

April 24, 2001

MEMORANDUM TO: Janice Dunn Lee, Director  
Office of International Programs

FROM: Charles Z. Serpan, Jr. */RA/*  
Office of International Programs

SUBJECT: REPORT OF TRAVEL TO IAEA BOARD OF GOVERNORS  
MEETING, VIENNA, AUSTRIA, MARCH 19-23, 2001

### **Summary**

The IAEA Board approved Yugoslavia's application for membership in the IAEA following earlier similar action at the UN. The application of Botswana was also accepted. DG El Baradei decried the continuing inability of the Agency to conduct safeguards inspections in the DPRK in connection with the Agreed Framework and noted that a design safety review would be conducted for the KEDO reactors with the results being given to the DPRK. The U.K. and Ireland both announced ratification of the Joint Convention on the Safety of Management of Spent Fuel and the Safety of Management of Radioactive Waste, so the convention will come into effect on June 18, 2001. Debate was spirited, but unresolved, over how to accommodate the nearly \$3M shortfall in funds for the 2002 budget, despite "savings" identified by the DG from unspent accounts. Donor countries are holding fast to the principle of ZNG (no budget increase even for inflation) with accommodation of safeguards a first priority, while "recipient" states were equally adamant that monies not be taken from Technical Cooperation projects. DG El Baradei has no competition for reelection for a second four-year term as Director General. However, new candidates to challenge the candidacy of Japan's Dr. Tomohiro Taniguchi for the post of DDG-Nuclear Safety emerged, including Miroslav Gregoric, head of the nuclear regulatory authority in Slovenia, and former Board Chairman, Sabyasachi Chakraborty of the Swiss HSK nuclear safety authority, an un-named Swede, another un-named Finn, and Abel Gonzalez of the Division of Radiation and Waste Safety.

*Meeting of the IAEA Board of Governors, March 19-21, 2001*

### DG El Baradei's opening statement

Following opening of the meeting by Board Chairman Ibrahim H. Umar of Nigeria, DG El Baradei began by noting the application for membership in the IAEA of Yugoslavia and Botswana, the Nuclear Technology Review, the Nuclear Safety Review, and the proposed review of DU effects in Kosovo in collaboration with UNEP and WHO. He said that the Agency "would respond to other requests," for surveys of DU, a clear reference to Kuwait and Iraq, but these were not mentioned. (In a long intervention toward the end of the meeting, Iraq sharply criticized the Agency for rapidly responding to requests for environmental analysis of DU effects in other countries while ignoring Iraq's requests.) El Baradei complained of the continuing lack

of progress in verification of nuclear materials in the DPRK and went on to note the proposed design safety review of the KEDO reactors, the results of which would be supplied to the DPRK. The DG said that through careful review of expenditures, the Agency had "found" some unexpended funds that could be used to lessen the expected shortfall in the 2002/2003 budget, but there still would be unfunded requirements. His raising of the budget issue, unexpected by many delegations, prompted a vigorous three hour discussion at the end of the board meeting on Wednesday morning.

### Applications for Membership

Six member states plus 4 others under Rule 50, including most of the neighboring states of Yugoslavia, warmly greeted the membership applications for Yugoslavia and Botswana.

### Nuclear Safety Review

DDG Zygmund Domaratzki introduced the Nuclear Safety Review with a surprisingly long speech that touched on most of the major issues in the report. This was followed by some 40 interventions by Board members and others under Rule 50, all generally very complimentary to the Secretariat for a well written, concise, and comprehensive report. A number of themes were repeated throughout, including concern by G-77 and "recipient" countries over the decrease in training programs and Coordinated Research Programs; concern by coastal states over shipments of radioactive materials and their corresponding call for mandatory adherence to Agency Safety Standards; appreciation for the Model Project on Upgrading the Radiation Protection Infrastructure; and interest in the upcoming 15th Anniversary Chernobyl Symposium plus the divergent opinions (Belarus very worried, Western states satisfied) over evaluation of health effects. The U.K. said that on March 13, 2001, it had ratified the Joint Convention on the Safety of Spent Fuel Management and the Safety of Radioactive Waste Management and Ireland added that it would deposit its instrument of ratification on March 20, 2001, thus, reaching the required total of 25 countries and 15 or more with nuclear power programs for the convention to come into force. Thus, the Joint Convention will come into force on June 18, 2001, and the first organization meeting will have to take place by December 18, 2001.

