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REPORT OF THE CSD AD HOC OPEN-ENDED WORKING GROUP ON FINANCE AND PRODUCTION AND CONSUMPTION 4-8 MARCH 1996

The Commission on Sustainable Development's (CSD) *Ad Hoc* Open-Ended Working Group on Finance and Production and Consumption opened on Monday, 4 March 1996 at UN Headquarters in New York. During the course of the week-long session, delegates discussed reports from the Secretary-General on Chapters 4 (changing consumption and production patterns) and 33 (financial resources and mechanisms) of Agenda 21, which will be considered by the CSD at its fourth session (CSD-4) in April 1996. During the first two and a half days of the meeting, delegates discussed the contents of reports from the Secretary-General. The last two and a half days of the meeting focused on discussion of the Chair's Draft Report. The Working Group was able to complete discussion of the Report on changing consumption and production patterns, but left several sections unresolved. The Secretariat was asked to consult interested parties about these paragraphs so that the Chair's Report will be completed in time for CSD-4. Delegates offered their views on major issues in the Draft Report on financial resources and mechanisms, but final drafting of the Report was left to the Chair.

OPENING SESSION

Delegates opened the session by re-electing Dr. Lin See-Yan (Malaysia) as Chair of the Working Group.

NITIN DESAI, Under-Secretary-General for Policy Coordination and Sustainable Development (DPCSD), elaborated on the linkages between consumption and production patterns and finance. He stated that sustainable consumption and production patterns are an important component of sustainable development and, since the greater part of Agenda 21 falls outside the purview of the Global Environment Facility (GEF), there is a need to find support for implementing newly-formulated national and international action plans.

Delegates then adopted the agenda, as contained in document E/CN.17/ISWG.II/1996/1, Adoption of the agenda and other organizational matters.

PRODUCTION AND CONSUMPTION PATTERNS

The CHAIR then introduced Agenda Item 2, Changing consumption patterns (Agenda 21, Chapter 4). He outlined six areas elaborated by the CSD at its second and third sessions. These are: greater efficiency in the consumption of energy and resources; minimizing waste volume; assisting individuals and households to make environmentally-sound purchases; influencing the procurement policies of governments; pricing to develop incentives and disincentives; and reinforcing values of sustainable development.

The Task Manager, Kenneth Ruffing (DPCSD), introduced the report of the Secretary-General on Agenda Item 2 (E/CN.17/1996/5 and Add.1). The report contains analysis and policy recommendations in five sections: identifying trends and projections in consumption and production patterns; assessing the impact on developing countries of changes in consumption and production in developed countries; evaluating policy measures; reviewing voluntary commitments to achieve sustainable development; and revised UN guidelines for consumer protection. The Chair then invited general comments on the Secretary-General's report.

The REPUBLIC OF KOREA reported on the Workshop on Policy Measures for Changing Consumption Patterns, which was held from 30 August to 1 September 1995 in Seoul. The meeting

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was co-sponsored by the Republic of Korea, Australia, the UN DPCSD, the Organization for Economic Cooperation and Development (OECD) and the UN Development Programme (UNDP). The workshop discussed four main topics: sustainable consumption; policy options and instruments; case studies of their application in end-use energy consumption, waste management, water resource consumption and urban/land-use planning; and shared responsibility toward sustainability.

ITALY, on behalf of the EU, noted the Rio commitment that developed countries should take the lead on sustainable consumption and production issues, but stated that rapid population and economic growth in several large developing economies are changing their relative impact on the global environment. He called delegates' attention to a number of issues, including: the catalyzing role environmental legislation and consumer demand for more environmentally friendly products and services is playing in the development of new products and technologies; the necessity to assess the impacts on developing countries of changes in production and consumption patterns in developed countries; the positive step represented by the OECD initiative of "greening governments" and of incorporating environmental considerations into decision-making processes; and the importance of ensuring that trade, environment and development policies are mutually supportive.

NORWAY stated that the demand side is where the most gains can be made and suggested that the CSD concentrate on what can be done at the global level, such as cooperation on policy instruments. The Norwegian Government is supporting a dialogue on this issue on the internet, which can be found at <<http://www.iisd.ca/linkages/consume/>>. He noted that developed countries have taken the lead, and suggested welcoming developing countries into projects on these issues.

COLOMBIA stated that any change in the consumption and production patterns of industrialized countries must not have an adverse impact on the prospects for developing countries. He called for trade and technology transfer to be connected to any change in production and consumption patterns. Regarding the inferred recommendation from the Secretary-General's report that greater attention must be given to consumer decisions, he stressed producer decisions over consumer decisions. He called for the involvement of exporters, especially in developing countries, in decisions on worldwide standards of production and consumption.

AUSTRALIA suggested a focus on sustainable consumption patterns. She welcomed the Secretariat initiative to analyze global trends and develop a model, and supported a simple clearinghouse. The US supported a CSD multi-year study, and suggested that it focus on: the creation of sustainable development indicators; eco-efficiency and the internalization of externalities; and enhanced public awareness regarding the need for more sustainable patterns. He supported continued work on the demand side, and stressed voluntary programmes.

