INTERNATIONAL MARITIME ORGANIZATION

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COUNCIL – 23rd extraordinary session

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SUMMARY RECORD OF THE THIRD MEETING

held at IMO Headquarters, 4 Albert Embankment, London SE1 7SR on Friday, 18 November 2005 at 9.30 a.m.

Chairman:	Mr. L. DÍAZ-MONCLUS (Venezuela)
Vice-Chairman:	Mr. J. FRANSON (Sweden)
Secretary-General:	Mr. E.E. MITROPOULOS

A list of participants is given in document C.ES/23/INF.1.

N.B. Corrections to the summary record should be submitted in writing, preferably on a copy of the summary record, to the Conference Division, IMO Secretariat, 4 Albert Embankment, London SE1 7SR not later than 7 April 2006.

Corrections to all summary records of the session will be issued in a consolidated corrigendum.

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AGENDA ITEM 4 – PROGRAMME FOR CHANGE (continued):

(b) HEADQUARTERS BUILDING REFURBISHMENT (C/ES.23/4(b)) (continued)

Mr. VASSALLO (Malta), referring to the possibility of holding meetings abroad, recalled that at the previous meeting his delegation had strongly welcomed the prospect; however, he feared that the ideas expressed by his country had been slightly misinterpreted by certain delegations. The convening of meetings in London posed a threat, but a threat which should be turned into an opportunity – that for IMO to expand its global outreach. There was clearly a need for certain meetings to be held outside London, and probably outside the United Kingdom, but that should be solely a temporary measure, after which period the Organization would reintegrate within the headquarters building and resume a normal schedule.

Mr. DAVIDSON (Australia) said that the refurbishment of the headquarters building was now necessary after 25 years of service and he was highly appreciative of the generous offer made by the United Kingdom of interim accommodation arrangements, to enable IMO to operate effectively. He had been very surprised at the apparent lack of understanding of the issues at hand displayed during some Council meetings, given that the Organization had already spent considerable time examining them. Adjustments would be required, and it was to be hoped that, in retrospect, the whole event would be looked upon as a positive team-building experience. Emphasizing the importance of not losing sight of those whose interests the Organization represented, he said that the petulant attitude that had prevailed in the Council's discussions held the previous day was a disgrace to the global shipping industry and to the seafarers who had to endure such difficult working and living conditions. By contrast, his government was grateful to Kenya for offering to host the 2007 Wreck Removal Conference, and was prepared for travel wherever necessary in order to conduct IMO's work effectively. Finally, he congratulated the Secretary-General and the Secretariat on their remarkable management of the issue, considering the financial constraints involved.

Mr. AL-OHALY (Saudi Arabia) commended the efforts of the Secretary-General and thanked the United Kingdom for its assistance. The refurbishment project and the consequent need to stage meetings elsewhere was an exceptional event which would entail some sacrifice on the part of the Secretary-General, the Secretariat and the Council. Considering the significant benefits that refurbishment would bring for international maritime transport and for the Member States concerned and their regions, his country felt that the kind invitations of the governments of Kenya and Turkey should be taken up.

Mr. HAKGÜDEN (Turkey) expressed his appreciation to the Secretary-General and the United Kingdom for clarifying the urgent need for refurbishment on health and safety grounds and with a view to providing a more user-friendly work environment. He could approve the detailed refurbishment plan presented by the host government and its generous contribution towards the cost of refurbishment, together with the payment plan prepared by the Secretary-General. To some extent, he shared the concerns voiced over the costs of travel by permanent representatives to venues outside the United Kingdom; nevertheless, the overriding priority should be to avoid substantial disruption of meetings scheduled during the refurbishment period. His country was very pleased to offer to host the MSC 82 meeting, and he thanked the Secretary-General for reducing the number of staff required to attend that meeting, which was also very encouraging for other Member States wishing to host similar events. His government welcomed the hosting of the Wreck Removal Conference by Kenya and firmly supported phase 1 of the refurbishment project as outlined in document C/ES.23/4(b).

Mr. SOBEKWA (South Africa) observed that the issue under consideration had been deliberated extensively. He endorsed the offer made by Kenya, which had already hosted similar conferences successfully, and associated himself with the views expressed by Cyprus, Malta, Egypt and Nigeria. He believed it quite probable that the actual cost of temporary relocation outside the United Kingdom would fall below the costs envisaged in annex 3 of the document under review.

Mr. FINLEY (Panama) suggested that the discussion should revert to the sub-item at hand, since the refurbishment was planned to be completed before the Wreck Removal Conference even took place.

The SECRETARY-GENERAL said that at the next session of the Council the Secretariat would put forward proposals for the meetings to be held in the first half of 2007. Two proposals had been made concerning the locations of the sessions of the Legal Committee and of MSC 82, scheduled for the second half of 2006. While the Secretariat was committed to ensuring that all meetings took place in London, its proposals had been drawn up on the basis of the cost of the various options, and of the availability and capacity of the conference halls required. He had raised the question regarding Kenya to provide background information to the Council. The Wreck Removal Conference would be scheduled subject to the progress made by the Legal Committee in 2006. However, the budget for the next biennium had included an appropriation for that conference which, it was hoped, would take place during the first half of 2007, *i.e.* during the period when the IMO building would be vacant. During its consideration of the current sub-item and the next item on the revised budget proposals for the 2006-2007 biennium, the Council needed to take a decision on holding the next session of the Legal Committee at UNESCO in Paris, owing to the impossibility of finding an affordable location in London. The only costs incurred would be for Legal Division staff and some Conference Division staff. The same principle would apply for MSC 82, except that the Government of Turkey would bear the additional cost. Finally, a decision would have to be made regarding the proposal by the Government of Kenya to hold the Wreck Removal Conference in Nairobi, either during the absence of IMO from its headquarters or after completion of the refurbishment, whenever the Legal Committee was in a position to propose to proceed with the Conference.

