



STATEMENT BY THE GROUP OF 77 AND CHINA DURING THE THIRTY-THIRD SESSION OF WORKING GROUP A, 2-4 JUNE 2008 DELIVERED BY HE AMBASSADOR ANTONIO GUERREIRO, PERMANENT REPRESENTATIVE OF BRAZIL

Mr Chairman,

At the outset, let me express the satisfaction of the States Signatories of the Group of 77 and China in seeing you chairing Working Group A for the first time since your reappointment by the Special Session of the Preparatory Commission last February.

The Group would also like to thank the Executive Secretary, Mr. Tibor Tóth, for his written reports as contained in documents CTBT/PC-30/INF.1, CTBT/PC-30/INF.3 and CTBT/WGA-33/INF.2, as well as for his oral remarks in the opening of the current Session.

**Agenda Item 2: Report of the Executive Secretary**

Mr. Chairman,

The Group of 77 and China notes that, as of 30th April 2008, the total number of certified facilities had reached 229, comprising 219 stations and 10 radionuclide laboratories, which means that 68% of the 337 Stations required by the Treaty are ready for full operational status upon entry into force of the Treaty. In addition, by the end of 2007, 249 IMS stations had been established, representing 78% of the entire network.

The Group believes that this level of readiness is commensurate with current needs of the system in the context of its mandate for provisional operation, and that further increases must be justified by concrete developments as regards the prospects for entry into force of the Treaty.

**Agenda Item 3: Accounts of the Preparatory Commission for 2007**

The Group would like to thank [Mr. Graham Miller] for introducing the External Auditor's report on the accounts of the PTS and welcomes his unqualified opinion on the financial statement of the PTS for the year ended 31 December 2007. The Group has reviewed the accounts for 2007 as contained in document CTBT/PTS/INF.939 and endorses the views and recommendations issued by the External Auditor.

**Agenda Item 4: 2007 Programme and Budget Performance Report**

The Group takes note of the 2007 Programme and Budget Performance report as contained in document CTBT/PTS/INF.944 and thanks the PTS for preparing this document, which reinforces the transparency and accountability of the Commission's accounts.

**Agenda Item 5: Review of the Advisory Group Recommendations**

With regard to the Reports of Parts I and II of the 30th Session of the Advisory Group, before addressing their substance, the Group wishes to express its serious concern with the fact that the only member of the AG from a G77 State Signatory was not able to participate at Part I of the 30th Session due to the fact that the visa required for entry in the Host State has not been issued. It is also worth mentioning that the visa for Part II of the AG was issued at the last moment. In this context, the Group calls on the Secretariat to seek to ensure the full observance of the Headquarters Agreement and to facilitate participation of delegations in all meetings.

The Group also believes that the current composition of the AG is not balanced and that, with a view to

ensuring that its recommendations are based on a diversity of points of view, an equitable geographical balance should be established in the AG. In this regard, the Group wishes to encourage the ongoing efforts towards enhancing the geographical balance and wider representation in the AG.

On the substantive aspects of the Report of Part I, the Group of 77 and China is not in a position to endorse the conclusions drawn by the AG in paragraph 21 of the report, and expresses its disagreement with the recommendation contained therein for the Executive Secretary to "consider exploring the feasibility of a surcharge and discount payment system". The Group of 77 and China considers that such a proposal would be incompatible not only with the national budget cycles of most States Signatories but also that it would be in conflict with the legal basis for the operation of the Preparatory Commission.

The Group of 77 and China is also not in a position to endorse the Advisory Group's recommendation to the Preparatory Commission for it to authorize the PTS to initiate planning, analysis and preparations required to make the transition to IPSAS. The Group takes note of the proposal by the PTS in this regard, as contained in document CTBT/PTS/INF.940, but considers that States Signatories still need additional information as to the expected impacts and benefits stemming from a possible decision on the adoption of IPSAS, as well as on the most cost-effective options for the transition to an IPSAS-compliant ERP Platform, in particular the possibility that the current arrangement for the cost-free license for utilization of IMIS may be replicated in the future.

On the issue of the proposed mechanism to mitigate future funding shortfalls, as contained in document CTBT/PTS/INF.943, with modifications introduced by the AG in Annex IV to the Report of Part I of its 30th Session, the Group is at this juncture not in a position to join consensus on its associated recommendation, and requests that the issue be deferred to the next session of Working Group A, with a view to allowing for a thorough discussion and analysis of its implications.

On issue of the AG's recommendation for WGA and the PrepCom to approve the proposed draft decision on the 2007 CIF balance, as contained in CTBT/PTS/INF. 941, the Group of 77 and China may join consensus on the proposal, provided that its comments on the need for reduction of resources to be allocated to the CIF in the Draft Budget for 2009 are taken into account.

In concluding its remarks on this agenda item, the Group of 77 and China wishes to endorse the comments and recommendations of the AG on the Programme and Budget Performance Report and on the Initial Draft Programme and Budget proposals for 2009 contained in the report of Part II of the 30th Session of the AG. The Group proposes that, in its further discussions of the Medium Term Plan in its next session, the AG takes into account the comments made by the Group on the issue in its statement at the last Joint Session of WGA and WGB in February.

#### **Agenda Item 6: Review of the initial draft 2009 Programme and Budget Proposals**

As for the review of the initial draft 2009 Programme and Budget Proposals, the Group of 77 and China recalls its statement to the Joint Session of WGA and WGB last Friday, in which the Group has already expressed its positions on the issue.

The Group of 77 and China notes with utmost concern that the estimates presented by the Secretariat as regards the overall expenditure levels for 2009 are not based on a zero-real-growth scenario, in contradiction with the long standing position of the Group, which was reaffirmed specifically in its statement at the 30th Session of Working Group B last February.

