

Safeguards Statement for 2006

In 2006, safeguards were applied for 162 States with safeguards agreements in force with the Agency. The Secretariat's findings and conclusions for 2006 are reported below with regard to each type of safeguards agreement. These findings and conclusions are based upon an evaluation of all the information available to the Agency in exercising its rights and fulfilling its safeguards obligations for that year.

1. Seventy-five States had both comprehensive safeguards agreements and additional protocols in force:

- (a) For 32 of these States¹, the Secretariat found no indication of the diversion of declared nuclear material from peaceful nuclear activities and no indication of undeclared nuclear material or activities. On this basis, the Secretariat concluded that, for these States, all nuclear material remained in peaceful activities.
- (b) For 43 of the States, the Secretariat found no indication of the diversion of declared nuclear material from peaceful nuclear activities. Evaluations regarding the absence of undeclared nuclear material and activities for each of these States remained ongoing. On this basis, the Secretariat concluded that, for these States, declared nuclear material remained in peaceful activities.

2. Safeguards activities were implemented for 78 States with comprehensive safeguards agreements in force, but without additional protocols in force². For these States, the Secretariat found no indication of the diversion of declared nuclear material from peaceful nuclear activities. On this basis, the Secretariat concluded that, for these States, declared nuclear material remained in peaceful activities.

The Secretariat concluded that, for 2006, declared nuclear material in Iran remained in peaceful activities. However, the Secretariat was unable to make progress in resolving the outstanding issues related to the completeness of Iran's declarations. Verification of the correctness and completeness of Iran's declarations remained ongoing. In February 2006, the Board of Governors requested the Director General to report to the United Nations Security Council all Agency reports and resolutions, as adopted, relevant to the implementation of Iran's safeguards agreement.

3. As of the end of 2006, 31 non-nuclear-weapon States party to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) had not yet brought comprehensive safeguards agreements with the Agency into force as required by Article III of that Treaty. For these States, the Secretariat could not draw any safeguards conclusions.

¹ And Taiwan, China.

² The 78 States do not include the Democratic People's Republic of Korea (DPRK), as the Secretariat was not able to perform verification activities in that State and, therefore, could not draw any conclusion.

4. Three States had in force safeguards agreements concluded pursuant to INFCIRC/66/Rev.2, which require the application of safeguards to nuclear material, facilities and other items specified in the relevant safeguards agreement. For these States, the Secretariat found no indication of the diversion of nuclear material or of the misuse of the facilities or other items to which safeguards were applied. On this basis, the Secretariat concluded that, for these States, nuclear material, facilities or other items to which safeguards were applied remained in peaceful activities.

5. Five nuclear-weapon States had voluntary offer safeguards agreements in force. Safeguards were implemented with regard to declared nuclear material in selected facilities in four of the five States. For these four States, the Secretariat found no indication of the diversion of nuclear material to which safeguards were applied. On this basis, the Secretariat concluded that, for these States, nuclear material to which safeguards were applied in selected facilities was not withdrawn, except as provided for in the agreements, and remained in peaceful activities.

Background to the Safeguards Statement

1. The Safeguards Conclusions

1. The Safeguards Statement for 2006 reflects the safeguards conclusions resulting from the implementation of safeguards in accordance with the safeguards agreements concluded by the Agency. The Secretariat derives these conclusions on the basis of an evaluation of the results of the Secretariat's verification activities and of all the safeguards relevant information available to it. This section provides background to the Safeguards Statement.

1.1. States with Comprehensive Safeguards Agreements

2. Under a comprehensive safeguards agreement, the Agency has the right and obligation to ensure that safeguards are applied, in accordance with the terms of the agreement, on all source or special fissionable material in all peaceful nuclear activities within the territory of the State, under its jurisdiction or carried out under its control anywhere, for the exclusive purpose of verifying that such material is not diverted to nuclear weapons or other nuclear explosive devices (paragraph 2 of INFCIRC/153 (Corrected)).

3. Comprehensive safeguards agreements consist of a Part I and a Part II, and definitions. The procedures for implementing the general provisions of Part I are described in Part II. These procedures include the record keeping and reporting obligations of the State with regard to nuclear material, nuclear facilities and locations outside facilities where nuclear material is customarily used (LOFs). They also include provisions related to Agency access to nuclear material, facilities and LOFs.

