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HOPE OVER FEAR

**The Establishment of the
International Atomic Energy Agency**

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Foreword

Ever since the breakthrough in nuclear physics which led to the application of nuclear energy for practical purposes, the close relationship between military and civilian uses of this energy has been a problem for the international community. But it has also been an incentive for international co-operation. Efforts in the international arena to halt the spread of nuclear weapons to additional countries started at the end of the war, and has continued ever since.

An international non-proliferation regime has gradually been established in order to control that civilian nuclear activities are not used as a basis for military nuclear development. The linchpins of the non-proliferation regime are the safeguards program of the International Atomic Energy Agency (IAEA) and the safeguards regime established to verify the Non-Proliferation Treaty. The two safeguards programs are somewhat different in nature, but both are administered by the IAEA. None of them give foolproof guarantee against military diversion, as has been demonstrated by developments over the recent years in Iraq and North Korea.

The establishment of the international non-proliferation regime was difficult because it implied a renunciation of national sovereignty to a degree unheard of before. This article highlights the kind of compromises regarding the functions of IAEA that were made during the negotiations on the establishment of the Agency in order to put in place the first safeguards program. The core of the deal was sharing of nuclear technology in exchange for adherence to the IAEA safeguards regime. This deal has been the central element in the strategy of non-proliferation for the last 40 years. The weaknesses inherent in this deal are still with us.

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Introduction

With his Atoms for peace speech at the United Nations in December 1953 Eisenhower succeeded in shifting the balance between the fear of the military atom and the hope of bountiful use of the peaceful atom in favour of the latter. His idea of mobilising experts to apply nuclear energy to the needs of agriculture, medicine and other peaceful activities, and in particular to provide «the power-starved areas of the world» with abundant energy, produced much enthusiasm world-wide.

The atoms for peace strategy came to be seen as a means to help countries modernise their societies. Many countries both in Europe and in the rest of the world looked upon the American society as a role model for economic development. Several small European countries, like Norway, the Netherlands and Switzerland, and even bigger ones, like Britain and France, had long been frustrated because of the American unwillingness to cooperate in nuclear energy matters. Such countries were relieved that the secrecy surrounding nuclear energy development in the United States was finally to be lifted.

This was, furthermore, a period characterised by decolonisation. This meant that the world, to a certain extent, was perceived to be polarised between developing and industrialised countries. It was generally agreed that the key to solving the economic problems of the developing countries was for them to go through a modernisation process like the countries in the West had done in the 19th century. One aspect of development aid strongly favoured at the time was technology transfer from richer to poorer countries. Eisenhower's international nuclear materials and information «pool» could be seen as a specialised equivalent to the World Bank, promising to provide developing countries and others with the basic ingredients for going ahead with nuclear industrialisation. Such enthusiasm for nuclear industrialisation can be seen as a continuation of the scientism that was so characteristic of European nation-builders in the last century.

It was this belief in progress as a result of scientific development that

created the world-wide enthusiasm for nuclear energy. The enthusiasm was particularly strong in the wake of the first open conference on the peaceful uses of atomic energy, held in Geneva in the summer of 1955. For the first time since the war and the implementation of the McMahon Act, scientists from all over the world could publish and discuss freely among themselves. For the scientists it was like a return to the good old times. For countries embarking on nuclear industrialisation, it was a harbinger of good things to come. The hopes that were raised by Eisenhower's atomic bank were so strong that they induced the majority of UN members to accept unprecedented restrictions on the exercise of national sovereignty in return for access to information and materials.

Eisenhower's personal commitment; USA's unique position as an economic super power, and the wide backing that the president's speech got, partly explain why countries that at the outset were reluctant to support the Atoms for Peace scheme ended by yielding to it. The reluctant countries included both friends and foes. Accepting the new American initiative, meant, for instance, that British nuclear policy had to be rethought. Initially, Foreign Office officials seriously considered not taking part in the negotiations even if other countries went along. But they ended not only by taking part, but by playing a leading role throughout the negotiations together with the Americans and the Canadians. Persuading the Russians was a gradual process conducted bilaterally in the form of diplomatic despatches between the State Department and the Soviet ambassador to Washington. Determination on the American part to go ahead with the scheme no matter what the United Kingdom or the Soviet Union would do, so long as the scheme was supported by a large majority in the UN General Assembly, was probably the decisive factor in persuading the reluctant big powers to go along.

The negotiation process

The negotiating process started with the rather vague ideas contained in Eisenhower's address before the UN General Assembly on December 8, 1953. Eisenhower proposed that an International Atomic Energy Agency should be established to which the major nuclear powers should make joint contributions from their stockpiles of natural uranium and fissile materials.

