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## THE FINANCING OF SAFEGUARDS

An excerpt from the summary record of the discussion in the Board of Governors on 14 June 1991 under the item "The financing of safeguards" is reproduced in the Attachment.

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A T T A C H M E N T

EXCERPT FROM THE RECORD OF THE 756TH MEETING  
(held on 14 June 1991)

THE FINANCING OF SAFEGUARDS (GC(XXXIV)/RES/538)

29. The CHAIRMAN reminded the Board that, in resolution GC(XXXIV)/RES/538, the General Conference had requested the Informal Working Group to continue its work with a view to reaching consensus on arrangements for the future financing of safeguards, and to report through the Board to the General Conference at its thirty-fifth regular session. The present arrangements for safeguards financing, approved by the General Conference in 1989, were applicable until the end of 1992.

30. The document before the Board (GOV/2522) contained the report of the Chairman of the Informal Working Group, Ambassador Vettovaglia, whom the Chairman thanked for the dedicated manner in which he had approached his highly difficult task.

31. Mr. VETTOVAGLIA (Switzerland), introducing his report, noted that, under the chairmanship of Ambassador Strulak, it had taken three meetings to adopt six very general principles which had nevertheless immediately given rise to reservations and diverse interpretations. In succeeding him, in October 1990, he had decided to avoid the impasse of juxtaposing irreconcilable opinions. He had shelved discussions surrounding the six principles, which were leading nowhere, and the Group had then spoken frankly about interconnections between the financing of safeguards and the financing of technical co-operation activities and, for instance, about the number of members of the Board of Governors.

32. The restrictive mandate of the Working Group prevented it from reaching any conclusions, since a formula which regulated mechanically everyone's share in the budget of the Department of Safeguards, without any consensus on certain major questions of principle which the Agency as a whole faced - and the Department of Safeguards with respect to its own operations in particular - could not be effective.

33. The report before the Board would not satisfy everyone, perhaps, despite the extreme care and caution with which it had been prepared. He claimed responsibility for its authorship and noted that the final version, which was more positive than the first, took account of the comments of a dozen Board members. He hoped that the 77 countries shielded by the current formula would agree to its being extended for three years while continuing to cover increases due to inflation. During that time satisfactory answers had to be found to the major questions and it was up to the General Conference, no doubt, to define the framework for and desirable means of finding those answers.

34. Mr. GUTIERREZ LEYTON (Chile) said that he had witnessed Mr. Vettovaglia's efforts and the judicious and serious manner in which he had done his utmost to reconcile diametrically opposed criteria and points of view. Those efforts had yielded fruit and the Working Group had succeeded in adopting certain positions.

35. Speaking on behalf of the Group of 77, he offered a number of comments on the report of the Chairman of the Informal Working Group with a view to contributing to the realization of the objectives set out in the Group's mandate. First of all, he thought it would be preferable to replace paragraph 3 of the report by the following text:

"Before the start of the second phase, consultations were held during the period from November 1990 to January 1991 on the basis of a proposal the effect of which would be to increase the contributions of 'shielded' countries."

36. With respect to paragraph 10, the following version should be adopted:
- "(a) Safeguards have the full support of all Member States, which expressed a readiness to continue the constant and constructive dialogue which would be necessary to reach a consensus on future arrangements for the financing of safeguards;
  - "(b) There was opposition to centring the discussion exclusively on the 'shielded' countries;
  - "(c) There was also opposition to including in the discussions percentages which do not reflect the real increase in the amounts paid by the 'shielded' countries;
  - "(d) There was no opposition to considering the idea of increasing the contributions of the 'shielded' Member States over a period of three years (1993-1995) in step with inflation, provided overall agreement was reached on the problem of the financing of safeguards. Several representatives stated that, while not opposed to this idea, they were waiting for instructions from their Governments;
  - "(e) Because of the limited mandate of the group, further progress was difficult to achieve without looking at the problem of safeguards as a whole."
37. The Group of 77 requested that its comments, and the summary record of the discussions in the Board, form part of the report which would be submitted to the General Conference.
38. Mr. ALER (Sweden) said that the report of the Chairman of the Working Group was an accurate reflection of discussions within the Group. There was obviously a need for further consultations before an agreement could be reached on a long-term arrangement for the financing of safeguards, and a number of related issues would need to be taken into consideration during those consultations. The meetings of the Group could then be resumed in due course with a view to achieving the result foreseen in the mandate given to the Group by the General Conference, and in time for the Board to take a decision by June 1992 at the latest.
39. He recommended that the report of the Chairman of the Informal Working Group be forwarded to the General Conference, together with the official record of the discussions in the Board, including the statement made by the Governor from Chile on behalf of the Group of 77.

