



STATEMENT BY THE GROUP OF 77 AND CHINA DURING THE THIRTY-FIFTH SESSION OF WORKING GROUP A, 14-15 MAY 2009 DELIVERED BY HE AMBASSADOR EUGENIO MARIA CURIA, PERMANENT REPRESENTATIVE OF ARGENTINA

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-fifth session.

The Group also thanks the Executive Secretary, Ambassador Tibor Tóth, for his written reports as contained in documents CTBT/PC-32/INF.1 and its Corrigendum 1, and CTBT/PC-32/INF.2, as well as for his oral remarks in the opening of the current Session.

Mr. Chairman,

As to Agenda Item 3, on the recommendations by the Advisory Group, the Group of 77 and China takes note of the report of Parts I and II of its 32nd Session, to be introduced by the Chairperson of the AG, Mr. André Gué, later on during this Session of Working Group A.

As regards item 4 of the agenda, on the Accounts of the Preparatory Commission for 2008, as contained in document CTBT/PTS/INF.998, the Group of 77 and China welcomes the fact that the External Auditor has placed an unqualified audit opinion on the 2008 financial statements of the Commission. The Group takes note of the recommendations issued by the External Auditor, in conjunction with the clarifications provided to the Advisory Group during Part I of its 32nd Session and endorses the observations made by the AG in this regard. Since this report is the last to be presented by the current External Auditor from the United Kingdom, the Group also takes this opportunity to express its appreciation and gratitude for the last twelve years of services rendered to the Commission.

As to item 6, dedicated to the review of the Initial Draft Programme and Budget for 2010, the Group recalls its position as expressed in its statement to the 32nd Session of Working Group B, in which the Group indicated that the preparation of the Draft Programme and budget for 2010 should be once again based on a target of zero real growth as a ceiling for the overall expenditures, without precluding the possibility of identifying possible reductions and savings.

While the Group was encouraged by earlier indications from the PTS according to which the Initial Version of the Draft Budget would be based on a slight growth of 0,9% in nominal terms in comparison with the 2009 budget, the Group received with surprise the text that came to be circulated, which, contrary to those indications, was based on a substantial increase of 5.4%, or USD 6.153 million.

The Group believes that the construction of the verification regime should be carried out in a practical, prudent and feasible manner. The work of the International Monitoring System (IMS), the International Data Center (IDC) and On-Site Inspection (OSI) should be carried out in a balanced way.

As regards specific aspects of the Initial Draft, the Group notes with particular concern the increase of 6.4 million USD in Major Programme 1, due in particular to the allocation of resources to replenish the installation sub-fund of the Capital Investment Fund (CIF-I). The Group believes that the depletion of this fund should have been averted by constant and gradual funding over the previous budget years, and that the amount proposed is excessive in light not only of the need to maintain budgetary stability but also of the priorities set forth for the IMS by Working Group B for 2010.

On Major Programme 2 (International Data Centre), the Group recalls the need to maintain and enhance availability, timeliness and quality of data products of the IDC. In this regard, while the Group noted with concern the decrease in the overall IDC budget, we understand that this is mainly due to a reduction in the PCA budget owing to a contribution in-kind made by one State Signatory, and that resources allocated for other core IDC activities were preserved and even increased.

As regards MP3 (On-Site Inspections), the Group would appreciate further clarification as regards the proposal to establish an Equipment Storage and Maintenance Facility (ESMF), in particular a comprehensive estimate of the overall cost of this initiative. The Group would also appreciate to be informed of possible alternatives being considered by the Secretariat in order to minimize the budgetary implications of this proposal, especially as regards potential contributions in-kind and modalities for cooperation with the Host State.

As regards the reference to long-term unfunded capital items mentioned in page 25, the Group encourages the PTS to consider how the anticipated investment for the acquisition of a new Enterprise Resource Planning (ERP) platform could be minimized by means of possible cooperative arrangements with other Vienna-based organizations that currently have or are in the process of adopting IPSAS-compliant ERP platforms. As to the reference to the costs of acquisition of two sets of core OSI equipment prior to entry into force, the Group underscores that this issue needs prior full consideration by Working Groups A and B before it can be included on the Budget.