Although the draft document describes the proposed growth of 1.8% in real terms as "modest", the Group underscores that, due to the effects of the downward trend in the dollar/euro exchange rate, its impact would be severely magnified in the case of States Signatories which use dollars to pay their assessed contributions. In this connection, the Group takes note of the additional information provided orally by the Secretariat at

the last joint session of working groups A and B as regards the overall levels of expenditure in equivalent dollars, which is of 124 million in the budget approved for 2008, and of 129 million in the initial draft budget for 2009, using the May 2008 official rate of exchange. The Group underscores that this would mean a growth of more than 4% in real terms in the assessed contributions to be paid in dollars, and requests that for the sake of transparency and comparability, information in this regard is included in the next version of the budget proposal.

In view of the above, the Group of 77 and China is not in a position to accept the initial draft budget proposal for 2009 as a basis for future discussions on this issue. Therefore the Group requests the Secretariat to revise the draft proposal in the light of the key elements that underpin its position in this regard, namely:

- the current well-advanced status of the verification system,
- the mandate of the PrepCom on the provisional operation of the system,
- the actual prospects of entry into force of the Treaty, and
- the need to minimize the financial burden to be borne by States Signatories.

In addition to these elements, which were elaborated by the Group of 77 and China in its intervention at the last Joint Session of Working Groups A and B in February, the preparation of the revised proposal should seek to identify all possible savings and to eliminate unnecessary increases in the current levels of expenditure.

#### **Agenda Item 7: Human Resources in the Provisional Technical Secretariat**

As regards the issue of human resources in the PTS, the Group reiterates once again its concerns with the enduring imbalance in the overall representation of developing countries in the PTS Staff. It is critical that the PTS continue its efforts to increase the presence of staff members from developing countries. The Group calls upon the Secretariat to give due attention to this criterion in the recruitment process of new staff members who will replace those who have reached their service limit, and reiterates its call for the PTS to continue observing the service limit policy for professional and internationally recruited General Service staff members.

As regards consulting services used by the PTS, the Group is also concerned with the fact that nearly 45% of the consultants or consulting firms hired by the PTS come from only 4 States Signatories, and that only 7 among the 92 contracts for consultant services involve persons or firms from developing countries. The Group therefore requests the Secretariat to take into account the need for further geographical balance in the selection and awarding of contracts for consultant services.

The Group expresses its concern that some countries are over represented in the PTS and believes that a quota should be established for the number of staff members for each State Signatory.

#### **Agenda Item 8: Legal Procedures for dealing with Alternative Site Locations and Station Names/Codes**

As regards the issue of the procedures for changing responsibility for an IMS station from one State Signatory to another, the Group of 77 notes that, in addition to the proposed change in relation to station IS60 in Wake Island, the PTS has identified another station that may need to be subject to a similar change, namely IS54 in Antarctica.

As regards the legal analysis of the issue presented by the PTS in document CTBT/PTS/INF.866, the Group wishes to point out that there is a factual error in its paragraph 5, which states that the "CTBT assumes full completion of the verification regime by entry into force". In fact, article IV, paragraph 1 states that at entry into force the "verification regime shall be capable of meeting the verification requirements of the Treaty", which does not correspond to full completion of the IMS.

Having reviewed the legal, technical and financial aspects of the issue, the Group is of the view that the

Preparatory Commission may decide on a procedure for the treatment of proposed changes of responsibilities of Stations from one State to another, taking into account the following elements:

- the changes should not impact negatively on the technical capability of the IMS to perform its verification tasks;
- the changes in responsibility for any given station should be considered as a measure of last resort, and should only be proposed after a search for possible alternative locations within the territory of the State responsible for it;
- the changes should only be proposed on the basis of a prior agreement between the States concerned;
- the political, verification-related and budgetary implications of the proposed changes should be subject to prior thorough analysis by all policy-making organs of the PrepCom.

The Group believes that, bearing in mind the long term implications of the proposed changes and the possibility that the current obstacles for the placement of these two stations come to be removed by ulterior developments, any decisions on the matter should be adopted in strict accordance with the provisions of the Treaty. The Group recalls that any decisions on this matter will have to be reviewed upon entry into force of the Treaty.

#### **Agenda Item 10: Proposed Measures to Contain Costs of Post-Certification Activities**

Mr. Chairman,

As for the proposals presented by the Secretariat on possible measures to contain post-certification activities (PCA) costs, as contained in document CTBT/PTS/INF.890, the Group of 77 and China is of the view that some of the proposals are positive and that the issue deserves further consideration, provided that due attention is given to the need to avoid the creation of unnecessary hurdles and financial constraints for station operators.

The Group reaffirms, however, its perception that the main factor for the increases in the PCA costs is the accelerated pace of IMS build-up. This perception has been further demonstrated in the paper presented by the Secretariat [insert reference when document is published], which establishes a clear-cut and linear correlation between the overall PCA expenditures and the number of certified stations.

In this regard, and bearing in mind the advanced stage of IMS implementation and its near-operational status, the Group believes that the only way to ensure sustainability of the system is to further reduce the rate of IMS installation and certification. The Group notes, however, that this rate could and should be revisited in light of any possible developments as regards the concrete prospects for entry into force of the Treaty.

#### **Agenda Item 11: Method of Selection of the External Auditor for the Period 2009 to 2010**

On the issue of the selection of the External Auditor for the period 2009-2010, the Group is pleased to note that candidates from developing states signatories have been presented. Bearing in mind that the current External Auditor of the PrepCom has come from one developed State Signatory, and has been the EA since the establishment of the PC, the Group would like to stress its position that the next External Auditor should be selected from among the aforementioned candidacies of the developing State Signatories.

Thank you, Mr. Chairman.