



XIX Special Session of the General Conference
Topic 3 of the Agenda
Mexico, City, November 19th, 2008

REPORT OF THE DEPUTY SECRETARY GENERAL

Precedents / Backgrounds

1. The XX Regular General Conference of the OPANAL held on the 22nd of November 2007, in Mexico City, approved important resolutions which are of vital importance for a correct political and economical development of the Agency. In compliance with Resolution CG/Res.496 (XX/07) “**Designation of the Deputy Secretary General. Transition Period**”, the Council of the OPANAL recommended the General Conference to establish a transition period and designate a Deputy Secretary General in order to end the previous Secretary General’s term and create a stable financial situation and improve the functioning of the Agency. In order to contribute to the definite financial reconstruction of the OPANAL, it approved that that the salary of the Deputy Secretary General be covered entirely by the Member States that has proposed him or her.
2. Among the different tasks passed on to the Deputy General Secretary, the following may be mentioned:
 - a) “**Coordinate, together with the Representative of Mexico, the obtaining of property owned by the Government of Mexico to serve as the Agency’s headquarters.**”

Current Headquarters of the Agency:

On March 19th, 2008, the Deputy Secretary General and the Bolivian Ambassador, Jorge Mansilla Torres (rotating President of the Council), met with Ambassador Roy Chaderton of the Bolivarian Republic of Venezuela in order to discuss certain topics pertaining to the possible restitution of due rental payments and contributions, as well as to discuss the lack of a lease contract for the space the Agency has occupied since July, 2005. It is important to note that there were rent payments due since October, 2006. The President of the Council prepared a lease contract and the Council approved sending a note to Ambassador Chaderton mentioning these so as to have them sent to the Ministry of Foreign Affairs of his country. On the 9th of April 2008, OPANAL paid \$51,000.00 U.S. Dollars worth of due rent payments accumulated between October, 2006 and December, 2007.

During the 236th Session of the Council, which took place in May, the Deputy Secretary General informed that she paid a visit to Minister Dalia Eloísa Lagonell Castillo, Chargé d'affaires *ad interim* of the Embassy of the Bolivarian Republic of Venezuela. This was done in compliance with what was agreed by the Council. A memo was handed to her, requesting that rent payment for the OPANAL headquarters be adjusted so it would be proportionally equal to the Venezuelan annual contribution. During the 238th Session, the Council acknowledged Note 799 from the Venezuelan Embassy, dated on the 17th of September, and informed that the opinion of the Legal Consultation Organ of the Ministry of Popular Power for Foreign Affairs is as follows *“a discount or rebate may not be awarded without the previous authorization from the National Assembly”*. *This means that the amount received as rent for the property is “handed over to the National Fiscal Revenue Service as a credit in its favor, and therefore becomes part of the income that is afterwards incorporated into the Annual Domestic Budget Law. In compliance with budget equality, it is not possible to alter the balance between income and expenses because this would mean we are modifying a law approved by the National Assembly.”*

On the 4th of November of this year, \$15,220.80 U.S. dollars were received from the Government of Venezuela as payment for the financial obligations of the year 2008. On

the 5th of November, the Secretary General signed check number 3079872, for an amount of \$40,800.00 U.S. Dollars, hereby covering the total rent-expense amount for the Agency headquarters for the year 2008.

The Council and the CCAAP were informed by the Mexican Representative that the Legal Consultation Organ of the Ministry of Foreign Affairs had the legal basis to establish a physical space for the Agency, and that it would be located in the triangular building of Tlatelolco, although they still would have to define the type of agreement to be signed with the Agency. The matter continues to be discussed.

- b) “Conduct a period of consultation with the Foreign Affairs Ministries to establish a set of actions to assure the definite sound financial health of the Agency.”**

At the beginning of her term, the Deputy Secretary General paid a formal visit to the ambassadors of all Member States and was able to discuss pending issues with each of them, as well as providing them with the resolutions approved during the XX Regular Session of the General Conference.

Recognition was also given to Member States for complying with their obligations towards the Agency because, after the financial crisis of early 2007 and up until the 31st of December of that same year, the Agency received a total of \$475,229.16 U.S. Dollars in payment of contributions. On November 4th of 2008, OPANAL had a \$568,718.82 U.S. Dollar balance in its bank accounts.

Note 17903 dated the 25th of June 2008, was also remitted to the heads of the Ministries of Foreign Affairs of the countries that were late in their payment of contributions. The note asked for proposals on ways to settle their debts and regulate their situations.

