Twenty-third session
Agenda item 96

CONFERENCE OF NON-NUCLEAR-WEAPON STATES

Note by the Secretary-General

With reference to the Final Document of the Conference of Non-Nuclear-Weapon States, 1/ attached is an exchange of letters between the Secretary-General and the President of the International Bank for Reconstruction and Development. The views of IERD are being conveyed to the General Assembly in accordance with the request contained in the final paragraph of the letter from the President of the Bank to the Secretary-General.

A. Letter dated 17 October 1968 from the Secretary-General to the President of the International Bank for Reconstruction and Development

The Conference of Non-Nuclear-Weapon States, which met in Geneva from 29 August to 28 September 1968, adopted a resolution which, inter alia, requests the International Bank for Reconstruction and Development to consider, at the next meeting of its Board of Governors, the establishment for the benefit of the developing countries of a "Programme for the Use of Nuclear Energy in Economic Development Projects".

I have the pleasure to enclose herewith the Final Document of the Conference containing the text of the resolution in question (resolution J).

I wish also to mention resolution N of the Conference. By it the General Assembly was invited to consider, at its present session, the best ways and means for the implementation of the decisions taken by the Conference. The question of implementation of Conference decisions has now been inscribed on the agenda of the General Assembly and I, therefore, invite your attention to the forthcoming debate on this item.

(Signed) U THANT
Secretary-General
B. Letter dated 1 November 1968 from the President of the
International Bank for Reconstruction and Development
addressed to the Secretary-General

I thank you for your letter of 17 October by which you sent me the Final

Resolution J adopted by the Conference, which in its operative paragraph A 2
refers to the Bank, has been duly noted. Needless to say, we are very much
interested in the Conference's conclusions, although somewhat concerned that the
resolution was adopted without any prior consultations with the Bank or any
notification to us that the subject of financing peaceful applications of nuclear
energy was to be considered.

The Bank has given considerable thought to the conditions under which nuclear
energy may become economic for power generation and water desalination in the
developing countries. We are continuing to keep in close touch with developments
in this field, and are ready to give sympathetic consideration to requests for the
financing of economically justified projects of this kind. We would find it
necessary, however, to apply to them the same criteria that we apply to all of our
other projects, and for that reason I would have two serious reservations about
accepting the terms of the Conference's resolution as a guide to Bank policy.

First, the resolution, as we understand it, proposes that projects involving
nuclear energy should be given priority over other kinds of projects. There may be
some cases in which a nuclear energy project would be more conducive to economic
growth than other types of projects, but this would not always be the case, and in
any event the determination must be made in the light of the over-all development
requirements in each developing country.

In the second place, it would be contrary to the policies of the Bank and the
International Development Association to vary the terms of loans in accordance with
the types of projects being financed. As you know, the Bank Group provides both
Bank loans at "conventional" interest rates and IDA credits which are normally for
a fifty-year term and interest-free. Whether a particular project is financed by
a Bank loan or an IDA credit, or a combination of the two, depends on the over-all
economic and balance-of-payments situation of the borrowing country and on the
strength of its claim to eligibility for finance on concessional terms. Even if
IDA financing is made available, the concessional terms extend only to the

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Government, which is expected to make the funds available to the borrower (where it is a revenue-yielding project) on more or less "conventional" terms, taking into account the cost of capital in the country. With respect to both the Bank and IDA, we would expect a nuclear power project, for example, to yield a financial return which would permit the project to bear a reasonable interest and amortization charge for the capital lent.

I would appreciate your conveying these views to the Committee to which consideration of the Final Document of the Conference of Non-Nuclear-Weapon States has been assigned by the General Committee of the Assembly.

(Signed) Robert S. McNAMARA