The OECD noted findings from a recent workshop, held in Norway, on the subject of clarifying the concepts involved with production and consumption. Findings included: eco-efficiency is a promising tool in an overall strategy to address consumption and production patterns; the value of eco-efficiency strategies can be enhanced by setting targets; and more needs to be done to clarify the linkages between OECD and non-OECD countries.

CHINA stated the CSD should continue to study consumption patterns and raise public awareness. He supported COLOMBIA and stated that: developed countries should take the lead on the economic and social consequences of their policies; policy proposals should not be mandatory; and guidelines for consumer protection should be discussed. The UK: described a set of environmental indicators to monitor the environmental impact of

economic activity; endorsed the role of economic instruments in changing production and consumption behavior; and called for Governments to internalize environmental externalities in line with Principle 16 of the Rio Declaration.

MEXICO stated that poverty eradication and reducing disparities in living standards are essential for sustainable development. He noted that it is more important to consider the "development trajectory" of developed, rather than developing, countries, and highlighted the environmental, social and economic aspects of this issue. He cautioned against the economic effect of applying inappropriate environmental standards to the exports of developing countries, and noted that UN guidelines should be developed in a balanced manner, taking into account both producers and consumers.

MALAYSIA raised the principle of common but differentiated responsibility. While acknowledging that the demand for resources will increase as countries develop, he noted that all countries have the "universal right to develop." While developed countries have an obligation to change unsustainable patterns, they must also assist developing countries through financial and technical means. Lastly, he stated that economic instruments must be approached cautiously, transparently, and with the needs of developing countries in mind.

INDIA stated that: the paragraph on demand-side modification of consumption patterns should reference studies of the impact of media and advertising; the paragraph on increased efficiency in the use of energy and materials should address technology transfer; the paragraph on waste generation must adopt stronger measures than voluntary ones; eco-labelling must be voluntary; and the paragraph on the demand-side approach was downplayed relative to CSD-3 recommendations.

JAPAN stated that changing consumption and production patterns must target consumers as well as producers. He highlighted the long-term objectives of his government's basic environmental plan. He called attention to guidelines for environmentally-sustainable procurement, and emphasized the importance of consumption patterns in the service sector. The REPUBLIC OF KOREA stressed the importance of technical assistance and transfer for capacity building.

The CHAIR then opened the floor for specific comments on each section of the Secretary-General's report. The EU noted that its opening comments addressed specific aspects of the report. In reference to a paragraph that notes that sustainable development will depend on the development trajectory followed by developing countries whose current consumption levels are relatively low, MOROCCO cautioned that the text confused levels of consumption and methods of consumption.

A. Identifying the policy implications of trends and projections in consumption and production patterns: BENIN noted that the report does not refer to the contribution that the private sector could make in changing patterns of consumption and production, and noted a role for transnational corporations. In a paragraph identifying the need for research and investment in clean, efficient technologies and efforts to disseminate these technologies, and an accompanying reference to a report of the Secretary-General on Chapter 34 of Agenda 21 (technology transfer), he stated that Chapter 4 should be considered in connection with all of Agenda 21. BRAZIL noted the importance of the economic viability of these clean technologies and stressed the need for access to them. MEXICO questioned the references to "demographics" and "wealth" as some of the driving forces of production and consumption levels. MALAYSIA also questioned inclusion of "demographics." CANADA suggested "demographic dynamics," the phrase used in Agenda 21.

In a paragraph regarding the levels and characteristics of production and consumption, BENIN noted that the reference to identifying socio-cultural changes that could lead to more sustainable patterns is a delicate issue, and stated that changes in socio-cultural customs should not be imposed from outside.

INDONESIA suggested that the CSD consider consumption patterns against the background of poverty alleviation. He also noted the roles that governments, businesses and NGOs play in these issues.

CANADA added a reference to pollution "prevention" in a paragraph that noted the great scope for reducing pollution. The FOSSIL FUELS RESEARCH INSTITUTE, on behalf of the Energy Caucus, and supported by BRAZIL, noted that efforts to bring goods to the consumer are not addressed in the report. He specifically noted environmental disasters associated with oil transport. The REPUBLIC of KOREA supported the Secretariat's efforts to develop a modeling framework, but stressed that the work should be balanced.

B. Assessing the impact on developing countries, especially the least developed countries and small island developing States, of changes in consumption and production in developed countries:

BENIN noted that transnational corporations do not apply the same standards in developing as in developed countries, and he encouraged application of the same standards. He also suggested a reference to the impacts of large-scale, as opposed to artisanal-scale, production. He noted that the reference to eco-labeling only dealt with certain materials, and he called for a balanced treatment of the issue.

CANADA noted the importance of greening the government, and offered to share its manual on the subject. MEXICO suggested that the paragraph referencing activities to implement policies to reduce waste in developed countries should also note such activity in developing countries. He suggested a reference to the need for suitable markets for eco-labeled products in the paragraph regarding eco-labeling. The UK noted that eco-labeling can help create new markets. INDONESIA stated that eco-labeling schemes introduce potential trade barriers.

