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NOTE ON THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT
HELD IN RIO DE JANEIRO, BRAZIL FROM 3 TO 14 JUNE 1992

Note by the Secretariat

Introduction

This note presents results of the United Nations Conference on Environment and Development (UNCED). It concludes the request by the GATT Council for documentation on the discussions in the preparatory process (see documents L/6892, Add.1 and Add.2) and in the Conference which relate to trade issues; to GATT provisions and principles; and to possible directions for future work in the area of trade and environment.

The Conference adopted three non-legally binding agreements: the Rio Declaration on Environment and Development which is a statement of twenty-seven principles; Agenda 21 which is an 800-page document setting out the objectives and activities on forty subject areas; and the non-legally binding statement of forest principles. It opened for signature two treaties, legally binding for those countries that ratify them: the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity. The most important result of this PrepCom, from the GATT point of view, is the chapter of Agenda 21 termed "International co-operation to accelerate sustainable development in developing countries, and related domestic policies". This is discussed in paragraph 3 on page 2, and is reproduced as Annex I to this document. Two programme areas, in particular, discuss the trade and environment link and the importance of GATT's rôle in this area.

Trade issues also arose in the chapters of Agenda 21 on forestry, biological diversity, biotechnology, environmentally sound management of wastes and toxic chemicals, and protection of oceans. Principle 12 of the Rio Declaration deals with trade and the environment; and Principles 14 and 15 of the non-legally binding statement of principles on forests relate to international trade. In addition, trade provisions relating to trade are included in the Conventions on Climate Change and Biological Diversity.

This note highlights these trade-related areas, the texts of which supersede or are additional to those of the previous addendum (L/6892/Add.2). Given the vast amount of information emanating from this Conference, it has not been possible to provide detailed explanations in all areas. If further information on any of the subjects is desired, delegations may contact Ms. Janet Chakarian (739.55.65) in the GATT Secretariat.

1. The United Nations Conference on Environment and Development (UNCED) was held in Rio de Janeiro, Brazil from 3 to 14 June 1992.

Work process

2. At the first session of the Plenary it was agreed that a Main Committee would be established to deal with all outstanding bracketed texts in the entire forty chapters of Agenda 21, in the Statement of Forest Principles, and in the "Rio Declaration". This Committee, as well as several off-shoot "contact groups", met throughout the Conference, as did the Plenary which provided a forum for Ministers, Heads of Agencies, and other dignitaries to address the Conference. The Plenary adopted the conclusions and recommendations of the Main Committee at its final session. The Conference concluded with a two-day Summit of 115 Heads of State.

Proceedings of the Main Committee

I. Agenda 21

Chapter 2: International co-operation to accelerate sustainable development in developing countries, and related domestic policies

3. This chapter is the most relevant to GATT's work on trade and the environment. In particular, the first two programme areas expand upon the general philosophy that trade is an essential element to promote sustainable development and support environmental objectives, and provide activities to pursue in this regard. Because of its importance to possible future action in this area, the final version of this chapter is reproduced as Annex I to this document.

Chapter 9: Protection of the atmosphere

4. This chapter was significantly revised at the Conference, however the delegations of Saudi Arabia, Libya, and Kuwait recorded reservations on it. An area to note is under the programme area "Promoting sustainable development: Energy development, efficiency and consumption". It states that "Governments ... with the co-operation of the relevant United Nations bodies ... and the private sector, should: ... establish or enhance, as appropriate, in co-operation with the private sector, labelling programmes for products to provide decision makers and consumers with information on opportunities for energy efficiency". In addition, see paragraph 38 for a discussion of the Convention on Climate Change.

Chapter 11: Combating deforestation

5. This chapter retained the trade-related activities under the third programme area which had been agreed at the fourth PrepCom. Under the programme area "Promoting efficient utilization to recover the full valuation of the goods and services provided by forests, forest lands and woodlands", several activities should be undertaken by governments, the private sector, scientific institutions, NGOs, co-operatives and entrepreneurs. One is to "harmonize sustainable development of forests

with national development and trade policies which are compatible with the ecologically sound use of forest resources, using for example the ITTO Guidelines for Sustainable Management of Tropical Forests". Another states that "Co-operation and assistance of international agencies and the international community in technology transfer, specialization, and promotion of fair terms of trade, without resorting to actions contrary to multilateral trade agreements, unilateral restrictions and/or bans on forest products contrary to GATT and other agreements, the application of appropriate market mechanisms and incentives will help in addressing global environmental concerns. Strengthening of the co-ordination and performance of existing international organizations and in particular FAO, UNIDO, UNESCO, UNEP, ITC/UNCTAD/GATT, ITTO and ILO for providing technical assistance and guidance in this programme area is another specific activity".

6. The non-legally binding statement of principles on all types of forests underwent significant revision and is discussed in paragraph 36 below.

Chapter 15: Conservation of biological diversity

7. This chapter came to the Conference with two bracketed paragraphs related to intellectual property rights. The first was one of the objectives on which the activities elaborated in this chapter were based. Its revised form reads, "Governments ... with the co-operation of the relevant United Nations bodies and, ... intergovernmental and non-governmental organizations, the private sector and financial institutions ... should: ... develop measures and arrangements to implement the rights of countries of origin of genetic resources or countries providing genetic resources, as defined in the Convention on Biological Diversity; particularly developing countries, to benefit from the biotechnological development and the commercial utilization of products derived from such resources".

8. The second bracketed paragraph was the corresponding activity to this objective. Its revised form reads, "Governments ... with the co-operation of the relevant United Nations bodies and, ... intergovernmental and non-governmental organizations, ... should: ... without prejudice to the relevant provisions of the Convention on Biological Diversity, facilitate for this chapter the transfer of technologies relevant to the conservation of biological diversity and the sustainable use of biological resources or technologies that make use of genetic resources and cause no significant damage to the environment, in conformity with chapter 34, and recognizing that technology includes biotechnology; ..." (chapter 34 deals with transfer of technology).

9. In addition, see paragraphs 39-42 below for a discussion of the Convention on Biological Diversity.

Chapter 16: Environmentally sound management of biotechnology

10. This chapter contains several revised paragraphs relating to the transfer of technology. In one area, governments, with the support of

relevant international and regional organizations, should promote "... rights associated with intellectual property and informal innovations, including farmers' and breeders' rights; access to the benefits of biotechnology; and bio-safety; ... acceleration of technology acquisition, transfer and adaptation by developing countries to support national activities that promote food security, through the development of systems for substantial and sustainable productivity increases that do not damage or endanger local ecosystems ...".