The idea behind this proposal was that if «the entire body of the world's leading scientists and engineers had adequate amounts of fissionable material with which to test and develop their ideas, (...) this capability would rapidly be transformed into universal, efficient, and economic usage». ¹ Eisenhower furthermore indicated that the proposed agency should be responsible for the storage and protection, including against seizure, of the fissile materials bank. ² The president also suggested that the ratios of contributions; the procedures; and other details were to be decided through «private conversations» among the nuclear powers. ³

In this way a process was initiated which led to the opening up of bilateral and trilateral discussions with the United Kingdom and Canada, and a diplomatic correspondence with the Soviet Union. In the course of the American-Russian exchanges a first US outline of the Agency was presented in March 1954. At the end of the year both an American and a British draft for a statute were circulated for discussion. Shortly before, at the 9th session of the UN General Assembly, seven countries had sponsored a resolution put forward by the Americans. ⁴ It was a resolution supporting the establishment of the proposed agency and suggesting that a technical conference on the peaceful uses of nuclear energy should be convened in Geneva in August 1955. In April 1955 the seven sponsoring countries (Australia, Belgium, Canada, France, South Africa, United Kingdom and the United States) plus Portugal (which was not a UN member but a big producer of uranium ore) started ad hoc and informal discussions in Washington on the basis of a US draft, itself the result of several revisions. The discussions of the 8-nation group produced a new draft which was handed over to the Soviet Union on 29 July 1955, shortly

before the opening of the Geneva Conference.

During the last week of the Geneva Conference the six most experienced countries in the production of nuclear energy (Canada, Czechoslovakia, France, the Soviet Union, the United Kingdom and the United States) met to discuss safeguards of fissile materials. Although the meeting did not bring any concrete results regarding safeguards, it was important in bringing the Soviet Union into formal multilateral discussions.

At the 10th session of the General Assembly, in 1955, India took the lead among developing countries in criticising the representation in the 8-power group. The group was therefore expanded into the 12-power «Working Level Meeting» (hereafter called the 12-power group), with Brazil, Czechoslovakia, India and the Soviet Union joining the drafting group. In revising the draft, the 12-power group took into consideration written comments that had been submitted to the United States by 39 governments. The earlier draft was thoroughly overhauled and a number of substantial changes were made. At the end, the text was approved ad referendum, but each member was free to speak on the draft at the forthcoming Conference on the Statute, and several states, including the Soviet Union and India, formally reserved their positions in regard to particular parts of the text.

The Conference on the Statute opened at the UN Headquarters in New York on 20 September 1956, and concluded its sessions on 26 October with a ceremony opening the Statute for signature. Although the Conference was held in part in response to a General Assembly resolution, and although the meetings took place where they did, the Conference all the same was convened and sponsored by the 12 governments represented in the 12-power group.⁵

Since the draft resulting from the discussions within the 12-power group represented a rather precarious compromise, care was taken to prevent the adoption of difficult amendments at the final conference. Procedural devices and a restricted schedule were the most important means to reach this aim.⁶ The scheme largely worked, due to the fact that the potentially most difficult countries, the Soviet Union (East) and India (South), were sponsoring the draft by now and, consequently, to a large

extent abstained from proposing amendments at the final conference, even in cases where they had strong misgivings.⁷ Of the 67 amendments that were put down, a majority were insubstantial. The large number of amendments were thus interpreted by one British official as «a gesture of rebellion against the pressure of the 12 Powers to discourage any tampering with the draft».⁸

To sum up: the successful outcome of the Eisenhower proposal to establish an International Atomic Energy Agency was dependent upon the success of negotiating a statute for the agency. This was achieved through a subtle and well-directed process which, at the outset, was set on three tracks: 1) bilateral US-USSR consultations by diplomatic correspondence, 2) bilateral, growing into multilateral discussions between the United States and Western-minded supplier countries, of which the ones with Canada and especially the United Kingdom added substantially to clarifying the function of the agency, and 3) discussions of the general idea and general principles at the annual UN General Assembly meetings.

This three-track process resulted in «a shuttle effect in which the evolving draft passed back and forth from a small (though ever-increasing) group of States to organs in which practically the entire world community was represented».⁹ The three tracks came together when the 12-power group was created. In this group all important factions in the General Assembly - East, West and South - were represented, and in addition it could base its work on comments from 36 additional countries. Once the most potent representatives of the different factions had agreed on a compromise draft, the hardest part of the job of creating a statute for the agency was done. At the end of the final Conference, one British official concluded that the biggest problem during the conference had been internal disagreements within the American delegation between representatives of the State Department and of the Atomic Energy Commission.¹⁰

Clearly, the Statute of the International Atomic Energy Agency was the result of prolonged discussions in various fora. The Statute was thus definitely a negotiated agreement.