Mr. CHRYSOSTOMOU (Cyprus) recalled that in June 2005, the Council had agreed that it was in the best interest of the Organization to abandon the headquarters building during refurbishment. The Council was thus conscious of the problems that such a decision entailed for the arrangement of subsequent meetings, and it was essential that it decide, before the opening of the Assembly, whether it agreed to host those meetings away from the headquarters in London, in accordance with Article 58(c) of the IMO Convention, which stated that: “The Assembly may hold sessions in any place other than the headquarters if the Council deems it necessary”. The decision to have meetings abroad was, however, a totally separate issue from the proposal made by Kenya, which was exercising the right of any government to host a diplomatic conference. To avoid further confusion, he called on the Chairman to ask the Council whether it agreed to host meetings away from headquarters during the refurbishment process. If the answer was positive, that decision could then be submitted to the Assembly for approval, thereby giving the Secretary-General the means to negotiate its implementation. Until that decision was made, the Council would be left in limbo.

Mr. GASC (France) raised a practical question relating to the provision of interpretation and translation, and of conference services in general, during the relocation period. He had understood, and sincerely hoped, that highly specialized, high-quality interpreters would be able to travel to meetings, wherever they were to be held outside London. By contrast, the translation and printing services posed a more serious problem: how would those services operate and how would documents be circulated? Which translators would be assigned to the meetings? IMO could pride itself on having translators specialized in the maritime sphere, whose remarkable skills were appreciated, for instance, at the meetings of the IOPC Funds held at IMO headquarters. Provisions had been made to date for a reduced Secretariat, excluding the translation services, to be relocated for the purpose of meetings. He wondered whether arrangements would be made for IMO translators to travel to meetings, or whether translators who might not be so specialized, based at the meeting sites, would have to be employed.

The SECRETARY-GENERAL said he could give categorical assurance that the quality and work programme of the Organization would not suffer as a result of the refurbishment. IMO would relocate with its own translators, both at the Victoria Street building and at meetings held outside London. The same would apply to the interpreters. The printing and circulation of documents would also not be affected in any way.

Mr. SHIREEN (Egypt) said that he wished to submit to the Council a formal proposal to host an IMO meeting, at any time deemed appropriate by the Council as of November 2006. The limit set by his government regarding participation costs for the event would be £150,000. Egypt was thereby demonstrating its willingness to assist in the refurbishment project and its appreciation of the need and value of holding meetings to display the Organization's activities outside the United Kingdom.

Mr. PACHA VICENTE (Spain) endorsed the actions requested of the Council in paragraph 25 of document C/ES.23/4(b), which he understood to be the only paragraph currently under consideration, and observed that Member States should avoid raising questions which departed from the issue at hand.

Mr. HANSEN (Denmark), in the light of the explanations provided by the Secretary-General and the United Kingdom, expressed support for the programme of works in phase 1. His delegation was fully prepared to meet outside London, wherever it was considered appropriate for meetings to take place.

Mr. PACHA VICENTE (Spain) suggested that for the purpose of endorsing the proposals for the meetings programme in the latter part of 2006 under paragraph 25, subparagraph 4, the square brackets corresponding to MSC 82 in annex 3 of the document could now be removed in the light of the offer made by Turkey. Member States could start planning accordingly, unless a particular decision had still to be taken on that issue.

The CHAIRMAN replied that in view of Turkey's proposal, the square brackets could be deleted, although some arrangements still had to be made with Turkey with regard to details.

Mr. CHRYSOSTOMOU (Cyprus) endorsed paragraph 25, subparagraph 4, in relation to columns 1 and 2 of annex 3 concerning the proposals for the meetings programme. However, as column 3 of annex 3 showed significant contrasts in the approximate cost of meetings, he could not endorse the proposal as it stood until he knew the approximate cost of the ninety-seventh session of the Council. He suggested that that should not exceed £40,000.

Mr. ALLAN (United Kingdom) said that his government would be willing to pay for the Council's temporary relocation for its ninety-seventh session during the latter half of 2006.

The CHAIRMAN invited the Council to note the information set out in document C/ES.23/4(b) and that provided orally by the Secretary-General; and to welcome the proposals made by the Secretary-General and the host government regarding the scope of phase 1 of the programme of works, its duration and timing, the arrangements made for the temporary relocation of the Secretariat, and the revised meetings programme.

He invited the Council to endorse in particular the contents of the programme of works in phase 1; to note the proposed timing and duration of the phase 1 works; to note the effect on the meetings programme and the work of the Secretariat, and the proposals for the temporary relocation of the Secretariat; to endorse the proposals for the meetings programme in the latter part of 2006; to authorize the Secretary-General to make the necessary financial commitments to ensure a cost-effective and efficient meeting schedule for 2007; and to invite the Secretary-General to continue his negotiations with the host government in order to ensure an efficient and cost-effective refurbishment of the headquarters building while maintaining the core work of the Organization.

It was so decided.

The SECRETARY-GENERAL confirmed that every effort would be made to bring the refurbishment project to a successful conclusion while continuing with the work programme and endeavouring to make satisfactory progress in implementing the Voluntary IMO Member State Audit Scheme. He thanked those delegates who had supported the proposals, the representatives of the United Kingdom Government who had been involved in the enterprise and those members of the Secretariat, in particular Mrs. Mbanefo and her staff, who had devoted so much tireless effort to the task of finding the most suitable temporary accommodation for the Council.

Ms. FERNÁNDEZ (Panama) congratulated the Secretary-General and his team and the United Kingdom Government on their excellent work. On behalf of the Government of Panama, she wished to extend an invitation to the Organization to convene a meeting in her country during 2007.

Mr. ALLAN (United Kingdom) associated himself with the Secretary-General's comments.

Mr. GHOLIZADEH (observer, Islamic Republic of Iran) expressed the view that the Organization should be taking steps to negotiate a lease agreement that was in line with those of other United Nations organizations.