40. Mr. TABAJARA DE OLIVEIRA (Brazil) lent his full support to the comments made by the Governor from Chile on behalf of the Group of 77. Since the report of the Chairman of the Working Group could and should influence future discussions on the financing of safeguards, the Brazilian delegation felt that the comments of the Group of 77 should be attached to it. Moreover, in accordance with General Conference resolutions GC(XXXIII)/RES/513 and GC(XXXIV)/RES/538, those discussions should be open to all Member States of the Agency and should not centre exclusively around the "shielded" countries and a possible increase in their contributions.

41. During the second series of meetings held by the Working Group in 1991, the Brazilian delegation had supported the possibility of an increase in the contributions of "shielded" Member States to take account of inflation over a period of three years (1993-1995), thus demonstrating its flexibility; he hoped that the non-shielded countries would demonstrate a similar flexibility.

42. A revision of the criteria for application of safeguards, aimed at giving the correct emphasis to facilities representing a real danger from the point of view of proliferation, would facilitate more effective and efficient use of the resources allocated to safeguards.

43. In conclusion, on behalf of his delegation, he thanked Ambassador Vettovaglia for his efforts as head of the Working Group.

44. Mr. TALIANI (Italy) said that his delegation had been somewhat reluctant to accept the methods of the Working Group. The discussions had in fact focused in the main on the question of "shielded" States, which was not in accordance with the six principles that had been more or less adopted during the preceding year. The proposals made by Italy and Belgium had not been considered, even though they were vital to a long-term solution of the question of the financing of safeguards. However, he would not be proposing any amendments since the report was not a report of the Working Group but of its Chairman. He wished merely to point out certain incoherencies.

45. Paragraph 11 proposed that the Working Group recommend to the Board that, during the three-year period (1993-1995), the question of safeguards effectiveness and efficiency and even the entire operation of the Department of Safeguards be examined. Did that mean that the Working Group would be

stopping its work until 1993? If that was the case, the Italian delegation would firmly oppose such a move. The incoherency was confirmed in the rest of the paragraph where it was proposed that the discussion in question take place within the framework of the Medium-Term Plan debate. Yet that debate was supposed to be finished by February 1992, i.e. before the period in question. How could there be two discussions, and how could one talk about a "dual-track approach" when the finishing touches were to be put to the Medium-Term Plan in February 1992 whereas the suggestion seemed to be that the debate on the financing of safeguards and related questions would take place between 1993 and 1995, i.e. well after the adoption of the Medium-Term Plan? Such incoherencies were, in reality, proof of the energetic efforts which the Chairman had made to reconcile different points of view, but logic had suffered somewhat in the process.

46. He did not know whether it was up to the Board or the General Conference to say so but, as far as he could see, the Working Group had been constituted to present a report and the one before the Board was only a kind of interim report. Clearly, the Working Group had not fulfilled its mandate despite the progress made thanks, in particular, to the more flexible position adopted by certain "shielded" countries which had accepted an extension of the current system. The Group should pursue its activities without delay and examine the question of the financing of safeguards, taking due account of the effectiveness and efficiency of the Agency's activities in that area. It should also take into consideration the discussions and decisions of the Board on the Medium-Term Plan. If the Working Group were to resume its activities immediately, the "dual-track approach" might, indeed should, be applied and the activities of the Working Group could proceed in parallel with the discussions on the Medium-Term Plan. He did not know what body was responsible for designating a chairman. He himself would be in favour of retaining Mr. Vettovaglia.