Chapter 17: Protection of the oceans, all kinds of seas, including enclosed and semi-enclosed seas, and coastal areas and the protection, rational use and development of their living resources

11. This chapter contains an important activity, agreed at the fourth PrepCom, to strengthen international co-operation and co-ordination on trade-related matters. It is taken from paragraph 152 of the Declaration adopted by the UNCTAD VIII in Cartagena. It reads, "States recognize that environmental policies should deal with the root causes of environmental degradation, thus preventing environmental measures from resulting in unnecessary restrictions to trade. Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided. Environmental measures addressing international environmental problems should, as far as possible, be based on an international consensus. Domestic measures targeted to achieve certain environmental objectives may need trade measures to render them effective. Should trade policy measures be found necessary for the enforcement of environmental policies, certain principles and rules should apply. These could include, inter alia, the principle of non-discrimination; the principle that the trade measures chosen should be the least trade-restrictive necessary to achieve the objectives; an obligation to ensure transparency in the use of trade measures related to the environment and to provide adequate notification of national regulations; and the need to give consideration to the special conditions and development requirements of developing countries as they move towards internationally agreed environmental objectives".

12. Also, a new paragraph was added at the Conference which calls for States to "convene, as soon as possible, an intergovernmental conference under the United Nations auspices, ... with a view to promoting effective implementation of the provisions of the United Nations Convention on the Law of the Sea on straddling fish stocks and highly migratory fish stocks. ... It should identify and assess existing problems related to the conservation and management of such fish stocks, and consider means of improving co-operation on fisheries among States, and formulate appropriate recommendations ...".

Chapter 19: Environmentally sound management of toxic chemicals including prevention of illegal international traffic in toxic and dangerous products

13. This chapter had been almost entirely agreed at the fourth PrepCom. It contains several important paragraphs relating to trade in chemicals.

The second programme area, "Harmonization of classification and labelling of chemicals", calls for a globally-harmonized hazard classification and compatible labelling system, including material safety data sheets and easily understandable symbols to be made available, if feasible, by the year 2000. The corresponding activity says that "Governments, through the co-operation of relevant international organizations and industry, should launch a project with a view to establishing and elaborating a harmonized classification and compatible labelling system for chemicals for use in all United Nations official languages including adequate pictograms. Such a labelling system should not lead to the imposition of unjustified trade barriers. The new system should draw on current systems to the greatest extent possible; it should be developed in steps and should address compatibility with labels of various applications".

14. Under the third programme area, "Information exchange on toxic chemicals and chemical risks", the basis for action states that "the export to developing countries of chemicals that have been banned in producing countries or whose use has been severely restricted in some industrialized countries has been the subject of concern as some importing countries lack the ability to assure safe use, owing to inadequate infrastructure for controlling the importation, distribution, storage, formulation and disposal of chemicals".

15. It further reads, in relation to GATT's work on domestically prohibited goods, "Within the GATT framework, negotiations have been pursued with a view to creating a binding instrument on products banned or severely restricted in the domestic market. Further, the GATT Council has agreed, as stated in its decision contained in document C/M/251, to extend the mandate of the working group for a period of three months to begin from the date of the group's next meeting, and has authorized the Chairman to hold consultations on the timing for convening this meeting".

16. The corresponding activities state that "Governments and relevant international organizations with the co-operation of industry should: ... implement the PIC procedures as soon as possible and, in the light of experience gained, invite relevant international organizations, such as UNEP, GATT, FAO, WHO and others in their respective area of competence to consider working expeditiously towards the conclusion of legally-binding instruments". They should further "provide knowledge and information on severely restricted or banned chemicals to importing countries to enable them to judge and take decisions on whether to import, and how to handle, these chemicals and establish joint responsibilities in trade of chemicals between importing and exporting countries".

17. Regarding the fourth programme area, "Establishment of risk reduction programmes", one activity states that "Industry should be encouraged to: develop an internationally agreed upon code or principles for the management of trade in chemicals, recognizing in particular the responsibility for making available information on potential risks and environmentally-sound disposal practices if they become wastes, ...". Further, "Governments, through the co-operation of relevant international organizations and industry, where appropriate, should: ... develop guidelines for manufacturers, importers and others using toxic chemicals to

disclose toxicity information declaring risks and emergency response arrangements; develop regulatory and non-regulatory measures and procedures aimed at preventing the export of chemicals that are banned, severely restricted, withdrawn or not approved for health or environmental reasons, except when such export has received prior written consent from the importing country or is otherwise in accordance with the PIC procedure ...".

18. In addition, it should be noted that a last programme area was agreed, entitled "Prevention of illegal international traffic in toxic and dangerous products", to address the international concern related to international movement of toxic and dangerous products carried out in contravention of existing national legislation and international instruments.

Chapter 20: Environmentally sound management of hazardous wastes including prevention of illegal international traffic in hazardous wastes

19. This chapter had also been almost entirely agreed at the fourth PrepCom. Its overall targets include preventing or minimizing the generation of hazardous wastes; basing transboundary movements of hazardous wastes on environmental and economic grounds and upon agreements between the States concerned; ratification of the Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and their Disposal and, for the countries concerned, of the Bamako Convention on the Ban on the Import into Africa and Control of Transboundary Movement of Hazardous Wastes within Africa; and full respect for the decisions taken by the countries, parties to conventions such as the Bamako Convention, and the Fourth Lome Convention, that prohibit the import of hazardous wastes into developing countries.

20. Activities were agreed under four programme areas: "Promotion of hazardous waste prevention and minimization; Promotion and strengthening of institutional capacities in hazardous waste management; Promotion and strengthening of international co-operation in the management of transboundary movements of hazardous wastes; and Prevention of illegal international traffic in hazardous wastes".

21. Of particular interest from the GATT perspective is the third programme area. Its objectives are "to facilitate and strengthen international co-operation in the environmentally sound management of hazardous wastes, including control and monitoring of transboundary movements of such wastes, including wastes for recovery, by using internationally adopted criteria to identify and classify hazardous wastes and to harmonize relevant international legal instruments; and to adopt a ban on or prohibit, as appropriate, the export of hazardous wastes to countries that do not have the capacity to deal with those wastes in an environmentally sound way, or that have banned the import of such wastes. ...".