- c) “Manage and represent OPANAL during the transition period”**

Regular activities of the Deputy Secretary General

The Council of the Agency, the Secretary General, and the Committee on Contributions and Administrative and Budgetary Matters, held a series of work meetings in which they analyzed the possibilities for institutionally strengthening the OPANAL by making its role in disarmament and non-proliferation of nuclear weapons more relevant, and also by financially mending the Agency.

In terms of institutionality and in compliance with Article 17 of the Council, the Deputy Secretary General participated in all meetings held during the period of the present Report. As part of the topics of procedure, a detailed inform regarding the fulfillment of obligations by Member States of the Treaty of Tlatelolco, was presented in each session. The strengthening of the Agency; the Control System (Articles 13, 14 and 20 of the Treaty) and the financial situation, were the topics particularly stressed upon.

During the first meeting of the year, a work document which discussed substantial issues that may develop in the future was presented:

- a) *Coordination with other Nuclear-Weapon-Free Zones* (this topic is addressed extensively further on).
- b) *Interpretative Declarations; a topic that we must continue to insist on.*
- c) *Education for Disarmament*; follow-up work was to further the purposes and tasks proposed in the Memorandum of Understanding of the OPANAL and the Regional Center for Peace, Disarmament, and the Development for Latin America and the Caribbean (UN-LIREC) in order to promote the objectives of the Treaty of Tlatelolco. Currently, the Secretary General is working on the design of a course on nuclear disarmament and non-proliferation that will be taught on-line, beginning with a pilot course that will be complemented with audiovisual materials.

- d) *Radioactive Waste*; this is a pending subject that offers different possibilities for discussion. Regarding the issue of nuclear weapon transit, a discussion that can be traced to the negotiations behind the treaty, it is necessary to continue with its study and find a mechanism so that OPANAL is prepared to express its opinion in case an incident occurs within the zone covered by the treaty.
- e) *De facto nuclear States*; it was recalled that there are specific dispositions in the Treaty regarding the apparition of a new nuclear state, which would be compelled to provide the region with certain guarantees in terms of safety.
- f) *Peaceful Nuclear Explosions*; in respects to this matter, it was mentioned that it would be interesting to declare Article 18 of the Treaty to be inoperable, unless a new process of amendments were to be initiated. Article 18 of the Treaty of Tlatelolco allows for peaceful explosion of nuclear devices –including explosions that use equipment similar to that employed as nuclear armament– under the supervision of the IAEA, as long as they do not conflict with the main objectives of the Treaty. This topic should be reassessed considering the new dispositions by the Comprehensive Nuclear-Test-Ban Treaty, to which most of the States of the region belong to.

The Deputy Secretary General mentioned the need of thorough evaluations on each of these topics with the purpose of orienting the Member States regarding treatment and the possibility of discussing them within the Agency. These evaluations may be conducted by specialists of the Member States or of institutions such as UNIDIR, UN-LIREC, FLACSO, etc.

Compliance with previous resolutions:

- In compliance with Resolution CG/Res.471 (XIX/05) “Status of the Treaty and Additional Protocol”, the Secretary General made the OAS Resolution AG/RES.2377 (XXXVIII) available to all Member States. It exhorts them –in

case they have not done so- to sign/ratify the amendments to the Treaty of Tlatelolco, as a reminder of the necessity to finish the process.

- In compliance with Article 8 of the Convention on Prerogatives and Immunities of the Agency, an exhortation was made to member states requiring the signature and/or ratification of said convention, under the argument that doing so is an obligation derived from Article 23 of the Treaty; therefore Resolution CG/Res.472 (XIX/05) was complied with.
- In regards to Resolution CG/Res.473 (XIX/05), referring to the System of Control, Application of Articles 13 y 14, as a result of the efforts applied to Article 13, the Republic of Haiti complied with its constitutional requirements, and therefore all States are now up to date with these requirements. In the case of Additional Protocols, publication (INFCIRC/718) of the IAEA regarding the entry into force of the Agreement established by the French Republic, the European Atomic Energy Community, and the International Atomic Energy Agency regarding the application of safeguards in relation to the Treaty for the Proscription of Nuclear Weapons in Latin America and the Caribbean, dated the 26th of October, was received, and afterwards distributed to the Member States
- In compliance with Article 14 regarding the informs that all States must present and in which they must declare that no activity currently prohibited by the Treaty dispositions have taken place in their territories, the Secretary General prepared and sent a consolidated format in order to facilitate the compliance of this obligation by Member States. This new procedure allowed several states to comply for all the periods in which a declaration was not received through a single notice.
- Notices were also sent requesting the notification of international treaties directly related to the Treaty of Tlatelolco (Article 24).

d) “Advocate OPANAL’s reassuming its role as a promoter of nuclear-weapon-

free zones, and the peaceful use of nuclear energy.”