C. Evaluating the effectiveness of policy measures intended to change consumption and production patterns: SWEDEN

noted three instruments to change consumption patterns: government procurement; regulatory means; and economic means, such as taxes. The REPUBLIC of KOREA noted that eco-labeling schemes have a discriminatory trade effect. GERMANY stressed education to change patterns of consumption and welcomed the work of NGOs in this regard.

BENIN suggested that the advertising industry and the media should not just sell products but also promote the environmental importance of changed patterns of consumption. In reference to a paragraph noting a UNESCO Workshop on Education and Public Awareness for Sustainable Development that called on the CSD to reach households with information on sustainable consumption, BENIN suggested also transmitting information to producers.

BRAZIL called for measures to encourage governments to stimulate eco-friendly publicity.

D. Progress made in implementing voluntary commitments to achieving sustainable development goals that have an especially high priority at the national level:

Much of the discussion on this section focused on a paragraph calling for subsidy removal and internalization of environmental costs. BENIN noted that the issue is delicate and that each government should be allowed to decide how to act. SENEGAL stated that some subsidies are desirable, such as a Senegalese programme to combat desertification by replacing wood fuel with gas. The UK

called delegates' attention to an expert meeting in Manila, which recognized that the impact of subsidy removal should be addressed. The NETHERLANDS suggested a reference to removal of "environmentally damaging subsidies." The OECD noted it is currently analyzing the costs and benefits of subsidy removal and reform. The NETHERLANDS COMMITTEE FOR IUCN stressed the importance of addressing distributional aspects of removal, such as disproportionate effects on the poor.

MOROCCO suggested a recommendation for the promotion of new and renewable energy resources.

E. Revision of the UN guidelines for consumer protection:

BENIN suggested preparing guidelines for producers as well, so that their goods do not harm consumers or the environment. MEXICO suggested a reference to the informal sector and noted the importance of funding from international organizations to promote eco-efficiency.

The INTERNATIONAL CHAMBER of COMMERCE (ICC) noted that it has played a key role in developing ethical business standards, including the present UN guidelines for consumer protection, and that it is working on a code for environmental advertising, including eco-labeling schemes such as timber certification. He emphasized that guidelines must be worked out with business, since compliance may involve costs, and called for the participation of the ICC at the earliest possible stage.

MOROCCO stated that it is "surrealistic" to talk about principles of consumer protection and environmental behavior when discussing citizens who earn less than one dollar a day. Such standards are only relevant above a certain income threshold, and this should be reflected in the paragraph on influencing environmental behavior.

FINANCIAL RESOURCES AND MECHANISMS

On Tuesday 5 March, the Working Group began its consideration of financial resources and mechanisms. The CHAIR introduced Agenda Item 3, Financial resources and mechanisms (Agenda 21, Chapter 33). He noted the importance of linking the issue of implementing economic instruments with the discussion on changing consumption and production patterns. He encouraged the Working Group to keep the discussion of official development assistance (ODA) alive, and to facilitate the dialogue to bring forth new approaches.

The Task Manager, Juergen Holst (DPCSD), introduced the Secretary-General's report, Financial resources and mechanisms for sustainable development: overview of current issues and developments (E/CN.17/1996/4 and Add.1). The report focuses on three main issues: mobilization of external financial resources; mobilization of domestic resources; and innovative mechanisms. The report also addresses the transfer of environmentally sound technology (EST) and the matrix of policy options appropriate for financing sustainable development activities (the matrix). He noted that the Tobin tax (a tax on foreign exchange transactions) is on the Working Group's agenda for the first time.

JAPAN introduced the Chair's Summary from the Third Expert Group Meeting on Financial Issues of Agenda 21, which was held in February 1996 in Manila, the Philippines. Major findings include: removing impediments to investment is important; economic instruments may generate more stable demand for environmental technologies than command-and-control regulations; and the carbon tax is a highly desirable tool.

The CHAIR then opened the floor for general discussion. COSTA RICA, on behalf of the Group of 77 and China, identified a number of concerns, including: the decline in the level of financial resources for implementation of Agenda 21; the importance of access to new and emerging technologies on favorable terms; foreign direct investment (FDI) should not be an

avenue for dumping unsound technologies; measures to provide debt relief and, where appropriate, cancellation should be implemented; and further study is required for certain economic instruments, including pollution taxes, natural resource taxes, emission trading schemes and the reduction of certain subsidies.

The EU stated that the mobilization of domestic resources is important, as is ODA, and reaffirmed its commitment to the 0.7% of GNP for ODA target. ODA cannot fully implement Agenda 21, but it can arrange private capital flows. He stated that national policies must promote private investment, and that technical assistance can develop policies to encourage this. He welcomed including innovative financing on the agenda of the 1996 ECOSOC meeting. A number of developing countries welcomed the EU reaffirmation of the ODA target.