22. Corresponding activities for governments with the co-operation of UN and other relevant organizations include to "formulate, where appropriate,

regional agreements such as the Bamako Convention regulating transboundary movements of hazardous wastes; help promote the compatibility and complementarity of such regional agreements with international conventions and protocols; strengthen national and regional capacities and capabilities to monitor and control transboundary movement of hazardous wastes; and set up systems for monitoring and surveillance of the transboundary movements of hazardous wastes".

23. One activity, previously bracketed and now retained, urges "Governments to ratify the Basel Convention and the Bamako Convention, as applicable, and to pursue the expeditious elaboration of related protocols, such as protocols on liability and compensation, and of mechanisms and guidelines to facilitate the implementation of the conventions".

24. In addition, this chapter includes various capacity-building activities, one of which states that "Governments ... with the co-operation of United Nations and other relevant organizations, as appropriate, should: ... implement policies for the implementation of a ban or prohibition, as appropriate, of exports of hazardous wastes to countries that do not have the capacity to deal with those wastes in an environmentally sound way or that have banned the import of such wastes ...".

25. The last programme area is also of interest. Its objectives are "to reinforce national capacities to detect and halt any illegal attempt to introduce hazardous wastes into the territory of any State in contravention of national legislation and relevant international legal instrument; to assist all countries, particularly developing countries, in obtaining all appropriate information concerning illegal traffic in hazardous wastes; and to co-operate, within the framework of the Basel Convention, in assisting countries that suffer the consequences of illegal traffic".

26. Activities to meet these objectives say that "Governments, according to their capacities and available resources and with the co-operation of the UN ... should: adopt, where necessary, and implement legislation to prevent the illegal import and export of hazardous wastes; and develop appropriate national enforcement programmes to monitor compliance with such legislation, detect and deter violations through appropriate penalties and give special attention to those who are known to have conducted illegal traffic in hazardous wastes and to hazardous wastes that are particularly susceptible to illegal traffic".

27. A final activity says that "Countries and international organizations, as appropriate, should co-operate to strengthening the institutional and regulatory capacities in particular between developing countries in order to prevent the illegal import and export of hazardous wastes".

Chapter 22: Safe and environmentally sound management of radioactive wastes

28. This chapter had also been almost entirely agreed at the fourth PrepCom. Of particular interest, activities were agreed to meet the objective of ensuring "that radioactive wastes are safely managed, transported, stored and disposed of, with a view to protecting human health

and the environment ...". Among them, States, in co-operation with relevant international organizations, should "strengthen their efforts to implement the Code of Practice for International Transboundary Movement of Radioactive Waste and, under the auspices of the IAEA, ... keep the question of such movements under active review, including the desirability of concluding a legally binding instrument; not promote or allow the storage or disposal of high-level, intermediate-level and low-level radioactive wastes near the marine environment unless they determine that scientific evidence, consistent with the applicable internationally agreed principles and guidelines, shows that such storage or disposal poses no unacceptable risk to people and the marine environment or does not interfere with other legitimate uses of the sea, making, in this process of consideration, appropriate use of the concept of the precautionary approach; not export radioactive wastes to countries which individually or through international agreements prohibit the import of such wastes, such as the contracting parties to the Bamako Convention, to Lome IV, or to other relevant conventions, where such prohibition is provided for; ...".

Chapter 33: Financial resources and mechanisms

29. After intensive negotiations, agreement was reached on the framework for funding the activities of Agenda 21. In this context, this chapter notes the importance of economic conditions, both domestic and international, that encourage free trade and access to markets for making economic growth and environmental protection mutually supportive for all countries. It also notes the necessity of providing to developing countries substantial new and additional financial resources; that developed countries reaffirmed their commitments to reach the United Nations target of 0.7 per cent of GNP for ODA as soon as possible; and that funding should be provided in a way which uses all available funding sources and mechanisms.

Chapter 34: Transfer of environmentally sound technology, co-operation and capacity-building

30. This chapter was also the subject of intense negotiations, in particular several paragraphs related to the terms for access to and the transfer of technology. One previously bracketed objective in this area was agreed to read, "To promote, facilitate, and finance, as appropriate, the access to and the transfer of environmentally sound technologies and corresponding know-how, in particular to developing countries, on favourable terms, including on concessional and preferential terms, as mutually agreed, taking into account the need to protect intellectual property rights as well as the special needs of developing countries for the implementation of Agenda 21; ...".

31. Several other paragraphs regarding activities to support and promote access to transfer of technology are of interest. One states that "Governments and international organizations should promote, and encourage the private sector to promote, effective modalities for the access and transfer in particular to developing countries of environmentally sound technologies by activities, including the following: ... in the case of

privately owned technologies in particular for developing countries:
... (iv) In compliance with and under the specific circumstances recognized by the relevant international conventions adhered to by States, undertaking measures to prevent the abuse of intellectual property rights, including rules with respect to their acquisition through compulsory licensing, with the provision of equitable and adequate compensation; (v) Provision of financial resources to acquire environmentally sound technologies in order to enable in particular developing countries to implement measures to promote sustainable development that would entail a special or abnormal burden to them." Also they should "develop mechanisms for the access to and transfer of environmentally sound technologies, in particular to developing countries, while taking into account development in the process of negotiating an international code of conduct on transfer of technology, as decided by UNCTAD at its eighth session in Cartagena".

Chapter 38: International institutional arrangements

32. This chapter includes the establishment of a high-level Commission on Sustainable Development to ensure the effective follow-up of the Conference, as well as to enhance international co-operation and rationalize the inter-governmental decision-making capacity for the integration of environment and development issues, and to examine the progress of the implementation of Agenda 21 at the national, regional and international levels. The Commission should report to the Economic and Social Council and would consist of representatives of States elected as members; other non-members would have observer status. It would be supported by a secretariat and would convene its first meeting no later than 1993.

Chapter 39: International legal instruments and mechanisms

33. This chapter contains the elements that need to be taken into account in the universal, multilateral and bilateral treaty-making process and further development of international law on sustainable development. Of particular importance from the GATT point of view, one specific objective relating to the development of international standards for the protection of the environment was revised based on language similar to that in Chapter 17 on Oceans. The language comes from paragraph 152 of the Declaration of the UNCTAD VIII in Cartagena.