4. The procedures set out in Part II of a comprehensive safeguards agreement specify that material containing uranium or thorium which has not reached the stage of the nuclear fuel cycle where its composition and purity is suitable for fuel fabrication or for isotopic enrichment (as provided for in paragraph 34(c) of INFCIRC/153 (Corrected)) is subject to certain procedures related to the reporting of export and import of such material. Nuclear material which has reached that stage of the fuel cycle and any material produced at a later stage is subject to all the other procedures specified in the agreement. An inventory of such material is established on the basis of an initial report by a State, verified by the Agency and maintained on the basis of subsequent reports by the State and by Agency verification. The Agency performs its verification activities in order to confirm that the declarations by the State are correct and complete.

5. Many States with minimal or no nuclear activities have concluded a small quantities protocol (SQP) to their comprehensive safeguards agreement. For a State with an operative SQP based on the model set out in Annex B to GOV/INF/276 (22 August 1974), the implementation of most of the safeguards measures provided for in Part II of its comprehensive safeguards agreement is held in abeyance as long as the quantity of nuclear material subject to safeguards does not exceed the limits set out in paragraph 37 of INFCIRC/153 (Corr.) and there is no nuclear material in a facility. In 2005, the Board of Governors approved the modified text of an SQP, which reduces the number of measures held in abeyance and makes an SQP unavailable to a State with an existing or planned facility³.

³ See paragraph 40.

6. While the Agency's authority to verify the correctness and completeness of a State's declarations under its comprehensive safeguards agreement derives from the agreement itself, the tools available to the Agency to do so under such an agreement are limited. The Model Additional Protocol⁴ approved by the Board of Governors in 1997 equips the Agency with important supplementary tools which address these limitations by providing the Agency with broader access to information and locations. The measures provided for under an additional protocol significantly increase the Agency's ability to verify the correctness and completeness of a State's declarations under a comprehensive safeguards agreement.

7. To enable the Agency to perform its verification activities effectively and efficiently, the State needs to have complied with the requirements of its safeguards agreements and — if concluded — its additional protocol, including the requirement to establish and maintain a State system of accounting for and control of nuclear material (SSAC).

1.1.1. States with Comprehensive Safeguards Agreements and Additional Protocols in Force

Status of Implementation

8. As of 31 December 2006, 75 States⁵ had both comprehensive safeguards agreements in force and additional protocols in force⁶. Of these, 27 States had operative SQPs.

9. Safeguards implementation involved activities carried out in the field and activities carried out at Agency Headquarters in Vienna. The latter activities included the evaluation of States' accounting reports and other declarations required under comprehensive safeguards agreements and additional protocols and the evaluation of safeguards-relevant information from other sources. The Secretariat carried out some 1733 inspections and 134 complementary accesses utilizing approximately 12 600 calendar-days in the field for verification (CDFVs)⁷ in the States of this category.

Deriving Conclusions

10. A safeguards conclusion that all nuclear material has remained in peaceful activities in a State is based on the Secretariat's finding that there is no indication of diversion of declared nuclear material from peaceful nuclear activities and no indication of undeclared nuclear material and activities in the State as a whole.

⁴ INFCIRC/540 (Corrected), Model Protocol Additional to the Agreement(s) between State(s) and the International Atomic Energy Agency for the Application of Safeguards.

⁵ See footnote 1.

⁶ Additional protocols to existing safeguards agreements entered into force in 2006 with the Republic of the Fiji Islands, the Libyan Arab Jamahiriya and Ukraine. For Libya, the additional protocol was being provisionally applied prior to its entry into force on 11 August 2006. Comprehensive safeguards agreements with additional protocols entered into force with Botswana, Haiti, Turkmenistan and Uganda. On 6 February 2006, Iran informed the Agency that Iran's voluntary commitment to implement the provisions of the additional protocol had been suspended as of that date.

⁷ Calendar-days in the field for verification comprise calendar-days spent in performing inspections or complementary access, inspection travel and rest periods.

