

**47<sup>th</sup> General Conference of the International Atomic Energy Agency (IAEA)**

# Canadian Statement

**1. Introduction:**

Mr. President, on behalf of the Canadian delegation, I would like to congratulate you on your election as President of the 47<sup>th</sup> General Conference and assure you and the Secretariat of the full support of my delegation in making this conference a success.

Mr. President, while nuclear security and the threat posed by nuclear terrorism were clearly at the forefront of our concerns at the last General Conference, events during the last twelve months have demonstrated, once again, that while new threats may appear, old ones do not consequently disappear. In this regard, it is of paramount importance that the international community with the support of the Agency continue to persevere in the strongest possible way to prevent the proliferation of nuclear weapons, as they continue to be the most serious threat to international peace and security. We must learn from past experiences to ensure that we are well equipped to respond to these renewed threats. We must emphasize to potential proliferators that there will be “zero tolerance” for non-compliance with international non-proliferations norms and obligations.

North Korea’s admission, last fall, that it had a clandestine uranium enrichment program for nuclear weapons purposes and its subsequent expulsion of IAEA inspectors, the resumption of weapons inspections in Iraq and the subsequent war in that country, as well as the international community’s grave concern about Iran’s nuclear program, have clearly brought back to the forefront of global affairs the threat of nuclear proliferation that is at the very origin of the NPT and this unique organization.

While concerns about the risk of nuclear proliferation by States and the security threat posed by transnational terrorism are distinct in nature and require different responses and approaches, they both clearly pose a challenge to the international rules-based regime and the IAEA, as the organization responsible for safeguards and peaceful uses of nuclear technology under Articles III and IV of the NPT.

Mr. President, it is in response to this renewed challenge that the Agency and its members must seize the opportunity before them to demonstrate flexibility and innovation -- the themes of my intervention last year-- in order to adapt to the new and complex reality we face. Adaptability is essential if we are to sustain a credible safeguards, verification and security system that is necessary to ensure and demonstrate to the public the continued peaceful uses of nuclear technology. Without these credible assurances, technical cooperation and the peaceful uses of nuclear technology are unsustainable.

The landmark budget that the Board of Governors is recommending to for endorsement, is a clear demonstration that, despite our differences we are capable of reaching a consensus when our common interests are at stake. It is a sign of our capability, as members of the international community, to adapt to a changing international environment

and to set clear priorities. I would like, Mr. President, for the remainder of my statement to expand on this concept and how the Agency and its membership can achieve this goal.

## **2. Strengthening the Agency's safeguards, verification and security activities:**

Mr. President, I would like to address some of the very serious challenges we presently face. While Canada fully supports the resumption of multilateral talks to address the prevailing situation in the DPRK, Canada remains extremely concerned by the DPRK's unilateral actions and activities over the past year, which are flagrant violations of international non-proliferation norms. These actions pose a serious threat to regional and international peace and security and to the stability of the Korean Peninsula. They have significant implications for the NPT and global nuclear non-proliferation efforts and the Agency's safeguards system. We have strongly urged the DPRK to comply fully with its obligations and to exercise restraint and actively support international efforts toward a peaceful resolution. Full compliance by the DPRK with all its international obligations is an essential requirement for the further development of Canada's relations with the DPRK and for Pyongyang's greater involvement in the world community.

The crisis we face with regard to the DPRK's nuclear programme highlights the growing importance of responding effectively to states' non-compliance with their international treaty obligations. The DPRK has been a prime example of bad behaviour for over a decade. Since 1992, the DPRK refused to respond to the Agency's efforts to verify the correctness and completeness of its initial declaration pursuant to its comprehensive safeguards agreement. While the Agency was able to monitor the freeze on the DPRK's known nuclear programme as part of the 1994 Agreed Framework, that country's commitments under its safeguards agreement remained unfulfilled.

Last October, the DPRK revealed that it had also engaged in further undeclared clandestine uranium enrichment activities. When confronted with this information, the DPRK not only refused further cooperation but expelled the Agency's inspectors and dismantled Agency verification measures. It then engaged in further unsafeguarded nuclear activity in direct contravention of its NPT obligations. Today, we face a situation in which there is no effective capacity to independently verify the current status of the DPRK's nuclear activities or confirm the statements which have been made by its Government.