34. In this chapter, the paragraph reads, "To promote, through the gradual development of universally and multilaterally negotiated agreements or instruments, international standards for the protection of the environment that take into account the different situations and capabilities of countries. States recognize that environmental policies should deal with the root causes of environmental degradation, thus preventing environmental measures from resulting in unnecessary restrictions to trade. Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided. Environmental measures addressing international environmental problems should, as far as possible, be based on an international consensus. Domestic measures targeted to achieve certain environmental

objectives may need trade measures to render them effective. Should trade policy measures be found necessary for the enforcement of environmental policies, certain principles and rules should apply. These could include, inter alia, the principle of non-discrimination; the principle that the trade measures chosen should be the least trade-restrictive necessary to achieve the objectives; an obligation to ensure transparency in the use of trade measures related to the environment and to provide adequate notification of national regulations; and the need to give consideration to the special conditions and development requirements of developing countries as they move towards internationally agreed environmental objectives".

35. Also of interest is the corresponding activity relating to "Disputes in the field of sustainable development". It was revised to read, "In the area of avoidance and settlement of disputes, States should further study and consider methods to broaden and make more effective the range of techniques available at present, taking into account, among others, relevant experience under existing international agreements, instruments, or institutions and, where appropriate, their implementing mechanisms such as modalities for dispute avoidance and settlement. This may include mechanisms and procedures for the exchange of data and information, notification and consultation regarding situations that might lead to disputes with other States in the field of sustainable development and for effective peaceful means of dispute settlement in accordance with the Charter of the United Nations including, where appropriate, recourse to the International Court of Justice, and their inclusion in treaties relating to sustainable development; ...".

II. Non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests

36. Of particular interest from the GATT perspective are Principles 13 and 14 which were revised to read as follows:

13. (a) Trade in forest products should be based on non-discriminatory and multilaterally agreed rules and procedures consistent with international trade law and practices. In this context, open and free international trade in forest products should be facilitated.

(b) Reduction or removal of tariff barriers and impediments to the provision of better market access and better prices for higher value-added forest products and their local processing should be encouraged to enable producer countries to better conserve and manage their renewable forest resources.

(c) Incorporation of environmental costs and benefits into market forces and mechanisms, in order to achieve forest conservation and sustainable development, should be encouraged both domestically and internationally.

(d) Forest conservation and sustainable development policies should be integrated with economic, trade and other relevant policies.

(e) Fiscal, trade, industrial, transportation and other policies and practices that may lead to forest degradation should be avoided. Adequate policies, aimed at management, conservation and sustainable development of forests, including where appropriate, incentives, should be encouraged.

14. Unilateral measures, incompatible with international obligations or agreements, to restrict and/or ban international trade in timber or other forest products should be removed or avoided, in order to attain long-term sustainable forest management.

III. Rio Declaration on Environment and Development

37. The text of the Declaration had been agreed at the fourth PrepCom and was transmitted to the Conference as such. The Main Committee approved, by acclamation, the Declaration which was then adopted by the Conference with a reservation by the United States on Principle 3 and a reservation by Turkey on principle 19. Of particular interest is Principle 12 which relates to trade and the environment. The text is also taken from paragraph 152 of the Declaration of the UNCTAD VIII in Cartagena. Principle 12 reads:

"States should co-operate to promote a supportive and open international economic system that would lead to economic growth and sustainable development in all countries, to better address the problems of environmental degradation. Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided. Environmental measures addressing transboundary or global environmental problems should, as far as possible, be based on an international consensus".

IV. The United Nations Framework Convention on Climate Change

38. This Convention was opened for signature during the Conference. It was signed by 153 States and one regional economic integration organization. Signatories are called upon to limit emissions of the gases causing global warming to 1990 levels by the year 2000, however they are not bound to do so. Although there are no trade provisions in the "Commitments" portion of the Convention (Article 4), one provision in the "Principles" portion (Article 2, paragraph 5) relates to the use of trade measures to combat climate change. It reads, "The Parties should co-operate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.". The Convention will enter into force in September 1992.

V. The United Nations Convention on Biological Diversity

39. This Convention was also opened for signature during the Conference. It was signed by 153 States and one regional economic integration organization. Its objective is to preserve areas rich in plant and animal species and to provide access to these countries, particularly developing countries, to the technology for the utilization of such resources as well as sharing of the benefits derived from such use. It contains several provisions which relate to access to genetic resources and technology. Article 15.7 reads, "Each contracting Party shall take legislative, administrative or policy measures, as appropriate, and in accordance with Articles 16 and 19 and, where necessary, through the financial mechanism established by Articles 20 and 21 with the aim of sharing in a fair and equitable way the results of research and development and the benefits arising from the commercial and other utilization of genetic resources with the Contracting Party providing such resources. Such sharing shall be upon mutually agreed terms".

40. Article 16 of the Convention deals with access to and transfer of technology. It reads:

1. Each Contracting Party, recognizing that technology includes biotechnology, and that both access to and transfer of technology among Contracting Parties are essential elements for the attainment of the objectives of this Convention, undertakes subject to the provisions of this Article to provide and/or facilitate access for and transfer to other Contracting Parties of technologies that are relevant to the conservation and sustainable use of biological diversity or make use of genetic resources and do not cause significant damage to the environment.

2. Access to and transfer of technology referred to in paragraph 1 above to developing countries shall be provided and/or facilitated under fair and most favourable terms, including on concessional and preferential terms where mutually agreed, and, where necessary, in accordance with the financial mechanism established by Articles 20 and 21. In the case of technology subject to patents and other intellectual property rights, such access and transfer shall be provided on terms which recognize and are consistent with the adequate and effective protection of intellectual property rights. The application of this paragraph shall be consistent with paragraphs 3, 4 and 5 below.

3. Each Contracting Party shall take legislative, administrative or policy measures, as appropriate, with the aim that Contracting Parties, in particular those that are developing countries, which provide genetic resources are provided access to and transfer of technology which makes use of those resources, on mutually agreed terms, including technology protected by patents and other intellectual property rights, where necessary through the provisions of Articles 20 and 21 and in accordance with international law and consistent with paragraphs 4 and 5 below.