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The institution that was established on the basis of the International Atomic Energy Agency Treaty differed significantly from the ideals put forward in Eisenhower's Atoms for Peace address. In the course of the negotiating process the focus had changed from perceiving the IAEA as basically a banking institution for materials into perceiving it primarily as a broker institution for information, expertise and materials. This was probably not so much due to developments within the negotiation process itself as to the fact that the new Eisenhower policy, of which the most significant element was the revision of the Atomic Energy Act, led to a large number of bilateral agreements being concluded, whereby the Americans provided other countries with information or materials. This development contributed to undermining the need for the agency to function as a bank.¹¹ The sponsoring powers thus came to see the main function of the agency - in the short run - as providing technical assistance, research, information and eventually materials.

One important consequence of this change of objective was that the rationale of the safeguards system also changed. Eisenhower's speech had mentioned the need for internal safeguards, that is safeguards of materials stored by the agency. The negotiations came to focus almost exclusively on external safeguards, that is safeguards of nuclear activities within member countries that had received assistance from the agency.¹² The Russians were the first to point out to the Americans that peaceful and military nuclear activities were related, and that consequently it was necessary to control the use of fissile materials.¹³ In July 1955 the British Prime Minister raised the same issue with Eisenhower, who apparently had not been aware of the problem. Eden pointed to the fact that a country, once provided with a reactor, might have enough fissile material to be able to produce nuclear weapons before long.¹⁴ From then on, the security problems related to fissile materials became one of the most important issues of the negotiations. Thus, the main purpose of the experts meeting held during the Geneva Conference - the meeting that finally brought the Russians and the

Czechs into discussions in a multilateral forum - was to discuss the safeguarding of fissile materials.

Disarmament measure?

During the initial phases of the negotiations several efforts were made to link the establishment of the agency to various kinds of disarmament measures. Thus the Americans had in mind to make the IAEA an instrument for the promotion of disarmament by refusing agency assistance to countries that had military nuclear programmes. During the Americans' discussions with the United Kingdom and Canada the idea was rejected by the Canadians, who insisted that disarmament issues should be handled separately. Although the British seem to have favoured the idea of linkage themselves, they still came to the conclusion that it was not practical to link the function of the IAEA to disarmament. It was not practical because it would not work. And it would not work because such a linkage would not be accepted by all countries, and especially not by the French. For the sake of reaching a universal agreement, disarmament objectives would not be made part of the statute.¹⁵

The second disarmament initiative came from the Soviet Union, which wanted to make the establishment of the Agency dependent upon an agreement on a test ban treaty. The Russians argued that the American proposal for the establishment of the IAEA did not meet its basic purpose, namely elimination of the threat of nuclear war. They maintained that helping countries to establish a nuclear power industry would not lead to a reduction of the stocks of nuclear materials that were needed for the manufacture of nuclear bombs, but would, on the contrary, lead to a world-wide increase of fissile materials stocks. The Russians therefore proposed to prohibit the manufacture of nuclear weapons and to establish appropriate international control over this prohibition.¹⁶ This was a proposal that the Americans found totally unacceptable.

Thirdly the British seem to have had at least an internal discussion with

the Americans and the Canadians about the possibility of making the USA, USSR and UK undertake formally, in connection with the establishment of IAEA, not to provide other countries with weapons or to help them to make it. The Canadians, however, rejected such a thought, saying that a country's weapons programme was not the Agency's business. They made it clear that Canada would reserve the right for herself to make nuclear weapons as well as to conclude bilateral agreements with countries having nuclear military programmes: «If a country asked for her help with a military programme she would consider the request on its merits as with any other request for arms».¹⁷ So the idea was rejected along with the rest of the proposals to link Atoms for Peace and disarmament. The following extract from an American note may be said to summarise perfectly the outcome of the discussions that had taken place on an eventual IAEA-disarmament linkage:

*It is believed that the peaceful uses of atomic energy should not be withheld from the peoples of the world pending solution of difficult disarmament problems.*¹⁸

Definition of military activities?

Throughout the negotiations there was a recurring debate on whether «military activities» as opposed to «peaceful activities» should be given a definition in the statute. «Military» and «peaceful» are terms that are used repeatedly in the statute, to designate either the kind of projects that the Agency is to promote, or the kind of activity which Agency-sponsored projects should have no relation with.

During the negotiating process there seems to have existed a kind of tacit majority view, which ruled that it was best to avoid defining the terms. At the final conference the French defied this consensus, and submitted an amendment suggesting that «military applications of the atomic explosion and of the toxicity of radioactive products» were the only uses of nuclear

energy that should be regarded as military uses. What the French wanted was a confirmation that nuclear propulsion of ships should be regarded as a peaceful activity. Thus, when an understanding was reached - and recorded - that IAEA would be allowed to concern itself with propulsion of civilian ships, even though similar technology could be used for military transport, the French withdrew their amendment. An Indian amendment, elaborating on the French one, was likewise withdrawn.¹⁹ This outcome meant that the treaty did not address cases where there is an overlap between military and peaceful activities.