Our reaction as an international community will set the standard for the future. An inability to respond effectively to such blatant examples of non-compliance will not be lost on other potential proliferators. A robust response will send a clear message that there will be "zero tolerance" on the part of the international community for such behaviour, which undermines international stability and thus our common security. Equally, we must, as Member States of the Agency, throw the full weight of our support behind the Secretariat in its efforts to effectively verify states' safeguards obligations and resolve questions of non-compliance with those obligations. Canada commends the work and competence of the Secretariat in seeking to fulfil its responsibilities in this regard.

Canada is deeply concerned about the scope and nature of Iran's nuclear program. The IAEA's two reports have established a clear pattern of failure by Iran to respect the

requirements of its safeguards agreement. Evidence of undeclared HEU and Iran's admission that its uranium enrichment program benefited from foreign assistance, contrary to Tehran's earlier claims, are very worrying and raise the spectre of horizontal proliferation. The IAEA's findings are deeply disturbing, and show that Iran's nuclear program is a potentially serious threat to regional and international peace and security.

Mr. President, the important resolution unanimously adopted by the Board of Governors last Friday sends a firm, clear signal to Iran and the world, and demonstrates that concerns about Iran's nuclear program are well-founded and broadly shared. We note in particular that the resolution sets forth a number of steps that are "essential and urgent" for Iran to take by the end of October to remedy compliance failures and to demonstrate full transparent and genuine cooperation with the Agency. The resolution nevertheless represents the kind of decisive and united action that is important to maintain the credibility and relevance of the IAEA. It is another encouraging indication that the Agency can and will act vigorously to address threats to nuclear non-proliferation when necessary.

We continue to urge Iran to conclude an Additional Protocol promptly and without preconditions and to implement as a clear indication of its genuine commitment to nuclear non-proliferation. But progress in this area must not obscure the need to address the serious compliance issues identified by the Agency and the actions specified in the Board resolution. Indeed, we urge Iran to take this final opportunity and cooperate fully with the IAEA and to demonstrate a genuine commitment to nuclear non-proliferation. Continued failure to do so must result in the IAEA taking this matter promptly to the UN Security Council.

Mr. President, Canada strongly and actively supported the UN Security Council mandated activities of the IAEA in Iraq. The remaining uncertainties regarding Iraq's nuclear capabilities needed to be addressed and Canada fully supported the return of IAEA inspectors to do so. It was unfortunate, however, that the Agency's mandate could not be fulfilled prior to the start of hostilities, particularly when the Agency estimated that it only needed two to three more months for a definitive assessment. The Agency must also be allowed to fulfil its responsibilities pursuant to its safeguards agreement with Iraq. These two separate mandates must be fulfilled in order for the international community to attain an independent assessment of Iraq's nuclear capabilities, to verify that total disarmament has been completed and to ensure Iraq's full compliance with its NPT obligations. We welcome in this regard the intention of the Security Council to revisit the mandates of the IAEA and UNMOVIC and look forward to the early return of IAEA inspectors.

Mr. President, Canada continues to be concerned that India, Israel and Pakistan, three Member States of the IAEA, remain outside of the NPT, the cornerstone of the international nuclear disarmament and non-proliferation regime. We urge these countries to join the NPT as non-nuclear-weapon States, unconditionally and without delay. This is an essential requirement for the continued sustainability of the multilateral nuclear non-proliferation regime and a basic requirement of full membership in the international community. We are disappointed that there has been no progress by any of these countries toward this objective.

Mr. President, we have, in the last year, been deeply involved in the development of a programme and budget for the Agency's next biennium. The draft programme proposed by the Director General at the outset of this process provided for significant increases in the

Agency's budget, most notably to address what the Director General deemed to be an urgent need for additional resources to ensure the Agency's capability to continue to implement credible safeguards.

For Canada, this process was long and difficult. We have made a significant deviation in our long-established and well-known budget approach vis-a-vis international organizations in order for us to fully support the important increases proposed in the Agency's safeguards, verification and security activities. This major step by Canada was made possible and achieved in the context of our longstanding support for the IAEA and our recognition of the crucial role the Agency must continue to play in addressing the global threats posed by nuclear proliferation and terrorism.

