

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Trade Negotiations Committee

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TOKYO SUMMIT ECONOMIC DECLARATION

A Strengthened Commitment to Jobs and Growth

The following communication, dated 9 July 1993, is being circulated at the request of the Delegation of Japan.

1. We, the Heads of State and Government of seven major industrial democracies and the representatives of the European Community, met in Tokyo for our nineteenth annual Summit. Progress around the world towards democracy and open market economies surpasses our most optimistic expectations of only some years ago. To reap the full benefits of recent historic transformations our societies must respond to a number of challenges: achieving economic recovery and job creation, successfully concluding the Uruguay Round this year, integrating countries in transition into the world economy, supporting the developing countries, and reconciling global growth and environmental objectives. We are determined to address these challenges on the basis of our shared values. We renew our commitment to extend international cooperation, in particular by strengthening multilateral institutions.

World Economy

2. We are concerned about insufficient growth and inadequate job creation in our economies. Recovery is continuing in North America, but remains modest. Europe is still in a marked recession, although there are some signs of recovery. Japan's economy is over the worst, and some recovery is now in sight. Many Asian and Latin American economies are growing, some rapidly, and playing more important rôles in the world economy.

3. We are particularly concerned with the level of unemployment. More than 23 million people are unemployed in our countries: that is unacceptable. Much of the recent increase is attributable to the present economic slowdown, but a significant part of the current level of unemployment is structural in nature. Reducing unemployment, therefore, requires a double strategy: prudent macroeconomic policies to promote non-inflationary sustainable growth, and structural reforms to improve the efficiency of markets, especially labour markets.

4. We are taking and will take appropriate measures to implement this agreed global growth strategy to promote a sustainable expansion designed to create substantial increases in employment. We will consult closely so that our national policies can be mutually reinforcing and compatible with our shared goal of a strengthened and recovering world economy. We welcome the improved cooperation of Finance Ministers towards this end.

Europe is carrying out vigorously the Growth Initiative agreed in Edinburgh and strengthened in Copenhagen. Europe is committed as a matter of overriding importance to implementing the firm budgetary and other measures needed in order to ensure that the conditions for rapid reductions in interest rates are created.

In North America, strong actions, which have been long overdue in the United States and which we welcome, are being taken to ensure substantial and steady reductions in fiscal deficits over the medium-term, higher level of domestic savings and investment, and lower long-term interest rates.

Japan has taken a series of stimulative policies including the most recent comprehensive package. Japan will implement fiscal and monetary measures as necessary, to ensure sustained non-inflationary growth led by strong domestic demand, keeping in mind the need for long-term fiscal prudence. This will contribute to the important goal of significantly reducing external imbalances.

Successful and rapid conclusion of the Uruguay Round will also boost the confidence of investors and consumers, and thus will be an important contribution to recovery and growth.

5. To enhance opportunities for employment and growth, it is essential to address structural issues which constitute obstacles to strong economic recovery and to longer-term growth potential. In this context, we endorse the report of our Finance Ministers focusing on a broad range of structural reforms, inter alia;

- greater labour market efficiency,
- improvement in education and training,
- enhancement of savings and investment,
- maintaining and improving the multilateral trading system,
- reduction of subsidies,
- addressing the economic impact of aging populations,
- controlling overall outlays on health care,
- enhancing efficiency in financial markets while ensuring their stability,
- developing international cooperation on the environment.

We commit ourselves to addressing these issues, together with issues of innovation and of improving the "quality" of budgets and of increasing the efficiency of the public sector, and we will review progress at the next Summit.

We welcome the OECD's interim report on employment and unemployment. We request the OECD to intensify its work, including that on the impact of structural changes, and to put forward its policy recommendations before our next Summit. We emphasize opportunities for job creation offered by environmental policies.

6. As a follow-up to our discussions, we agree to send our high-level representatives to a meeting in the United States in the autumn to explore the causes of excessive unemployment and to search for possible answers to this critical problem which saps the strength of our societies.

Trade

7. Maintaining and expanding the multilateral trading system is essential for world growth. We are determined to curb protectionism in all its manifestations and agree that no recourse should be made to initiatives and arrangements that threaten to undermine the multilateral open trading system. We also confirm that any regional integration should be complementary to and supportive of the system.

Our highest priority is a successful conclusion to the Uruguay Round. We welcome the recent significant progress made towards a large market access package in goods and services as a major step to the immediate resumption of multilateral negotiations in Geneva. This progress must be matched by comparable market opening measures by other participants. We urge all our trading partners to negotiate constructively on all subjects, recognizing that nothing is agreed until everything is agreed. There remain important issues to be resolved. We renew our determination to resolve them and to achieve with all our partners a global and balanced agreement before the end of the year.

Environment

8. Environmental issues remain a high priority on our policy agenda despite difficult economic times. We welcome the successful first meeting of the Commission on Sustainable Development and the progress made towards implementation and ratification of the Framework Convention on Climate Change and the Convention on Biological Diversity by the end of 1993, and on negotiation of a convention on desertification. We renew our determination to secure environmentally sustainable development through an effective follow-up of the fruits of the UNCED, including the commitment to publish national action plans by the end of this year. We will work to ensure that the Global Environmental Facility, with necessary improvements, functions as the financial mechanism to provide funding for the incremental costs of implementing the global environment conventions signed at Rio. We encourage the multilateral development banks to focus more intensively on sustainable development, to incorporate environmental appraisals into project preparation and to make them publicly available.

We look forward to a successful outcome of the UN Conference on straddling and highly migratory fish stocks. We shall continue to seek appropriate internationally agreed arrangements on the management, conservation and sustainable development of forests. We welcome the analysis being done by OECD/IEA on the contribution of environment and energy technologies in meeting global environmental concerns.