The uncertainty created by this blurred borderline led the IAEA to be very careful about the kind of projects it involved itself with: projects receiving Agency assistance had to be unambiguously peaceful. And it meant that «military» was interpreted just as restrictively, as meaning an unambiguously war- or defense-related activity. Consequently, the main and perhaps the only abuse of Agency assistance that the Agency sought to prevent was the production of nuclear bombs.²⁰

Safeguarding bilateral agreements?

During the so-called private discussions among the nuclear powers, bilateral agreements were seen as a problem. The British argued that unless safeguards were applied to bilateral agreements as well as Agency assisted projects, the safeguards system would not work efficiently. If bilateral agreements were to be exempt from control, this would provide countries that needed help with the possibility to go ahead with nuclear research and development while at the same time avoiding control. For the control to be effective, it was, furthermore, necessary that all big supplier countries should agree on control of bilateral agreements. If such an understanding was established, it was probable that countries that did not want to be controlled, would still end up by accepting control in order to get assistance.²¹

Before the start of the 12-power²² discussions in March 1955, the

Americans raised the question of control of bilateral agreements with the Russians, suggesting informally that the major nuclear supplier countries might agree to insert safeguards against diversion of fissile materials to military purposes into their bilateral agreements with other countries. It was suggested that this could be agreed outside of the IAEA. The Russians did not want to commit themselves at this stage, but promised to come back to the question once the IAEA treaty was ratified.²³

However, the question could not be avoided at the 12-power meeting. Already during the discussions at the 10th session of the UN General Assembly there had been numerous negative reactions, regarding the safeguards contained in the draft that was then discussed. The message to the nuclear powers was that few countries would willingly comply with the strict safeguards attached to receiving agency assistance if the same assistance could be procured through bilateral agreements with no safeguards attached. At the 12-power meeting a new paragraph was in fact added to the safeguards provisions that made agency controls of bilateral agreements possible, by authorising the Agency to verify compliance also with bilateral and multilateral arrangements if the parties requested it.²⁴

Discrimination

One of the issues that caused most trouble in the final stages of the negotiation process was the discriminatory aspects of the Statute. The statute was in fact fundamentally discriminatory in that it was not membership of the agency that determined a country's relationship with the Agency, but whether the country was at the supplying or receiving end of Agency assistance.

The difference in status was expressed through the articles on safeguards; on composition of the Board of Governors; and on the distribution of power between the Board and the General Conference. The difference in status was enhanced due to the fact that the distinction between supplier and client countries corresponded to a cultural cleavage: the supplier

countries being industrialised countries, whether of a capitalist or communist brand, while the majority of the countries at the receiving end were developing countries. The fact that the negotiations took place in the mid 1950s, a period when decolonisation was very much on the international political agenda, contributed further to accentuate the gap between western and third world countries. Accusations of discrimination played a particularly important role in the discussions concerning the safeguards provisions, the composition of the Board, and the powers of the Board and of the General Conference.

Safeguards

As already mentioned, Eisenhower's speech did not mention any external safeguards, since it was largely focused on the «pool» concept of the Agency. In the first US outline of the Agency, presented to the Russians in March 1954, it was foreseen that the Agency would have the right to apply certain safeguards provisions, as well as to verify the status of materials allocated to a member. The safeguards issue was first brought into the negotiations by the Russians, who argued that the establishment of the IAEA would in reality help to spread nuclear capability, and not contain it, as was maintained by the Americans. The experts talks that took place during the Geneva Conference in August 1955 represented an American attempt to meet the Soviet contention that fissile materials resulting from Agency projects would increase the danger of war. The meeting was inconclusive, and it was generally agreed that the subject needed further study.²⁵

The Russians were not alone in being concerned about the consequences of spreading fissile materials. So were the British, whose Prime Minister had also raised the issue in general terms with Eisenhower before the opening of the Geneva Conference. In the view of the United Kingdom, plutonium and, to a certain extent, enriched uranium would, during the next decade, become available in weapons quantities to many countries in the

normal course of civil nuclear development. They therefore saw it as a main objective to «postpone for as long as possible the day when large and small, responsible and irresponsible countries alike, w[ould] have the means to make at least a kiloton of untested weapons». They specifically hoped that a comprehensive disarmament plan would be in operation before that happened. The immediate concern was to make sure that the IAEA would accelerate the proliferation process as little as possible.²⁶

During discussions with the Canadians and the Americans it transpired that the American minimum position was a system of auditing and inspection of Agency assistance, and provision in the statute for the extension of Agency control to assistance given under bilateral arrangements.²⁷ At this stage it was clear that the Russians also thought the IAEA should have an inspectorial apparatus and a staff of inspectors.²⁸ The British were content to go along on the basis of the American minimum position, but apparently saw such safeguards as a first step towards more comprehensive safeguards at a later stage. They were particularly concerned about the proliferation danger created by what they called «self-sufficient projects», that is projects that did not receive assistance from abroad. The ideal thing would have been to have such projects included in the safeguards regime, and they were themselves ready to open their civilian plants for inspection. But the Americans were not willing to have their plants inspected. And the British concluded that it was necessary to gain experience in applying controls of Agency assisted projects before proceeding to controls of self-sufficient ones. The main thing was to have an inspection regime established, which could then be made more comprehensive and more intrusive at a later stage.²⁹