This process required extensive negotiations among Member States, careful consideration by the Programme and Budget Committee and the Board of Governors and a remarkable effort by the Secretariat to revise and readjust its draft programme and budget to respond to the concerns of Member States and accurately reflect the consensus emerging from these negotiations.

In this regard, Mr. President, I would like to thank the Agency's staff for its professionalism and congratulate my friend and colleague, Her Excellency Ambassador Nabeela Al-Mulla, for her dedication and hard work throughout this process as Chair of the Board. I would also like to thank the Ambassadors of Peru, Australia and Spain, Excellencies Javier Paulinich, Max Hughes and Antonio Núñez who served as the Co-Chairmen of the Informal Open-ended Working Group on the programme and budget and who were successful, through their hard work and perseverance, in reaching an agreement acceptable to all parties, in the form of a "Package Proposal", which the Board of Governors has now accepted.

The final result of this process, which the General Conference will be asked to endorse later this week, is a compromise solution that addresses the Agency's needs. The agreement provides for increases in the Agency's budget by more than 25 million US dollars over the next four years. This constitutes a 10.2% increase over 2003 figures and a clear departure from zero real growth under which the Agency had been operating for over 15 years.

While most of the budget increase is, in our view, rightfully intended to support the Agency's safeguards and verification activities, almost 6 million US dollars has also been allocated to other areas of the Agency's programme, which Canada continues to believe should have been subject to a zero nominal growth. Furthermore, we note that only 280 thousand US dollars have been added to the management of the Agency's nuclear security activities. While we welcome this increase to assist the Secretariat in the implementation of the Nuclear Security Action Plan, we continue to believe that the programme should be included into the Agency's regular budget. We are concerned that the continuing trend towards increasing the Agency's reliance on extra budgetary contributions may be unsustainable in the long-term.

Notwithstanding the above, Canada will be contributing an additional 2.9 million US dollars to the Agency's security activities as announced by our Prime Minister in St.

Petersburg earlier this year. This additional contribution, which makes Canada the second largest contributor to the Nuclear Security Fund, flows from our commitment to the G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. This partnership is an importance international commitment to prevent terrorists from acquiring weapons of mass destruction.

Mr. President, while Canada did not object to the “Package Proposal”, which resulted from intense negotiations, and joined the consensus, we are concerned that some of these measures may, in the long-term, be detrimental to the Agency and its members. In particular, we are concerned that the proposed indexation of future Technical Cooperation Fund targets with changes in the level of the regular budget will create an arbitrary criterion by which the Agency’s Technical Cooperation programme is to be funded. Contributions to the Fund are voluntary and targets should be based on actual identified needs and expected results, and motivated by a genuine commitment by all Member States to support international development through technical cooperation. We are also concerned by the decision to postpone de-shielding, particularly for States in Category 1. Credible and adequately-funded safeguards are essential to the non-proliferation regime and to ensure peace and security for all. We would therefore encourage all Category 1 members to become “unshielded” at the earliest possible time.

Mr. President, in today's environment Canada continues to strongly support the development and implementation of a strengthened safeguards system and that is why Canada supported the recent increase in the budget for the Agency's safeguard, verification and security activities. Nevertheless, we continue to stress the need for safeguards to be effective and efficient and the importance of integrated safeguards and the Additional Protocol in achieving this objective.

In this regard, Canada applauds the fact that the development and implementation of integrated safeguards remain a prime focus of the Agency. We are aware that much work remains to be done before the Agency and Member States can harvest the full benefits associated with the implementation of integrated safeguards. Canada continues to work co-operatively with the Agency in this regard. Constructive work is being done on the development of flexible state-level approaches, finding solutions to aid in reducing resource burdens and the application of innovative approaches. Canada is working closely with the Secretariat for the transition to integrated safeguards and encourages the Agency to proceed in a timely manner with the application of integrated safeguards in those member states with an Additional Protocol where assurances can be drawn on the non-diversion of nuclear material from declared activities and the absence of undeclared nuclear material and activities. We expect that the additional resources for safeguards and verification included in the 2004-2005 programme and budget will aid the Agency in determining how to develop and deploy its tools and resources to address more effectively the most serious threats to non-proliferation as part of an appropriately mandated review of safeguards.