COLOMBIA commented on the "new approach" to private capital mentioned in the report, noting that FDI is not directed to environmental priorities, and called for a study on the shift to the private sector. He stated that the Working Group should focus on the mobilization of international resources and called for easing external debt, now at US \$1.7 trillion.

SWEDEN noted that ODA is insufficient for sustainable development, and stressed the need for private capital. He offered to share experience on innovative economic instruments. IRAN stated that only a few developing countries have attracted private capital flows. He cautioned against setting emissions targets without considering developing-country economies.

NORWAY expressed concern at falling levels of ODA, and called attention to subsidies, especially with regard to energy, and economic instruments, especially within the Climate Change Convention.

The PHILIPPINES noted that sustainable development is characterized by, among other things, increased globalization and heightened ecological interdependence, while increases in private flows of capital should be accompanied by increases in ODA. He advocated economic incentives but cautioned that marginal benefits should exceed marginal costs of implementation. He also highlighted mobilizing local resources.

The NETHERLANDS stated that an absence of good governance can block private sector flows. ODA functions optimally, he added, if it is aimed at economic self-reliance. He highlighted the utility of debt swaps and the problem of environmentally-damaging subsidies.

GUYANA supported the pursuit of viable, new funding mechanisms, but stated that they should not be considered as a substitute for existing commitments under Agenda 21.

CHINA reminded delegates of the vision set out in Agenda 21, including: establishment of a new and equal global partnership; elimination of poverty; and the principle of common but differentiated responsibility. He also noted principles in Chapter 33, including new and additional financial flows to developing countries and projects conducted in accordance with the development goals of developing countries.

GERMANY stressed the importance of examining the particular situation of each country and taking action accordingly. He noted that the matrix is helpful in this examination, and stated that domestic and external resources must be seen as complements. He called attention to the importance of the development of local financial markets. He also noted that Costa Rica has made sustainable development its guiding policy and has applied many of the matrix tools in doing so.

INDONESIA stated that the message from Rio is not fully reflected in the Secretary-General's report.

DENMARK stated that ODA should not be seen as an alternative to other forms of financing, but as a stimulus to the

speed at which development is achieved. He called for attention to subsidies and tax incentives that damage the environment.

CANADA noted that a combination of policies and measures that may be appropriate for one country may not be appropriate for another. He stated that ODA remains an important source of funding, especially in the least developed countries. He suggested priority for the development of private funding, and stated that the multilateral development banks (MDBs), especially the World Bank, have made progress but that more can be done.

UGANDA stated that the report's treatment of international tax issues required further elaboration, including the relationship to global environmental benefits and the international distributional impacts. The OECD called for collaboration between rich and poor countries toward sustainability. She described total ODA as "stable" since 1986. She stated that available evidence shows economic instruments to be both environmentally- and cost-effective.

MEXICO cautioned against "sidestepping" Agenda 21 in mobilizing global resources. Regarding the report, he asked that private capital flows and free trade be evaluated vis-a-vis debt relief and sustainable development. He called for: increased ODA; State involvement in the marketplace; a clarification of the classification of countries; and an evaluation of subsidies.

POLAND highlighted the interaction between domestic effort and international support. While generally supporting the recommendations of the report, he called the proposal for a world-wide environmental tax too "idealistic" and proposed regional policies instead.

BRAZIL differed with the report over: ODA, calling for a study of funding obligations; private capital flows, stating that they cannot fill the gap created by the decline of ODA; national resources, including economic instruments and subsidies, which may have negative effects on income distribution; categorizing countries; and innovative mechanisms, which should not replace other sources of funding.

UNEP stated that adequate environmental protection requires investment in social issues. She described an initiative to inject social and environmental factors into investment decisions, and another to promote ESTs with databases.

The US stated that the CSD's role is to discuss "realistic" opportunities for financing. He noted that FDI may have deleterious economic and social effects, and suggested that governmental policies can address this. He encouraged the CSD to involve the private sector. He also mentioned 13 specific points, including: support for the OECD study on ODA fatigue and sustainability of private capital flows; opposition to the Tobin and air transport taxes; and a proposal for consideration of domestic funding for financing sectoral and cross-sectoral issues, as well as information sharing on economic instruments.

FINLAND suggested expanding the matrix to include case studies on innovative mechanisms for financing policies. In reference to the Manila meeting, the UK: stressed the importance of a credible and stable environment to promote financing of sustainable development; noted that the bulk of financial resources will come from the private sector; and stated the importance of internalizing external costs by imposing appropriate taxes and removing environmentally damaging subsidies.

INDIA stated that, without attention to financing for technology transfers, sustainable development might be seen as a marketing strategy, especially if certain technologies are only available from developed countries. He stated that the matrix provides a useful framework, but noted that it is moving into the area of policy options and suggested that it be used as an information clearinghouse. He called for more work on concepts such as eco-space, environmental justice and international environmental

debt. Finally, he noted that the GEF was replenished at the minimum acceptable level and is working in the area of global benefits, which are a small aspect of sustainable development.