Thus, safeguards were among the subjects most fully treated by the 8-power group. But still all provisions related only to controls on assistance supplied by the Agency. The 12-power group made several significant additions to and changes in the safeguards provisions, including adding the before-mentioned provision that allowed the Agency to control bilateral and multilateral agreements upon the request of the governments concerned. In addition, two more provisions were added that specified how the

safeguards function would be financed.

The final IAEA Statute outlined the following six safeguards procedures: design review, records, reports, inspections, deposit of excess produced materials and finally sanctions.³⁰

A question that arose very early in the process, and which continued to be debated until the end, was whether source materials (uranium and thorium) should be controlled in the same way as fissile materials (enriched uranium and plutonium). The sponsoring powers had their doubts. The Canadians worried that this kind of control would have negative commercial consequences, and made it clear that they would only accept safeguards on the sale of uranium on the condition that all uranium supplying countries did the same. Thus universality as a basic principle for the statute was seen to be necessary also for commercial reasons.

The British and the Americans feared that safeguarding uranium could establish a virtual agency monopoly of source materials, which would be detrimental to their interests. There is reason to believe that such fears evaporated as the negotiations went forward due to the increase during this period of the world's known resources of uranium. At the time of the ratification of the treaty, there was in fact a uranium surplus in the world market. In spite of their initial fears and hesitation, the sponsoring powers soon decided that source materials had to be part of the safeguards arrangements. The American ambassador explained this standpoint in connection with the 12-power conference:

When in addition to economic consideration, the objectives of a system of safeguards are taken into account, the importance of maintaining accountability records of source as well as fissionable materials is abundantly clear. The reason for including source materials (...) is the obvious one that fissionable materials may be derived from them.³¹

The Indian government, whose representatives were the most forceful spokesmen for Third World interest, continuously fought this measure: at the UN General Assembly in 1955; at the 12-power meeting; and at the

final conference.³² The Indians wanted to exclude source materials from the reporting requirement and thus from auditing (Art. XII.A.3). At the final conference they submitted an amendment to that effect, but did not have enough support from other countries to have it passed. A clause was, however, added to the article to make it clear that the Agency could only require records of such source and fissile materials as were included in a safeguarded project or arrangement.³³ This outcome was characteristic of the way the Western nuclear powers sought to accommodate India's criticism without giving in on important principles: substantial changes were rejected, but changes of formula that had a restrictive effect were seen as an acceptable compromise in order to reach a universal agreement.

India's basic objection was that the control system was onerous and implied an intervention in the economic life of individual countries. The Indians insisted that the countries that were most dependent on Agency assistance would be most affected by such intervention. Instead of the proposed system, India suggested that the Agency should be satisfied with assurances from governments that fissile materials would not be diverted to military purposes, and she objected particularly strongly to the requirement that fissile by-products from Agency assisted projects, unless needed for immediate peaceful use, should be deposited with the Agency. India furthermore proposed to leave it to the Agency and the country concerned in each case to agree upon the nature of the controls between themselves.

Before the final conference in September 1956, the American, British and Canadian governments agreed that there was no question of giving in on most of the issues raised by the Indians. The three Western powers agreed that:

any attempt to make applications of safeguards subject to agreement between the Agency and a member state was unacceptable, they would not allow source material to be exempt from inspection, no concession would be made which would diminish the Agency's rights and responsibility to retain full control over chemical processing, and over the deposit of fissile materials recovered as a result of this processing.³⁴

The opposition to the Indian position was based on the analysis that if it were to prevail it would so reduce the effectiveness of the control system as to render it almost valueless.³⁵ The problem was only that India was not alone in her views. She was supported by a number of developing countries, in particular Egypt, Ceylon and Indonesia, and also the French delegate went far in his support for the Indian amendments, saying that control of source material was not practical, but on the other hand he was careful not to promise to vote for the amendments.³⁶ Although the communist countries did not publicly support the Indian position, the Western powers got the impression that the Soviet Union was behind India and would have liked the amendments to go through. The majority did not support the Indian amendments, but were the amendments to be put to vote, they could still be expected to get so strong support that the sponsoring powers feared it would be embarrassing. They therefore concluded that it was necessary to change the wording of the safeguards article, thereby making it somewhat more restrictive, in order to make the Indians withdraw their amendment.

