power and with the gradual establishment of nuclear power plants in some developing countries, that role was bound to grow. The availability of a continuous supply of fissionable material through the Agency would enable developing countries to select their nuclear power systems on purely economic and technical grounds rather than from other considerations not directly related to nuclear power planning. He expressed the hope that in the immediate future the super-Powers would be able to make more generous offers of fissionable material to the Agency, thereby enabling it to achieve its central role as the world's supplier of fissionable material."

Mr. da COSTA RIBEIRO (Brazil):

Para. 133 "The action taken by the Agency in requesting the main States suppliers of special fissionable materials to increase the amount of enriched uranium to be provided through the Agency to interested Member States was commendable."

133rd plenary meeting, 29 September 1969 /GC(XIII)/OR.133/

Mr. SUDARSONO (Indonesia):

Para. 6 "He noted with satisfaction that nuclear Powers were making special fissionable materials available to Member States and was particularly grateful to the United States of America for its provision of such materials to his country."

Mr. USMANI (Pakistan):

Para. 13 "The Agency should seriously contemplate acting as broker for fissionable material and nuclear fuel. If the nuclear Powers were to help the Agency by releasing those materials at specially-reduced prices, Member States would use the Agency as intermediary with the result that Agency safeguards would automatically apply to the nuclear material involved. Two purposes would thus be served: by entering the fuel brokerage business, the Agency would earn revenue, and it would at the same time be in a position to safeguard the nuclear material involved."

134th plenary meeting, 29 September 1969 /GC(XIII)/OR.134/

Para. 28 Mr. TACAR (Turkey), Rapporteur of the Administrative and Legal Committee, presented the Committee's report on the fund of special fissionable materials /GC(XIII)/428/.

Para. 29 The recommendation contained in document GC(XIII)/428 was adopted.

(2) Comments made at the 50th meeting of the
Administrative and Legal Committee

29. Mr. SANDOVAL VALLARTA (Mexico) recalled that during the general debate his delegation had already stated its intention of concluding a contract with the Agency for the supply of fissionable materials for a 600 MW power reactor. All that needed to be added at present was that negotiations would begin as soon as the Mexican authorities had decided on the kind of power reactor to be installed and on the quality and quantity of fuel for its operation.

30. Mr. SIAZON (Philippines) said that his delegation had always viewed very favourably the role which the Agency could play as a supplier of fissionable materials under appropriate safeguards. That role could not fail to increase in scope as the developing areas of the world became aware of the economic possibilities of nuclear energy. The fact that they could receive regular supplies of fissionable materials through the Agency would allow the developing countries to choose a system of utilizing nuclear energy on the basis of purely economic and technological considerations.

31. His delegation hoped that the great Powers would very soon find means of placing larger amounts of fissionable materials at the disposal of the Agency so that it might carry out to the full the function contemplated by its founders.

32. Mr. LUCCI (Italy) said he was aware of the efforts which the Agency had been making for many years to supply its Member States with fissionable materials. The Italian delegation was in favour of setting up a fund of special fissionable materials along the lines suggested by the Conference of Non-Nuclear-Weapon States (J.II.1), but on a larger scale. In that respect it was relevant to recall the proposal made by Mr. Fanfani, then Italian Minister for Foreign Affairs, at the International Conference on Nuclear Data in 1967. He had urged the great Nuclear Powers to pledge themselves to supply fissionable materials made available as a result of disarmament to countries which were without them.

33. The establishment of a fund of special fissionable materials presupposed, however, the co-operation of countries possessing facilities for enriching uranium, a domain in which progress had hitherto been non-existent or unsatisfactory. His delegation, which endorsed the action taken in that matter by the Board of Governors, wished to inform the Committee that his Government intended to reopen the question at the General Assembly of the United Nations when the Secretary-General submitted a report on the implementation of the recommendations made by the CNNWS.

34. Mr. ALGERIA (Argentina) said that his country favoured any action to strengthen the role of the Agency in regard to the supply of fissionable materials on the international basis, the importance of which had again been stressed at the CNNWS. It was, however, clear from the memorandum of the Board of Governors (GC(XIII)/409) that very little progress had been made along those lines and more drastic action was urgently required.

35. Mr. LEWIS (United States of America) said that the United States policy on the supply of fissionable material to the Agency had already been stated in detail in the reply made to the Director General's note by the Resident Representative of the United States to the Agency (GC(XIII)/419). He would therefore merely suggest that the Committee invite the Director General to communicate to the Secretary-General of the United Nations, and through him to the General Assembly, the memorandum by the Board of Governors (GC(XIII)/409), the four replies received thus far by the Director General (GC(XIII)/419 and Add.1), and the official records of the discussions on that item at the thirteenth session of the General Conference.

36. Mr. SOLE (South Africa) said he endorsed the suggestion of the United States representative, the more so since the International Conference on Nuclear Data had brought to light some misunderstandings on the exact situation as regards available supplies of special fissionable materials.

37. The CHAIRMAN suggested that the General Conference be informed that the Committee, after an exchange of views, had noted the memorandum by the Board of Governors and the replies of some Governments to the Director General's letter on that subject. The Committee might also decide to invite the Director General to communicate to the Secretary-General of the United Nations, for consideration by the General Assembly, the memorandum by the Board of Governors, the replies of Governments which had answered the letter sent by the Director General to the major suppliers of fissionable materials, and the official records of the discussions at the thirteenth session of the General Conference. If that were the wish of the Committee a recommendation on those lines could be included in the report of the Committee to the Conference.

38. It was so decided.