The IMF stated that since economic ministers do not discuss environmental objectives with the IMF such objectives either: are not a priority; have not been conveyed to the economic ministers; or have not generated concern regarding their macroeconomic implications. He asked delegates to encourage their economic ministers to discuss environmental objectives with the IMF. He also offered IMF expertise on the distributional and analytical aspects of environmental tax reform. IRELAND noted that his country has increased ODA, although it has not yet reached the target level.

The REPUBLIC OF KOREA suggested that: innovative financial mechanisms be applied on a step-by-step basis; a carbon tax be encouraged for domestic production on a voluntary basis; and regional technology centres be supported. The CHAIR then opened the floor for specific comments on the text.

I. MOBILIZING EXTERNAL FINANCIAL RESOURCES FOR SUSTAINABLE DEVELOPMENT: A number of countries, including MEXICO, BENIN and CHINA, questioned the reference to a "new approach" for financing sustainable development. The Secretariat stated that the reference was not meant to indicate that the old approach (as contained in Chapter 33) was discarded, but to recognize changes since Rio and a widened perspective of financing. COLOMBIA noted that no in-depth analysis has been conducted on the impact of increased private capital flows on sustainable development, and stated that the increase in private capital flows should not change the approach.

BRAZIL questioned the impact on sustainable development in reference to the paragraph comparing ODA with private investment. He suggested a balance between domestic resources and ODA in the paragraph on new approaches to financing. With regard to the same paragraph, JAPAN stated that economic development is driven by private sector development, and called sustainable development "market-based." CHINA questioned the reference to "domestic resource mobilization." The IMF suggested changes implying that non-ODA financing is a "continuing" activity.

AUSTRALIA suggested improving the "quality" of resource flows. She emphasized pre-existing aid sources in paragraphs on subsidies and international taxation. ITALY, speaking on behalf of his own government, stated that industrializing countries in Latin America and Asia may not need ODA, and suggested a focus on countries "really in need of help." He advocated export promotion and technology transfer.

GERMANY supported Japan, noting that German ODA leverages private and domestic resources. FRANCE stated that ODA is "absolutely essential" to support sustainable development in the poorest nations. BENIN highlighted "the effects of slavery and colonization on Africa," noting that the world should not lose sight of political commitments.

MALAYSIA stated that FDI is concentrated in only a few countries, while others may be most in need of ODA, and that much FDI is directed to countries without stringent regulations. CANADA highlighted: encouraging private investment in all countries; difficulties with stability of investment; linking profit motives to humanitarian goals; and the recommendations from the Manila meeting on capital flows.

II. MOBILIZATION OF NATIONAL RESOURCES FOR SUSTAINABLE DEVELOPMENT: COLOMBIA noted that funding should be at the international level. On subsidies, he cautioned against altering the balance agreed to at the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). BENIN stated that subsidy reduction by OECD countries did not

apply to developing countries. CANADA stated that environmental liability and the role of government procurement were relevant to this section.

AUSTRALIA supported the recommendation that subsidies be reviewed. BRAZIL suggested that a review of subsidy schemes should keep in mind all aspects of sustainable development.

III. FEASIBILITY OF INNOVATIVE MECHANISMS FOR FINANCING GLOBAL ENVIRONMENT: The WOMENS ENVIRONMENT AND DEVELOPMENT ORGANIZATION, speaking on behalf of several NGOs, endorsed an international tax on air transportation, noting that it would: generate new and additional funds; support the polluter pays principle; and reduce greenhouse gas emissions. The FOSSIL FUELS POLICY RESEARCH INSTITUTE and the ENERGY CAUCUS proposed an international tax on the transport of petroleum and fuel by tankers and barges to reduce the severity of oil spills, and the creation of an independent thinktank on sustainable development for the CSD.

SWEDEN requested specific mention of the GEF in the Chair's text. BENIN stated this section should address sustainable development, not just the global environment. He also called for a "team" to develop politically-acceptable global taxes on environmentally-damaging consumption.

In reference to the paragraph on pilot schemes for emissions trading programmes, such as one proposed by the Earth Council, CANADA, supported by AUSTRALIA, COLOMBIA and the US, requested more information on the Earth Council proposal. The SECRETARIAT stated that this proposal is not yet publicly-available. AUSTRALIA stated that more appropriate for than the CSD exist for continuing discussion of international air transport taxes, carbon taxes and the Tobin tax.

MEXICO stated that innovative finance is complementary to Chapter 33 of Agenda 21, and requested further analysis of "alternative banks" that fund environmentally-sensitive investments. He questioned the linkage between the Tobin tax and mitigating environmental degradation, and remarked that taxes do not address the high volatility of capital flows. COLOMBIA questioned: the viability of global taxes; the effect of airline taxes on reducing fleets; and the environmental effects of the Tobin tax.

The US supported tradeable permit schemes at the national level and supported joint implementation programmes, which may be more feasible in the short-term. He supported a study of the air transportation tax idea. The NETHERLANDS suggested attention to other innovative measures, such as Colombia's call for debt swaps.