Thus the conditions under which the Agency could require the deposit of any access produced fissile material were clarified and made more restrictive (Art. XII.A.5). And a new sentence was added to Art.XII.A.6, authorising an inspected state to have the Agency's inspectors accompanied as long as they were not delayed or in any way impeded in their function.³⁷ The sponsoring powers considered these concessions worth making in return for securing a general support for the rest of Article XII, including Agency control of source materials and their by-products.³⁸

The concept regarding safeguards were regarded as minimal by the United States.

Financing and powers

The sponsoring powers saw it as one of the main purposes of the Agency to acquire stocks of fissile material and to establish its own processing plants.

They were eager to make the Agency into a technical institution that could function competently and efficiently. These powers therefore thought it necessary to allow the Agency to raise funds. At the final conference, the British ambassador, Sir Pierson Dixon, pointed to the fact that the Agency would have a number of practical tasks to do which went far beyond those usually associated with international bodies. According to the ambassador, IAEA would not merely give technical assistance and help in training but would have the duty of providing materials and of building and operating laboratories and plants. He stressed that this unique and difficult task had to influence the nature of the Agency's direction. «It would have to view its duties and select its staff, organise its facilities and arrange its finances as primarily a technical and operating body. It would certainly not be a debating society».³⁹

At the very outset of the negotiating process, the Americans had presented the Russians with an outline of the direction of the Agency. According to this outline the direction would consist of a board of governors and a general conference. The board of governors, representing governments, would be the highest executive authority of the Agency. They, furthermore, suggested that the number of members on the board should be limited and that its composition should partly be based on geographic position, partly on technical know-how. This formula was chosen in order to make sure that the Agency would get a competent board. However, both the East and the South saw this question in a different light.

In fact the issue that the Soviet Union paid the most attention to during the final conference was the question of how to finance the Agency. The Eastern bloc feared that the Agency would embark on an extravagant programme of construction, and present the major contributors to the Agency with the bill.⁴⁰ They therefore sought to limit the financial commitments of the Agency as much as possible. To this effect they submitted the two amendments at the final conference, proposing a) that except for administrative expenses, Agency expenses (such as those related to procurement of materials, plants and equipment) should be financed only on a voluntary basis, and b) that the Agency should not be authorised to raise loans.

A majority of participating countries were critical of these proposals, and the Eastern bloc merely succeeded in changing the text, so that it was made quite clear that member countries would not be responsible for loans incurred by the Agency.⁴¹ The Soviet concern with financial questions may partly have been caused by proposals from developing countries, which seemed to indicate that a number of countries were hoping for direct financial as well as technical assistance from the Agency.⁴² One of the amendments submitted went so far as to imply that the Agency should have responsibilities with regard to financing the member countries' nuclear energy programmes. The text was changed so as to make it clear that the Agency was authorised to help - but merely help - raise funds to finance projects in member states.

A measure which in a more positive way sought to reduce the expenses of the Agency was the introduction of an article authorising the Agency to cooperate with regional organisations over joint projects. This was supposed to reduce the need for the Agency to set up its own installations, thereby limiting expenses.⁴³

The developing countries were not satisfied with the American outline of the direction of the Agency. Throughout the negotiating process the original American idea of a relatively small and powerful board was gradually modified into a bigger organ losing power to the General Conference, where all member states had a seat. Thus at the 12-power meeting, the composition of the board was expanded from 16 to 23, and geographic distribution was emphasised at the expense of competence. Furthermore, the exercise of some of the functions of the board was made subject to rules approved by the General Conference, thus increasing the influence of the Conference over the board.⁴⁴

During the 10th session of the UN General Assembly in 1955, India had been the most eloquent and competent critic of «discrimination» on behalf of the Third World, and she became a member of the 12-power group.⁴⁵ In the course of the overhaul of the statute that this group undertook, India insisted on a wider geographical representation in the board, and succeeded in changing the composition, so that five out of eight areas, into which the

world was divided, consisted primarily of developing countries from Africa, Asia and Latin-America. India seems to have been content with this achievement, and did not put forward additional amendments concerning the relevant article at the final conference. On the contrary, India's representative, Dr. Homi Bhabha, said in the general debate that India was prepared to accept the draft as a fair compromise, although she still had misgivings about certain aspects of the article dealing with the board. Bhabha pointed out that the draft was the result of a delicate balancing of interests, and that consequently it would not be easy to alter any part of it without having to change the whole.⁴⁶

In spite of the Indian moderation, the general debate showed that many countries wanted the General Conference to have greater powers for determining policy and a greater degree of control over the activities of the board. Many smaller nations disliked the perpetuation under the statute of a privileged group of powers, and they questioned the right of the countries producing source materials to have a special position on the board.⁴⁷ But in spite of criticism, few suggestions for a better formula were made. The main demand was for separate representation for Africa and the Middle East. Eventually no changes were made in the composition of the board, but the powers of the General Conference vis-à-vis the board were slightly increased.⁴⁸

