



SUMMARY OF THE CSD INTERSESSIONAL *AD HOC* WORKING GROUP ON FINANCIAL RESOURCES AND MECHANISMS & ECONOMIC GROWTH, TRADE AND INVESTMENT: 22-25 FEBRUARY 2000

The Commission on Sustainable Development's (CSD) Intersessional *Ad Hoc* Working Group on Financial Resources and Mechanisms & Economic Growth, Trade and Investment, serving as a preparatory meeting for CSD-8, met from 22-25 February 2000 at UN Headquarters in New York. The Working Group produced Co-Chairs' summaries of discussions on the finance and trade clusters and two documents outlining possible elements for action-oriented decisions at CSD-8. The Co-Chairs' documents were attached to their Report of the Working Group.

At the outset of discussions, CSD-8 Chair Juan Mayr (Colombia) noted the major conflicts of the past year on the issues of finance, trade, agriculture and the environment. He urged delegations to come up with the key building blocks for agreements to be implemented by other forums rather than attempt to find definitive solutions.

A BRIEF HISTORY OF THE CSD

The CSD emerged from Agenda 21, the programme of action adopted by the 1992 UN Conference on Environment and Development (UNCED). Agenda 21 called for the creation of the CSD to: ensure effective follow-up of UNCED; enhance international cooperation and rationalize intergovernmental decision-making capacity; and examine progress in Agenda 21 implementation at the local, national, regional and international levels. In 1992, the 47th session of the UN General Assembly set out, in Resolution 47/191, the terms of reference for the Commission, its composition, guidelines for the participation of NGOs, the organization of work, the CSD's relationship with other UN bodies, and Secretariat arrangements. The CSD held its first substantive session in June 1993 and has met annually since then.

In June 1997, five years after UNCED, the General Assembly held a special session (UNGASS) to review implementation of Agenda 21. Negotiations held in a Committee of the Whole, as well as in several ministerial groups, produced a Programme for the Further Implementation of Agenda 21. Among the decisions adopted at UNGASS was the CSD work programme, which identifies sectoral, cross-sectoral

and economic sector/major group themes for the subsequent four sessions of the Commission. Overriding issues for each year were to be poverty and consumption and production patterns.

The sixth session of the CSD met from 20 April - 1 May 1998. Participants considered the economic theme of industry and the sectoral theme of strategic approaches to freshwater management. They also reviewed implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States and discussed the cross-sectoral themes of technology transfer, capacity building, education, science and awareness raising.

The seventh session of the CSD met from 19-30 April 1999. Participants considered the economic theme of tourism, the sectoral theme of oceans and seas and the cross-sectoral theme of consumption and production patterns. They also prepared for the UN General Assembly's Special Session to review the Barbados Programme of Action.

THE CSD ON FINANCE AND TRADE: At its five-year review of UNCED in 1997, the UN General Assembly agreed on a multi-year programme of work including a review of progress achieved in implementing the objectives for the cross-sectoral themes of finance and trade. Accordingly, the Economic and Social Council decided that one of two Intersessional Working Groups, acting as a preparatory meeting for CSD-8, be devoted to Financial Resources and Mechanisms & Economic Growth, Trade and Investment. In support of the Working Group and CSD-8, a Fifth Expert Group Meeting on Finance for Sustainable Development was held in Nairobi from 1-4 December 1999.

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REPORT OF THE INTERSESSIONAL *AD HOC* WORKING GROUP

The CSD Intersessional *Ad Hoc* Working Group on Financial Resources and Mechanisms & Economic Growth, Trade and Investment opened on Tuesday morning, 22 February 2000. After opening remarks by CSD-8 Chair Juan Mayr, delegates elected Co-Chairs Choi-Seok-young (Republic of Korea) and Ahmed Ihab Gamaleldin (Egypt) and adopted the agenda and programme of work (E/CN.17/ISWG.II/2000/I).

Delegates then held a general discussion on the finance cluster, which they completed on Tuesday, followed by the trade cluster, which they completed on Wednesday. Initial Co-Chairs' drafts based on the discussion of the finance and trade clusters were presented on Wednesday and Thursday, respectively. After opportunities to respond to these initial drafts, delegations were presented with revised Co-Chairs' "Summaries" and "Possible Elements" on Friday, 25 February. The final plenary meeting was convened on Friday afternoon to allow delegations to comment on the revised documents. Delegations were informed that their comments during Friday's closing plenary would not necessarily be included in the Co-Chairs' Report of the Meeting, to be presented to CSD-8. Only those comments enjoying consensus would be integrated into the Co-Chairs' revised papers.

The Working Group was assisted in its opening discussions by Reports from the UN Secretary-General on Financial resources and mechanisms (E/CN.17/2000/2) and Economic growth, trade and investment (E/CN.17/2000/4).

The following report provides a synopsis of the Co-Chairs' Summaries of Discussions and Possible Elements for Decisions on the finance and trade clusters. The synopsis of the "Possible Elements" papers includes a review of the debates on the Co-Chairs' initial drafts.

CO-CHAIRS' REVISED SUMMARY OF THE DISCUSSION ON FINANCIAL RESOURCES AND MECHANISMS

INTRODUCTION: The Co-Chairs' Summary notes the importance of an enabling environment for sustainable development and of partnership between developed and developing countries based on the principle of common but differentiated responsibilities.