Other items of interest included the following: Ukraine announced passage of a law on March 12, 2001, creating an independent regulator, and Pakistan and Poland noted the recent creation of an independent regulator for those countries as well. Belarus was outspoken in disagreement with the UNSCEAR report on the effects of radiation from Chernobyl on health of its population, while praising work on criteria for commodities. India asked to be included in the groups of nuclear regulators (such as INRA). Poland decried the opposition to the start of the Temelin Reactor in the Czech Republic. The U.K. said it was in talks with Japan to study compliance with transport regulations of ships with radioactive materials. Russia took the opportunity, out of context, to laud the start of the INPRO (International Project on Innovative Reactors and Fuel Cycles) project, and was firm about opposing the protocol for research reactors. Russia complained about comments that the best way to improve safety of Soviet-designed reactors was to shut them down, and observed that other reactors (presumably the UK AGRs) also do not have a containment, so why not cite those reactors too. Russia wanted more "environmental" studies but only with Extrabudgetary funding. New Zealand registered disappointment that so few states have availed themselves of the Agency's Transport Review Service. Iran expressed "deep gratitude" for the Agency's assistance at Bushehr, and appreciation for the studies of DU. Of those several countries speaking about research

reactors and the need for international reporting, only Austria called for a protocol to the CNS. Many states appreciated news that work on Fuel Cycle standards would be moved into the regular budget. DDG Domaratzki thanked delegates for all the comments, noting that the Secretariat would incorporate them as appropriate into the final report to be presented to the General Conference.

#### Action Plan for the Safety of Radiation Sources and the Security of Radioactive Materials

Nineteen delegations made statements generally decrying the situation of lost and abandoned sources, and at the same time lauding Agency efforts to bring this issue under control. Many delegations referred to the recent Conference of National Regulatory Authorities with Competence in the Safety of Radiation sources and the Security of Radioactive Materials held in Buenos Aires, looked forward to the meeting report plus updated recommendations for action, and called for enhanced educational outreach and training. Spain said that it had concluded a protocol with steelmakers and scrap yards to help reduce accidents and inadvertent misuse of sources. Pakistan and Ukraine followed on the heels of Germany to call for a solution to the refusal of some suppliers (clearly indicating Russia) to take back used sources. Russia quickly retorted, trying to deflect the complaint stating that “owners” not suppliers are responsible for sources. The U.K. called for expanded efforts in the area of physical security for sources and materials. The Agency will update the Plan of Action based on the Board comments and recommendations from the Buenos Aires Conference and try to have it ready for the September Board of Governors meeting and the General Conference.

#### Nuclear Technology Review

Following introductions by Victor Mourogov (DDG Nuclear Energy) and Werner Burkart (DDG Nuclear Applications), thirty delegations offered generally very complimentary remarks to the Secretariat for the review, to the INPRO project, and to the efforts by the Agency to advance Nuclear Power. In comments on the detailed annexes covering specific topics, the benefits of food irradiation were cited by many delegations. Following its earlier complaint about Russia’s lack of responsibility for radiation sources, Germany indicated concern over the lack of progress toward return of research reactor spent fuel to Russia. Bucking the tide of favorable comments about the need for and value of nuclear power, Germany, Austria, and Ireland all stated that nuclear power cannot play a role in future energy considerations. It was reported that the Finnish Parliament will debate the increased use of nuclear power as a realistic method to meet Kyoto Protocol targets. Austria warned that nuclear safety was a critical consideration of the energy issues for EU enlargement. Russia asked that the Nuclear Technology Review be published as a GOV/INF document for the General Conference as is the Nuclear Safety Review, and along with Japan, asked for even more detail in the report. Mexico will use the Agency’s DECADES program to help plan for increases in electric production. The U.S. was concerned about overlap of INPRO and DOE’s GEN IV programs and urged the Agency to follow the advice on this subject offered by the Senior Advisory Group for Nuclear Energy which is to go slow and try to involve more countries in the project. France spoke of the contribution of nuclear to sustainable energy in the EU’s Green Book, and that France expects nuclear power to retain its position in the 2015/2020 time frame. Korea offered its Uranium-Molybdenum alloy fuel technology for low enrichment Uranium research reactor fuel elements. Netherlands asserted that there would be a negative Greenhouse Gas effect in the absence of nuclear power, and Slovakia reinforced it saying that while Slovakia intended to meet its Greenhouse Gas commitments, early shut down of the Bohunice V-1 reactors would add many