Mr. HILL (observer, Liberia) added his voice to those expressing appreciation to the Secretary-General and the United Kingdom Government. His delegation supported the principle of holding meetings outside London since that would be in accordance with established United Nations practice.

AGENDA ITEM 5 – WORK PROGRAMME AND BUDGET FOR THE TWENTY-FOURTH FINANCIAL PERIOD 2006-2007: DEVELOPMENTS SINCE THE NINETY-FOURTH SESSION OF THE COUNCIL (C/ES.23/5 and Add.1 and C/ES.23/5/1)

The CHAIRMAN noted that there were two sub-items for consideration under the agenda item: the Secretary-General's document on "Work Programme and Budget for the twenty-fourth financial period 2006-2007: developments since the ninety-fourth session of the Council", and a document sponsored by Mexico, Argentina, Chile, Nigeria, Portugal, Spain and Venezuela on transfers to the Technical Co-operation Fund from the Printing Fund surplus. They would be dealt with separately.

The SECRETARY-GENERAL said that before he introduced the revised proposals on the Work Programme and Budget for the next biennium 2006-2007, he wished to thank the

Council for its supportive response, at its ninety-fourth session, to his original programme budget proposals. During that session, he had sought to respond fully and transparently to the important questions raised by Members. In accordance with the guidance provided, he had reviewed the appropriation that would be required to meet the Organization's minimum resource needs and the consequent assessment levels for the 2006-2007 biennium.

The budget review before the Council had been guided by the three criteria outlined in document C 94/6 and summarized in paragraph 3 of document C/ES.23/5. In short, he had focused on a work programme that supported the strategic plan and on setting resource levels which reflected efficiency and transparency while taking into account the Members' own public expenditure challenges. In meeting those tests, he had taken into account both the consolidation of work in progress and new challenges as set out in the proposed work programme for the next biennium. In processing the revised budget, he had also been mindful of IMO's obligation to support the Millennium Development Goals in promoting environmental sustainability and securing global consensus on maritime safety and security.

With regard to his budgetary proposals for the 2006-2007 biennium, he had summarized five sets of issues that had a bearing on budgetary levels: the impact on prospective United Nations common system changes in staff remuneration levels of the external pay and price factors in the United Kingdom economy and the sterling to United States dollar exchange rate movements; the budgetary implications for both the regular budget and the Headquarters Capital Fund of financing the Organization's share of the costs of refurbishing IMO headquarters; the question of the appropriate levels of transfers to be made from the Printing Fund surplus to the Technical Co-operation Fund to continue financing the Organization's ITCP taking into account the extent to which the Printing Fund surpluses could be distributed to other administrative Funds; the effects on the Organization's operating costs of closing the Production Unit of the Publishing Service by 31 December 2005; and the budget implications of the decision to defer the replacement of IMO documentation machinery during the next biennium.

In formulating his proposals, he had seized every opportunity to make economies through changed ways of doing business and organizational reforms, which were reported separately. In the revised proposals, the new posts, comprising four Professional and five General Service staff, which were required to strengthen and support the Organization's core programmes and which had been endorsed by the Council at its ninety-fourth session, would not be filled until 2007 to reduce the budgetary impact on the biennium. The proposed new posts were: one Professional post for the implementation of the Voluntary IMO Member States Audit Scheme, one Professional post for an in-house expert on statistical analysis; one Professional post to be transferred to the regular budget, to provide support for the maritime security programme within the Technical Co-operation Division which had been funded by the TC Fund, and one Professional translator in the French Translation Section to accommodate the increased workload. The proposed five General Service posts would provide assistance in connection with the Model Audit Scheme, international meetings and resource management. However, the Council would note that the proposed total number of posts in the regular budget for the next biennium was 315, which represented one additional post over the number for the current biennium, and which could be attributed to the closure of the Production Unit of the Publishing Service at the end of 2005.

The key point which the Council should bear in mind was that the overall proposed revised appropriation for the next biennium was below a "zero real growth" budget. The biennium-to-biennium increase in appropriations of 7.65 per cent had been achieved largely through the efficiency savings and restructuring described earlier. In actual fact, the level of the 2006 appropriation would be only 2.6 per cent above the appropriation for 2005 and the corresponding assessment level for 2006 would be 4.9 per cent above that for 2005. For 2007, the appropriation increase over 2006 would be 4.7 per cent and the corresponding assessment level would be 5.1 per cent over 2006.

He had noted the Council's concern about the possible impact of the building refurbishment on the Organization's running costs and the Headquarters Capital Fund and affirmed that the temporary costs of relocating the Secretariat, including the cost of the meetings programme for 2006 to 2007, would not fall on the regular budget. Any costs over and above the provision made in the regular budget would be financed from the refurbishment programme. If it were decided to accept the offers from governments to host particular meetings during the refurbishment period, the additional costs involved would be met by the host government. In that context, the Government of Kenya had generously offered to host the Diplomatic Conference on Wreck Removal which, subject to further progress being made in 2006 by the Legal Committee on the draft Convention, was scheduled to be convened in 2007 at no additional cost to IMO.

Turning to the status of the Organization's administrative Funds and the question of financing the Technical Co-operation Fund from the surplus of the only income-generating fund, the Printing Fund, he noted that he would subsequently be reiterating earlier undertakings he had given, as well as providing a description of the various administrative Funds and the linkage between them with the regular IMO budget. He had provided revised income and expenditure plans under each Fund compared with the proposals contained in document C 94/6.