11. To conclude that there is no indication of diversion of declared nuclear material from peaceful nuclear activities in a State, the Secretariat carries out a comprehensive evaluation of all information available to it. This encompasses the information provided by the State with regard to the design and operation of declared nuclear facilities, the State's nuclear material accounting reports and the results of the Secretariat's inspections carried out in order to verify the State's declarations. In addition, the Secretariat evaluates the information acquired through the implementation of the State's additional protocol.

12. To conclude that there is no indication of undeclared nuclear material and activities in a State, the Secretariat carries out an evaluation of the consistency of the State's declared nuclear programme with the results of its verification activities under the relevant safeguards agreement and additional protocol and with all other information available to the Agency. In order to draw this conclusion, the Agency needs to have:

- conducted a comprehensive State evaluation based on all information available to the Agency about the State's nuclear and nuclear-related activities (including declarations submitted under the additional protocol, and information collected by the Agency through its verification activities and from other sources);
- implemented complementary access, as necessary, in accordance with the State's additional protocol; and
- addressed all anomalies, questions and inconsistencies identified in the course of its evaluation and verification activities.

13. When the evaluations described in paragraphs 11 and 12 above have been completed, and no indication has been found by the Secretariat that, in its judgement, would give rise to a possible proliferation concern, the Secretariat can draw the broader conclusion that all nuclear material in a State has remained in peaceful activities. Subsequently, the Secretariat implements an integrated safeguards approach for that State whereby — due to increased assurance in the absence of undeclared nuclear material and activities for the State as a whole — the intensity of inspection activities at declared facilities and LOFs are reduced.

14. In drawing safeguards conclusions, the Agency evaluates whether the safeguards activities carried out during the year have satisfied certain performance targets. In those cases where integrated safeguards have not yet been implemented, the Safeguards Criteria function as the performance targets⁸. Under integrated safeguards — the optimum combination of measures under comprehensive safeguards agreements and additional protocols — the performance targets are those set out in the State-specific integrated safeguards approach approved for each State⁹.

Overall Conclusions for 2006

15. On the basis of the evaluations described in paragraphs 11 and 12, the Secretariat drew the conclusions referred to in paragraph 1(a) of the Safeguards Statement for 2006 for 32 States¹⁰ — Australia, Austria, Bangladesh, Bulgaria, Canada, the Czech Republic, Chile, Croatia, Ecuador, Ghana, Greece, the Holy See, Hungary, Indonesia, Ireland, Jamaica, Japan, Jordan, Kuwait, Latvia, Lithuania, Luxembourg, Mali, Monaco, New Zealand, Norway, Peru, Poland, Portugal, Romania,

⁸ The Safeguards Criteria specify the activities considered necessary by the Secretariat to provide a reasonable probability of detecting the diversion of a significant quantity of nuclear material from declared facilities and LOFs.

⁹ A State-level approach is based on safeguards verification objectives common to all States which take into account the features of the individual State's nuclear fuel cycle and other relevant State specific factors.

¹⁰ See footnote 1.

Slovenia and Uzbekistan. For eight of these States¹¹ — Austria, Chile, the Czech Republic, Greece, Ireland, Luxembourg, Mali and Portugal — the conclusion in paragraph 1(a) of the Safeguards Statement was drawn for the first time.

16. Because the evaluation process described in paragraph 12 had not yet been completed for 43 States, the conclusion drawn for these States related only to declared nuclear material in peaceful activities. The conclusion in paragraph 1(b) was drawn for the following States: Afghanistan, Armenia, Azerbaijan, Belgium, Botswana, Burkina Faso, Cuba, Cyprus, the Democratic Republic of the Congo, Denmark, El Salvador, Estonia, Fiji, Haiti, Finland, Georgia, Germany, Iceland, Italy, the Libyan Arab Jamahiriya, Madagascar, Malta, the Marshall Islands, Mongolia, the Netherlands, Nicaragua, Palau, Panama, Paraguay, the Republic of Korea, the Seychelles, Slovakia, South Africa, Spain, Sweden, Switzerland, Tajikistan, Turkey, Turkmenistan, Uganda, Ukraine, the United Republic of Tanzania and Uruguay.