INTERNATIONAL FINANCE AND SUSTAINABLE

DEVELOPMENT: This section focuses on the need to promote official development assistance (ODA), find lasting solutions to the debt problem, and enhance the mobilization of long-term private investment. The section cites ODA as an essential source of funding for sustainable development and commends those countries that have met the agreed UN ODA target of 0.7% of GNP, noting that the downward trend should be reversed. The section notes that ODA needs to be effective and efficient while taking account of domestic environments in recipient countries, and that it should avoid new conditionalities. Some delegates had the view that ODA yields multiple paybacks to donor countries, and called for research, which is to be made public. On private foreign investment, the section notes the need to spread this more widely and to lessen its volatility; and the need for more predictable, stable, and non-discriminatory environments. On debt relief, the section notes that various options were proposed, including one policy initiative for debtors to repay debts, for which they will receive grants of up to 100% for poverty alleviation and social development. Finally, the section notes a suggestion that CSD convene an *ad hoc* intergovernmental panel to study the lack of progress in fulfilling commitments made in the areas of finance and technology transfer.

DOMESTIC FINANCE AND SUSTAINABLE DEVELOPMENT:

This section notes the views that domestic resources will continue to be the prime source of financing for sustainable development, and that countries should provide the economic, business, governance, and participatory frameworks to mobilize additional financial

resources. It also highlights that these frameworks should not be imposed or used as conditions for financial cooperation. Environmental taxes and charges, the elimination of harmful subsidies and the involvement of the private sector are also cited as important contributors to sustainable development, if promoted in the context of each country's level of development and capacity.

INNOVATIVE FINANCIAL MECHANISMS: This section briefly notes the contribution of the Global Environment Facility (GEF) and the possibilities of the Kyoto Protocol's Clean Development Mechanism (CDM) and identifies the need for further work on domestic financial mechanisms. The report states that innovative mechanisms are not substitutes for ODA, foreign direct investment (FDI) and foreign portfolio investment.

CO-CHAIRS' REVISED POSSIBLE ELEMENTS FOR A DRAFT DECISION ON FINANCIAL RESOURCES & MECHANISMS

INTRODUCTION: The introduction outlines core principles relating to financing for sustainable development. During discussion of the first draft, delegates called for the document to be shorter and more action-oriented. The G-77/CHINA expressed concern with the draft's emphasis on the responsibilities of developing countries, while the US and EU emphasized the social aspects of sustainable development. The G-77/CHINA, with EGYPT, called for reference to the principle of "common but differentiated responsibilities." The revised document emphasizes FDI, and notes that the processes of economic globalization and trade liberalization have been accompanied by the marginalization of "some" developing countries.

PRIORITIES FOR FUTURE WORK: In addition to identifying four priority areas for future work, this section notes the High-Level Event on Financing for Sustainable Development in 2001. During discussion of the draft, the US suggested including a new priority area relating to the social dimensions of trade and investment. Noting that the CSD will address financial resources and mechanisms as an overriding issue at its ninth session in 2001, the revised draft retains the original priority areas, although it notes that the agreed priorities are not exclusive. The agreed priority areas are: the promotion of international finance for sustainable development; mobilization of domestic financial resources for sustainable development; innovative financial mechanisms; and the improvement of institutional frameworks and promotion of public and private partnerships.

PROMOTION OF INTERNATIONAL FINANCE FOR SUSTAINABLE DEVELOPMENT:

This section identifies specific actions for governments and international financial institutions to promote finance for sustainable development. During discussions, the G-77/CHINA called for future ODA to be given as grants, underlined the importance of a paragraph on debt relief, and called for the reference to "major groups" to be consistent with Agenda 21. The EU, supported by NORWAY and the REPUBLIC OF KOREA, suggested referring to the UNCTAD X target for aid directed to LDCs. The EU, supported by SWITZERLAND, CANADA and NEW ZEALAND, and opposed by the G-77/CHINA, advocated referring to "good governance." The Co-Chairs' revised text urges:

- developed countries to meet the UN target of 0.7% of GNP for ODA and, where agreed, within that target, to earmark 0.15 to 0.2% of GNP for LDCs;
- new ODA to be provided in the form of grants;
- developing countries to develop policies to enhance the effectiveness of aid, partnership, "governance," sound management of public affairs and the participation of civil society;
- creditor countries and international financial institutions to implement speedily the Enhanced Highly Indebted Poor Countries (HIPC) initiative to eligible countries, calling on donors to agree without delay an overall financing plan for the Trust Fund;
- HIPC countries to link debt relief to poverty alleviation;



- governments to introduce policies, institutions and capacities to attract FDI; and
- governments, in cooperation with international organizations, to implement measures to counter the volatility of short-term capital flows.

MOBILIZATION OF DOMESTIC FINANCIAL RESOURCES FOR SUSTAINABLE DEVELOPMENT: This section urges governments to adopt measures to promote the mobilization of domestic sources of capital. During discussion on the first draft, the G-77/CHINA called on industrialized countries to take the lead in mobilizing domestic resources. While the US questioned the appropriateness of references to environmentally harmful subsidies, NEW ZEALAND saw no reason to refer only to the “gradual” phasing out of such subsidies. The RUSSIAN FEDERATION and SUDAN, proposed including a new paragraph on reversing capital flight.