Turning first to his proposals relating to the Headquarters Capital Fund to help set the refurbishment in context, he noted that the latter would be a sustained programme. It was thus envisaged that IT investment and the replacement of equipment and furniture, which would be financed from the Headquarters Capital Fund, would not exceed zero growth levels over the medium and longer term in order to give priority to IMO's obligations under the lease agreement with the host government. To meet the Organization's share of the costs of the refurbishment programme, he had provided for a ring-fenced allocation of funds for 2006 to 2007 to be met in part from transfers from the "Capital" budget line in the regular budget and transfers from the Printing Fund surplus to the Headquarters Capital Fund. Those transfers would have no budgetary impact on Member States. Accordingly, the increased resources in the regular budget for capital expenditure would be financed by the economies made from the internal restructuring measures. For completeness, he had sought to provide a longer-term view of the Organization's liability for the headquarters building and other capital expenditure.

The Council would understand that the proposed transfers from the Printing Fund surpluses to the Headquarters Capital Fund reflected the reality that the regular budget did not provide adequate funds to cover the Organization's capital expenditure liabilities arising from the lease agreement with the host government, nor for other capital investments in IT and conference facilities. It was to be hoped, therefore, that the Council would recognize the inherent difficulty in balancing the competing demands of the Technical Co-operation Fund and the other administrative Funds, and that a pragmatic compromise had been devised.

The purpose of the Termination Benefit Fund was to meet the costs of termination benefits to staff either on their retirement or in the case of early separation. The Council would recall that the Fund had been established in 1996 through a transfer of £900,000 from the accumulated reserves of the General Fund. This had helped to maintain the appropriation at a zero nominal growth level for three consecutive bienniums between 1996 and 2001. However, a fresh injection of funds was now required to cover future resource demands. In the absence of any cash surplus under the General Fund, he proposed that £600,000 should be transferred from the Printing Fund surplus to the Termination Benefit Fund during the 2006-2007 biennium.

The Council would recall that the Training and Development Fund had been established in January 2002 with an initial transfer of £200,000 from the Printing Fund surplus, in the absence of any provision in the regular budget for staff training and development initiatives. Since then, there had been no regular source of financing to support organizational strengthening or to develop the additional expertise needed. It was disappointing that staff development programmes had had to be cut by 65 per cent to accommodate the resources available. His proposed transfer of £130,000, *i.e.* £65,000 per annum, from the Printing Fund surplus during the 2006-2007 biennium should be regarded as the bare minimum. Most public and private sector institutions typically allocated up to 3 per cent of their budget to training and staff development. No doubt the Council would agree that it would be in the Organization's best interests to endeavour to maintain the level of staff training.

While it would be desirable for all Printing Fund surpluses to be transferred to the Technical Co-operation Fund to finance the Organization's Integrated Technical Co-operation Programme (ITCP), in line with the objective of Assembly resolution A.873(20), the Assembly had subsequently adopted a more flexible approach and had provided for part of the surplus to be applied to the other administrative Funds. Hence, the transfer proposals for the 2006-2007 biennium had been based on the general approach taken by the Assembly at its twenty-third session. To assist the Council he had presented an analysis of the longer-term financing prospects for the TC Fund, taking into account the allocation of £5.16 million to support the ITCP for the 2006-2007 biennium as set by the TCC at its fifty-fifth session. On the basis of the projected sales income of £6 million per annum that would accrue to the Printing Fund during the next two years, the Council was invited to endorse the transfer of £2.4 million from the Printing Fund surplus to the TC Fund in each year of the 2006-2007 biennium. That represented an increase of £1.8 million over the proposal he had put forward at the Council's ninety-fourth session. He also wished to point out that Assembly resolution A.873(20) called for Member States to contribute voluntarily to the ITCP. In the absence so far of any significant contributions from Member States to the TC Fund, he suggested that they might consider donating the accumulated interest earnings from the Contribution Incentive Scheme as some Member States had done in the past. They totalled some £1.2 million, as at the end of 2004, and had not been distributed owing to the continued year-end cash deficit position under the General Fund. It would also facilitate his proposal if Member States in arrears were to fulfil their commitments.

In conclusion, he thanked the Council for having taken note of his concerns over the fact that the level of appropriation for the next biennium had been set at the minimum recommended level. Every effort had been made to prune back demands and to provide the membership with value for money. He therefore sought the Council's approval for the action requested in paragraph 46 of document C/ES.23/5. The draft resolution reflecting his proposals was contained in document C/ES.23/5/Add.1.

The CHAIRMAN said that it would assist Committee 1 of the Assembly in carrying out its review of the Work Programme and Budget if the Council could give a clear indication of the direction it would like to see followed.

Mr. SADLER (United Kingdom) commended the Secretary-General on the way in which he had acted on the comments that had been made at the ninety-fourth session of the Council regarding the membership's public expenditure constraints. His delegation also welcomed the longer-term view taken in respect of the information provided, as that should encourage transparent and longer-term fiscal planning. However, he had noted with concern the year-on-year reductions in the year-end balances and reserves for all Funds. Indeed, it was envisaged that, apart from the Training and Development Fund, they would all be more than halved, and the ITCP and Printing Fund were expected to be reduced by almost two-thirds. His delegation had also noted with concern that despite the proposed budget increase of 7.65 per cent there would be a 0.24 per cent reduction in the programme costs regardless of the very important work that needed to be undertaken by IMO in the next biennium, notably regarding the Voluntary IMO Member States Audit Scheme and the refurbishment project. Therefore, his delegation could see very little margin for further reductions in the proposed budget. Indeed, the longer-term outlook for the Organization's financing gave cause for concern. He concurred with the Secretary-General's assessment in paragraph 13 that the budget was a "tough" one. If there were to be subsequent similarly tough budgets the Council might be required to face some difficult decisions in the short- to medium-term.

Mr. CHRYSOSTOMOU (Cyprus) asked for clarification regarding the proposed transfers from the Printing Fund surplus to the ITCP. At present there appeared to be a discrepancy between the proposals contained in document C/ES.23/5/1 and those of the Secretary-General as set out in the Work Programme and Budget for the 2006-2007 biennium. He also asked for clarification from the Secretary-General regarding his suggestion that Member States consider donating their accumulated interest earnings from the Contribution Incentive Scheme to make good the cash deficiencies in the General Fund to generate funding for the ITCP.