tons of CO<sub>2</sub> gas to its Kyoto calculations. In addition to remarks made during the discussion of this item, the Russian delegation provided a detailed, three page note with comments, suggestions and additions to nearly every aspect of the report. With all these comments, Chairman Umar said the Board would take note of the Nuclear Technology Review and the Secretariat would consider providing it to the General Conference in September.

Report by the DG on the implementation of the agreement between the Agency and the DPRK for the application of Safeguards in connection with the Treaty on the Non-Proliferation of Nuclear Weapons

DG El Baradei decried the continuing intransigence of the DPRK, and thus, the inability of the Agency to inspect DPRK spent fuel and facilities for compliance with Safeguards agreements. Six delegations including the U.S. supported the DG's concern over the lack of the DPRK's compliance with safeguards agreements while lauding the agency for its efforts. On the other hand, both China and Russia urged a more conciliatory approach toward the DPRK, hoping that "a policy of rapprochement could lead to progress."

Appointment of the Director General

Board Chairman Umar reported that only the nomination of DG Mohamad El Baradei had been received by the deadline of December 31, 2000, so Umar will undertake consultations with the Missions to reach a consensus by the June Board of Governors meeting. This would result in DG El Baradei being reelected for a second four-year term via a resolution at the September General Conference. Egypt immediately endorsed the renomination of the DG on behalf of the G-77 plus China Group, followed rapidly by eighteen other delegations including the U.S.

Comments on the DG's opening speech

The Pakistani Ambassador opened the discussion with a long and dramatic speech, lecturing the DG on his responsibilities with regard to the program and budget, and then declaring that Pakistan was "totally opposed to removal of funding from TC (Technical Cooperation) and Nuclear Safety to the Safeguards program." He insisted that the DG look for funds elsewhere, and reiterated that diversion of funds from TC was not acceptable. India, in a curious statement, cautioned that individual states should be left to decide on their own about nuclear power. China observed that the Agency was not operating on a ZRG (Zero Real Growth which allows only for inflation) budget but really ZRG plus 10% Extrabudgetary Funding. "Shoes must fit the feet; if the feet grow so must the shoes." In a succeeding intervention that seemed to be at odds with its adamant ZNG policy, Japan suggested that the "hat just goes up higher on the head when the head grows." Canada retorted that "when the waistline grows, it's time to go on a diet!" Ah, where's Carl Stoiber when there's such rich material lying about? Japan tried to deflect the appearance that the Rokkasho Fuel Cycle facility was a primary cause of the budget crisis, and reiterated its "expectation" that all Safeguard costs should be part of the regular budget and not hostage to Extrabudgetary contributions. Sweden on behalf of the EU, urged that UNGA Resolution 1284 on inspections in Iraq be reinstated. The U.S. commended Agency cooperation with UNEP and WHO on DU studies (even though UNEP has been more of a problem on this issue than a help), and suggested that the "savings" identified by the DG in his opening speech be allocated to Safeguards and TC in the ratio of 3:1. Canada reiterated its insistence on ZNG, and asked that the Agency identify low priority projects for termination. Peru asked that the application of savings be balanced, meaning that funds would be retained

by TC rather than go to any other departments. Belarus tolled an exhaustive list of devastating health effects it attributes to Chernobyl, pleading for acknowledgment (to counter the much less damaging UNSCEAR report) and assistance for recovery. Iraq linked its complaints about DU to U.S. and British troops suffering from Gulf War syndrome. "This has been a heinous crime against Iraq," said the delegate.

DG El Baradei's rebuttal was quick and blunt. "You cannot keep asking me to do more work but not give me the resources to do it."