The Co-Chairs’ revised draft urges governments to, *inter alia*:

- establish the basis for an enabling environment for mobilizing domestic financial resources;
- increase cooperation for addressing capital flight;
- examine means for integrating environmental finance into mainstream public finance; and
- conduct research on the implementation of economic instruments.

PROMOTION OF INNOVATIVE FINANCIAL MECHANISMS: This section encourages governments, in cooperation with international organizations and major groups, to investigate means for promoting the effective use of new mechanisms in sector finance. Discussion of the first draft focused on the role of the CDM and the GEF, with various delegates cautioning that the CDM was still under negotiation. The G-77/CHINA proposed enlarging the mandate of the GEF, while the RUSSIAN FEDERATION proposed expanding the GEF’s “resource base.”

The revised draft document highlights the potential role of the CDM for increasing private sector investment in projects in developing countries once the Kyoto Protocol has been ratified, and advocates the pursuit of innovative approaches through the mechanisms of other multilateral environmental agreements (MEAs). It recommends that the GEF continue to be a key mechanism for providing funding to developing countries and countries with economies in transition (EITs), and advocates augmentation of its resources be considered at the next replenishment.

IMPROVEMENT OF INSTITUTIONAL FRAMEWORKS AND PROMOTION OF PUBLIC AND PRIVATE PARTNERSHIPS: This section emphasizes the need for improved international cooperation in the international financial system, and urges the promotion of public-private partnerships to finance sustainable development. Discussion of the first draft focused on whether to include the provision calling on CSD-8 to convene an *ad hoc* intergovernmental panel to study the lack of progress in fulfilling commitments relating to finance and technology transfer. The G-77/CHINA, supported by EGYPT and PAKISTAN, strongly supported including the paragraph, while the US and EU wanted it to be deleted, and JAPAN cautioned against duplication of efforts. During discussion, the EU and US suggested removing reference to the principle of “common but differentiated responsibilities.”

The revised draft removes reference to this principle, but retains the proposal for an intergovernmental panel. It also calls for improved dialogue between the Bretton Woods institutions, UNCTAD, UNEP, UNDP and the GEF, and encourages research on various issues relating to finance and sustainable development.

CO-CHAIRS’ REVISED SUMMARY OF THE DISCUSSION ON ECONOMIC GROWTH, TRADE AND INVESTMENT

INTRODUCTION: The Co-Chairs’ Summary is based on the view that trade and investment are essential for sustained economic growth and sustainable development. Calls from some delegations for complementary approaches on environmental and social policies and their enforcement are also noted. The introduction also cites: the need to ensure that LDCs benefit from trade liberalization; consideration of the links between trade liberalization and sustainable development; and work on improving coherence and coordination between donors and international organizations. The overriding priority of poverty eradication for developing countries is underlined. Developed countries are called upon to take the lead in addressing unsustainable production and consumption patterns.

TRADE AND ECONOMIC GROWTH: This section notes that economic growth and stagnation can involve environmental degradation. Developed countries should therefore progressively decouple economic growth from environmental stress. For developing countries, environmental stress is linked to poverty, underdevelopment and the absence of alternatives including sustainable livelihoods. UNCTAD X is cited as having highlighted the need for more effort by developing countries on issues including market access, commodities, transfer of technology, and capacity building.

TRADE AND ENVIRONMENT: Based on Agenda 21, this section notes the need for further consideration of affordable access to and transfer of environmentally sound technologies (ESTs), with emphasis on terms of access. Progress on identifying appropriate forms of traditional knowledge, also relating to benefit sharing, is noted. Sustainability impact assessments are cited as of possible value. The section also notes the issues to be addressed if developing countries are to benefit from trade liberalization. Finally, the section welcomes the decision on further work on trade and environment, as adopted at UNCTAD X, and emphasizes the need to strengthen cooperation between the WTO, UNCTAD and UNEP, especially with regard to capacity building in the area of trade, environment and development.

FOREIGN DIRECT INVESTMENT: This section stresses the importance of private FDI, which has the potential to support the economic, environmental and social objectives of sustainable development. It is noted that more countries should benefit from FDI, especially in Sub-Saharan Africa. The need for some developing countries to develop appropriate domestic frameworks for attracting FDI and for assistance to achieve this, is also noted. The section sets out a number of measures, including voluntary commitments, to encourage the contribution of transnational corporations (TNCs) to the achievement of sustainable development.

CO-CHAIRS’ REVISED POSSIBLE ELEMENTS FOR A DRAFT DECISION ON ECONOMIC GROWTH, TRADE AND INVESTMENT

INTRODUCTION: This section outlines some basic implications of economic growth, trade and investment for sustainable development. During discussion, the EC and the US advocated greater emphasis on the social dimension of sustainable development. The US specified labor-trade synergies, while BRAZIL suggested inserting a principle that the CSD should avoid discussions that disturb negotiations on related issues in other forums. With the support of MEXICO and the PHILIPPINES, the G-77/CHINA proposed deleting or redrafting reference to the challenge of stimulating domestic investment and attracting foreign investment.