1.1.2. States with Comprehensive Safeguards Agreements but no Additional Protocols in Force

Status of Implementation

17. As of 31 December 2006, safeguards were implemented for 78 States¹² in this category, 52 of which had operative SQPs. Safeguards implementation involved activities in the field and at Headquarters, including the evaluation of States' accounting reports and declarations required under comprehensive safeguards agreements and the evaluation of safeguards-relevant information from other sources. The Secretariat carried out some 223 inspections utilizing approximately 2060 CDFVs in the States of this category.

Deriving Conclusions

18. For a State with a comprehensive safeguards agreement alone, the Agency's right and obligation are as described in paragraph 2 above. Although safeguards strengthening measures under such an agreement¹³ have somewhat increased the Agency's ability to detect undeclared nuclear material and activities, the activities that the Agency may conduct in this regard are limited for a State without an additional protocol. Thus, the Safeguards Statement for a State with a comprehensive safeguards agreement alone relates only to the non-diversion of declared nuclear material from peaceful activities.

19. In the course of its evaluation, the Agency also seeks to determine whether there is any indication of undeclared nuclear material or activities in the State which would need to be reflected in the Safeguards Statement. However, the measures provided for in the Model Additional Protocol remain essential for the Agency to provide credible assurance of the absence of undeclared nuclear material and activities for the State as a whole.

Overall Conclusions for 2006

20. On the basis of the evaluation performed and as reflected in paragraph 2 of the Safeguards Statement, the Secretariat concluded that for the 78 States referred to in paragraph 17 above, declared nuclear material remained in peaceful activities. This conclusion was drawn for Albania, Algeria, Antigua and Barbuda, Argentina, the Bahamas, Barbados, Belarus, Belize, Bhutan, Bolivia, Bosnia and Herzegovina, Brazil, Brunei Darussalam, Cambodia, Cameroon, Colombia, Costa Rica, Côte d'Ivoire, Dominica, the Dominican Republic, Egypt, Ethiopia, Gambia, Grenada, Guatemala, Guyana,

¹¹ See footnote 1.

¹² See footnote 2.

¹³ Such measures include the early provision of design information, environmental sampling and the use of satellite imagery.

Honduras, the Islamic Republic of Iran, Iraq, Kazakhstan, Kiribati, Kyrgyzstan, the Lao People's Republic, Lebanon, Lesotho, Liechtenstein, Malawi, Malaysia, the Maldives, Mauritius, Mexico, Morocco, Myanmar, Namibia, Nauru, Nepal, Niger, Nigeria, Oman, Papua New Guinea, the Philippines, the Republic of Moldova, Saint Kitts & Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Senegal, Serbia, Singapore, the Solomon Islands, Sri Lanka, Sudan, Suriname, Swaziland, the Syrian Arab Republic, the Former Yugoslav Republic of Macedonia, Thailand, Tonga, Trinidad and Tobago, Tunisia, Tuvalu, the United Arab Emirates, Venezuela, Vietnam, Yemen, Zambia and Zimbabwe.

1.2. States with no Safeguards Agreements in Force

21. As of 31 December 2006, 31 non-nuclear-weapon States party to the NPT had yet to bring comprehensive safeguards agreements into force pursuant to the Treaty¹⁴.

Overall Conclusions for 2006

22. As indicated in paragraph 3 of the Safeguards Statement, for these States, the Secretariat could not draw any safeguards conclusions. These States are: Andorra, Angola, Bahrain, Benin, Burundi, Cape Verde, the Central African Republic, Chad, Comoros, the Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Gabon, Guinea, Guinea-Bissau, Kenya, Liberia, Mauritania, the Federated States of Micronesia, Montenegro, Mozambique, Qatar, Rwanda, São Tome and Principe, Saudi Arabia, Sierra Leone, Somalia, Timor Leste, Togo and Vanuatu.

1.3. States with Safeguards Agreements based on INFCIRC/66/Rev.2

23. Under safeguards agreements based on INFCIRC/66/Rev.2, the Agency applies safeguards in order to ensure that nuclear material, facilities and other items specified under the safeguards agreement are not used for the manufacture of any nuclear weapon or to further any military purpose, and that such items shall be used exclusively for peaceful purposes and shall not be used for the manufacturing of any nuclear explosive device.

Status of Implementation

24. As of 31 December 2006, safeguards agreements based on INFCIRC/66/Rev.2 were implemented at a number of facilities in India, Israel and Pakistan. None of these States had concluded an additional protocol with the Agency. The Secretariat carried out 44 inspections utilizing some 420 CDFVs in these States.