4. Each Contracting Party shall take legislative, administrative or policy measures, as appropriate, with the aim that the private sector

facilitates access to, joint development and transfer of technology referred to in paragraph 1 above for the benefit of both governmental institutions and the private sector of developing countries and in this regard shall abide by the obligations included in paragraphs 1, 2 and 3 above.

5. The Contracting Parties, recognizing that patents and other intellectual property rights may have an influence on the implementation of this convention, shall co-operate in this regard subject to national legislation and international law in order to ensure that such rights are supportive of and do not run counter to its objectives.

41. Paragraph 2 of Article 19 relates to the distribution of benefits of biotechnology. It reads, "Each Contracting Party shall take all practicable measures to promote and advance priority access on a fair and equitable basis by Contracting Parties, especially developing countries, to the results and benefits arising from biotechnologies based upon genetic resources provided by those Contracting Parties. Such access shall be on mutually agreed terms".

42. It is also of interest to note that Article 22.1 states that "The provisions of this Convention shall not affect the rights and obligations of any contracting Party deriving from any existing international agreement, except where the exercise of those rights and obligations would cause a serious damage or threat to biological diversity". A footnote in the draft text, which had expressly left open the question of the relationship of this Convention with future agreements, has been deleted. This Convention will enter into force in September 1992.

ANNEX I

Chapter 2

International Co-Operation to Accelerate Sustainable
Development in Developing Countries and Related Domestic Policies

Introduction

2.1 In order to meet the challenges of environment and development, States have decided to establish a new global partnership. This partnership commits all States to engage in a continuous and constructive dialogue, inspired by the need to achieve a more efficient and equitable world economy, keeping in view the increasing interdependence of the community of nations and that sustainable development should become a priority item on the agenda of the international community. It is recognized that, for the success of this new partnership, it is important to overcome confrontation and to foster a climate of genuine co-operation and solidarity. It is equally important to strengthen national and international policies and multinational co-operation to adapt to the new realities.

2.2 Economic policies of individual countries and international economic relations both have great relevance to sustainable development. The reactivation and acceleration of development requires both a dynamic and a supportive international economic environment and determined policies at the national level. It will be frustrated in the absence of either of these requirements. A supportive external economic environment is crucial. The development process will not gather momentum if the global economy lacks dynamism and stability and is beset with uncertainties. Neither will it gather momentum if the developing countries are weighted down by external indebtedness, if development finance is inadequate, if barriers restrict access to markets and if commodity prices and the terms of trade of developing countries remain depressed. The record of the 1980s was essentially negative on each of these counts and needs to be reversed. The policies and measures needed to create an international environment that is strongly supportive of national development efforts are thus vital. International co-operation in this area should be designed to complement and support - not to diminish or subsume - sound domestic economic policies, in both developed and developing countries, if global progress towards sustainable development is to be achieved.

2.3 The international economy should provide a supportive international climate for achieving environment and development goals by:

- (a) Promoting sustainable development through trade liberalization;
- (b) Making trade and environment mutually supportive;
- (c) Providing adequate financial resources to developing countries and dealing with international debt;

- (d) Encouraging macroeconomic policies conducive to environment and development.

2.4 Governments recognize that there is a new global effort to relate the elements of the international economic system and mankind's need for a safe and stable natural environment. Therefore, it is the intent of Governments that consensus building at the intersection of the environmental and trade and development areas will be ongoing in existing international forum as well as in the domestic policy of each country.

PROGRAMME AREAS

A. Promoting sustainable development through trade

Basis for action

2.5 An open, equitable, secure, non-discriminatory and predictable multilateral trading system, that is consistent with the goals of sustainable development, and leads to the optimal distribution of global production in accordance with comparative advantage, is of benefit to all trading partners. Moreover, improved market access for developing countries' exports in conjunction with sound macroeconomic and environmental policies would have a positive environmental impact and therefore make an important contribution toward sustainable development.

2.6 Experience has shown that sustainable development requires a commitment to sound economic policies and management, an effective and predictable public administration, the integration of environmental concerns into decision-making and progress toward democratic government, in the light of country-specific conditions, which allows for full participation of all parties concerned. These attributes are essential for the fulfilment of the policy directions and objectives listed below.

2.7 The commodity sector dominates the economies of many developing countries in terms of production, employment and export earnings. An important feature of the world commodity economy in the 1980s was the prevalence of very low and declining real prices for most commodities in international markets and a resulting substantial contraction in commodity export earnings for many producing countries. The ability of those countries to mobilize, through international trade, the resources needed to finance investments required for sustainable development may be impaired by this development and by tariff and non-tariff impediments, including tariff escalation, limiting their access to export markets. The removal of existing distortions in international trade is essential. In particular, the achievement of this objective requires that there be substantial and progressive reduction in the support and protection of agriculture - covering internal régimes, market access and export subsidies - as well as of industry and other sectors, in order to avoid inflicting large losses on the more efficient producers, especially in developing countries. Thus in agriculture, industry and other sectors, there is scope for initiatives aimed at trade liberalization and at policies to make production more

responsive to environment and development needs. Trade liberalization should therefore be pursued on a global basis across economic sectors so as to contribute to sustainable development.

2.8 The international trading environment has been affected by a number of developments that have created new challenges and opportunities and that have made multilateral economic co-operation of even greater importance. World trade has continued to grow faster than world output in recent years. However, the expansion of world trade has been unevenly spread, and only a limited number of developing countries have been capable of achieving appreciable growth in their exports. Protectionist pressures and unilateral policy actions continue to endanger the functioning of an open multilateral trading system, affecting particularly the export interests of developing countries. Economic integration processes have intensified in recent years and should impart dynamism to global trade and enhance the trade and development possibilities for developing countries. In recent years, a growing number of these countries have adopted courageous policy reforms involving ambitious autonomous trade liberalization, while far-reaching reforms and profound restructuring processes are taking place in Central and Eastern European countries, paving the way for their integration into the world economy and the international trading system. Increased attention is being devoted to enhancing the rôle of enterprises and promoting competitive markets through adoption of competitive policies. The GSP has proved to be a useful trade policy instrument, although its objectives will have to be fulfilled, and trade facilitation strategies relating to electronic data interchange (EDI) have been effective in improving the trading efficiency of the public and private sectors. The interactions between environment policies and trade issues are manifold and have not yet been fully assessed. An early, balanced, comprehensive and successful outcome of the Uruguay Round of multilateral trade negotiations would bring about further liberalization and expansion of world trade, enhance the trade development possibilities of developing countries and provide greater security and predictability to the international trading system.