Mr. POLDERMAN (Netherlands) congratulated the Secretary-General on the successful realignment of the budget proposals. Having supported the original proposals made at the ninety-fourth session of the Council, his delegation endorsed the new ones. The Netherlands did, however, share the concerns voiced by the United Kingdom over the long-term budgetary prospects, and agreed with Cyprus that a decision first had to be reached on the draft resolution submitted by Mexico and other delegations in document C/ES.23/5/1.

Mr. ENRIQUEZ ROSAS (Mexico) seconded what had been said by Cyprus and the Netherlands with regard to the draft resolution submitted by his and other delegations in document C/ES.23/5/1, and drew attention in particular to subparagraph 4.3 of that document. From the methodological viewpoint, the Secretary-General's budget proposals and theirs were inextricably linked.

Mr. NYGAARD (Norway) said that, having supported the earlier budget proposals made at the ninety-fourth session, his delegation supported the Secretary-General's new proposals, while sharing the concerns voiced by the United Kingdom.

INVITATION TO NON-MEMBERS OF THE COUNCIL TO ATTEND THE SESSION

The CHAIRMAN said that, in accordance with Article 20 of the IMO Convention and rule 4 of the Council's Rules of Procedure, a Member of the Organization which was not a member of the Council had expressed a wish to participate in the session, namely Senegal. He suggested that the representative of that country be invited to attend the session as an observer.

It was so decided.

AGENDA ITEM 2 – REPORT OF THE SECRETARY-GENERAL ON CREDENTIALS (C/ES.23/2) (resumed)

The SECRETARY-GENERAL reported that all credentials had been examined and found to be in order in accordance with rule 9 of the Council's Rules of Procedure.

The CHAIRMAN invited the Council to take note of the Secretary-General's report.

It was so decided.

AGENDA ITEM 5 – WORK PROGRAMME AND BUDGET FOR THE TWENTY-FOURTH FINANCIAL PERIOD 2006-2007: DEVELOPMENTS SINCE THE NINETY-FOURTH SESSION OF THE COUNCIL (C/ES.23/5 and Add.1 and C/ES.23/5/1) (resumed)

Mr. FRANSON (Sweden) thanked the Secretary-General for his revised budget proposals and expressed his delegation's support for them. He agreed, however, that a decision was first needed with regard to the proposals made by Mexico and other delegations. He also wished to associate his delegation with the concerns expressed by the United Kingdom over the negative long-term outlook for the Organization's budgetary funding.

Mrs. SEET-CHENG (Singapore) joined other delegations in congratulating the Secretary-General on his new budget proposals, which took on board many of the views expressed by her and other delegations at the ninety-fourth Council session. As they were based on zero real growth (ZRG), the new proposals could be supported by her delegation. She was puzzled, however, by the fact that, although the budget increase had been reduced from 10.4 per cent to 7.65 per cent, the overall assessments for the Member States had barely decreased. She wondered whether the answer could lie in the treatment of reimbursements from the Printing Fund, currently reflected in the annex to document C/ES.23/5 as a reduction of net income. A comparison between the current document and annex 5 to document C 94/6 revealed a large difference in the amounts given for those reimbursements. She questioned whether the practice was appropriate from an accounting point of view, as it could give the wrong impression in the long term.

Having taken note of the Secretary-General's views relating to the Headquarters Capital Fund and welcoming the fact that he had taken account of the need to sacrifice money for refurbishment, she was still concerned that, in the longer term, there would continue to be high charges for IT expenditure. She wondered whether it was correct to charge over £500,000 per annum to the Headquarters Capital Fund for spending on IT, which seemed to be recurring expenditure rather than capital expenditure.

Mr. SHIREEN (Egypt) congratulated the Secretary-General on his budget proposals, which took into account the recommendations made at the Council's previous meeting. Referring to paragraph 7 of document C/ES.23/5, he drew attention to the decision taken by the African Union to determine specific indicators for the purpose of determining the true extent to which the Millennium Development Goals were being achieved. He wondered whether IMO might follow suit.

Turning to document C/ES.23/5/1, he asked the Secretary-General on behalf of the Common Market for Eastern and Southern Africa (COMESA) if he could earmark sufficient budgetary appropriations to meet technical co-operation needs, as mentioned with respect to Africa in operative paragraph 4 of the draft resolution. Capacity building was required to standardize specifications in the continent's inland water transportation sector, in particular. He also thanked IMO on behalf of the East African countries for its assistance in connection with the Lake Victoria disaster.

The SECRETARY-GENERAL said that he felt it would be helpful to respond to certain questions raised so far in the discussions. First, he wished to reassure the United Kingdom and other delegations that the proposed reduction of appropriations allocated to the all-important Voluntary IMO Member States Audit Scheme would not adversely affect the quality or quantity of the Organization's work in that regard in 2006. The proposed budget reduction referred to the decision to defer filling a P-4 post in the unit until 2007, and he gave his assurance that, thanks to prudent management and redeployment of existing resources, the work relating to the Voluntary IMO Member States Audit Scheme would be pursued unaffected in 2006.

Turning to the first point made by the Cypriot delegation, concerning the proposals made by Mexico and others, he re-emphasized the point that his revised budget proposals were more generous than those made in document C/ES.23/5/1. The Council was being invited to endorse the transfer of £2.4 million from the Printing Fund surplus to the Technical Co-operation Fund (TCF) in each year of the 2006-2007 biennium, representing an increase of £1.8 million over and above the proposal he had put forward at the Council's ninety-fourth session. If his proposals were accepted, the transfer of funds would, therefore, be greater than the 75 per cent set forth in the proposal by Mexico and others. He recalled that for the next biennium all of the annual surplus from 2005 and 2006 would be transferred to the TCF and the proposed transfers to other administrative Funds would be made from the accumulated reserves of the Printing Fund.