Deriving Conclusions

25. The conclusion described in paragraph 4 of the Safeguards Statement is reported collectively for these three States, and relates to the nuclear material, facilities and other items to which safeguards were applied. To draw such a conclusion in respect of these States, the Agency evaluates all safeguards relevant information available, including verification results, and information about facility design features and facility operations.

¹⁴ In a note dated 12 December 2006, Montenegro informed one of the NPT Depositary Governments that the NPT continued to be in force for Montenegro with effect from 3 June 2006. The Agency subsequently began negotiating a comprehensive safeguards agreement with Montenegro.

Overall Conclusions for 2006

26. On the basis of the results of its verification and evaluation activities, the Secretariat concluded that nuclear material, facilities or other items to which safeguards were applied in India, Israel and Pakistan remained in peaceful activities.

1.4. States with Voluntary Offer Agreements

27. Under a voluntary offer agreement, the Agency applies safeguards to nuclear material in those facilities which have been selected by the Agency from the State's list of eligible facilities in order to verify that the material is not withdrawn, except as provided for in the agreement, and remains in peaceful nuclear activities. In selecting facilities under voluntary offer agreements for the application of safeguards, the Agency takes into consideration, inter-alia, (i) whether useful experience may be gained in implementing new safeguards approaches or in using advanced equipment and technology; (ii) whether the cost-efficiency of Agency safeguards may be enhanced by applying safeguards, in the exporting State, to nuclear material being shipped to States with comprehensive safeguards agreements in force; and/or (iii) whether the selection of a facility would satisfy legal obligations arising from other safeguards agreements concluded by States with voluntary offer agreements.

Status of Implementation

28. As of 31 December 2006, safeguards were implemented at facilities selected by the Agency in four of the five States with voluntary offer safeguards agreements in force: China, France, the United Kingdom of Great Britain and Northern Ireland (United Kingdom) and the United States of America. Safeguards activities in the Russian Federation were limited to the evaluation of accounting reports on the export and import of nuclear material since no facilities were selected in 2006 from Russia's list of eligible facilities. All five of these States have signed additional protocols with the Agency; by the end of 2006, additional protocols were in force for China, France and the United Kingdom. These three States provided declarations, inter alia, on exports to non-nuclear-weapon States of the specified equipment and non-nuclear material specified in the relevant annexes to their respective additional protocols and on cooperation with non-nuclear-weapon States in the area of nuclear fuel cycle related R&D activities. The Secretariat carried out some 87 safeguards inspections utilizing approximately 900 CDFVs in order to verify declared nuclear material in the facilities selected in these States.

Deriving Conclusions

29. The conclusion contained in paragraph 5 of the Safeguards Statement is reported for the four nuclear-weapon States in which safeguards were applied to nuclear material in selected facilities. To draw the safeguards conclusion, the Agency evaluates all relevant information, including verification results and information about facility design features and operations.

Overall Conclusions for 2006

30. On the basis of the results of its verification and evaluation activities, the Secretariat concluded for China, France, the United Kingdom and the United States that nuclear material to which safeguards were applied in selected facilities was not withdrawn, except as provided for in the agreements, and remained in peaceful activities.

1.5. Islamic Republic of Iran

31. During 2006, the Director General submitted five reports to the Board of Governors on the implementation of the NPT safeguards agreement in Iran (GOV/2006/15, 27, 38, 53 and 64). The Board adopted one resolution on the subject (GOV/2006/14).

32. Iran continued to implement its comprehensive safeguards agreement and, until 6 February 2006, implemented the additional protocol on a voluntary basis. In a letter dated 6 February 2006, Iran informed the Agency that its voluntary commitment to implement the additional protocol had been suspended as of that date and that the implementation of safeguards measures would be based only on its comprehensive safeguards agreement.

33. On 4 February 2006, the Board adopted a resolution (GOV/2006/14) in which it, *inter alia*, underlined that outstanding questions can best be resolved and confidence built in the exclusively peaceful nature of Iran's nuclear programme by Iran responding positively to the calls for confidence building measures deemed necessary by the Board. The Board also requested the Director General to report on the implementation of that resolution and the previous ones to the Security Council.