47. Finally, the Board of Governors might take note of the report of the Chairman of the Informal Working Group and urge the Group to pursue its activities and submit a report to the Board in February 1992.

48. Mr. ENDO (JAPAN) reiterated his view that the Agency's safeguards system made a great contribution to world security and that all Member States should give it their support by sharing in its financing on an equitable basis. It was regrettable that the discussions in the Working Group had not made any appreciable progress, but he nevertheless commended the energy with which Ambassador Vettovaglia had conducted consultations and chaired the Working Group.

49. He was fully in favour of the idea that the contributions of the "shielded" Member States should increase in step with inflation over the period 1993-1995, and approved the proposal that the question of the effectiveness and efficiency of safeguards should continue to be examined. However, the issue of the financing of safeguards should not be linked to any other issue, notably the financing of technical co-operation.

50. When the Working Group was re-established to deal with the overall operation of safeguards, its mandate should be limited strictly to safeguards matters - though, at the same time, the connections with SAGSI should be borne in mind.

51. Mr. LAVIÑA (Philippines) thanked the Chairman of the Working Group for his report and the extensive consultations he had diligently held. He also thanked the Governor from Chile for directing the work of the Group of 77 and associated himself with the views he had expressed. The conclusions drawn by the Chairman of the Working Group, set out in paragraph 5 of his report, were acceptable.

52. Paragraph 9 of the first draft had, at the instigation of several delegations including the Philippines, contained a proposal to the effect that, in addition to the financing of safeguards and the financing of technical assistance, the issue of the enlargement of the Board should also be included among the major themes to be discussed. That proposal should indeed form an integral part of any package deal if there was a serious desire to solve, or at least deal with, outstanding issues. That being so, the exercise of political will would be required. The Philippine delegation felt that none of those issues in hand could be resolved unless they were negotiated in one package.

53. According to paragraph 11 of the report, the new Informal Working Group to be established by the General Conference would have an enlarged mandate which might include negotiations on major outstanding issues. He feared that the new Working Group, like other groups set up within the Agency, might not be able to find a satisfactory solution if it did not have the power to negotiate. However, with that power half of the problems would be solved.

54. With respect to the conclusions set out in paragraph 10 of the report, though it might be true that "safeguards has the full support of all Member States", it was no less true that the Philippines, for example, had and would continue to have reservations with respect to principle No. 1, which stated that "All Member States have the right and the duty to contribute to the financing of safeguards", as long as the fundamental principle that "Member States which own, possess, or operate facilities are responsible for the financing of safeguards" was not accepted. That principle was irrefutable, and the Philippine delegation had already given its reasons and justifications for that belief in an official statement which had been cited, for instance, in a note from the Secretariat dated 21 May 1991. That statement had also been distributed to the members of the Working Group which had been chaired by Ambassador Strulak, and he requested that the Secretariat preserve it as a reference document for the Working Group on the financing of safeguards.

55. As far as the inflation factor was concerned, he was ready to discuss the matter and was even in favour of it, as long as real efforts were made with respect to the "solving of larger issues", as stated in the Chairman's report. He hoped that other delegations would be able to accept that approach and the search for a package or a negotiated solution for all major outstanding questions.

56. It was essential that the proposal concerning the enlargement of the Board be included since it was an outstanding question; it could only be solved by negotiations or the exercise of political will. Moreover, an enlarged Board might be of assistance in finding a solution to the financing of technical assistance and safeguards. Though the financing of technical co-operation and the enlargement of the Board were not likely to have world-wide repercussions, the problem of the financing of safeguards, on the other hand, if it was not solved quickly, might one day have grave

consequences somewhere in the world, particularly if safeguards were one day to be applied to facilities in nuclear-weapon States. It was thus time to recognize that those issues were linked, and to negotiate a package to solve them. His delegation felt that the enlargement of the Board must inevitably be an integral part of such a package.