With regard to the question put by Egypt about the Millennium Development Goals, he emphasized the fact that IMO intended to contribute to the delivery of the 2005 World Summit Outcome, which revisited the goals set at the World Summit in 2000. At a recent meeting of Chief Executives in New York, under the chairmanship of the United Nations Secretary General, he had reported on how IMO would be responding to the 2005 World Summit Outcome. He had committed IMO to responding to the Millennium Development Goals in four main areas: technical co-operation, sustainable development, security and transnational crime, and special needs for Africa. Moreover, he would be proposing that the theme of World Maritime Day 2006 should be "Technical Co-operation: IMO's response to the 2005 World Summit Outcome". A relevant IMO document pertaining to the 2005 World Summit Outcome would be presented to the Council for consideration at its meetings in June 2006.

Mr. BELL (Bahamas) said that, at the previous Council meeting, his delegation and others had requested a smaller budget increase compared with the original proposals, without calling into question the good use to which IMO put its funding. The previously proposed budget increase would have been difficult to justify in his country's parliament when the national budget came to be determined. His delegation was therefore disappointed to note that, despite the much smaller overall budget increase in the new proposals, his country's contribution assessment had been lowered by only 0.6 per cent compared with that proposed in June 2005. Table 5 in document C/ES.23/5, which appeared to provide the clearest picture of the total proposed appropriation, showed a 7.65 per cent increase. When the reimbursements from the Printing Fund were examined, however, it was noted that £1 million less was to be allocated, while under "Miscellaneous income" the new proposals contained a £300,000 reduction. That perfectly illustrated that the Printing Fund was not a free gift; the £1 million currently being transferred from the Printing Fund to the Technical Co-operation Fund (TCF) came directly out of the Member States' assessments, and subsequently from their national budgets. That suggested the need for an alternative, fairer way to fund the TCF, the major contributors to which were mostly developing countries.

Mrs. RIMINGTON (Australia) welcomed the new budget proposals and expressed her delegation's appreciation of the longer-term financial options included in the document, allowing Members to gain a clear appraisal of future budgetary demands. Sharing the concerns expressed by the Singaporean delegation, she sought clarification on a number of further points. Referring to table 12 in document C/ES.23/5 she asked whether catering staff salaries had been taken into account, in view of the closure of the cafeteria during the refurbishment period. Australia noted and welcomed in table 14 the allocation of £300,000 of possible funding from "part of subletting income". She sought a full justification and explanation, however, of the components of expenditure on IT/office automation/ERP, to the order of £625,000 per annum, in table 15. While Australia commended the capital transfers outlined in paragraph 29 it noted that in paragraph 31 the long-term funding of phase 2 of the refurbishment had yet to be addressed. Welcoming the estimated resource demands under the longer-term financial requirements, as outlined in paragraph 33, she requested the same treatment of the longer-term requirements to be set out in paragraph 36, with regard to the £389,100 listed for the Training and Development Fund (TDF) programmes, and in paragraph 39, with regard to the £1.72 million quoted for the Technical Co-operation Fund (TCF). Pending those clarifications, Australia was willing to endorse the new budget proposals.

Mr. HAG-BAE YOON (Republic of Korea) thanked the Secretary-General for producing the new budget proposals, which reduced the Member States' financial burdens, and generally supported the proposals. He asked what would be the function of the catering staff during the refurbishment, since the cafeteria would be closed. The refurbishment period might offer an opportunity to consider outsourcing the catering service, bearing in mind the budgetary savings accruing from the closure of the Production Unit.

Mr. TOBEY (United States) said that his delegation appreciated the Secretary-General's sincere efforts to respond to the requests made by his and other delegations at the previous Council session with regard to the budget proposals. Nevertheless he called on the IMO leadership to continue to exercise its managerial skills to make additional savings. His delegation still believed that the provision for overtime costs should be further scrutinized, as was true of meeting costs, for which a £379,000, or 17.6 per cent, increase was being proposed. He sought an explanation of why the revised budget levels for Major Programme IV (Technical and legal work) had increased the appropriation by nearly £1.7 million since June 2005. With respect to the proposal by Mexico and others to determine the level of transfer from the Printing Fund surplus to the Technical Co-operation Fund, his government opposed making the transfer an automatic, permanent feature. A more flexible approach to the use of the Printing Fund surplus would be preferable. Turning to the longer-term planning figures, he voiced his delegation's concern that the amount to be allocated from the Printing Fund surplus to the General Fund for the period 2006-2011 in order to reduce the assessment level – £625,000 – was too small. It should be increased to at least £450,000 per biennium, to offset the impact of any future budget increases on the Members' assessments. The redeployment should be made from the proposed allocation to the TCF, which was due to receive £12.3 million during the same period. The Fund's year-end reserve was already projected to be over £1.7 million and, on the basis of past income and expenditure patterns, it was likely to be greater.

Mr. HANSEN (Denmark) welcomed and endorsed the Secretary-General's new budget proposals; they were balanced and reflected the concerns expressed by a number of delegations at the previous Council session.

Mr. PONOMAREV (Russian Federation) thanked the Secretary-General for his new budget proposals, which his delegation was prepared to accept since the proposed appropriation increase was in line with zero real growth (ZRG). At previous Council meetings questions had been raised about the IMO information and document websites. He asked whether resources had been allocated in the draft budget for the next biennium to reorganize the document website.

Furthermore, in view of the very heavy workload of the two Russian language translators, who were heroically producing very high quality work nonetheless, he urged the Secretary-General to fill as soon as possible a third Russian translation post that had been advertised ten months earlier and to advertise a fourth post.

