



STATEMENT OF THE GROUP OF 77 AND CHINA DURING THE JOINT MEETING OF WORKING GROUPS A AND B OF THE PREPARATORY COMMISSION OF THE COMPREHENSIVE NUCLEAR-TEST-BAN TREATY ORGANIZATION ON 30TH MAY 2008, DELIVERED BY H.E. AMBASSADOR A. VALLIM GUERREIRO, PERMANENT REPRESENTATIVE OF BRAZIL

Mr. Chairman,

At the outset, on behalf of the Group of 77 and China, I would like to thank both chairpersons of Working Groups A and B for convening this joint meeting. The Group would also like to thank the Executive Secretary for the information presented in his oral remarks to this Joint Session.

As regards the issue of the 2007 Programme and Budget Performance Report, as contained in document CTBT/PTS/INF.944, the Group notes that once again the rate of disbursements in the CIF was low, which, bearing in mind the multi-year nature of that fund, demonstrates the need for further reductions in the yearly allocation of resources to the CIF in the budget.

Regarding the issue of the initial draft 2009 Programme and Budget Proposals for 2009, as contained in document CTBT/PTS/INF.945, the Group of 77 and China notes with appreciation the introduction of improvements in the structure of the document, which attributes clear objectives, expected results and key performance indicators (KPIs) for each of the major programmes.

In this regard, the Group of 77 and China also welcomes the fact that the strategic planning framework for 2009-2013 that appears in page 12 of the initial draft has been revised in line with the comments made by the Group on the Medium-Term Plan at the occasion of the Joint Meeting of Working Groups A and B held last February, and that the current wording of the Strategic Goal 1 and its associated objective 1.1 is now consistent with the actual prospects for the build-up of the IMS structure. The Group notes that this objective may have to be revised in light of possible concrete steps towards entry into force of the Treaty in the near future.

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 described the proposed growth of 1.8% in real terms as "modest", the Group underscores that, in accordance with the information presented by the PTS to part II of the 30th session of the Advisory Group, the actual budget level for 2009 in equivalent US Dollars is likely to reach US\$ 129 million. For the States Signatories which pay their contributions in that currency, this would mean a 16% increase in nominal terms in comparison with the 2008 level of US\$ 111.3 million. Such a growth can be described as "alarming" at best.

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.

Mr Chairman,

Notwithstanding the fact that the initial draft budget proposal does not constitute a sound basis for discussion, the Group wishes to issue comments on specific elements of the text in the interest of providing the Secretariat with additional guidance for the preparation of a revised version.

As regards Major Programme 1 (International Monitoring System), the Group is concerned with the fact that, despite the reduction in the number of IMS stations to be installed in 2009 in comparison with 2008, the current draft proposes a 25% increase in funding levels for the Capital Investment Fund dedicated to installation (CIF-I). The Group believes that such an increase is unjustified, especially in light of the proposed carry-forward in the 2007 CIF funds and of the historically low rate of implementation of the CIF. In this connection, the Group recalls its proposal for the PTS to temporarily freeze the negotiation of new contracts for the construction of IMS Stations pending concrete developments as regards the entry into force of the Treaty, and to focus its resources in the completion of those stations whose installation has already been initiated.

On Major Programme 2 ("International Data Centre"), the Group believes that a higher priority should be accorded to the development of the data analysis capabilities of the PTS. In this regard, the Group notes with concern that, in spite of the difficulties currently faced by the IDC Division, the overall budget and staffing levels for that area have been kept at the same level as in 2008. On the other hand, the Group deems as unjustified the proposed allocation of US\$ 21 million to Post-Certification Activities (PCA), which represents a 25% increase in comparison with 2008, especially in view of the fact that the increase in the number of certified stations maintained by the PCA budget is expected to increase by only 18% throughout 2008 and 2009 .

As regards Major Programme 3 ("On-Site Inspection"), the Group believes that it would be premature for the WGA to recommend the allocation of resources to the mock-inspection proposed by the PTS, since this major initiative, which is estimated to have a total cost of US\$ 14 million, is yet to be thoroughly considered by WGB and the PrepCom, taking into account the results of the OSI IFE08 exercise.

As to Major Programme 5 ("Policy Making Organs"), the Group is concerned to note that, despite the reductions in the number and duration of the meetings of the Policy Making Organs, the projected expenditure has been kept constant.

On the issue of the list of so-called "core unfunded tasks" contained in page 20 of the draft proposal, the Group notes that the concept may be misleading, not only because activities defined as "core" should not be unfunded in any case, but also because some of the activities listed therein have yet to be considered and approved by the PrepCom and therefore cannot be considered as "core". As regards the first of such unfunded tasks, namely the anticipated increases in the 2009 UNOV conference services costs, the Group believes that such expenses should be accommodated within the current budget levels, taking into account the need for savings and the reduction in the number of meetings of the Policy-Making Organs, which are expected to continue in 2009. In line with aforementioned remarks on the proposed mock inspection, the Group believes that the two "unfunded tasks" related to the initiative should not be included in the budget until a decision on the issue is taken by the PrepCom, on the basis of possible recommendations by WGB. On the "unfunded task" related to IPSAS, the Group reserves its right to present detailed comments in its intervention to WGA next week.

Mr. Chairman,

The Group of 77 and China would like to emphasize that, in preparing the revised draft programme and budget proposal, no references to the MTP should be included. The Group reiterates that the MTP is a PTS document which is not put to the consideration or approval by the PrepCom, is subject to revision, and its contents are of a solely indicative nature. Consequently, the MTP should not preclude or preempt any decisions by the Policy Making Organs. In this regard, further to the comments made by the Group on the MTP at the occasion of the Joint Meeting of WGA and WGB last February, the Group would also like to note that the information on the completion of IMS Stations presented on page 11 of the Medium-Term Plan, which states that 28 new stations are to be completed at the end of 2008, is inconsistent with the estimate of 15 stations used in the official budget approved by the Commission for the same year.

Thank you, Mr. Chairman.