PERU noted that the GEF does not cover all sustainable development issues. He also called for flexible and efficient GEF procedures. GUYANA stated that the reference to a pilot scheme for emissions trading programmes did not provide sufficient information to warrant support.

BRAZIL called for studies on a variety of sectors that could be the object of taxation, and suggested studies of a petroleum transport tax and of taxation fatigue.

MALAYSIA stated that the Working Group should not embroil itself in technical details, but should agree to search for practical, innovative financial mechanisms. He supported the air transport tax, and noted that it is in line with the polluter-pays principle.

IV. FINANCING THE TRANSFER OF ENVIRONMENTALLY SOUND TECHNOLOGIES and V. MATRIX OF POLICY OPTIONS AND FINANCIAL INSTRUMENTS: DEVELOPING ITS FORMAT AND CONTENT: With regard to the policy matrix, CANADA requested more information on the magnitude of incentive and financing effects. AUSTRALIA stated that the matrix was useful

for developing countries in decision-making on finance. She suggested further refinements on the magnitude of incentives and financing effects. The CHAIR noted that a lot of "original work" has yet to be done on this subject, and mentioned related studies done by the OECD.

BENIN stated that the matrix section should refer to financing the flow of "eco-technologies" from developing to developed countries. On the issue of subsidies, he requested clarification on whether national or international subsidies will be considered and which body would develop subsidy indicators. COLOMBIA called for EST transfer on favorable terms, and suggested examination of "rights banks" in this regard as well as trust funds for the transfer of biotechnology.

The US noted that the section in the addendum that highlights US experience with venture capital and equity finance for environmental firms draws clear lessons, such as the importance of a transparent, predictable and reliable regulatory framework, but suggested that the text should not focus only on ESTs. He also suggested moving towards input-output quantifications for the matrix. MEXICO suggested that the section on ESTs should go beyond the North-South framework of transfer, and suggested that the problem of access for technology transfer should be addressed.

INDONESIA suggested that, in reference to a paragraph regarding the difficulties in financing transfer of ESTs, entrepreneurial interests could take root if incentives were available to overcome risk. PAKISTAN suggested identifying constraints to technology transfer other than financing.

The UK noted that the majority of technology transfer flows are privately financed, and stated that the best way to promote flows of ESTs is to ensure that policy frameworks are environmentally and investment friendly. JAPAN stressed the Manila meeting's finding regarding the importance of creating more predictable and investor friendly markets to facilitate technology transfer. He also stressed the need to take into account the differing situations of countries when promoting technology transfer.

CHAIR'S DRAFT REPORT OF THE AD HOC INTERSESSIONAL WORKING GROUP ON FINANCE AND CHANGING CONSUMPTION AND PRODUCTION PATTERNS

Delegates considered the section of the Chair's Draft Report on consumption and production patterns during three sessions, beginning Wednesday afternoon, 6 March. Although informal consultations took place on a number of paragraphs, resolution was not reached by the close of the meeting. The Secretariat was asked to consult interested parties about these paragraphs so that the Chair's Report will be completed in time for the CSD. The CHAIR stated that he would include a footnote to the text with definitions of difficult concepts, including "ecological footprint" and "extended and shared producer responsibility," in simple language.

The section of the Chair's Draft Report on finance was considered during an extended morning session on Friday, 8 March. Delegates received the draft on Thursday and submitted written amendments to the Chair that evening. In an effort to end the session by 3:00 pm, the Chair attempted to facilitate the discussion by combining amendments and distributing a new draft. Delegates considered the new draft in their regional groups, and reconvened from 12:00 to 1:50 pm Friday to offer major comments to the text. Delegates then adopted the report of the Working Group (E/CN.17/ISWG.II/1996/L.1), with the understanding that the Secretariat would finalize the report in cooperation with the Chair.

During the deliberations on the Draft Report, the Chair developed a number of metaphors for the delegates' work style, including the "dance" in which they were engaged. Those who read amendments too quickly were asked to slow down from "lambada"

style to a "fox trot." Some of the negotiations on the consumption and production text were described as a "dance of compromise." During debate on parts of the finance text, the Chair noted that a new dance had begun, one that takes three steps forward and two back.

FRIENDS OF THE EARTH welcomed a reference to targets in a paragraph recognizing eco-efficiency and suggested that the Working Group invite the Secretariat to start a work programme on global targets. He proposed adding a paragraph noting that changing sustainable production and consumption patterns involves issues related not only to restrictions and reductions, but also to opportunities, the right to basic needs, social justice and equality between and within nations. The following is a brief summary of the text and the major issues that were debated.

INTRODUCTION

The introduction to the report of the Working Group notes that it is not a negotiated text, although its contents were discussed by the Group. The report focuses on key issues and conclusions, and suggests possible recommendations and policy options for CSD consideration at its fourth session.