The revised draft calls for activities regarding economic growth, trade and investment to be pursued in accordance with Agenda 21. It recommends strengthening coordination between UNCTAD, UNIDO,



WTO, UNEP and other institutions, and highlights the challenge facing developing countries and EITs to stimulate domestic investment and attract FDI.

PRIORITIES FOR FUTURE WORK: This section identifies four priority areas for future work. During discussion of the draft, the EC and the US suggested a more direct focus on sustainable development in the priority areas. The US suggested inclusion of a new priority area relating to the social dimensions of trade, investment and economic development.

The revised document identifies the following priority areas for future work: promotion of sustainable development through trade and economic growth; making trade and environment mutually supportive; promotion of sustainable development through investment; and strengthening institutional cooperation and promotion of partnerships.

PROMOTION OF SUSTAINABLE DEVELOPMENT THROUGH TRADE AND ECONOMIC GROWTH: This section calls on governments and international organizations to implement various measures relating to trade and the transfer of ESTs. During discussion of the draft, the G-77/CHINA emphasized the responsibility of developed countries to support developing countries in eradicating poverty and enhancing market access. The RUSSIAN FEDERATION suggested that market access be extended to include the exports of EITs. NEW ZEALAND proposed reference to the elimination of trade distorting subsidies and non-tariff barriers. On the proposal to grant duty-free and quota-free access for LDCs' exports, the US and the EC underscored the need to examine the contributions of developing countries, drawing attention to decisions at UNCTAD X. The US emphasized the impact of inadequate policies on food security. The RUSSIAN FEDERATION highlighted the need to stimulate markets in environmental products and services.

The revised draft urges governments, *inter alia*, to:

- promote improved market access, technical assistance and capacity building for developing countries and EITs;
- eliminate trade distorting policies, protectionist practices and non-tariff barriers to trade;
- give urgent consideration to a possible commitment by developed countries to grant duty-free and quota-free market access for essentially all exports originating in LDCs; and
- provide more focused technical and financial assistance to address the problem of food security in developing countries;

The section encourages international organizations to examine ways to promote the indigenous development of and EST transfer to developing countries, including through implementation of relevant provisions in the TRIPs Agreement. Furthermore, governments and international organizations, in collaboration with business communities and other representatives of civil society, are encouraged to promote markets for environmental products, technologies and services.

MAKING TRADE AND ENVIRONMENT MUTUALLY SUPPORTIVE: This section identifies various measures aimed at enhancing the possible synergies between trade liberalization and environmental protection. Discussion on the draft focused on the reference to sustainability impact assessment (SIA), with the G-77/CHINA, supported by the PHILIPPINES and the RUSSIAN FEDERATION, expressing caution on the concept. SWITZERLAND supported the concept, acknowledging the need for clarification. The US, supported by the EC, noted the importance of SIA but suggested reformulating the text to reflect the importance of EIA and its methodologies. The EC suggested that the CSD invite the WTO to take more account of economic, environmental and social aspects of trade. The revised document calls, *inter alia*, for:

- enhanced cooperation between the WTO, UNCTAD, UNEP and MEA secretariats;

- certification and labeling schemes to be designed in a transparent and non-discriminatory manner; such schemes should not lead to disguised barriers to trade, and efforts should be taken to facilitate participation of developing countries in the standard-setting process;
- governments and international organizations to identify and address the economic and developmental implications of MEAs; and
- the concepts of trade-related EIA and SIA to be further explored, with emphasis placed on the development of methodologies.

PROMOTION OF SUSTAINABLE DEVELOPMENT THROUGH INVESTMENT: This section identifies actions aimed at enhancing the potential of investment, including FDI, to contribute to sustainable development. During discussion of the draft, the US qualified references to the regulation of investor activity, and to the volatility of short-term capital flows. JAPAN suggested provision for the use of environmental guidelines to make investment more sustainable development oriented.

The revised draft encourages governments to promote a stable, non-discriminatory and transparent climate to encourage domestic and foreign investment, while regulating the activity of investors, as appropriate; and, with international organizations, to address the potential risks that may arise from the volatility of short-term capital flows. The document recommends that governments and international organizations, in cooperation with relevant private sector organizations and stakeholders, enhance the potential of investment to contribute to sustainable development by, *inter alia*:

- promoting the use of environmental management systems and the transfer of ESTs to subsidiaries of TNCs in developing countries and EITs;
- exploring possibilities to encourage companies to promote sustainable development;
- exploring the potential for improving environmental performance along the supply chain; and
- exploring the potential role of environmental guidelines.

STRENGTHENING INSTITUTIONAL COOPERATION AND PROMOTION OF PARTNERSHIPS: This section emphasizes the role of international organizations in ensuring greater synergy between trade and the environment. During discussion of the draft, the RUSSIAN FEDERATION added EITs. The US, opposed by EGYPT, suggested provision for the use of economic instruments as a means of enforcing environmental policies. IRAN added text agreed at UNGASS, while JAPAN suggested deleting paragraphs on researching the principle of "common but differentiated responsibilities." The G-77/CHINA suggested reference to strengthening efforts by the UN, the WTO, the Bretton Woods institutions and governments.