*Brief notes from meetings on the margins of the BOG*

Zygmund Domaratzki, DDG for Nuclear Safety

Domaratzki briefly reviewed the options for the new DDG-NS, to take over his position when Domaratzki retires this summer. Dr. Tomohiro Taniguchi, Executive Director of Japan's Nuclear Power Engineering Corporation (NUPEC), is the leading candidate because of Japan's status as second largest donor. But it was pointed out that Taniguchi has much better credentials in Nuclear Energy than in Nuclear Safety, and would be better suited to the post of DDG-Nuclear Energy. Miroslav Gregoric, regulator of Slovenia and former Chairman of the Board of Governors, announced during the meeting that he is a candidate. He has stronger credentials in nuclear safety and would be the first East European DDG. If successful, Gregoric would thus replace the "Russian" chair for DDGs in the eyes of the West, a move that would doubtless be strongly resisted by Russia, as Russia has always held at least one DDG chair, and typically that associated with Nuclear Power or Nuclear Energy. (In this context, Domaratzki noted that DDG Victor Mourogov will reach the end of his 5-year contract term at the end of 2001, and actions for his replacement have not yet surfaced.) Other candidates for DDG-NS include Mr. Sabyasachi Chakraborty of the Swiss HSK regulatory authority, an un-named but believed-to-be Deputy Director of the Swedish SKI regulatory authority; an un-named official from Finland; and Abel Gonzalez, Director of the IAEA Division of Radiation and Waste Safety.

Comment - DG El Baradei will consult with missions over the next few weeks to learn national positions on the candidates, and will announce his choice at the June 2001 Board. The U.S. should determine its position on the candidates and make it known to the mission promptly so that personnel will be ready to deliver our message when asked. In any case, this will be DG El Baradei's choice alone.

Annick Carnino, Director, Division of Nuclear Installation Safety

Carnino said that the Agency's design safety review of the KEDO reactors, noted in DG El Baradei's opening speech, would require far less detail than would be of concern to the U.S. when given over to the DPRK. The Agency was well aware of U.S. concerns about divulging detailed information to the DPRK in the absence of full compliance by DPRK on the Agreed Framework issues. Carnino asked, however, if the U.S. would be interested to have a representative on the IAEA design safety review team.

Carnino revealed that Ken Talbot, Section Leader for Operational Safety, which manages all the OSART (Operational Safety Review Team) work of the Agency, announced his resignation on March 16, two years early. He will take a new position as Executive Vice President, Senior

Engineer at the Canadian Bruce Generating Station. With the departure of Jose Diaz-Francisco, a team leader in the Operational Safety Section this summer and also of Cost-Free Expert Harold Eichenholz in late May, that section will have a devastating loss of leadership capability. Already, several OSARTS for late in 2001 have been postponed or canceled. The U.S. has been asked to replace CFE Eichenholz, but that request has become somewhat of a political issue in that the Agency is using that position as a regular budget position, but will not convert it to a regular budget slot. The U.S. has been at issue with IAEA Administration for some time over this CFE-Regular budget problem with only limited success. Carnino made the point that the sudden loss of expertise in operational safety was a serious problem. If the Agency fails in nuclear safety, there is no other international backup.

Mike Jankowski, Manager for the Kursk-1 Alternate Safety Analysis project

Jankowski reported that at the request of State Department representatives at the most recent meeting in Washington, training in the alternate safety analysis methodology will be provided for operators at the Ignalina, Lithuania RBMK, in addition to the training already provided for Russian Kursk-1 RBMK operators. Jankowski cautioned that this would add some unforeseen costs to the program which he was hoping to have covered. He also reported that he would soon be retiring, again, from management of this project, and that the Agency was busily looking to find someone to continue program direction.

Radim Havel, Manager for the RBMK IGSCC project

Havel reported on an impressive series of meetings wherein significant progress was being made on transfer of in-service inspection technology, understanding of failure mechanisms, and understanding water chemistry, all aimed at providing a solid base for upgrading safety of inlet coolant piping for RBMK reactors. Havel noted that Ignalina, Lithuania RBMK personnel were eager to learn and improve their practices and procedures, whereas the Russian participants tended to downplay the value of the program while nevertheless taking in everything presented to them. He observed that the U.S. (DOE) appeared to provide much equipment to the Russians only, and wondered if similar support could also be provided to Lithuania. He believes that Lithuanian personnel will eagerly use that new equipment for the IGSCC problem and that the Russians will have no choice but to keep up and cooperate as well.

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