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Statement of the European Union in response to the Secretary General's Presentation of the 2008 Unified Budget

The EU thanks the Secretary-General for his presentation of the 2008 Unified Budget proposal. We would also like to express our thanks to the Secretariat, all Fund managers and to all who worked hard in producing the budget proposal within the prescribed time limits. We look forward to receiving additional papers on horizontal issues, as well as to further discussion of staff standard costs and the revised Post Table of the OSCE Secretariat within the ACMF.

We welcome the fact that much of what was discussed during the last Programme Outline is reflected in the proposal. Reserving judgement on the details for discussion in the weeks to come we will confine our comments today to some more general trends and issues highlighted in the overview of the Budget Proposal, including those which are expected to have substantial financial implications in 2008. The EU would also like to recall that any increase of individual programmes should be well founded.

By way of introduction, the EU draws attention to its comments during the Programme Outline discussion, regarding a Unified Budget based on the political and regional developments. As stated before, the budget should reflect the needs and requirements on the ground, in order to assist host Governments in meeting their commitments and field presences to fulfil their mandates. In this

respect, the EU continues to support the increased emphasis on the Central Asian region. We reiterate our position in favour of an enhanced focus on the South Caucasus. We also welcome the proposal to develop activities in Eastern Europe. We continue to attach importance to the OSCE's engagement in South Eastern Europe, while noting the overall decrease proposed in this region. The EU also acknowledges the greater attention granted to some issues among the OSCE programmatic activities, as reflected in the Budget proposal.

This approach has been facilitated by the introduction of Performance-Based Programme Budgeting throughout all Funds, thereby improving the transparency, consistency and ultimately the effectiveness of the OSCE's work. We now look forward to the further refinement of this approach.

The EU notes that the proposed relative share of the Secretariat and Institutions has again increased in comparison to the share of the field operations. We will therefore wish to examine in detail the continuing increase in the proportion of the overall budget dedicated to the Secretariat. Regarding the costs related to the new Secretariat premises in Wallnerstrase, we request regular updates on the estimated and actual costs of the new premises.

As for the increase in the staff standard costs, we note that a large proportion of the overall budgetary increase arises from a revision in calculating staff standard costs with a further 20% arising from non-post table staff costs. We look forward to further discussion on this issue in the coming weeks, as well as on Local Staff Salaries, Board and Lodging Allowance and National Income Tax. Turning to the Post Table, the EU notes that the Classification issue is subject to continuing consultation and that more than 5 times as many positions are proposed to be upgraded than to be downgraded. We shall consider the budgetary implication of the proposals for classification changes – and indeed all new positions - according to their relative merits and as part of the overall budgetary process. The EU nevertheless believes that current secondments should be maintained unless there are overriding professional reasons for conversion.

In conclusion, we look forward to engaging in the budget debate in the weeks to come. The EU will make every effort to reach agreement on the Budget by the deadlines laid down by Permanent Council. In the same spirit, we believe that an agreement on amended Financial Regulations can no longer be postponed. The deadline of the 1st of July in the Ministerial Council Decision 19/06 having been missed, this issue should be brought to a swift conclusion. We therefore call upon all delegations to reach a solution that is acceptable to all on this important issue.

The Candidate Countries Turkey, Croatia and the former Yugoslav Republic of Macedonia*, the Countries of the Stabilisation and Association Process Albania, Bosnia and Herzegovina, Montenegro and Serbia, EFTA country Iceland, member of the European Economic Area, as well as Ukraine and the Republic of Moldova align themselves with this statement.

* Croatia and the former Yugoslav Republic of Macedonia continue to be part of the Stabilisation and Association Process.