National sovereignty versus control

At the final conference the consequences that safeguards would have for national sovereignty became one of the most hotly debated issues. The Soviets and the Czechs had made it clear before the start of the conference that they had reservations on this point. At the conference, the Polish delegation put down an amendment, proposing that the activities of the Agency and the application of the Statute should be subordinated to respect for the «sovereign rights» of member states. The view of the sponsoring powers was the opposite, namely that the observation of sovereign rights

must be regarded as subordinate to the provisions of the statute. This principle was particularly strongly advocated by the British, who considered it an impossible situation if a given country were to be able to plead «sovereign rights» as an excuse for not fulfilling its commitments. A situation could arise where an Agency inspector was denied access to information or plant on the pretext that it was harmful to national interests.⁴⁹

At the conference the British ambassador, Sir Pierson Dixon, argued that in this century a new conception of sovereignty had come to replace the thinking of the 19th Century. This new conception of international responsibility and interdependence between nations had been born as a result of the emergence of new nations and the contraction of the world through the development of communications and economic links between countries.⁵⁰ A majority of the participating countries accepted the fact that the IAEA treaty would imply a partial surrender of sovereignty. The British view got a particularly strong support from certain nations, including the Scandinavians, Vietnam and the Philippines. A compromise formula suggested by the Poles and supported by the Indians was put to vote and defeated (34 against, 21 for, and 25 abstentions). In the end the sponsoring powers accepted a minor addition to the original text, which made it more acceptable to the Soviet bloc without weakening its effect.⁵¹

Conclusions

Besides the wish to halt the nuclear arms race, the main driving force behind the world-wide acceptance of Eisenhower's Atoms for Peace plan seems to have been a strong belief in the value of nuclear industrialisation. The belief in the benefits of nuclear energy made recipient countries willing to accept the conditions attached to receiving help from the International Atomic Energy Agency. These conditions were to a large extent stipulated by the supplier countries. The British papers suggest that the safeguards attached to receiving Agency assistance were strengthened

during the negotiations due to British and, indeed, Russian insistence on the danger of spreading fissile and source materials.

Once the supplier countries had agreed among themselves on the need for safeguards and had reached some kind of understanding that it would be necessary to extend the safeguards provisions to bilateral agreements as well as Agency assisted projects, the receiving countries had in fact no choice but to accept auditing and inspections if they wanted assistance. On this background, it becomes clear that the Soviet insistence on control of fissile materials was of tremendous importance to the outcome of the negotiations. The Soviet Union may well have found it easy to accept the safeguards system of the IAEA: a system of auditing and inspections was very much in line with the proposals put forward by Andrej Gromyko during the discussions of the Majority Plan from 1946 to 1948 in the UN Disarmament Commission. Furthermore, the fact that only countries at the receiving end would be inspected, meant that the Soviet Union could avoid inspections if she wanted to. Still, the Soviet insistence on subordinating the provisions of the statute to the principle of sovereign rights seems to indicate that the Russians did have misgivings about relinquishing any power, however small, to an international organisation. If the Soviet proposal had been accepted, it might well have undermined the whole safeguards regime. A Soviet proposal that restricted the financial commitments of member countries did go through, however, and the fact that, apart from administrative expenses, the member countries only contribute money on a voluntary basis to the Agency has probably been a major factor in curtailing the activities of the Agency.

Indeed, the factors that most limit the powers of the Agency, seem to a large extent to have been decided upon early in the negotiations, that is during the discussions among the supplier countries. Thus it was decided that there would be no link between the IAEA and disarmament; and there would be no safeguards on national un-assisted nuclear projects. It was seen as a politically impossible task to make countries voluntarily renounce their right to make nuclear weapons. And in the Conference on the Statute a French insistence on the right to use nuclear power for ship propulsion,

and to receive Agency assistance for this purpose, was accepted.

The Third-world countries' accusations of discrimination of poor countries had the effect of further weakening the safeguards regime. Thus it was decided that records would only be kept of source and fissile materials that were in a safeguarded project or arrangement; that the inspected state would be allowed to have Agency's inspectors accompanied by national representatives; and that the conditions under which the Agency could require deposit of any surplus of fissile material would be restricted. These were restrictions of potentially great importance.

The Third-world countries also managed to broaden the composition of the board and to transfer powers from the board to the General Conference. These alterations probably did not affect the ability of the board to function well. The Agency apparently became a competent and technical body, as the sponsoring powers had set out to make it, but limited in its scope of action, both with regard to financial commitments and safeguards.

Notes

¹*Address by President Dwight D. Eisenhower before General Assembly of the United Nations, 'Atomic Power for Peace', December 8, 1953*, Atoms for Peace Manual, a Compilation of official materials of international cooperation for peaceful uses of atomic energy, December 1953-July 1955, U.S. Government Printing Office, Washington, D.C., 1955.