The Group also notes that a new item of expenditure named "temporary assistance - Professional", has been introduced to distinguish what the PTS refers to as "longer term consultants" from "short term" consultants. The Group notes with concern that this proposal may move in the direction of legitimizing the misuse of consultant contracts in order to cope with shortfalls in regular staff levels. The Group believes that the difficulties being faced by the Secretariat in the field of human resources should be addressed by means of a reassessment of current overall needs of the organization in terms of regular staff.

In view of the aforementioned and in light of the current context of global economic hardship, the Group is not in a position to accept the initial draft as a basis for the adoption of the 2010 Programme and Budget. Independently of any possible decisions that may be adopted regarding the possible use of payments of arrears, the Group requests that the PTS prepares a revised version of the draft programme and budget taking into account the aforementioned points, and in particular the need to attain zero real growth in the overall level of expenditure.

Turning now to the proposal presented by the Secretariat on possible additional appropriation for the CIF-I in the 2009 budget totaling USD 15 Million, as contained in document CTBT/PTS/INF.1004, the Group understands that its fundamental goal is to allow the Commission to utilize resources from the anticipated payment of 2009 arrears by one State Signatory, which alone would be more than sufficient to fully fund the amounts to be appropriated. Under this assumption, the Group believes this is a positive proposal in principle, as it may allow the Commission to utilize funds that would otherwise simply be returned to States Signatories via cash surplus. The Group underscores, however, that it regards the proposal as a potential supplementary funding mechanism and not as an alternative for increases in the regular budget.

The Group believes that States entitled to receive portions of the 2009 cash surplus should have primary consideration in deciding to divert such resources for use in programmatic activities. If such possibility proves acceptable, the Group underscores that all States Signatories shall be responsible for deciding how best to utilize such resources.

In this regard, the Group notes with concern that the installation plan for the period 2010-2012 mentioned in paragraph 3 of the Proposal is based on the goal of initiating the construction of 19 new stations, 3 new Noble Gas systems and the update of 3 existing such systems, and the certification of 4 new radionuclide

laboratories. The Group believes this plan would represent an acceleration of the pace of IMS build-up in comparison with the 2006-2008 period, during which only 13 new stations were initiated. The Group calls for prudence in the installation plan, especially in light of the current perspectives for entry into force of the Treaty and of the priorities set forth by Working Group B for the IMS, in particular that of focusing construction efforts on stations that may contribute most to enhance detecting capabilities of the system.

In addition, the Group notes that the proposal would likely allow the budget for the CIF-I to remain flat for the next three years. On the other hand, the Group is concerned that the costs implied by the construction of additional stations would represent an indirect burden on other items of expenditure, such as the PCA budget and the sustainment sub-fund of the CIF.

The Group therefore requests the PTS to review the proposal, with a view to setting a more realistic installation plan with a focus on stations that may contribute most to enhance detecting capabilities of the System, as recommended by Working Group B. The Group also requests that the PTS explore ways to ensure that the resources to be captured by the proposal may also be used to cover anticipated increases in sustainment and post-certification activity costs.

With regard to item 9.2 of the Agenda, related to procedures for changing responsibility for an IMS station from one State Signatory to another, the Group once again thanks you and the Chairman of Working Group B for presenting a Joint Informal Paper on the issue, as contained in document CTBT/WGA-34/INF.5, which takes into account positions previously expressed by the Group in, and looks forward to an informed discussion on this issue at the current Session of WGA.

As to Agenda Item 11, related to post-certification activity costs, the Group of 77 and China recalls and reaffirms its comments on the issue presented in its statements to the 31st Session of WGB and to the 34th Session of WGA. The Group looks forward to receiving further refined proposals from the PTS taking into account views and positions expressed by States Signatories.

The Group notes that it is not desirable that countries from one regional group dominate most of the positions related to policy-making bodies of the Commission. The Group is of the view that this matter should be addressed and looks forward to a more equitable geographical representation of State Signatories in these bodies.

Thank you, Mr. Chairman.