57. In conclusion, he felt it would be too early to consider including the financing of safeguards in any medium-term plan as long as no agreement had been reached on a package. He shared the doubts of the Italian delegation with respect to paragraph 11 of document GOV/2522, and thanked the latter for pointing out that the Working Group had not been able to examine a number of other proposals, such as the Italian proposal, the Belgian proposal and the Philippine proposal. He also felt that the Working Group should pursue its work within the time limits set, and should continue to report on its progress.

58. Mr. ORNSTEIN (Argentina) lent his full support to the statement and proposals made by the Governor from Chile on behalf of the Group of 77, and to the comments made by the Governor from Brazil.

59. The Argentine delegation had always felt that what was needed to solve the problem of the financing of safeguards was not a more or less ingenious formula for sharing the financial burden but rather a rationalization of the criteria for the application of safeguards, placing the emphasis on nuclear facilities and materials which were truly significant from the point of view of proliferation.

60. In conclusion, he thanked Ambassador Vettovaglia for the conscientiousness he had shown in performing his office.

61. Mr. CHIKELU (Nigeria) thanked the Chairman and the members of the Informal Working Group for the efforts they had made to find a solution to a difficult problem. The Group had drawn up a set of principles which could serve as a basis for any future arrangement on the financing of safeguards, and had suggested certain modifications with respect to "shielded" countries and methods of taking inflation into account. Unfortunately, it had not been possible to arrive at a consensus during the five meetings owing to the fundamentally different approaches of Member States. However, progress had definitely been made. He endorsed fully the views expressed by the Governor

from Chile on behalf of the Group of 77. Consultations should continue on the basis of the elements of agreement which already existed and which were described in the document, and the important amendments suggested by the Group of 77.

62. He also thought that the Working Group should examine links between the financing of safeguards and the financing of technical assistance, and the possibility of a package which would make a broad contribution to increasing the efficiency of the Agency, since safeguards and technical assistance were its two key areas of activity.

63. Mr. GUZMAN MARTINEZ (Cuba) first of all thanked Ambassador Vettovaglia for his statement on the results achieved by the Working Group, and for the efforts he had personally made.

64. He endorsed fully the statement made by the Governor from Chile on behalf of the Group of 77 since it reflected the course of the discussions most precisely. The results of the Group's work showed that, owing to the nature of the problem and its implications for the future, it was impossible to arrive at a stable long-term solution as foreseen in the Group's mandate by examining the problem from an empirical point of view, or on the basis of statistics and figures which might sometimes lead people into error. The Cuban delegation was firmly convinced, as it had stated during the fourth meeting of the Group, that it was not correct to attempt to find solutions which only dealt with the "shielded" countries without placing the issue in its more general context and without taking account of a fundamental element, namely the technical nature of the safeguards system itself.

65. The Cuban delegation was of the opinion that the Agency should solve the problem relatively quickly, and that was indeed one of the objectives of the Medium-Term Plan. That need not stop the Informal Working Group from continuing its efforts with a more explicit mandate which took account of the need to analyse the rationale of safeguards and their efficiency, two factors which were an integral part of the financing problem. Since it had not been possible to arrive at a consensus on any formula, and since the current mechanism, which provided for an increase to take account of inflation, was valid for the preparation of the budget up until 1992, he thought that it

should be possible to return to the question at some appropriate time in the future. He declared his delegation's readiness to continue with constructive dialogue on the financing of safeguards in the hope that it would be possible to arrive at a satisfactory solution.