I. INTERLINKAGES

This section highlights the following linkages between finance and changing consumption and production patterns: the role of savings as a function of income and consumption; possibilities for reduced input costs due to efficient consumption and production patterns; and the possibility for economic instruments to serve as part of an incentive/disincentive framework.

In the paragraph noting that savings are generated as a function of income and consumption, the G-77 and CHINA proposed deleting the sentence stating that savings may be allocated as resources to finance sustainable development, and added two sentences noting that: savings are among the international and national resources available for financing sustainable development and the margin available for such savings in developing countries is limited in view of their already low levels of consumption. JAPAN stated that the second sentence did not make economic sense, while the IMF noted that savings levels are high in some developing countries. The second paragraph was altered to note that savings in "many" developing countries are limited in view of their low levels of "income."

The paragraph calling for reduced input costs through efficient consumption and production patterns, and noting the need for "defensive" expenditures to mitigate pollution, was replaced. The G-77 and CHINA noted that changes in consumption and production, particularly in developed countries, could result in the optimal use of resources, transformation into products and services for equitable benefit, as well as mitigation of pollution costs. The US, CANADA, and the EU suggested deleting "particularly in developed countries" and "equitable," which were bracketed. AUSTRALIA changed "optimal" to "sustainable."

II. RECOMMENDATIONS RELATING TO CHAPTER 4 ON CHANGING CONSUMPTION AND PRODUCTION PATTERNS

General Considerations: This section states that the Working Group: generally supports implementation of the work programme of CSD-3; recognizes that industrialized countries are taking the lead in this area, highlighting the principle of common but differentiated responsibilities; acknowledges progress on a policy framework that includes demand-side measures and asks that developing countries be involved in policy analyses; notes that education is an important tool for changing consumption and production patterns; recognizes the importance of eco-efficiency, including such concepts as carrying capacity, eco-space and ecological footprints; notes that an incremental policy implemented over the long-term may be more effective in "deflecting" major

trends driven by market forces; and reaffirms the importance of sound analysis and transparency.

A paragraph that generally supported the Secretary-General's report was amended after extensive debate on specific references to Agenda 21, Chapter 4. The G-77 and CHINA proposed a new paragraph that quotes Agenda 21, paragraph 4.3 (emphasizing unsustainable patterns in industrialized countries). CANADA proposed a complementary reference to Agenda 21, paragraph 4.8, referring to the need for all countries to achieve sustainable patterns. The CHAIR suggested that the paragraph include the phrase "in particular paragraphs 4.3 and 4.8 of Agenda 21."

A sentence was added to the paragraph confirming the global consensus on the importance of sustainable patterns of consumption and production by GERMANY, as amended by IRAN, welcoming the use of "instruments proposed by the CSD" and recommending exchange of experience.

In the paragraph noting that industrialized countries are taking the lead and have the responsibility to demonstrate the feasibility of low pollution consumption and production patterns, the G-77 and CHINA proposed noting that industrialized countries "should take" the lead, and added a sentence stating that the Working Group acknowledged the need to view sustainable consumption against the background of poverty eradication and the provision of financial and technical assistance. The EU added a sentence noting that rapid change, especially economic, in a number of large developing economies is leading to a change in their relative impact on the global environment. NORWAY and the US supported "are taking" the lead, and the group agreed to "are taking and should take." GERMANY and the UK objected to the G-77 and CHINA linkage of changes in consumption and production patterns to poverty eradication and technology transfer. The G-77 and CHINA objected to the EU proposal.

The G-77 and CHINA proposed a new paragraph, noting that the Working Group urged developed countries to provide improved access to financial resources and ESTs, in accordance with the principle of "common but differentiated responsibilities." The US, supported by the EU, AUSTRALIA and JAPAN, replaced the reference to "developed countries" with "continued and intensified efforts" and deleted the reference to common but differentiated responsibilities, which they did not understand to refer to financial resources and ESTs. The G-77 and CHINA indicated they could delete the final phrase, but insisted on "developed countries."

The paragraph regarding developing policy frameworks for achieving more sustainable consumption and production patterns, which include demand-side measures, was amended to acknowledge the progress made by various countries in developing policy frameworks. An amendment by the EU encouraged countries to report to the CSD on national experiences. The EU added a paragraph noting that education is on the agenda of CSD-4, and underlining the importance of school curricula and public awareness.

The G-77 and CHINA amended the paragraph recognizing the importance of "eco-efficiency" in policy development to note that action should take into account national priorities and policies, and to note that eco-efficiency should not "substitute for fundamental changes in the unsustainable lifestyles of consumers in industrialized countries." The phrase "in industrialized countries" was bracketed. The US replaced the reference to the concepts of carrying capacity, eco-space and ecological footprints as "helpful tools" with "potentially helpful."

The G-77 and CHINA suggested deleting a paragraph that notes "that major trends driven by market forces can be deflected but rarely stopped." The US supported the paragraph. The EU stated that the paragraph was too pessimistic, and changed it to note that patterns of consumption and production can be part of major trends

driven by market forces, and should be changed by step-by-step policy adjustments using market instruments. The G-77 and CHINA bracketed the paragraph.