In fact, Mr. President, throughout our discussions on the programme and budget, Canada has seen the proposed budget increases in Major Programme 4 as a timely opportunity to review safeguards working methods and criteria in order to enhance the flexibility and effectiveness of the IAEA's safeguards system with a view to maintaining its credibility and its effectiveness. Canada believes that additional resources for safeguards

must translate into better safeguards, not just more: a qualitative improvement in addition to a quantitative one. Canada would have serious concerns if, as a result of this substantial increase in the safeguards budget, safeguards activities were to increase significantly in Canada or other countries where there is full transparency. As such, we believe that the forthcoming review should be focussed on the technical and conceptual aspects of safeguards and verification, and should explore and recommend ways for the Agency to ensure it is doing the right things in the right places.

The Standing Advisory Group on Safeguards Implementation is, in our view, the ideal body to perform such a review. As an independent group, we believe it is capable of and has a clear mandate to provide the Director General with objective and constructive guidance. We welcome in this regard the Director General's recent request to SAGSI to undertake this vital task. SAGSI has demonstrated its ability to provide valuable insights on how the safeguards system can be strengthened and improved in the past and we are confident it will continue to do so in the future. We expect the outcome will provide valuable, novel and forward looking recommendations on how safeguards can be improved to address current and future non-proliferation challenges.

Mr. President, the challenges with which the Agency and the non-proliferation regime are currently faced also require novel thinking and innovative approaches to address issues of non-compliance, enforcement and access to peaceful uses of nuclear technology. Canada has always been a staunch supporter of an international rules-based approach to addressing threats to international peace and security. However, while it is of the utmost importance that the international community continue to strive towards universal adherence to the nuclear non-proliferation regime, particularly the NPT and strengthened safeguards, Member States must realise that the signature and ratification of international legal instruments alone is not sufficient to ensure the benefits that come with these commitments. Effective implementation, total compliance and full transparency are also essential. Without these features and a strong and sustained political commitment to non-proliferation, these legal instruments cannot be sufficient guarantees for a State to have full access to peaceful nuclear cooperation.

It is therefore in the interest of all Member States to have an Agency that is fully equipped with appropriate and effective tools to fulfil its mandate under Articles III of the NPT if they are to share the benefits of Article IV, including ways to adequately address some of the challenges we currently face and to which I referred to earlier, as well as other challenges that may arise in the future. If we are to fully enjoy the medical, environmental and economic benefits that the peaceful uses of nuclear technology have to offer, it is essential that this fundamental condition be met. In this regard, it is important that we move quickly to make acceptance of the Additional Protocol a key requirement for new nuclear supply to non-nuclear weapon states. Furthermore, we believe it is now important and timely to consider the need for additional measures in instances where concerns have arisen about certain proliferation sensitive nuclear activities.

### **3. Sustaining the peaceful and safe use of nuclear technology:**

Mr. President, Canada fully supports and recognizes the beneficial peaceful uses of nuclear technology and the important role the IAEA plays in this regard. However, as I noted earlier, we believe nuclear cooperation must be strictly confined within a framework of non-proliferation, security and safety. Having addressed the non-proliferation and security aspects of this issue, I would now like to turn to safety.

Mr. President, the IAEA's safety standards should be the global reference for the safety of nuclear and radiation related facilities and activities. This is an objective that Canada fully supports. The Agency's safety standards serve as common references for safety requirements in national regulatory programs and should to fullest extent possible be incorporated into or referenced in national legislation, regulations and standards. To promote wide acceptance and use, IAEA safety standards should afford assurance of low risk of impacts on health, safety, security, and the environment, which are all significant and necessary pre-conditions for the sustainability of peaceful uses of nuclear technology.

Mr. President, I am pleased to announce that Canada's National Report for the First Review meeting of the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management was submitted to the IAEA on May 5, 2003. Canadian officials are carefully preparing for Canada's participation in the review meeting to be held this November, which will provide an unprecedented opportunity for States party to the Convention to share information and experiences in this important area of the nuclear fuel cycle. We expect the Review Conference will be instrumental in advancing nuclear safety worldwide and we urge Member States who have not done so to sign and ratify the Joint Convention.

Mr President, turning now to nuclear power, I would like reiterate Canada's strong support of the use of nuclear power and nuclear technologies for peaceful purposes. Canada actively encourages international collaboration and we welcome the vital role of the Agency in facilitating it. Regarding the nuclear scene in Canada and our international co-operation, this past year has seen a number of developments and significant achievements.