66. Mr. ALLAM (Egypt) considered that the financing of safeguards should be examined in the framework of a broad-based evaluation of the future prospects of the safeguards system. He therefore approved the contents of paragraph 10 of document GOV/2522 and thought that the study ought not to be limited to "shielded" Member States.

67. In other respects, an examination of the financing of safeguards should take into account Agency priorities as defined in the forthcoming Medium-Term Plan. Consequently, his country considered the mandate of the current Informal Working Group to be overrestrictive and in need of review. Finally, he thought that the ideas put forward by the Governor from Sweden were interesting.

68. Mr. KOSTENKO (Ukrainian Soviet Socialist Republic), thanking Ambassador Vettovaglia for the work accomplished, remarked that, although none of the basic issues involved in the problem had been resolved during the consultations, each State had nevertheless had the opportunity to express its point of view. His delegation felt that all Member States should contribute to the financing of safeguards, which were in the interests of all, and that the contributions of "shielded" States should increase in step with inflation. With respect to the relationship between the financing of safeguards and the financing of technical assistance, an issue raised during the meetings of the Informal Working Group, he thought that was a problem which could be examined within the framework of the Medium-Term Plan debate. He was of the opinion that the Informal Working Group should continue its activities and that the Chairman's report should be submitted to the General Conference.

69. Mr. MOOSAVI BIOKI (Islamic Republic of Iran) thanked Ambassador Vettovaglia for his efforts and said that his delegation supported the statement made by the Governor from Chile on behalf of the Group of 77.

70. Mr. KATZ (United States of America) also commended Ambassador Vettovaglia and the members of the Informal Working Group on the financing of safeguards.

71. His delegation believed that certain elements should be key features of any long-term safeguards financing arrangement: all Member States benefited from the international security provided by safeguards and should, therefore, make a real contribution to the costs involved; the formula used in apportioning the costs of safeguards should be based on the actual capacity of Member States to pay and not on politically motivated criteria with no bearing on the economic situation prevailing in those Member States; relief should be conceded only for economic reasons, and the eligibility of Member States to receive such relief should be determined solely in accordance with elements of the United Nations scale of assessments, which gave an objective picture of the economic situation in those States, including changes in their status relative to other States; and, finally, the formula for financing safeguards should comprise dynamic factors to ensure a long-lasting solution to the problem which would not require the continual attention of the Board.

72. His delegation was prepared to accept the Working Group's recommendation to incorporate an inflation factor for a period of three years starting in 1993. He also thought it might be useful to look for a future safeguards financing formula in the context of broader safeguards issues, such as the safeguards budget as a whole and ways of improving the efficiency and effectiveness of safeguards. He was not, however, in favour of expanding the mandate of the Working Group to examine those issues. Moreover, his Government was concerned about efforts to link a new safeguards financing formula with other elements of the Agency's programme. In particular, it rejected the idea that some kind of balance needed to be maintained between safeguards and the promotional activities of the Agency.

73. The United States supported the technical assistance programme and other promotional activities of the Agency. However, it also regarded the safeguards system as indispensable to international peace and security and felt that safeguards, like other elements of the Agency's programme, should be evaluated on their own merits.

74. Mr. FORTAKOV (Union of Soviet Socialist Republics), reaffirming his country's position on the arrangements for the financing of safeguards, said that the application of safeguards was the most important function of the Agency under its Statute. Countries could co-operate successfully in the peaceful uses of atomic energy only if reliable safeguards were available so that international relations in the nuclear field entailed no threat of nuclear arms proliferation. Thus, improvement of the reliability of safeguards by all available means was in the interests of all Agency Member States, whether small or large, industrialized or developing, and whether they possessed nuclear weapons or not.

75. Reliable financing was a prerequisite for efficient functioning of the safeguards system. Consequently, it would be useful to find a long-term solution acceptable to all States. His delegation was pleased with the work done by the Chairman of the Informal Working Group. Unfortunately, the Group had not reached a consensus, mainly because some delegations had put forward unjustified conditions for further discussion of the financing of safeguards. His delegation could not approve the idea of discussing the financing of safeguards in a single package with, say, the financing of technical assistance, or the question whether the number of seats in the Board of Governors should be increased. He supported a constructive continuation of consultations in the Working Group with the aim of finding a long-term solution to the issue.