Russia and Other Countries in Transition

9. We reaffirm our support for the reform efforts in the countries in transition including the Central and Eastern European Countries, the Baltic States, the New Independent States and Mongolia, based on the principles of help for self-help and partnership. The success of their reform and their full integration into the world economy are essential to world peace and stability. We look for continuing constructive and responsible cooperations with these countries in international affairs. Encouraging first signs of economic recovery are visible in those countries in Central and Eastern Europe where reform is most advanced. We welcome the development of economic cooperation and trade with us and urge stronger cooperation among the countries in transition themselves.

10. We welcome the further progress made by Russia since Munich in its courageous reform efforts under the leadership of President Yeltsin and supported by the Russian people in the recent referendum. We urge Russia to intensify its efforts to reduce inflation and the budget deficit, and to take all the necessary legal and administrative measures to build on the strong start in privatization and to promote further structural adjustment. The G7 Joint Ministerial Meeting held in Tokyo in April set out a framework of support for the Russian people's self-help efforts. We welcome the progress made in each area. Official creditors have provided tangible support for the reform process through generous debt rescheduling. We expect the Russian Government, banks and uninsured suppliers to negotiate comparable solutions. We welcome the creation of the IMF Systemic Transformation Facility and its \$1.5 billion first tranche disbursement to Russia. We urge Russia and the IMF to begin immediately negotiations toward a stand-by arrangement. We also welcome the recent approval of the World Bank's \$610 million oil sector rehabilitation loan associated with the EBRD's \$250 million co-finance. We have made commitments to provide funds to establish a \$300 million Small- and Medium-sized Enterprise Fund in close cooperation with the EBRD. We recognize the importance of improved market access for economic progress in Russia. We will work with Russia as it proceeds towards accession to the GATT. In this connection, we will intensify efforts to adapt export controls to the post-Cold War era. Recognizing that privatization and enterprise reform are at the heart of Russia's transformation into a market economy, we agree to create a Special Privatization and Restructuring Program, in cooperation with international financial institutions, consisting of enterprise restructuring support, technical assistance and oblast (sic) support, focusing on an initial period to the end of 1994. In total, this programme is expected to mobilize \$3 billion. In addition, we are ready to encourage our private sectors to assist in this process, sharing with their Russian counterparts methods and techniques to increase

productivity. We agree to establish a Support Implementation Group in Moscow to facilitate implementation of our support to Russia. In turn, we urge the strengthening of Russian implementation efforts.

11. We welcome the progress made in the nuclear safety programme agreed at the Munich Summit, including the establishment of the multilateral fund, in which we encourage broader participation. Urgent safety measures, coordinated through the G24, need to be implemented rapidly to secure real improvements at the plants still causing great concern. The states concerned bear the primary responsibility for respecting the fundamental principles of nuclear safety. Independent regulatory authorities should be strengthened and nuclear safety must be given higher priority in all the countries concerned, including the early closure of high risk reactors such as Chernobyl. We invite the World Bank, together with the IEA, to continue the dialogue with each of the countries concerned, and working with other lending institutions including the EBRD and the EIB, to support them in developing longer term energy strategies. Our aim is to agree as quickly as possible on a framework for coordinated action by all those involved following a country-by-country approach. We will review the progress made in 1994.

In the light of existing international obligations, we emphasize our concern over the ocean dumping of radioactive wastes by Russia.

Developing Countries

12. While encouraging changes in policy reforms and performance are taking place in many developing countries, many are still confronted with major economic and social difficulties, particularly in Africa. We recognize that their sustainable development and their integration into the world economy as well as their cooperation in addressing the global challenges to mankind are essential for peace and prosperity of the world. We will continue to strengthen our support for their self-help efforts based on the principles of good governance. We will also encourage them to follow sound and open economic policies to create a solid base for sustainable economic growth.

13. To this end, we will pursue a comprehensive approach, covering not only aid but also trade, investment and debt strategy, and a differentiated approach, tailored to the needs and performances of each country at its particular stage of development and taking environmental aspects into account. Under such an approach, we will make all efforts to enhance development assistance in order to respond to ongoing needs as well as new requirements. The poorest countries deserve special attention. Accordingly, we support the succession to or the renewal of the IMF's Enhanced Structural Adjustment Facility. We also look forward to a successful outcome of the International Conference on African Development in October this year. We confirm the validity of the international debt strategy and invite the Paris Club to continue reviewing the question of debt relief for the poorest highly-indebted countries, especially with regard to earlier reductions in the stock of debt on a case-by-case basis. We welcome the US administration's decision to join us in debt reduction for these countries.

14. We welcome the initiatives taken by developing countries to establish a more constructive partnership and dialogue on issues of our mutual interest. We will work for the success of the International Conference on Population and Development in Cairo next year which is important in addressing the linkages between rapid population growth and the goals of sustainable development.

International Cooperation and Future Summits

15. In order to meet the challenges we face, we are determined to strengthen international cooperation in the existing fora and seek better coordination and efficiency. We recognize and applaud the efforts of the Secretary-General to reform and improve the operations of the UN. We will support him in the pursuit of these objectives.

16. We have reflected on how Summits could best focus our attention on the most significant issues of the time. We value Summits for the opportunity they provide to exchange views, build consensus and deepen understanding among us. But we believe Summits should be less ceremonial, with fewer people, documents and declarations, and with more time devoted to informal discussion among us, so that together we may better respond to major issues of common concern. We intend to conduct future Summits in this spirit.

We have accepted the invitation of the President of the Council of Ministers of Italy to meet in Naples, Italy, in July 1994.