Objectives

2.9 In the years ahead, and taking into account the results of the Uruguay Round of multilateral trade negotiations, Governments should continue to strive to meet the following objectives:

- (a) To promote an open non-discriminatory and equitable multilateral trading system that will enable all countries - in particular, the developing countries - to improve their economic structures and improve the standard of living of their populations through sustained economic development;
- (b) To improve access to markets for exports of developing countries;
- (c) To improve the functioning of commodity markets and achieve sound, compatible and consistent commodity policies at national and international levels with a view to optimising the contribution of the commodity sector to sustainable development taking into account environmental considerations;

- (d) To promote and support policies, domestic and international, that make economic growth and environmental protection mutually supportive.

Activities

(a) International and regional co-operation and co-ordination

Promoting an international trading system that takes account of the needs of developing countries

2.10 Accordingly the international community should:

- (a) Halt and reverse protectionism in order to bring about further liberalization and expansion of world trade, to the benefit of all countries, in particular the developing countries;
- (b) Provide for an equitable, secure, non-discriminatory and predictable international trading system;
- (c) Facilitate, in a timely way, the integration of all countries into the world economy and the international trading system;
- (d) Ensure that environment and trade policies are mutually supportive, with a view to achieving sustainable development;
- (e) Strengthen the international trade policies system through an early, balanced, comprehensive and successful outcome of the Uruguay Round of multilateral trade negotiations.

2.11 The international community should aim at finding ways and means of achieving a better functioning and enhanced transparency of commodity markets, greater diversification of the commodity sector in developing economies within a macroeconomic framework that takes into consideration a country's economic structure, resource endowments, and market opportunities, and better management of natural resources that takes into account the necessities of sustainable development.

2.12 Therefore, all countries should implement previous commitments to halt and reverse protectionism and further expand market access, particularly in areas of interest to developing countries. This improvement of market access will be facilitated by appropriate structural adjustment in developed countries. Developing countries should continue the trade-policy reforms and structural adjustment they have undertaken. It is thus urgent to achieve an improvement in market access conditions for commodities, notably through the progressive removal of barriers that restrict imports, particularly from developing countries, of commodity products in primary and processed forms as well as the substantial and progressive reduction of types of support that induce uncompetitive production, such as production and export subsidies.

(b) Management-related activities

Developing domestic policies that maximize the benefits of trade liberalization for sustainable development

2.13 For developing countries to benefit from the liberalization of trading systems, they should implement the following policies, as appropriate:

- (a) Create a domestic environment supportive of an optimal balance between production for the domestic and export markets and remove biases against exports and discourage inefficient import-substitution;
- (b) Promote the policy framework and the infrastructure required to improve the efficiency of export and import trade as well as the functioning of domestic markets.

2.14 The following policies should be adopted by developing countries with respect to commodities consistent with market efficiency:

- (a) Expand processing, distribution and improve marketing practices and the competitiveness of the commodity sector;
- (b) Diversify in order to reduce dependence on commodity exports;
- (c) Reflect efficient and sustainable use of factors of production in the formation of commodity prices, including the reflection of environmental, social and resources costs.

(c) Data and information

Encouraging data collection and research

2.15 GATT, UNCTAD and other relevant institutions should continue to collect appropriate trade data and information. The Secretary-General of the United Nations is requested to strengthen the Trade Control Measures Information System managed by UNCTAD.

Improving international co-operation in commodity trade and the diversification of the sector

2.16 With regard to commodity trade, Governments should, directly or through appropriate international organizations, where appropriate:

- (a) Seek optimal functioning of commodity markets, inter alia, through improved market transparency involving exchanges of views and information on investment plans, prospects and markets for individual commodities. Substantive negotiations between producers and consumers should be pursued with a view to achieving viable and more efficient international agreements, that take into account market trends or arrangements, as well as study groups. In this regard, particular attention should be paid to the agreements on cocoa, coffee, sugar and tropical

timber. The importance of international commodity agreements and arrangements is underlined. Occupation health and safety matters, technology transfer and services associated with the production, marketing and promotion of commodities, as well as environmental considerations, should be taken into account;

- (b) Continue to apply compensation mechanisms for shortfalls in commodity export earnings of developing countries in order to encourage diversification efforts;
- (c) Provide assistance to developing countries upon request in the design and implementation of commodity policies and the gathering and utilization of information on commodity markets;
- (d) Support the efforts of developing countries to promote the policy framework and infrastructure required to improve the efficiency of export and import trade;
- (e) Support the diversification initiatives of the developing countries at the national, regional and international levels.

Means of implementation

(a) Financing and cost evaluation

2.17 The Conference secretariat has estimated the average total annual cost (1993-2000) of implementing the activities in this programme area to be about \$8.8 billion from the international community on grant or concessional terms. These are indicative and order of magnitude estimates only and have not been reviewed by Governments. Actual costs and financial terms, including any that are non-concessional, will depend upon, inter alia, the specific strategies and programmes Governments decide upon for implementation.

(b) Capacity-building

2.18 The above-mentioned technical co-operation activities aim at strengthening national capabilities for design and implementation of commodity policy, use and management of national resources and the gathering and utilization of information on commodity markets.

B. Making trade and environment mutually supportive

Basis of action

2.19 Environment and trade policies should be mutually supportive. An open, multilateral trading system makes possible a more efficient allocation and use of resources and thereby contributes to an increase in production and incomes and to lessening demands on the environment. It thus provides additional resources needed for economic growth and development and improved environmental protection. A sound environment, on

the other hand, provides the ecological and other resources needed to sustain growth and underpin a continuing expansion of trade. An open, multilateral trading system, supported by the adoption of sound environmental policies, would have a positive impact on the environment and contribute to sustainable development.

2.20 International co-operation in the environmental field is growing, and in a number of cases trade provisions in multilateral environment agreements have played a rôle in tackling global environmental challenges. Trade measures have thus been used in certain specific instances, where considered necessary, to enhance the effectiveness of environmental regulations for the protection of the environment. Such regulations should address the root causes of environmental degradation so as not to result in unjustified restrictions on trade. The challenge is to ensure that trade and environment policies are consistent and reinforce the process of sustainable development. However, account should be taken of the fact that environmental standards valid for developed countries may have unwarranted social and economic costs in developing countries.