76. Mr. LOOSCH (Germany) said that the report by the Chairman of the Informal Working Group showed how important and difficult the question of financing safeguards was. His delegation was thus very appreciative of the efforts made by the Group, in particular by its Chairman, and favoured the report.

77. While the Group had made no breakthrough on an issue which was not new, it was nevertheless reassuring to read in paragraph 10 that "safeguards has the full support of all Member States", and he was somewhat disappointed that even that assertion had been questioned by some speakers. He stressed that, as far as his delegation was concerned, safeguards was the common responsibility of all Members of the Agency. Some speakers had complained

that too much emphasis was being laid on "shielded" States and had requested that "non-shielded" countries show greater flexibility. Paragraph 4 of document GOV/2522 showed that "non-shielded" Member States in fact had shown flexibility in many ways because their contribution to the safeguards element of the budget had increased from a little under 95% in 1976 to almost 99% in 1990.

78. As to the question whether the cost of safeguards should be the responsibility of all or only of some, his delegation did not share the views put forward by the Governor from the Philippines, that the cost of safeguards should be borne exclusively by countries with nuclear installations. On the contrary, all Member States, indeed the international community as a whole, shared the responsibility since safeguards, like nuclear safety, was in the interests of all countries, whether they operated nuclear facilities or not.

79. On the question of the Group's mandate, he fully shared the views expressed by other speakers, in particular by the Governors from Japan and the United States, that safeguards issues should not be examined as part of a package with other unrelated issues. He supported the recommendation to submit the report of the Chairman of the Informal Working Group, to whom he wished to express his deep gratitude, together with the summary record of statements made on that subject before the Board, to the General Conference.

80. Mr. PABON GARCIA (Venezuela) thanked Ambassador Vettovaglia for his report on the financing of safeguards and acknowledged his achievements as head of the Informal Working Group. He fully supported the statement made by the Governor from Chile on behalf of the Group of 77. He was also in favour of asking the Group to continue its work with a clear mandate to find ways of rationalizing the costs and increasing the efficiency and effectiveness of safeguards without detriment to credibility.

81. Mr. McRAE (Canada) noted that the difficult problem of financing safeguards continued to elude solution. Like others, he felt bound to reiterate, as a matter of principle, his belief that it was in the interests of all Member States to contribute to the safeguards system, and he therefore rejected the dubious proposition that the system only served the interests of States with nuclear power programmes. At the same time, his delegation

recognized that some States (particularly among the developing countries) were seriously concerned that increasing demands on the safeguards system might create strains which could affect other areas of Agency activity.

82. Although the record of the Working Group was far from encouraging, despite the commendable efforts of the current Chairman and his predecessor, Canada was in favour of continuing the Group's work to try and resolve that seemingly intractable problem. The Group could perhaps base its work on the substantive and concrete proposals which lay before it already. He recognized that the issue of financing safeguards was linked with other problems and considerations related to the safeguards system as a whole. For that reason, as his delegation had previously indicated, it intended to propose that a comprehensive review of the system be treated as a priority question under the Medium-Term Plan. The reason for that was that the system would have to face increasing demands, and particular attention would have to be given not only to financing, but also to the development of alternative, more cost-effective approaches to inspections.

83. He regretted that the Medium-Term Plan had not been included in the agenda since a continued discussion, particularly on priorities, would have been useful. There were certain other priority areas in addition to safeguards which Canada considered to be of crucial importance: the needs of developing countries, particularly in respect of nuclear applications and radiological protection; the priority of nuclear safety over nuclear power, particularly in relation to the operational safety of power and research reactors, and the safety implications of ageing reactors; greater emphasis on co-operation between the Agency and other international organizations in areas of common interest (health and the environment, for example) so as to avoid overlaps and duplication of effort; an enhanced role for the Agency in facilitating the exchange of information between Member States on certain developments, as in safety standards and criteria for new power reactors. While those comments might be somewhat out of order, he considered it important to have made them, if only to emphasize that safeguards was only one of several priority areas.