Mr. INNAMI (Japan) thanked the Secretary-General for his efforts to meet the requests made by Japan and other delegations at the previous Council meeting to minimize the budget increase. Nonetheless the increase remained considerable even in the new proposals; Japan's contribution would still grow by a full 10.51 per cent. His country was facing unprecedented budgetary restraints, putting pressure on its ability to contribute to international organizations. On the other hand, Japan fully recognized the new challenges facing IMO and believed that the new proposals were the result of the Secretary-General's utmost endeavour to take into account not only the restraints imposed on IMO but also the budgetary constraints of Member States. Consequently Japan was prepared to accept the new proposals, in the belief that the Organization's financial resources would be used more effectively. Japan would readily support the efforts of the Secretary-General and his staff to enhance IMO's financial performance and was willing to co-operate to that end.

Mr. AZUH (Nigeria) thanked the Secretary-General for his presentation. Since it appeared that the Secretary-General was proposing to transfer from the Printing Fund surplus to the Technical Co-operation Fund even more than the 75 per cent being proposed in the draft resolution, of which his country was a co-sponsor, his delegation proposed that the action requested of the Council in subparagraph 4.3 of document C/ES.23/5/1 concerning the accelerated introduction of the proposal with effect from the 2006-2007 biennium, be amended. He requested clarification of the Secretary-General's proposal.

Mr. PACHA VICENTE (Spain) said that he supported the Secretary-General's budget proposals, in particular the proposed level of transfer to the Technical Co-operation Fund from the surplus of the Printing Fund, provided that that proposal was compatible with the one contained in the draft resolution, of which Spain was a co-sponsor.

Mr. JINGLU HU (China) thanked the Secretary-General for his detailed proposals for the work programme and budget, which his delegation endorsed. He hoped that strict control would be exercised over the Organization's expenditure in the coming biennium so that the greatest possible savings could be made.

Mr. GASC (France) said that adequate resources were essential if IMO were to be able fully to respond to the needs of Member States in terms of safety, security and marine environment protection and to implement its challenging strategic plan effectively. He welcomed the fact that the biennium increase in appropriations was lower than the one originally proposed and urged the Secretariat to continue its efforts to make savings where appropriate. On that understanding, he could accept the budget as proposed.

Mr. VASSALLO (Malta) thanked the Secretary-General for his presentation, which addressed most of the concerns that the Council had raised at its previous session, particularly the concern to keep the Organization's expenses to a minimum. It was important to bear in mind, however, that its increasing workload made adequate resources essential. While he acknowledged the concerns expressed by some Member States over the proposed appropriation increase, it was better to agree to a higher budget that would ensure that sufficient resources were available to meet the needs of the Organization's work programme than to accept a lower budget that would be unable to meet any new financial demands put upon it; IMO would thus be unable to take on any new initiatives during the course of the biennium unless the countries proposing them could afford to finance them. Some real growth was therefore acceptable if it resulted in the realization of the work programme. While endorsing the budget proposals, he hoped that, in view of the importance of technical assistance, the greatest possible proportion of the surplus of the Printing Fund would be transferred to the Technical Co-operation Fund.

Mr. OLIMBO (Italy) joined previous speakers in thanking the Secretary-General for the detailed presentation of his revised budget proposals, which addressed the concerns raised by the Council at its ninety-fourth session and which his delegation thus supported.

Mr. NTULI (South Africa) said that the Secretary-General had gone a long way to finding answers to the concerns raised by the Council at its previous session. His delegation could therefore accept the budget as proposed, on the understanding that the Secretary-General continued to use the ERP as a system for deriving savings and to seek other cost-saving mechanisms.

Mrs. de OLIVEIRA (Portugal) associated herself with previous speakers in expressing appreciation to the Secretary-General of his efforts to take into account the views expressed by the Council at its ninety-fourth session. Having noted his assurance that the level of transfer from the Printing Fund surplus to the Technical Co-operation Fund that he had proposed was more generous than the 75 per cent transfer proposed in the draft resolution, which Portugal had co-sponsored, her delegation supported the budget proposals.

Mr. CHRYSOSTOMOU (Cyprus) said that, having supported the earlier budget proposals made at the ninety-fourth session, his delegation endorsed the Secretary-General's new proposals. He welcomed the reduction in the proposed assessment levels. He hoped that answers would be provided to the questions raised by the representatives of Australia, the Republic of Korea and Singapore. He had two questions. First, he wondered why the allocation for technical co-operation of £3,168,900 that had been proposed at the Council's previous session had been reduced to £2,824,600, which represented a loss of £344,300 and would adversely affect those countries in need. Secondly, reimbursements from the Printing Fund had previously been estimated at over £3 million, whereas the new estimate was £2.057 million, and the earlier estimate of £1,096,500 relating to miscellaneous income had been reduced to £736,000. He also wondered why there was such a large difference between the earlier and the new figures.

Ms. FERNÁNDEZ (Panama) said that her delegation understood the difficulties in working with restricted budgets and appreciated the Secretary-General's efforts to take into account the requests of Council Members. Panama therefore endorsed the budget proposals.

Mr. ENRIQUEZ ROSAS (Mexico) said that, like Cyprus, his country had been willing to endorse the previous proposals and therefore welcomed the new ones. Taking up a point initially raised by the representative of Nigeria and referring to the question by Cyprus about the reduction of some £300,000 compared with the amount previously allocated for technical co-operation, he asked for clarification of the figures.

Mr. IKIARA (observer, Kenya) said that Kenya and other developing countries appreciated the assistance they received through technical co-operation programmes, and his delegation was therefore pleased to note that adequate attention continued to be paid to technical co-operation issues. He also welcomed the focus on the Millennium Development Goals. He therefore fully supported the budget proposals and thanked the Secretary-General for his comprehensive review of the initial proposals.

The SECRETARY-GENERAL, in reply to the question raised by the representative of Cyprus about the assessment Contribution Incentive Scheme, said that the possible donations represented by Member States foregoing the return of the accumulated interest earned from the scheme had been assumed for 2008 onwards, depending on availability. However, the Council could begin to address the matter at its ninety-sixth session, on the basis of discussions with the External Auditor.