Objectives

2.21 Governments should strive to meet the following objectives, through relevant multilateral forums including GATT, UNCTAD and other international organizations:

- (a) To make international trade and environment policies mutually supportive in favour of sustainable development;
- (b) To clarify the rôle of GATT, UNCTAD and other international organizations in dealing with trade and environment-related issues, including, where relevant, conciliation procedure and dispute settlement;
- (c) To encourage international productivity and competitiveness and encourage a constructive rôle on the part of industry in dealing with environment and development issues.

Activities

Developing an environment/trade and development agenda

2.22 Governments should encourage GATT, UNCTAD and other relevant international and regional economic institutions to examine, in accordance with their respective mandates and competences, the following propositions and principles:

- (a) Elaborate adequate studies for the better understanding of the relationship between trade and environment for the promotion of sustainable development;
- (b) Promote a dialogue between trade, development and environment communities;

- (c) In those cases when trade measures related to environment are used, ensure transparency and compatibility with international obligations;
- (d) Deal with the root causes of environment and development problems in a manner which avoids the adoption of environmental measures resulting in unjustified restrictions on trade;
- (e) Seek to avoid the use of trade restrictions or distortions as a means to offset differences in cost arising from differences in environmental standards and regulations since their application could lead to trade distortions and increase protectionist tendencies;
- (f) Ensure that environment-related regulations or standards, including those related to health and safety standards, do not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade;
- (g) Ensure that special factors affecting environment and trade policies in the developing countries are borne in mind in the application of environmental standards, as well as in the use of any trade measures. It is worth noting that standards that are valid in the most advanced countries may be inappropriate and of unwarranted social cost for the developing countries;
- (h) Encourage participation of developing countries in multilateral agreements through such mechanisms such as special transitional rules;
- (i) Avoid unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country. Environmental measures addressing transborder or global environmental problems should, as far as possible, be based on an international consensus. Domestic measures targeted to achieve certain environmental objectives may need trade measures to render them effective. Should trade policy measures be found necessary for the enforcement of environmental policies, certain principles and rules should apply. These could include, inter alia, the principle of non-discrimination; the principle that the trade measure chosen should be the least trade-restrictive necessary to achieve the objectives; an obligation to ensure transparency in the use of trade measures related to the environment and to provide adequate notification of national regulations; and the need to give consideration to the special conditions and developmental requirements of developing countries as they move towards internationally-agreed environmental objectives;
- (j) Develop more precision, where necessary, and clarify the relationship between GATT provisions and some of the multilateral measures adopted in the environment area;
- (k) Ensure public input in the formation, negotiation and implementation of trade policies as a means of fostering

increased transparency in the light of country-specific conditions;

- (1) Ensure that environmental policies provide the appropriate legal and institutional framework to respond to new needs for the protection of the environment that may result from changes in production and trade specialization.

C. Providing adequate financial resources to developing countries

Basis for action

2.23 Investment is critical to the ability of developing countries to achieve needed economic growth to improve the welfare of their populations and to meet their basic needs in a sustainable manner, all without deteriorating or depleting the resource base that underpins development. Sustainable development requires increased investment, for which domestic and external financial resources are needed. Foreign private investment and the return of flight capital which depend on a healthy investment climate are an important source of financial resources. Many developing countries have experienced a decade-long situation of negative net transfer of financial resources, during which their financial receipts were exceeded by payments they had to make, in particular for debt-servicing. As a result, domestically mobilized resources had to be transferred abroad instead of being invested locally in order to promote sustainable economic development.

2.24 For many developing countries, the reactivation of development will not take place without an early and durable solution to the problems of external indebtedness, taking into account the fact that, for many developing countries, external debt burdens are a significant problem. The burden of debt-service payments on those countries has imposed severe constraints on their ability to accelerate growth and eradicate poverty and has led to a contraction in imports, investment and consumption. External indebtedness has emerged as a main factor in the economic stalemate in the developing countries. Continued vigorous implementation of the evolving international debt strategy is aimed at restoring debtor countries' external financial viability and the resumption of their growth and development would assist in achieving sustainable growth and development. In this context, additional financial resources in favour of developing countries and the efficient utilization of such resources are essential.

Objectives

2.25 The specific requirements for the implementation of the sectoral and cross-sectoral programmes included in Agenda 21 are dealt with in the relevant programme areas and in chapter 33 entitled "Financial resources and mechanisms".

Activities

(a) Meeting international targets of official development assistance funding

2.26 As discussed in chapter 33, new and additional resources should be provided to support Agenda 21 programmes.

(b) Addressing the debt issue

2.27 In regard to the external debt incurred with commercial banks, the progress being made under the strengthened debt strategy is recognized and a more rapid implementation of this strategy is encouraged. Some countries have already benefitted from the combination of sound adjustment policies and commercial bank debt reduction or equivalent measures. The international community encourages:

- (a) Other countries with heavy debts to banks to negotiate similar commercial bank debt reduction with their creditors;
- (b) The parties to such a negotiation to take due account of both the medium-term debt reduction and new money requirements of the debtor country;
- (c) Multilateral institutions actively engaged in the strengthened international debt strategy to continue to support debt-reduction packages related to commercial bank debt with a view to ensuring that the magnitude of such financing is consonant with the evolving debt strategy;
- (d) Creditor banks to participate in debt and debt-service reduction;
- (e) Strengthened policies to attract direct investment, avoid unsustainable levels of debt and foster the return of flight capital.

2.28 With regard to debt owed to official bilateral creditors, the recent measures taken by the Paris Club with regard to more generous terms of relief to the poorest most indebted countries are welcomed. Ongoing efforts to implement these "Trinidad terms" measures in a manner commensurate with the payments capacity of those countries and in a way that gives additional support to their economic reform efforts are welcomed. The substantial bilateral debt reduction undertaken by some creditor countries is also welcomed, and others which are in a position to do so are encouraged to take similar action.

2.29 The actions of low-income countries with substantial debt burdens which continue, at great cost, to service their debt and safeguard their credit-worthiness are commended. Particular attention should be paid to their resource needs. Other debt-distressed developing countries which are making great efforts to continue to service their debt and meet their external financial obligations also deserve due attention.