84. Mr. SINAI (India) thanked Ambassador Vettovaglia for his imaginative leadership of the Informal Working Group on the financing of safeguards. The issue was, undoubtedly, a difficult one and it was not surprising that the Working Group had not reached agreement. With regard to the Chairman's report, which the Group had, incidentally, not had the opportunity to examine, his delegation fully sympathized with the position outlined by the Governor from Chile on behalf of the Group of 77, which was willing to consider an increase in the contributions of "shielded" Member States to keep pace with inflation - subject to confirmation by Governments in some cases - on condition that an overall agreement were reached. Patience was needed and he hoped that the Group would be able to continue its efforts under the able leadership of Ambassador Vettovaglia.

85. Mr. AL-TAIFI (Saudi Arabia) thought that the report of the Chairman of the Working Group clearly showed that, although safeguards might enjoy the full support of all Member States, they nevertheless held quite different points of view on the method of financing and associated issues.

86. Saudi Arabia paid its contribution to the financing of safeguards in full and wondered whether that was a wise thing to do. In fact, although it was considered a developing country with no activities under safeguards, its contribution was almost on a par with that of all the "shielded" countries together, some of which did have nuclear activities subject to safeguards. It would therefore be useful to revise the list of "shielded" Member States. In so doing, account should be taken not only of the GNP of those countries, but also the extent to which they utilized nuclear energy.

87. Since thorough and detailed examination of safeguards financing would take some time and involve a great deal of effort, a new Informal Working Group should be set up with an extended mandate to cope with the tasks which lay before it. Consequently, his delegation approved the measure suggested in paragraph 11 of document GOV/2522.

88. Mr. CLARK (United Kingdom) associated himself with the statements made by the representatives of the United States, the Soviet Union, and Germany. His delegation was of the opinion that the only solution was for the Informal Working Group to continue under the Chairmanship of Ambassador Vettovaglia, who had personally done much to bring about the

progress already made in the discussions. He regretted, however, that certain speakers had cast doubt on the apparent willingness of Working Group participants to continue including, as in the past three years, an inflation factor in "shielded" States' contributions.

89. Ms. SCHICK (Australia) thanked Ambassador Vettovaglia for the excellent work of the Group over which he had presided during the past year. As had already been said, her delegation considered the financing of safeguards to be the responsibility of all Member States, in accordance with the real ability of each to pay, and believed that any formula for financing should be dynamic and take account of inflation. She considered it very important that the system be financed from the Regular Budget and not require extrabudgetary funds except for safeguards research. Two of those points were in fact mentioned in the report under consideration, namely that all States should pay and that inflation should be taken into account.

90. On the other hand, she did not agree with some other points. She saw no necessity of linking the financing of safeguards with that of technical assistance. Furthermore, she did not consider it necessary to expand the mandate of the Working Group, as suggested by some. In that respect, she shared the views expressed by the representatives of Japan, Germany and the United States, and did not consider it necessary to establish any kind of link between that mandate and other issues.

91. In conclusion, she approved the suggestion to append the record of the discussions held in the Board on the financing of safeguards to the report of the Chairman of the Informal Working Group.

92. The CHAIRMAN conveyed the gratitude of all Board members to Ambassador Vettovaglia for the work he had accomplished as Chairman of the Informal Working Group on the financing of safeguards. He took it that the Board wished to submit the report of the Chairman of the Informal Working Group on the financing of safeguards, contained in document GOV/2522, to the General Conference, together with the summary record of the Board's discussion at the present meeting, which would, naturally, reflect all the opinions and suggestions expressed.

93. It was so decided.