Currently, all Latin-American and Caribbean states are full-members of the Treaty of Tlatelolco. This proves the great consensus which exists in our region regarding the treaty's objectives and it strengthens the Agency so it can foster new initiatives.

On the 7th of February, the Deputy Secretary General participated in a Special Session of the Committee on Hemispheric Security (CHS) of the OAS, regarding the “Consolidation of the Regime Established by the Treaty of Tlatelolco”. Document S/Inf.964 was prepared, and later approved by the Council Representatives and presented to the CHS. The Deputy Secretary General afterwards informed the Council regarding the meeting held with Secretary General, Dr. José Miguel Insulza, with whom the possibility of elaborating a Memorandum of Understanding among both institutions was discussed, as were the conversations held with the Ambassadors of Antigua and Barbuda, Bahamas, Granada, Santa Lucia, Saint Kitts and Nevis, and Saint Vincent and the Grenadines, on topics linked to the Treaty of Tlatelolco. They also had the opportunity to speak with Mr. Tibor Tóth, Executive Secretary of the CTBTO.

In order to commemorate the 41st Anniversary of the Treaty of Tlatelolco, a joint academic seminar in which the Mexican Ministry of Foreign Affairs participated was held on the 14th of February. It included the participation of academics and public figures committed to disarmament. The event was presided by the Assistant Secretary General for Latin America and the Caribbean, Mr. Gerónimo Gutiérrez, and the Under Secretary General. Participants in the Seminary included Dr. María Cristina Rosas of the UNAM; Minister Andrea García Guerra on behalf of the Office of the United Nations and Human Rights of the Mexican Secretary of Foreign Affairs.; Scientist Lydia Paredes Gutiérrez, Director of Technological Research at the ININ; Ambassador Emeritus Sergio González Gálvez, and Dr. Alfredo Jalife-Rahme, among others, as well as representatives of the Member States, Observers, NGO's, and a large number of students that expressed their questions and answers regarding the subjects exposed.

The Deputy Secretary General was invited by the Monterey Institute for International Studies of California to participate in the regional seminary “Towards the year 2010: The Role of the African Nuclear Weapon Free Zone Treaty in strengthening the Disarmament Objectives of the NPT” which took place in Pretoria, South Africa, on the 31st of March and the 1st of April, with the purpose of promoting its entry into force.

She also participated in the “Regional Seminary on Strengthened Safeguard Systems of the IAEA for the nations of the Greater Caribbean with limited nuclear activities and materials”, sponsored by the International Atomic Energy Agency (IAEA) in the Dominican Republic, from the 21st to the 24th of July, with a presentation on the Treaty of Tlatelolco.

The Deputy Secretary General and the Mexican Secretary of Foreign Affairs held a Special Session of the OPANAL to receive the Secretary General of the United Nations, His Excellency Ban Ki-moon, on the 4th of August. Among the people invited were the Diplomatic Community, the Members of the OPANAL, as well as other high-profile guests. During this memorable event, the Representatives of the Council, Argentina, Bolivia, Brazil, Chile and Mexico, all spoke.

By invitation of the Ministers of Foreign Affairs of both Norway and Chile, she participated in the Seminary entitled “Nuclear Challenges”, organized by FLACSO on the past 5th and 6th of September. During this event, she met with the Director of Special Policy of the Ministry of Foreign Affairs of Chile, Ambassador Juan Eduardo Eguiguren; with Ambassador Sergio Duarte, High Representative of the Secretary General of the UN for Disarmament, and with the Director of FLACSO, Mr. José Jara. The council was informed on the subject of competence of the OPANAL.

The Council of the OPANAL was also presented with the “Draft working paper on the NPT Review Process” (C/DT/79), which was remitted to the capitals for them to contribute in its enrichment and strengthening. It was accorded that during his participation in the First Commission of the General Assembly of the United Nations,

the current President of the Council would arrange for a meeting of this organ, coordinated by the Secretary General, with the purpose of consolidating the document and remitting it to the Member States and Signatories of Nuclear-Weapon-Free Zones, and Mongolia. This meeting took place in New York on the 7th of October, under the Presidency of Mexico, and with the open participation of all member states with the finality of discussing the following points:

- Draft working paper on the NPT Review Process, and
- Celebration of the Second Conference of the States Parties and Signatories of Nuclear-Weapon-Free Zones.

The Deputy Secretary General also announced an informal reunion for the 8th of October in which States Parties and Signatories of Treaties that establish nuclear-weapon-free zones were invited with the purpose of consolidating a coordination mechanism for the Second NWFZ Conference in 2010, before the next Review Conference of the Non-Proliferation Treaty (NPT). This complies with requests made by the First Conference of States Parties and Signatories of NWFZ held in Mexico in 2005.