2.30 In connection with multilateral debt, it is urged that serious attention should be given to continuing to work towards growth-oriented solutions to the problem of developing countries with serious debt-servicing problems, including those whose debt is mainly to official creditors or to multilateral financial institutions. Particularly in the case of low-income countries in the process of economic reform, the support of the multilateral financial institutions in the form of new disbursements and the use of their concessional funds is welcomed. The use of support groups should be continued in providing resources to clear arrears of countries embarking upon vigorous economic reform programmes supported by IMF and the World Bank. Measures by the multilateral financial institutions such as the refinancing of interest on non-concessional loans with IDA reflows - "fifth dimension" - are noted with appreciation.

D. Encouraging economic policies conducive to sustainable development

Basis for action

2.31 The unfavourable external environment facing developing countries makes domestic resource mobilization, and efficient allocation and utilization of domestically-mobilized resources all the more important for the promotion of sustainable development. In a number of countries, policies are necessary to correct misdirected public spending, large budget deficits and other macroeconomic imbalances, restrictive policies and distortions in the areas of exchange rates, investment and finance, and obstacles to entrepreneurship. In developed countries, continuing policy reform and adjustment, including appropriate savings rates, would help generate resources to support the transition to sustainable development both domestically and in developing countries.

2.32 Good management that fosters the association of effective, efficient, honest, equitable and accountable public administration with individual rights and opportunities, is an essential element for sustainable, broadly-based development and sound economic performance at all development levels. All countries should increase their efforts to eradicate mismanagement of public and private affairs, including corruption, taking into account the factors responsible for, and agents involved in, this phenomenon.

2.33 Many indebted developing countries are undergoing structural adjustment programmes relating to debt rescheduling or new loans. While such programmes are necessary for improving the balance in fiscal budgets and balance-of-payments accounts, in some cases they have resulted in adverse social and environmental effects, such as cuts in allocations for health care, education and environmental protection. It is important to ensure that structural adjustment programmes do not have negative impacts on environment and social development so that such programmes can be more in line with the objectives of sustainable development.

Objectives

2.34 It is necessary to establish, in the light of country-specific conditions, economy policy reforms that promote the efficient planning and

utilization of resources for sustainable development through sound economic and social policies, foster entrepreneurship and the incorporation of social and environmental costs in resource pricing, and remove sources of distortion in the area of trade and investment.

Activities

(a) Management-related activities

Promoting sound economic policies

2.35 The industrialized countries and other countries in a position to do so should strengthen their efforts:

- (a) To encourage a stable and predictable international economic environment, particularly with regard to monetary stability, real rates of interest and fluctuations in key exchange rates;
- (b) To stimulate savings and reduce fiscal deficits;
- (c) To ensure that the processes of policy co-ordination take into account the interests and concerns of the developing countries, including the need to promote positive action to support the efforts of the least-developed countries to halt their marginalization in the world economy;
- (d) To undertake appropriate national macroeconomic and structural policies aimed at promoting non-inflationary growth, narrowing their major external imbalances and increasing the adjustment capacity of their economies.

2.36 Developing countries should consider strengthening their efforts to implement sound economic policies:

- (a) That maintain the monetary and fiscal discipline required to promote price stability and external balance;
- (b) That result in realistic exchange rates;
- (c) That raise domestic savings and investment, as well as improve returns to investment.

2.37 More specifically, all countries should develop policies that improve efficiency in the allocation of resources and take full advantage of the opportunities offered by the changing global economic environment. In particular, wherever appropriate, and taking into account national strategies and objectives, countries should:

- (a) Remove the barriers to progress caused by bureaucratic inefficiencies, administrative strains, unnecessary controls and the neglect of market conditions;
- (b) Promote transparency in administration and decision-making;

- (c) Encourage the private sector and foster entrepreneurship by improving institutional facilities for enterprise creation and market entry. The essential objective would be to simplify or remove the restrictions, regulations, and formalities that make it more complicated, costly and time-consuming to set up and operate enterprises in many developing countries;
- (d) Promote and support the investment and infrastructure required for sustainable economic growth and diversification on an environmentally sound and sustainable basis;
- (e) Provide scope for appropriate economic instruments, including market mechanisms, in harmony with the objectives of sustainable development and fulfilment of basic needs;
- (f) Promote the operation of effective tax systems and financial sectors;
- (g) Provide opportunities for small-scale enterprises, both farm and non-farm, and for the indigenous population and local communities to contribute fully to the attainment of sustainable development;
- (h) Remove biases against exports and in favour of inefficient import substitution and establish policies that allow them to benefit fully from the flows of foreign investment, within the framework of national, social, economic and developmental goals;
- (i) Promote the creation of a domestic economic environment supportive of an optimal balance between production for the domestic and export markets.

(b) International and regional co-operation and co-ordination

2.38 Governments of developed countries and those of other countries in a position to do so should, directly and through appropriate international and regional organizations and international lending institutions, enhance their efforts to provide developing countries with increased technical assistance for the following:

- (a) Capacity-building in the nation's design and implementation of economic policies, upon request;
- (b) Design and operation of efficient tax systems, accounting systems and financial sectors;
- (c) Promotion of entrepreneurship.

2.39 International financial and development institutions should further review their policies and programmes in the light of the objective of sustainable development.

2.40 Stronger economic co-operation among developing countries has long been accepted as an important component of efforts to promote economic

growth and technological capabilities and to accelerate development in the developing world. Therefore, the efforts of the developing countries to promote economic co-operation among themselves should be enhanced and continue to be supported by the international community.

Means of implementation

(a) Financing and cost-evaluation

2.41 The Conference secretariat has estimated the average total annual cost (1993-2000) of implementing the activities in this programme area to be about \$50 million from the international community on grant or concessional terms. These are indicative and order of magnitude estimates only and have not been reviewed by governments. Actual costs and financial terms, including any that are non-concessional, will depend upon, inter alia, the specific strategies and programmes Governments decide upon for implementation.

(b) Capacity-building

2.42 The above-mentioned policy changes in developing countries involve substantial national efforts for capacity-building in the areas of public administration, central banking, tax administration, savings institutions and financial markets.

2.43 Particular efforts in the implementation of the four programme areas identified in this chapter are warranted in view of the specially acute environmental and developmental problems of the least-developed countries.