34. During 2006, the clarification of certain aspects of the scope and nature of Iran's nuclear programme remained unresolved. The issue of the source(s) of low enriched uranium (LEU) and high enriched uranium (HEU) particles found at locations where Iran declared that centrifuge components had been manufactured, used and/or stored remains unresolved. Iran did not make any new information available to the Agency concerning its P-1 or P-2 centrifuge programmes. Iran did not provide a copy of the 15-page document describing the procedures for the reduction of UF₆ to uranium metal and the casting and machining of enriched and depleted uranium metal into hemispheres. The issue of plutonium experiments has not been resolved satisfactorily.

35. While the Agency was able to verify the non-diversion of declared nuclear material in the State in 2006, Iran's decision to suspend its voluntary commitment to implement the provisions of the additional protocol and its insufficient cooperation and transparency limited the Agency's ability to clarify outstanding issues with a view to drawing a conclusion regarding the absence of undeclared nuclear material and activities in Iran.

36. On 31 July 2006, the United Nations Security Council (UNSC) adopted resolution 1696 (2006), *inter alia*, demanding, that Iran suspend all enrichment-related and reprocessing activities, including research and development (R&D) to be verified by the Agency, and requesting that the Director General report to the Council by 31 August 2006 on whether Iran had established full and sustained suspension of all activities mentioned in the resolution and on the process of Iranian compliance with all the steps required by the Board. The Director General submitted a report to the Board of Governors on that date (GOV/2006/53), and in parallel to the Security Council. On 23 December 2006, the UNSC adopted resolution 1737 (2006), in which it decided, *inter alia*, that Iran "shall provide such access and cooperation as the IAEA requests" to verify the suspension of nuclear activities as outlined in the resolution and to resolve all outstanding issues identified in IAEA reports and requested a report from the Director General of the IAEA within 60 days¹⁵.

¹⁵ That report (GOV/2007/8) was submitted on 22 February 2007.

1.6. Democratic People's Republic of Korea

37. Since December 2002, the Agency has not been able to perform any verification activities in the Democratic People's Republic of Korea (DPRK) and, therefore, could not draw any conclusion.

38. Following the DPRK's announcement on 9 October 2006 that it had carried out an underground nuclear test, the Security Council adopted resolution 1718 (2006), in which it demanded, inter alia, that the DPRK return to IAEA safeguards.

2. Factors affecting the Effectiveness of the Safeguards System

Additional Protocols

39. The implementation of the provisions of the Model Additional Protocol is essential to strengthen the effectiveness and improve the efficiency of the safeguards system. As of the end of the year, 84 of the 162 States with safeguards agreements did not have additional protocols in force or being otherwise applied. One of the greatest challenges for the Agency is to be able to detect undeclared nuclear material and activities. For States with a comprehensive safeguards agreement but no additional protocol in force, the Agency's ability to do so is limited.

Small Quantities Protocols

40. In accordance with the decision taken by the Board on 20 September 2005, the Secretariat initiated, with relevant SQP States, exchanges of letters to give effect to the modifications in the standard text and the change in the SQP criteria referred to in the Director General's report to the Board of Governors in 2005. During 2006, SQPs were amended to reflect the modified text for nine States: Azerbaijan, Cape Verde, the Dominican Republic, Ecuador, the Holy See, Mali, Palau, the Seychelles and Tajikistan. An SQP was rescinded by Jamaica and one with Morocco became non-operational. At the end of 2006, there were 73 States with safeguards agreements in force having operative SQPs requiring modification in accordance with the decision taken by the Board in September 2005¹⁶.

3. Strengthening the Effectiveness and Improving the Efficiency of Safeguards

41. In 2006, further progress was made in strengthening the effectiveness and improving the efficiency of Agency safeguards in several areas, such as the implementation of integrated safeguards, the development of safeguards approaches, procedures and technology and cooperation with State and regional systems of accounting for and control of nuclear material (SSACs/RSACs).

42. Integrated safeguards were implemented throughout 2006 in Australia, Bulgaria, Hungary, Indonesia, Japan, Norway, Peru, Slovenia and Uzbekistan. During 2006, implementation of integrated safeguards was initiated for Latvia and Poland. Preparations were being made for implementing the approved integrated safeguards approach for Canada. In addition, integrated safeguards approaches were developed and approved for Bangladesh and Ghana.