The revised draft document urges donor governments and international organizations to improve coordination in providing technical assistance to recipient countries, and to promote capacity building with a view to enabling recipient countries to implement and enforce effective environmental policies including through the design and use of economic instruments.

CLOSING PLENARY

Co-Chair Seok-young opened the final meeting of the Intersessional Working Group on Friday, 25 February, just after 3:00 pm. He invited the Working Group to comment on the revised draft Summary and Possible Elements for a Draft Decision on Financial Resources and Mechanisms and explained that language in the drafts would be modified only where there was agreement to do so. He later clarified that the drafts were not for formal adoption, but would be noted in the Co-Chairs' Report of the Working Group. He added that comments on the revised drafts may not be incorporated in a new text for CSD-8, but



would provide an opportunity for delegations to hear the reactions of others. Delegations reserved most comments for the Elements document.

FINANCIAL RESOURCES AND MECHANISMS: Co-Chair Seok-young invited delegations to make opening comments on the revised Summary of Discussion and Possible Elements for a Decision on Financial Resources and Mechanisms. The EU asked that the ordering of paragraphs should reflect the view that the main source of finance for Agenda 21 in all countries would be met from domestic resources. The G-77/CHINA, supported by IRAN, said trust in new concepts would only come when existing Agenda 21 recommendations were implemented. POLAND complained that its two proposals for new text had not appeared in the revised drafts. NEW ZEALAND, supported by CANADA, said that both the finance and trade drafts lacked concrete recommendations. This reflected a lack of engagement since some of the issues were regarded as the preserve of other forums. He expressed concern at the reluctance of some delegations to acknowledge that there may be benefits from some innovative mechanisms and at the heavy emphasis on increasing levels of ODA. He said that it would be a shame not to take advantage of a combination of the two sources.

Introduction: The EU repeated a call for reference to promoting social equity and decoupling economic growth and environmental degradation. The G-77/CHINA called for a reference to common but differentiated responsibilities and characterized investments from FDI as short term. IRAN added a reference to “sustainable development” to describe the financial mechanisms discussed in the paragraph. In a paragraph on globalization and trade liberalization, he said a reference to the marginalization of “some” countries failed to reflect reality, citing the number of HIPCs. The US regretted the absence of reference to a careful review of financing for sustainable development given the changes that have occurred in the world since the adoption of Agenda 21. He suggested that the decline in ODA levels was unlikely to be reversed.

Priorities for Future Work: The EU underscored that UNGASS agreed the over-riding issues of poverty and sustainable production and consumption.

Promotion of International Finance for Sustainable Development: The EU called for greater emphasis on the effectiveness and quality of ODA. He said a paragraph on private capital flows overstated the power of governments to influence the private sector. JAPAN observed that a bias had been introduced in an introductory paragraph on the requirements from developed countries. He also disagreed with text recommending that new ODA be provided in the form of grants. The G-77/CHINA expressed serious reservations about a reference to “careful targeting” of aid going to the poorest countries. In a paragraph on addressing the debt problems of middle-income developing countries, the G-77/CHINA opposed reference to “necessary domestic reforms” alongside trade liberalization, ODA and foreign investment.

Mobilization of Domestic Financial Resources for Sustainable Development: The EU and CANADA, opposed by the G-77/CHINA and EGYPT, insisted on a reference to “good governance.” The G-77/CHINA, opposed by CANADA, called for the deletion of subparagraphs on government action to create an enabling environment and on capital flight. The G-77/CHINA also called for the deletion or transfer of a subparagraph on integrating environmental finance into mainstream public finance. IRAN, supported by EGYPT, asked for the deletion of the subparagraph on public finance. POLAND and the RUSSIAN FEDERATION repeated a call for an amendment to a subparagraph on environmental finance and public finance, preferring a recommendation to “coordinate” rather than “integrate” the two streams. IRAN objected to “mobilization” of domestic financial

resources, preferring “utilization;” and called for the replacement of reference to assistance to enable the design of effective “market based instruments” with assistance “to design sustainable development friendly regulations.” On the GEF, the US called for a greater emphasis on economies in transition and developing countries using the mechanism for targeting global environmental benefits, and improving the GEF’s resource base.

Promotion of Innovative Financial Mechanisms: The G-77/CHINA opposed the reference to the Kyoto Protocol’s CDM and opposed a general reference to promoting the use of “innovative financial mechanisms.” BRAZIL said that the CDM had been presented to appear as a solution to all the problems of the developing world; with EGYPT and VENEZUELA, she expressed concern at the reference. NORWAY accepted that the CDM is a promising mechanism. Co-Chair Seok-young said a new paragraph had been created to refer to all MEAs. POLAND repeated a request for reference to the GEF’s “mandatory areas” of activity. IRAN objected to a reference limiting GEF funding to the “net” costs of providing global environmental benefits.

Improvement of Institutional Frameworks and Promotion of Public and Private Partnerships: Co-Chair Seok-young said that a new paragraph had been created on the urgent need to fulfill Agenda 21 provisions on finance and on new and additional resources. The US said a paragraph recommending that the CSD convene an *ad hoc* inter-governmental panel to study the lack of progress in implementing Agenda 21 commitments on finance had crept into the document. EGYPT defended the need for a review of implementation, while NORWAY preferred an expert process as opposed to an intergovernmental process. JAPAN said he was not convinced of the utility of this proposal.

