



VIENNA CHAPTER

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 8th SEPTEMBER 2008, DELIVERED BY H.E. AMBASSADOR A. VALLIM GUERREIRO, PERMANENT REPRESENTATIVE OF BRAZIL

Chairperson,

At the outset, on behalf of the States Signatories 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 also appreciates the information presented by the Executive Secretary for the information presented in his oral remarks to this Joint Session.

As regards item 4 of our agenda, namely the Draft Programme and Budget for 2009, the Group of 77 and China would like to recall its position on this issue as expressed in its statement to Working Group B last week. In particular, the Group reiterates once again the importance of four key elements underpinning its position as regards budgetary matters, 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.

As a corollary to these key elements, the Group of 77 and China has been consistently calling for a strict observance of a zero-real-growth budget policy.

As regards the revised programme and budget proposal that has been circulated on 20 August, the Group of 77 and China takes note of the efforts made by the Secretariat aimed at revising its initial version. The Group is particularly encouraged by the fact that the total proposed budget has been brought to a level slightly below zero real growth in comparison with 2008 levels.

That notwithstanding, the Group is still deeply concerned with the fact that such reduction was not a consequence of savings and reductions of levels of expenditure, but resulted instead almost exclusively from a voluntary in-kind contribution.

The Group of 77 and China is particularly disappointed by 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 could be pursued. By the same token, the Group still needs further, more detailed explanation for the fact that the current proposal still presupposes a disproportionate growth in the portion denominated in Euros vis-à-vis the portion denominated in Dollars.

Against that background, the Group of 77 and China would also like to comment in greater detail some specific parts of the Final Draft Budget Proposal for 2009.

As regards Major Programme 1 (International Monitoring System), the Group had previously expressed its concern with the fact that the initial draft budget for 2009 had proposed a 25% increase in funding levels for the Capital Investment Fund dedicated to installation (CIF-I) in comparison with the 2008 budget. This concern has not been taken into account, since the percentage increase in the CIF-I in the final draft has now been raised to 35%, due to an addition of 600.000 dollars to testing and evaluation, without any detailed explanation or justification.

On Major Programme 2 ("International Data Centre"), the Group believes that a higher priority should be accorded to the development of the data analysis and data product 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 still believes that the 25% increase in expenditures in Post-Certification Activities (PCA) in comparison with 2008 levels represents an abrupt and excessive growth.

As regards Major Programme 3 ("On-Site Inspection"), the Group is encouraged by the fact that the resources allocated for OSI activities for which there is no specific mandate from the Policy Making Organs of the Commission were excluded from the current draft.

As to Major Programme 5 ("Policy Making Organs"), the Group underscores the need to readjust the projected expenditure on conference support to the sessions of the Commission and its subsidiary organs, taking into account past and projected modifications in the number and duration of their meetings.

In view of the aforementioned, the Group of 77 and China is of the view that further efforts should be undertaken in order to bring about necessary cost reductions and other savings, which should then be incorporated to document CTBT/PTS/INF.945/Rev.1 prior to final adoption of the Programme and Budget of the PrepCom for 2009.

Mr. Chairman,

Turning now to Agenda Item 5, which corresponds to the proposed mechanisms to manage post-certification activity costs (CTBT/PTS/INF.962), the Group of 77 and China appreciates the efforts undertaken by the PTS in order to identify possible solutions to this issue. The Group notes, however, that many of the proposals presented in the document still deserve some further elaboration by the Secretariat and additional discussion among States Signatories.

More specifically, the Group believes that the idea of standardizing contracts may be positive, but that its implementation should not prevent the PTS and station operators from addressing specific characteristics of each Station that may influence its operation. As regards the proposal to define a cap for contracts involving sole-source contracts through independent cost analysis, the Group is concerned with the possibility that such a cap may represent an imposition on station operators, who must have the right to seek revision of contract value depending on the evolution of factors affecting operational costs.

As to the proposal to divide the contract price into a fixed part for investment protection and a variable part to be paid in proportion to the data availability and data quality, the Group would appreciate further clarification as regards the standards against which these technical parameters are supposed to be assessed, taking into account in particular the guidelines for provisional operation of the verification system.

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. The Group also recalls that, due to its split assessment budget, the PTS is better suited to absorb possible variations in exchange rates in comparison with station operators.

Turning now to Agenda Item 6, on proposed criteria for sole source contracts (CTBT/PTS/INF.963), the Group believes that there is merit in the initiative, as it would define in more precise terms under which conditions contracts could be awarded in that modality. However, the Group has doubts as regards the proposal to make the acceptance of formal designation of sole sources dependent on approval by the Commission, which may constitute micro-management of tasks that are administrative in nature.

I thank you, Chairperson.