¹⁶ Costa Rica agreed to amend its SQP on 12 January 2007.

43. The Agency continued to replace obsolete analogue surveillance systems with digital systems, installing unattended monitoring systems and expanding remote monitoring capabilities. During 2006, 54 new digital surveillance systems involving 121 cameras were installed in the field. By the end of the year, the Agency had installed 130 surveillance and radiation monitoring systems with remote monitoring capabilities.

44. In 2006, the Nuclear Trade Analysis Unit (NUTRAN) analysed available information on covert nuclear procurements. In response to General Conference resolutions¹⁷, the Agency implemented an innovative mechanism to diversify the sources of safeguards relevant data. Pursuant to this mechanism, a number of Member States have agreed to facilitate the provision of safeguards-relevant information to the Agency by their nuclear-related industries.

45. The effectiveness and efficiency of Agency safeguards depend, to a large extent, on the effectiveness of SSACs and RSACs, and on the level of their cooperation with the Agency. The Secretariat continued to liaise with SSACs and RSACs on safeguards implementation issues such as the quality of operators' systems for the measurement of nuclear material, the timeliness and accuracy of State reports and declarations, and support for the Agency's verification activities. Emphasis was placed on training and on the introduction of assistance programmes such as the IAEA SSAC advisory service (ISSAS).

46. The Secretariat has continued to consult with States on the issue of visas for designated inspectors. Nearly all States with significant nuclear activities — and all States with additional protocols — have undertaken to provide designated Agency inspectors with multiple-entry visas valid for at least one year upon request by the Agency. Four States have not yet fully done so.

47. The Standing Advisory Group on Safeguards Implementation (SAGSI) held two plenary meetings in 2006. The main safeguards implementation issues considered by SAGSI were State-level safeguards implementation, international spent fuel transfers, integrated safeguards for geological repositories, the revised policy on containment and surveillance (C/S) and the Safeguards Research and Development (R&D) Programme.

48. The Advisory Committee on Safeguards and Verification within the Framework of the IAEA Statute (Committee 25) met three times during 2006 in order to evaluate ways and means to strengthen the Agency's safeguards system. During these meetings, the Committee, inter alia, reviewed technical papers prepared by the Secretariat that described measures to improve the effectiveness and efficiency of the safeguards system in several areas.

4. Safeguards Expenditures and Resources

49. In 2006, safeguards expenditure from the Safeguards Regular Budget amounted to €3.1 million. In addition, \$10.8 million was spent from voluntary contributions received from Member States. Due to delays in the implementation of several major projects, some €8 million of the Regular Budget remained unspent at the end of 2006 and was carried over to 2007.

¹⁷ See paragraph 21 of resolution GC(49)/RES/13, adopted on 30 September 2005, and paragraph 24 of resolution GC(50)/RES/14, adopted on 22 September 2006.

5. Further Activities supporting the Nuclear Non-Proliferation Regime

50. The Secretariat continued to experience difficulties in obtaining information directly from States under the monitoring scheme approved by the Board of Governors in 1999 regarding separated neptunium and americium. More consistent reporting by States in this regard would improve the Agency's ability to assess the quantities of separated neptunium and americium and the associated proliferation risk. As of the end of 2006, evaluation of the information that had been provided by States, in conjunction with all relevant information available to the Secretariat, had not indicated any issue of possible proliferation concern.

51. In 2006, the Agency continued to receive reports from Member States on events involving illicit trafficking in nuclear and other radioactive material. Of the 149 events that were reported to have occurred in 2006, fourteen involved small amounts of nuclear material (HEU in two cases).

52. The Secretariat continued to contribute, within the framework of the Agency's International Project on Innovative Reactors and Fuel Cycles (INPRO), to the development of an assessment methodology to evaluate innovative nuclear energy systems, with proliferation resistance as an important component. The work in 2006 focused on developing additional guidance in using the INPRO methodology. In addition to its work in INPRO, the Secretariat continued to participate in the Generation IV International Forum Proliferation Resistance and Physical Protection (GIF PR & PP) Expert Group.