Concluding Plenary Discussion on Finance: Co-Chair Seok-young presented an informal paper containing an outline of the proposed structure of the Co-Chairs’ Report of the Working Group. The Report will contain an introduction, setting out the mandate and role of the Working Group, and the character of the Co-Chairs’ Summary and Elements papers. The Possible Elements papers will serve as a starting point for discussions at CSD-8. He reported on his discussions with his Co-Chair and the Secretariat on a proposal that they prepare a paper combining the Possible Elements for Draft Decisions on both the finance and trade clusters. He said this would prove technically difficult. The question of whether one or two separate decisions should be prepared would be best handled at CSD-8.

ECONOMIC GROWTH, TRADE AND INVESTMENT: Co-Chair Seok-young invited delegations to begin with comments on the Co-Chairs’ revised Summary of Discussion on Economic Growth, Trade and Investment. The G-77/CHINA, with others, welcomed the balanced presentation. He stressed that SIAs be further studied and asked that certification issues be clarified. The EC underlined its fundamental priority that the multilateral trading system be more responsive to environmental concerns. He also asked that the social dimension be addressed in more detail. The US asked for reference to dialogue with stakeholders, and, with INDONESIA, expressed regret at the lack of reference to labor standards. Co-Chair Gamaleldin noted that labor standards were referred to in the Summary, but not in the Elements paper. BRAZIL expressed dismay at efforts to categorize developing countries, that issues outside CSD’s mandate were being raised, and that controversial concepts were being introduced without discussion.

Introduction: The EU suggested that UNCTAD X and other processes be built upon. The US, with NORWAY, suggested strengthening and balancing references to production and consumption patterns, and poverty.



Priorities for Future Work: The US suggested that further ways be found to make trade and environment mutually supportive

Promotion of Sustainable Development Through Trade and Economic Growth: The G-77/CHINA questioned the origins of text on developing countries' improving access for LDC exports, and suggested references to specific TRIPS agreements, especially Article 7. EC suggested access should relate to all "products." AUSTRALIA welcomed the inclusion of its comments on developed countries' trade practices, and asked that references to access include agricultural and industrial products. The EC, with NORWAY, suggested directing a recommendation on equitable distribution of trade benefits at governments and international organizations, with reference to women and children, working conditions and labor standards. The US suggested mentioning poverty alleviation and importance of developing countries' policies on food security.

Making Trade and Environment Mutually Supportive: The G-77/CHINA suggested specifying existing certification and labeling schemes. The US supported references to transparency. The RUSSIAN FEDERATION suggested linking standard setting to science. The EC suggested: strengthening references to the social and environmental implications of trade, and that the trade system be more responsive to sustainable development. With NORWAY, the EC suggested keeping a reference to dialogue with civil society on trade and sustainable development. The G-77/CHINA asked for the deletion of a reference to "trade-related" environmental impact assessments. The EC suggested that a paragraph on environmental assessments be moved and that it include text on exchanging experiences on SIAs. The US noted that trade related EIAs had been endorsed as potentially useful tools, suggested referring to SIA methodologies, and encouraged countries to share the results. INDONESIA suggested strengthening cooperation on EIAs, but cautioned against introducing new concepts while existing ones were still being implemented. The RUSSIAN FEDERATION suggested redrafting references to EIAs and SIAs. AUSTRALIA noted the need to consider EIA processes already in place.

Promotion of Sustainable Development through Investment: The EC highlighted the need to avoid duplication between this section and relevant sections in the Co-Chairs' draft on the trade cluster. He called for recognition that multilateral frameworks on investment could improve flows to developing countries. On enhancing investment, NORWAY suggested keeping references to multi-stakeholder approaches. INDONESIA suggested adding reference to small and medium-size enterprises.

Strengthening Institutional Cooperation and Promotion of Partnerships: The G-77/CHINA suggested deleting reference to the enforcement of effective environmental policies including through economic instruments. The EU suggested that reference to the Rio Principles was sufficient. The US suggested that text on coherence and coordination should refer to EITs.

CONCLUSION: Delegates adopted the draft Report of the Working Group (E/CN.17/ISWG.II/2000/L.1). Delegates agreed that the Co-Chairs include their revised Summary and Elements papers on the finance and trade clusters. Co-Chair Gamaleldin thanked Co-Chair Seok-young, both thanked delegates for their contributions and drew the meeting to a close at 6:00 pm.

A BRIEF ANALYSIS OF THE MEETING

THE BATTLE OF SEATTLE - FINDING THE CSD'S COMPARATIVE ADVANTAGE

The challenge for participants at the Intersessional Working Group meeting on the finance and trade clusters was a familiar one for the CSD: how to make a valuable contribution to an important debate for

which the centers of gravity lie elsewhere, most notably in the WTO. Given the widely held perception that the CSD's competence in these areas must be framed by sensitivity to negotiations in other fora, this analysis is confined to one simple question: what added value can the Intersessional Working Group and the CSD deliberations bring to debates on finance, trade and investment?

