



VIENNA CHAPTER

STATEMENT BY THE GROUP OF 77 AND CHINA DURING THE THIRTY-FOURTH SESSION OF WORKING GROUP A, 20-22 OCTOBER 2008 DELIVERED BY HE AMBASSADOR ANTONIO GUERREIRO, PERMANENT REPRESENTATIVE OF BRAZIL

Mr. Chairman,

At the outset, let me express on behalf of the States Signatories of the Group of 77 and China our satisfaction in seeing you, Ambassador Rimdap, chairing Working Group A at its thirty-fourth session.

The Group would also like to thank the Executive Secretary, Mr. Tibor Tóth, for his written reports as contained in documents CTBT/PC-31/INF.2 and CTBT/WGA-34/INF.2, as well as for his oral remarks in the opening of the current Session.

Mr. Chairman,

The Group of 77 and China notes that further progress was made towards bringing the CTBT to its much-desired universal status, with the signature by Timor-Leste and with the ratification by Burundi, thus elevating the total number of States Signatories to 180 and the number of ratifying States to 145.

As regards the item 3 of the agenda, related to the final draft programme and budget proposal for 2009, the Group of 77 and China has welcomed the revision of the initial draft with a view to reducing the proposed overall expenditure to a level slightly below zero real growth in comparison with the 2008 Budget. Nevertheless, the Group is still deeply concerned with the fact that such reduction of was not a consequence of savings and reductions of levels of expenditure that had been called for, but resulted instead almost exclusively from a voluntary in-kind contribution.

The Group of 77 and China also reiterates its disappointment with the lack of appropriate justification for the abrupt increases in numerous items of expenditure in comparison with the 2008 budget and by the apparent unwillingness to seek areas in which savings can be pursued.

The Group of 77 and China underscores that the current global financial crisis, which has been aptly described as the "most dangerous since the Great Depression", will most likely have a dire impact on the economies of many if not all States Signatories in the coming years. The ensuing economic downturn may compromise even further the ability of many States, in particular developing ones, to pay their respective assessed contributions to the PrepCom. Against such a troubling background, the need to reduce the financial burden to be borne by States Signatories is made all the more urgent.

In view of the aforementioned, the Group of 77 and China deeply regrets that its persistent calls for programme adjustments have not been taken into account in the final draft programme and budget for 2009. In the next budget cycle, utmost priority should be given by the Secretariat to the elimination of unnecessary increases in levels of expenditure and to the identification of possible further savings, and that the results of such efforts are duly reported to Working Group A and to the PrepCom. In this connection, the Group also underscores that any increases should be thoroughly and exhaustively justified.

In this connection, the Group of 77 and China welcomes the recommendation made by the AG to the Executive Secretary as regards the need for the Secretariat to provide detailed explanation and justification for any proposals for substantial increases or decreases in items of expenditure in future budget cycles. The Group of 77 and China proposes that Working Group A endorses such recommendation by the AG and refers it to the Preparatory Commission for consideration at its next Session.

As regards item 4, on financial and budgetary decisions, the Group of 77 and China wishes to make the following specific comments.

As to the proposal to transfer US\$ 1,440,000 from the General Fund project related to GCI to the Capital Investment Fund, with a view to fully funding recapitalization expenses for 2008, the Group would appreciate more detailed explanation on the relationship between such transfer and the proposal to extend the obligating authority on the same item of expenditure.

The Group takes note with appreciation of the discussions regarding the possible adoption of individual payment plans for States Signatories in arrears willing to enter into such plans.

As to Agenda Item 5, on the recommendations by the Advisory Group, the Group of 77 and China takes note of the report of its 31st Session, to be introduced by the Chairperson of the AG, Mr. André Gué, later on during this Session of Working Group A. Further to its comments on issues touched upon by the AG under other agenda items, the Group is in a position to endorse all recommendations issued by the AG on its 31st Session.

Turning now to Agenda Item 9, related to post-certification activity costs, the Group of 77 and China recalls its comments on the issue presented during the 31st Session of WGB. On general terms, the Group recalls that, while the purpose of making PCA costs more manageable is laudable in itself, the core purpose of discussions on this issue is to bring about reductions of such costs on the medium to long term. The Group is particularly concerned with the suggestion that overall PCA costs may go up as a result of the adoption of the proposals, especially taking into account that the final draft budget proposal for 2009 already encompasses an excessive and abrupt growth of 25% in comparison with the current budget. With regard to administrative aspects of the proposal, we would like to add the following:

The Group believes that the proposed standardization of PCA contracts is positive in principle, but that it should not prevent the PTS and station operators from addressing specific factors that may influence their respective operation. The Group further believes that the proposal to negotiate future PCA contracts for multi-year periods with built-in inflation adjustment may help bring about predictability to the overall PCA budget, and at the same time reduce the likelihood of sudden increases down the line due to attempts to compensate for accumulated losses in contract value.

The Group, however, is not in a position to support the proposed establishment of a cap for contracts involving sole-source contracts, as it may represent an undue and artificial imposition on station operators, who must have the right to seek revision of contract value depending on the evolution of factors affecting operational costs.

The Group of 77 and China would also appreciate some further clarification on the proposal to define a fluctuation band for exchange rate adjustments of contract values for PCA. In particular, the Group wishes to know if the rationale behind the proposal is to minimize bureaucracy deriving from frequent requests for contract renegotiation due to exchange rate fluctuations, or if its purpose is to transfer currency risk to station operators. In this connection, the Group would appreciate to know the values that would define such proposed fluctuation band. In this connection, the Group reaffirms that, due to its split assessment budget, the PTS is better suited to absorb possible variations in exchange rates in comparison with station operators.

Mr. Chairman,

With regard to item 7 of the Agenda, related to procedures for changing responsibility for an IMS station from one State Signatory to another, the Group thanks you and the Chairman of Working Group B for presenting a Joint Informal Paper on the issue, which we regard as a basis for our discussions.

As regards the issue of the draft schedule of sessions of the PrepCom and its subsidiary bodies for 2009, the Group of 77 and China reiterates its satisfaction with the improvements introduced last year a in particular the elimination of parallel sessions in WGB. The Group also believes that experience in the current year is confirming our view that, through further rationalization and streamlining, the annual programme of work of WGB can be carried out in two sessions per year, with duration of three weeks each. Therefore, the Group notes with satisfaction that in the revised proposal part 1 of the 33rd session of WGB has been omitted from the schedule of meetings for 2009. However, the Group believes that further consultations are necessary on the schedule with a view to examining the need to have a PrepCom session in June 2009. The Group will continue to work constructively to find a consensus decision on the schedule of meetings for 2009.

Thank you, Mr. Chairman.