Mr. President, a few weeks ago, some 50 million people in Ontario and in the Eastern United States felt the effects of a complete blackout. A joint Canada-USA high level Task Force-is now underway to investigate the power outage. The fact that this Task Force will address nuclear issues clearly demonstrates the significance of nuclear power to our two countries' highly integrated electrical grid and the importance of sustaining international cooperation and security of supply in this area.

Canada's use of nuclear energy forms the basis of our very substantial nuclear sector, which covers virtually the full gamut of the nuclear fuel cycle. Canada's vibrant nuclear industry has been developed with the support of my government and its long-standing recognition of the vital importance of nuclear technology as a safe and secure source of energy. Our forward-looking vision is one that reflects both near term realities as well as longer-term potential. We continue to see a vital role for this Agency in helping the international community to facilitate international collaboration and ensure international

awareness of the many promising benefits of existing and new innovative nuclear technologies.

As we move forward, it is clear that innovation is an absolute requirement for the future of nuclear power. The challenges and opportunities are many. Significant progress is being made. This year for example, we have reached the successful conclusion of Phase 1A of the INPRO work, thanks in large part to the careful efforts and dedication of the Secretariat and many INPRO Member States including Canada. Considerable progress is also being made within the Generation IV International Forum. Canada looks forward to ongoing progress on both of these important initiatives and wishes to reinforce the need to ensure that there is beneficial collaboration between INPRO and GIF, which should complement each other in their common goal to achieve long-term advances in nuclear power and its fuel cycle.

Mr. President, in Canada, I am pleased to report that Atomic Energy of Canada Limited and its partners are making good progress in the design, engineering and licensing of the Advanced CANDU Reactor, also known as the ACR. The ACR retains the proven safety features of the CANDU technology and incorporates further enhancements to achieve shorter construction times and lower capital costs.

The innovative measures and approaches being applied to the ACR are based on real relevant experience. In this regard, we are pleased to note the very successful completion of the Third Qinshan Nuclear Power Plant in China. These two CANDU units entered service within the original budget and significantly ahead of planned schedule. My government is proud of the outstanding success of this major project, which is due to the hard work and dedication of all involved, especially in China.

Mr. President, as a world leader in the production of radioisotope for medical and industrial purposes, Canada is committed to seeing these beneficial applications of nuclear technology advanced through the IAEA to those countries that can most benefit from them. It is an important commitment, which can help respond to basic human needs for cancer treatment and the management of water resources only to name a few.

Turning to the question of nuclear knowledge management, Mr. President, I would like to reiterate that my delegation continues to believe that this remains a high priority international issue. Last year, at Canada's initiative, the General Conference adopted a resolution on nuclear knowledge. We fully acknowledge the various steps taken by the Director General and the Secretariat to respond to this resolution. We continue to believe that this is an important issue and that efforts must remain focussed on it. Therefore, we will be introducing a follow-up resolution on nuclear knowledge and hope that it will enjoy as much, if not more, support than it did last year.

Mr. President, before concluding I would like to take this opportunity to express my country's support to the Republic of Korea for its continued efforts to complete the amendment to Article VI of the Agency's Statute regarding the enlargement of Board of Governors. We strongly encourage all Member States of the IAEA to ratify the proposed amendment to Article VI without delay and also to ratify the amendment to Article XIV in order to enable the Agency to move to a biennial budget.

#### 4. Closing remarks:

In closing, Mr. President, I wish to reaffirm Canada's strong commitment to the Agency, the Director General, Dr. Mohamed ElBaradei and to the Secretariat in the work it is undertaking in its mission to enhance the peaceful use of nuclear energy and the contribution of nuclear science and technology to health and prosperity throughout the world. Because it is clear that one of the predominant characteristics of today's international environment is the increasing pace of change, we believe that there will be an increasing set of challenges and opportunities for the IAEA in the future, which will require it to be able to adapt quickly and effectively. Most importantly, however, the continued credibility of the IAEA rests on its ability to effectively address the serious challenges to non-proliferation now before it. It is only when we have fully satisfactory and verifiable assurances of the peaceful uses of nuclear technology that we can share this magnificent technology with confidence.

Thank you.