THE CSD - SEARCHING FOR ADDED VALUE: The important question for some members of G-77/CHINA is not the risk of the CSD overlapping with other forums, but the opportunity the CSD presents to raise issues that other forums have failed to resolve. According to a senior delegate from Nigeria, "If the issue comes up here [at the Intersessional] it reflects a lack of progress elsewhere. Our role is to sensitize these other organizations and let them know what is expected."

Within this view, the question of the CSD's limited competence on finance and trade does not arise. The objective of discussions at the Intersessionals is to allow countries to register their views and help mainstream the sustainable development debate within and beyond the UN. From this perspective, it is important not to judge the Intersessional outputs too harshly; rather, one should take a longer, more nuanced look at the gradual shifts in the consensus language that frames discussions on long standing issues within the UN.

A competing perspective is illustrated by a critique of the developing countries themselves and the "reality gaps" between the "pre-fabricated" positions of the G-77/China members at the Intersessionals, and members' actions elsewhere. For example, while the G-77 raised concerns about certification during the Intersessional, some members of the Group have adopted different positions at WTO deliberations where certification and labeling has been more readily recognized. Critics also compare the way in which the CSD's battleground around issues such as the principle of "common but differentiated responsibilities," technology transfer, and the nature and role of ODA and TNCs has hardly changed since 1993, while the sustainable development agenda has moved on in a world now dominated by globalization.

The Intersessional meeting may also be characterized by its omissions: its limited assessment of the implications of the WTO Ministerial in Seattle or of the failed Multilateral Agreement on Investment; its inadequate review of "process and production methods," and its seeming failure to attract the participation of representatives of international financial institutions or national finance ministries.

WIN,WIN,WIN: Some observers at the Intersessional noted that delegations have become caught up in a vicious circle. Lacking authority, the Commission has, from the beginning, proliferated numerous decisions that "encourage" and "urge," rather than drawing back and taking a second look at the creative possibilities of a more modest role. This trend has generated negative feedback to capitals where the CSD inevitably slips down the list of priorities, falling behind competing demands of technical bodies and "real" negotiating forums.

With a view to reversing this trend, CSD-8 Chair Juan Mayr has been traveling extensively, encouraging the active participation of ministers with a mix of portfolios. In Montreal, at the recently concluded negotiations on a Biosafety Protocol, Mayr succeeded in introducing unparalleled levels of transparency and participation by inviting like minded groups to sit around a table, nominate spokespersons and mix freely with representatives from NGOs. In seeking to achieve a "win-win-win" solution for trade, development and the environment, the potential exists for Mayr to respond to the challenges presented by the failures at Seattle, and thereby ensure a triple win for the CSD by adopting one of the first principles of sustainable development: achieving much more with less.



THINGS TO LOOK FOR: FINANCE AND TRADE

WTO COMMITTEE ON TRADE AND ENVIRONMENT:

The WTO Committee on Trade and Environment is scheduled to meet three times in 2000: from 29 February – 1 March, 5-6 July, and 24-25 October in Geneva. The meeting to be held from 5-6 July will include an information session with selected MEA Secretariats. For more information, contact: Sabrina Shaw, Secretary of the CTE, WTO, tel: +41-22-739-5482; e-mail: Sabrina.shaw@wto.org; Internet: <http://www.wto.org/wto/envIRON/te030.htm>

THIRD MEETING OF THE MEDITERRANEAN DEVELOPMENT FORUM: This meeting will take place from 5-8 March 2000 in Cairo, Egypt, and will focus on trends, challenges and opportunities in the Mediterranean region relating to economic liberalization, regional integration and the role of the private sector. For more information, contact: Tudor Lomas, Jemstone Network; tel: +962-6-585-3025; e-mail: mdf@jemstone.net; Internet: <http://www.worldbank.org/wbi/wbiEP/mdf.html>

INTERNATIONAL EXPERTS MEETING ON SUSTAINABILITY ASSESSMENT OF TRADE LIBERALIZATION: This meeting will be held from 6-8 March 2000 in Quito, Ecuador, organized by the WWF and Fundacion Futuro Latino Americano and hosted by the Government of Ecuador. The meeting aims to identify methodological best practices to undertake sustainability assessments of trade agreements. For more information, contact: Mireille Perrin, Trade and Investment Unit, WWF International; tel: +41-22-364-9026; fax: +41-22-364-8219; e-mail: mperrin@wwf.net.org.

WTO COMMITTEE ON TRADE AND DEVELOPMENT:

The WTO Committee on Trade and Development is provisionally scheduled to meet on 10 March 2000 in Geneva. For more information, contact: Lucie Giraud, WTO Information and Media Relations Division, tel: +41-22-739-5075, e-mail: lucie.giraud@wto.org; Internet: <http://www.wto.org/wto/develop/dev.htm>

ASIA PACIFIC ROUNDTABLE FOR CLEANER PRODUCTION INTERNET CONFERENCE ON "FINANCING CLEANER PRODUCTION IN ASIA PACIFIC REGION": This Internet-based meeting will be held from 15-31 March 2000, and is coordinated by the APRCP Secretariat at the Thailand Environment Institute (TEI), in cooperation with many other organizations from the region. For more information, visit: <http://www.tei.or.th/aprcp>

WTO TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (TRIPS) COUNCIL: The WTO Council on TRIPs will meet four times in 2000: from 21-22 March, 26-30 June, 21-22 September, and 27 November-1 December in Geneva. These dates are provisional and subject to change. For more information contact: Peter Ungphakorn, WTO Information and Media Relations Division, tel: +41-22-739-5412; e-mail: peter.ungphakorn@wto.org; Internet: <http://www.wto.org/wto/intellect/intellect.htm>

SUSTAINABILITY, TRADE AND ENVIRONMENT:

WHICH WAY NOW FOR THE WTO: This meeting will be held from 27-28 March 2000 in London, UK, hosted by the Royal Institute of International Affairs (RIIA). This conference aims to bring together key international speakers to explore the trade, investment and sustainable development debate. For more information, contact: Georgina Wright, RIIA, London, UK; tel: +44-171-957-5754; fax: +44-171-321-2045; e-mail: gwright@riia.org.