The Council was also informed that the representative from Mongolia offered to celebrate a Meeting of Focal Points in Ulaanbaatar on the 27 and 28th of April, 2008, just before the 3rd Reunion of the Preparatory Commission of the VIII NPT Review Conference which will be held in New York from the 14 to the 19th of May, 2009 with the purpose of preparing the participation of this group both in the NPT meetings, as well as in organizing the Second NWFZ Conference and the events in Mongolia.

- e) **“Carry out the necessary actions, in conformity with the resolutions adopted by the Agency, to see that the debtor countries make use of the different payment schemes”.**

She convened and was present at the 8 meetings of the Committee on Contributions and Administrative and Budgetary Matters (CCAAP, in Spanish). During the first meeting of

the year (CCAAP/AR.70), which took place on the 27th of February, the Deputy Secretary General informed of the contribution payment by Antigua and Barbuda (October 29th) and the Oriental Republic of Uruguay (17th of November). Both countries embraced the discount scheme established in Resolutions CG/E/Res.463 (E/XVII/04) and CG/E/Res.492 (E/XVIII/06), paying the entire amount of their debts.

The Deputy Secretary General sent Resolution CG/Res.497 (XX/07) “Discount Program for Contributions Payment. Contingency/Emergency Fund” to incentive Members to join the mentioned discount scheme before the 31st of March 2008.

No state applied this new scheme and therefore it was not possible to create a Contingency/Emergency Fund, as was requested by the XX Regular General Conference. (Resolution CG/Res.496 (XX/07 f).

Activities implemented for financial rehabilitation

Following a petition made by the Deputy Secretary General to Representatives and Observers of the CCAAP, they met with the BDO Hernández Marrón and Co. Firm, to whom it was requested that they:

- Restructure all financial statements, by adapting them to the International Norms of Financial Information;
- Revise characteristics and consolidate accounts that integrate the Peaceful Uses of Nuclear Energy Fund;
- Revise the Financial Regulation and the General Standards to govern the operations of the General Secretariat of the Agency, and if it is the case, recommend the Secretary General to make the necessary changes;
- Establish the accounting procedure for controlling Restricted Funds such as the Reserve Subfunds;
- Determine the Agency's obligations in case of staff layoff;
- Request Auditor Luis Alberto Cámara from the BDO Hernández Marrón and Co. Firm, that he proceed to modernize accounting documents; reactivation of the Reserve Subfund, as well as other changes that will be dealt with more profoundly in his CCAAP inform;

The Deputy Secretary General prepared and presented the CCAAP with a Draft Budget for the Fiscal Year 2009 and with the Scale of Contribution for the apportionment of the Agency's Expenses for the year 2009, with the purpose of having it studied and later approved. Resolution projects regarding the "Reactivation and Restructuring of the items that comprise the Peaceful Uses of the Nuclear Energy Fund;" "Change of Financial Regulations;" "Measures designed to encourage the timely payment of Contributions"; as well as the "Draft Budget for the Fiscal Year 2009", and the "Report of the CCAAP", were all presented.

An *aide memoire* was also presented to the CCAAP. It discussed the possible reactivation of the Reserve Subfund mentioned in Article 55, section "b)", regarding

the “General Standards to govern the operations of the General Secretariat, in Chapter IV, General Provisions of Financial and Budgetary Nature”, in which it is declared that the Reserve Subfund has the goal of assuring the normal and continuous financial functioning of the Secretary General.

This topic is elaborately discussed in the Report to the CCAAP. After studying the documents presented by Brazil and Mexico, the Council was presented with Draft Resolution C/L.46 resolves 1 expresses the: “Temporary approval to destine 95% of the 100% of surplus in banks of the fiscal periods for 2007, 2008 and 2009 to the Reserve Subfund, and the remaining 5% to the Peaceful Uses of Nuclear Energy Fund”. During the 239th Session of the Council, which took place on the 28th of October, the resolution was approved and sent out to Member States as C/Res.46.

The Deputy Secretary General informed the CCAAP regarding the signature of annual employee contracts and, with authorization from the Council and in compliance with Mexican Federal Labor Laws, laid off one worker in what was deemed to be of best-interest of the Agency. An evaluation of several candidates was made through an exam and, after evaluating his merits, the decision was made to select Mr. Víctor Hugo Aguirre Paredes as the Assistant of the Deputy Secretary General.

Finally, regarding the topic of strengthening the OPANAL, the Secretary sent out a note to Member States last June, requesting them to, within their means, support the Agency with the designation of specialists in different topics so as to improve research activities of the OPANAL. The Government of Mexico designated Ambassador Eleazar Benjamín Ruíz to support the Secretary General in its main work.