²*ibid*

³*ibid*

⁴*See statement by Ambassador Henry Cabot Lodge, Jr. on «International Cooperation in developing the Peaceful Uses of Atomic Energy», 5 November 1954, in Atoms for Peace Manual: 292-303.*

⁵*Szasz 1970: 34-35.*

⁶*ibid: 36.*

⁷*PRO, FO 371/123099, «Report on the Conference on the Statute of the International Atomic Energy Agency».*

⁸*PRO, FO 371/123093, letter dated 10 October 1956, UK del. to FO.*

⁹*Szasz 1970: 21.*

¹⁰*PRO, FO 371/123099, «Report on the Conference on the Statute...».*

¹¹*Scheinman 1973: 222-223.*

¹²*Szasz 1970: 532 ff.*

¹³*Soviet Aide-mémoire of 27 April 1954, in Atoms for Peace Manual: 269 ff.*

¹⁴*PRO, FO 371/123078, «Brief for 12-power meeting...».*

¹⁵*ibid*

¹⁶*Soviet Aide-mémoire of 27 April 1954, in Atoms for Peace Manual: 269.*

¹⁷*PRO, FO 371/123078, «International Atomic Energy Agency. Brief for 12-power meeting».*

¹⁸*PRO, FO 371/123078, US note, 29 July 1955.*

¹⁹*Szasz 1970: 352.*

²⁰*ibid*

²¹*PRO, FO 371/123078, «International Atomic Energy Agency. Brief for 12-power meeting».*

²²*The 12 participating powers were: Australia, Belgium, Brazil, Canada, Czechoslovakia, France, India, Portugal, South Africa, United Kingdom, the United States and the Soviet Union.*

²³*PRO, FO 371/123088, «Safeguards in the use of fissile material».*

²⁴*PRO, FO 371/123081, «Draft Statute of the International Atomic Energy*

Agency. Points at Issue».

²⁵PRO, FO 371/123088, «Safeguards in the use of fissile material».

²⁶PRO, FO 371/123078, «International Atomic Energy Agency. Brief for 12-power meeting».

²⁷ibid

²⁸PRO, FO 371/123078, US Note of 27 January 1956.

²⁹PRO, FO 371/123078, «International Atomic Energy Agency. Brief for 12-power meeting».

³⁰Szasz 1970: 597 ff.

³¹PRO, FO 371/123083, «Statement by Ambassador Wadsworth on Accomplishments of the Meeting, April 18, 1956».

³²The fact that the Indian delegation was led by Dr. Homi Bhabha added strength to the Indian position, Bhabha being a highly respected nuclear physicist.

³³UD, 26. 6/4c, V, summary of 16 November 1956, Norw. del. to UD; PRO, FO 371/123099, «Report on the Conference on the Statute...».

³⁴PRO, FO 371/123093, 25.09.56.

³⁵PRO, FO 371/123088, «IAEA. Memorandum by the Secretary of State for Foreign Affairs».

³⁶PRO, FO 371/123095, telegram no. 841 of 12 October 1956, UK del. to FO.

³⁷Szasz 1970: 536.

³⁸PRO, FO 371/123095, letter dated 6 October 1956, UK del. to FO.

³⁹PRO, FO 371/123092, IAEA/CS/OR.5.

⁴⁰PRO, FO 371/123088, «Agency plants and facilities», brief of 20 July 1956.

⁴¹UD, 26. 6/4c, V, summary of 16 November 1956, Norw. del. to UD; PRO, FO 371/123099, «Report on the Conference on the Statute».

⁴²PRO, FO 371/123093, letter dated 10 October 1956, UK del. to FO.

⁴³PRO, FO 371/123088, «Agency plants and facilities».

⁴⁴Szasz 1970: 32-33.

⁴⁵UD, 26. 6/4c, I, summary of 2 November 1955, Norw. del. to UD.

⁴⁶PRO, FO 371/123092, IAEA/CS/OR.7.

⁴⁷PRO, FO 371/123093, letter dated 10 October 1956, UK del. to FO.

⁴⁸Szasz 1970: 40-41.

⁴⁹PRO, FO 371/123088, «IAEA. Memorandum by the Secretary of State for Foreign Affairs».

⁵⁰PRO, FO 371/123092, IAEA/CS/OR.5.

⁵¹PRO, FO 371/123099, «Report on the Conference on the Statute...».

Appendices

Abbreviations

- * PRO: Public Record Office, Kew, England
- * FO: Foreign Office
- * UD: Det kongelige norske Utenriksdepartement (Royal Norwegian Ministry of Foreign Affairs)

Primary sources

- * Foreign Office files in the Public Record Office, Kew, England.
- * Files of the Norwegian Ministry of Foreign Affairs, retained in the Ministry.

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- * Scheinman, Lawrence 1987, *The International Atomic Energy Agency and World Nuclear Order*, Washington, D.C.: Resources for the Future.
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