EARTH SUMMIT 2002: IDENTIFYING AN AGENDA: This UNED-UK and Wilton Park Conference will be held from 27-30 March 2000 in Steyning, UK. For more information about participation, contact: Kelley Donnelly, tel: +44-103-817-774, e-mail: kelly.donnelly@wiltonpart.org.uk and on content, contact Virginia Crowe, tel: +44-103-817-714, e-mail: virginia.crowe@wiltonpark.org.uk.

CONFERENCE ON GENETICALLY MODIFIED PRODUCTS – THE NEXT TRADE WAR? This conference will be held 5 April 2000, in London, and is hosted by the RIIA and Flora and Fauna International. For more information, contact: Georgina Wright, RIIA, London, UK; tel: +44-171-957-574; fax: +44-171-321-2045; e-mail: gwright@riia.org.

ELEVENTH CONFERENCE OF THE PARTIES TO THE CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES: CITES COP-11 is scheduled for 10-20 April 2000 in Nairobi. For more information, contact: CITES Secretariat; tel: +41-22-917-8139; fax: +41-22-797-3417; e-mail: cites@unep.ch; Internet: <http://www.wcmc.org.uk/CITES>

WORLD BANK & INTERNATIONAL MONETARY FUND:

The spring meetings of the IMF/World Bank will be held from 16-17 April 2000, in Washington, DC. The IMF/World Bank Joint Annual Meetings will take place from 26-28 September 2000, in Prague, Czech Republic. For more information, contact: World Bank/IMF Conferences Office; tel: +1-202-473-7272; e-mail: bfcoffice@worldbank.org; Internet: <http://www.imf.org/external/am/index.htm>

EIGHTH SESSION OF THE COMMISSION ON SUSTAINABLE DEVELOPMENT: CSD-8 will meet in New York from 24 April - 5 May 2000 to consider integrated planning and management of land resources, agriculture, and financial resources/trade and investment/economic growth. For more information, contact: Andrey Vasilyev, Division for Sustainable Development; tel: +1-212-963-5949; fax: +1-212-963-4260; e-mail: vasilyev@un.org; Internet: http://www.un.org/esa/sust-dev/csd8/csd8_2000.htm

GLOBAL ENVIRONMENT FACILITY: NGO consultations will take place on 8 May and 31 October 2000 at GEF Headquarters in Washington, DC. The GEF Council will meet from 9-11 May and 1-3 November 2000. For more information, contact: GEF Secretariat, tel: +1-202-473-0508; fax: +1-202-522-3240; Internet: <http://www.gefweb.org>

WTO COMMITTEE ON TECHNICAL BARRIERS TO

TRADE: The Committee on Technical Barriers to Trade will meet on 19 May, 12 July, 6 October, and 10 November 2000. For more information, contact: Vivien Liu, Technical Barriers to Trade Committee Secretary, WTO, tel: +41-22-739-5455, e-mail: vivien.liu@wto.org; Internet: <http://www.wto.org>

ASIA DEVELOPMENT FORUM MEETING: This meeting will be held from 5-8 June 2000 in Singapore. The theme is "From Crisis to Opportunity: The Way Forward for East Asia" and it will address the relationship of national economies with the regional and global economy; governments' relationships with the corporate sector; and the implicit social contract between citizens and their governments. For more information contact: World Bank Institute, Economic Policy for Poverty Reduction Division; tel: +1-202-458-2498; fax: +1-202-676-9810; e-mail: wbiPubs@worldbank.org; Internet: <http://www.worldbank.org/wbi/wbiEP/asia.html>

SIXTH EXPERT GROUP MEETING ON FINANCE FOR SUSTAINABLE DEVELOPMENT: This meeting will be held in advance of the CSD-9 Intersessionals in 2001 in Budapest, Hungary. The OECD has offered to host the meeting and the agenda will include financial issues of Agenda 21 of importance to Central and Eastern European countries. For more information, contact: Andrey Vasilyev, Division for Sustainable Development, UN, New York; tel: +1-212-963-5949; fax: +1-212-963-4260; e-mail: vasilyev@un.org.

HIGH-LEVEL INTERNATIONAL INTERGOVERNMENTAL EVENT ON FINANCING FOR DEVELOPMENT:

This event is scheduled for 2001. For more information, contact: Secretariat, Division of Policy Analysis for Development; tel: +1-212-963-4838; fax: +1-212-963-1061; Internet: <http://www.un.org/esa/analysis/ffd/index.html>