Responding to the question raised by the representative of the Russian Federation concerning the Russian translation posts, he pointed out that, in approving the budget for the 2004-2005 biennium, the Assembly had approved only three, not four posts, in the Russian Translation Section. He agreed that the third post was in urgent need of being filled and said that efforts were being made to that end. He joined him in thanking the Russian translators for their work.

In answer to the questions raised by several delegations about the plans for the catering staff during the refurbishment, he said that they would be redeployed in posts currently filled by short-term temporary staff. The library staff would take the opportunity of the library's temporary closure to digitize paper documents, update the IMO website, catalogue existing stocks and develop further the Infogate.

The questions raised by the representatives of Australia, Cyprus, on miscellaneous income, Mexico, on the decrease in the allocation for technical co-operation, and Singapore required further consideration and he would therefore reply to them during the course of the meeting that afternoon. He would also respond to the question posed by the representative of the United States on the difference between the Council's previous and current sessions in terms of IMO's technical and legal work and would take into account his remarks about additional savings in the areas of overtime and meeting costs.

Mr. LOZANO (Mexico), introducing document C/ES.23/5/1, said it contained the response to the Council's request at its ninety-fourth session that his delegation submit proposals to the current extraordinary session on the suitable level of transfer of resources to the Technical Co-operation Fund from the surplus of the Printing Fund. The document contained a draft resolution which was intended to replace resolution A.873(20). The 100 per cent level of transfer which that Assembly resolution requested was purely theoretical. As table 6 in annex 1 of the document showed, over ten years the transfer levels to the Technical Co-operation Fund had fluctuated with each biennium, and in one biennium had dropped as low as 26 per cent. The failure to transfer the total amount of the surplus reflected the financial situation of the Organization, which had other Funds that also required income; a higher level of transfer would have led to an increased assessment for all Council Members. A mechanism was therefore needed to ensure an acceptable and consistent level of transfer and which would also take into account the Organization's other needs.

Paragraphs 2 and 3 of the draft resolution represented, in the view of the co-sponsors, the best possible formula by requesting the obligatory transfer of at least 75 per cent of the Printing Fund surplus. That figure was an average, reasonable proportion, which took into account the Organization's other requirements. Neither the Council nor the Secretary-General would be able to decide to transfer a lower amount. In his budget proposals, the Secretary-General would propose the proportion of the 25 per cent which should be transferred to other funds and which he would submit to the Council for its approval. Technical co-operation activities would thus be favoured and, in many cases, the final amount transferred would be more than 75 per cent. The proposal was consistent with the Millennium Development Goals since technical co-operation was a tool for development, and it acknowledged the decreases in resources in the Technical Co-operation Fund and the increased requests for technical co-operation activities. It also supported the Technical Co-operation Committee's efforts to find an effective and efficient funding system for such activities.

He thanked the co-sponsoring countries for their efforts and the Secretariat, particularly the Technical Co-operation Division, for its help. In conclusion, he said that some redrafting of the text was needed to ensure, for instance, an adequate reference to the Voluntary IMO Member State Audit Scheme and that emphasis was placed on 75 per cent as being the minimum level of transfer. He urged the Council to approve the draft resolution in principle to enable the appropriate Assembly committee to draft the final text.

Ms. FERNÁNDEZ (Panama) expressed her appreciation of the efforts of Mexico and others in drafting the document and welcomed the figures justifying the level of transfer requested. However, the wording of the draft needed to be reviewed so that it clearly reflected the concept of technical co-operation. While she agreed with the emphasis that paragraph 1 of the draft resolution placed on the importance of technical co-operation in achieving the ratification and implementation of IMO's global instruments, she disagreed with its reference to the Organization's Model Audit Scheme. While the scheme was important, technical co-operation was the key to the successful implementation of those instruments. The same remarks applied to the reference to the scheme in paragraph 7. The use or absence of the word "voluntary" in those references also needed to be considered. Paragraph 3 also needed redrafting since the method of dealing with the budget was already current practice. The granting of preference to the transfer of resources to meet technical co-operation needs in the African continent, referred to in paragraph 4, was one of the Millennium Development Goals, which were already mentioned in the third preambular paragraph.

To conclude, she said that her country's position was that a level of transfer of 100 per cent from the Printing Fund should be requested of the Secretariat and that the level should not drop below 75 per cent.

Mr. CHRYSOSTOMOU (Cyprus) urged the Council not to become involved in drafting issues, since it would be the task of Committee 1 to draft the final text. Rather, the Council needed to agree on the principle that it wished the draft resolution to embody. Cyprus wanted it to clearly revoke resolution A.873(20), which had never been fully implemented, and to reflect the decision that Member States volunteering to undertake the IMO audit would fund the exercise themselves and would not be entitled to any funding from technical co-operation funds. However, as the representative of Panama had pointed out, the wording of paragraph 1 implied the likelihood that technical co-operation funds would be used to fund audits. Secondly, and most importantly, the Council had to decide whether a fixed percentage would be transferred from the Printing Fund surplus to the Technical Co-operation Fund every year with or without the intervention of the Assembly. As the resolution was currently drafted, 75 per cent of the surplus would be obligatorily transferred to the TC Fund. Bearing in mind the Organization's current needs, especially the financial commitment entailed by the refurbishment scheme, he would prefer to see a more flexible resolution in which the Assembly had some involvement. He therefore proposed adding to the end of paragraph 2 words along the lines "unless the Assembly decides otherwise". Such a proviso could lead to a higher or a lower level of transfer than 75 per cent.

He recalled that at the Assembly's twentieth session, his delegation had held the opposite opinion on the issue and had wanted a rigid resolution, simply because the demands of the Organization had been different then. To conclude, he observed that the statistics used by the resolution's co-sponsors had been distorted by the transfer in one of the past bienniums of 110 per cent representing an over-surplus of the Printing Fund, and that the average was in fact less than 75 per cent.

The meeting rose at 12.50 p.m.