Delegates agreed to the G-77 and CHINA-proposed reference to FDI in the paragraph noting the importance of sound analysis and transparent decision making.

The G-77 and CHINA proposed three additional paragraphs calling for: involvement of developing countries in studies on economic instruments; discussion to translate studies and discussions on changing consumption and production patterns into specific actions and commitments; and identification of constraints to the transfer of technology and entrepreneurial skills, and their removal by mutual consultation. The US suggested that the discussion to translate studies into actions be in conjunction with the existing CSD programme of work. The UK proposed that barriers to transfer be removed, "as appropriate."

A. Identifying the Policy Implications of Trends and Projections in Consumption and Production Patterns: This section notes that the Working Group: recognized the need for a better understanding, and adequate information, about the linkages between consumption patterns and socio-economic trends; welcomed the initiative to develop an integrated and well-balanced framework; and stressed that work on the policy implications for consumption and production patterns benefit from the ongoing work on indicators for sustainable development.

The US stressed that the CSD initiative to develop an integrated modeling framework should be closely related to work on indicators for sustainable development. The Secretariat noted that the work is coordinated.

B. Assessing the Impact on Developing Countries, Especially the Least Developed Countries and Small Island Developing States, of Changes in Consumption and Production in Developed Countries: This section reaffirms the importance of assessing the impact of changes in consumption and production patterns, concentrating on two key elements: mitigating adverse economic, social and environmental impacts and identifying new trade opportunities. It highlights the use of new and innovative policy instruments, such as eco-labels, extended producer responsibility, enhanced recycling schemes and life-cycle management, to attain more sustainable consumption and production patterns, and cautions that adoption of eco-labels must be voluntary and transparent.

The paragraph reaffirming the importance of assessing the impact on developing countries and describing future work calls first for "understanding and defining the impacts," as amended by the US. It then focuses on two key areas, mitigation of adverse impacts and identification of new trade opportunities, including "investment opportunities," as suggested by the G-77 and CHINA, which the US amended to call for particular attention to "the transparency of decision making" for all interested parties.

The paragraph stating that innovative policy instruments, such as eco-labels, extended producer responsibility, enhanced recycling schemes and life-cycle management, while stimulating more sustainable patterns, should be implemented in a transparent manner, tailored to developing countries' needs, and be voluntary, was amended by the G-77 and CHINA to note that such innovative policy instruments "should not be used as new forms of trade barriers." The US replaced the last sentence referring to voluntary adoption tailored to developing countries' needs with: "In this context the group also noted that domestic eco-labelling, adopted at national discretion within developing countries, remains an important strategy to promote sustainable production and consumption patterns." INDONESIA changed this to note that adoption is "on a voluntary basis" and replaced "developing countries" with a reference to all countries. The US proposed

removing “extended producer responsibility,” but the Working Group adopted “extended and shared producer responsibility, for example consideration of life cycle impacts at the design stage of production,” as proposed by the EU and taken from language agreed upon at a previous OECD meeting on trade and the environment.

The paragraph welcoming the work of the UN in this area, including development of internationally accepted guidelines for national eco-labelling schemes, taking into account the International Organization for Standardization (ISO), was amended by the G-77 and CHINA to include the “participation of developing countries” to, as proposed by the US, “further study” the “feasibility of” internationally accepted guidelines.

The reference to “national eco-labelling schemes” was amended to “eco-labelling schemes” by the G-77 and CHINA and the EU. AUSTRALIA and the EU added the “OECD and other relevant organizations” to the list of organizations that have done work in this area.

A final sentence, proposed by the G-77 and CHINA and amended by the EU, was added to state that “these guidelines should include transitional measures and the promotion of production on a sustainable basis of goods related to relevant and endangered eco-systems with a view to generating economic opportunities for the local population.”

C. Evaluating the Effectiveness of Policy Measures Intended to Change Consumption and Production Patterns: This section notes that there is no uniform blueprint for the implementation of effective policies, which will vary according to environmental, economic and socio-cultural circumstances. It calls for a variety of institutions to contribute to an information clearing house on the topic, emphasizes the need for further analysis of the optimal mix of economic, regulatory and social instruments, and urges governments to reduce or remove environmentally damaging subsidies.

The G-77 and CHINA added references to contributions from “the Bretton Woods institutions” and “other relevant intergovernmental organizations” to the paragraph calling for an information clearinghouse on policy instruments. Delegates also accepted a reformulated G-77 and CHINA proposal calling for information on facilitating EST transfer.

The EU added text to the paragraph recognizing the need to analyze further the design of optimal mixes of economic, regulatory and social instruments, calling for focus on those instruments and policies that can generate both revenue and send signals to the market to help change consumption and production patterns. The EU also called for countries to report to the CSD their national experiences with these issues.

In the paragraph calling on governments to devote attention to the reduction and, where possible, the removal of environmentally damaging subsidies, the G-77 and CHINA proposed adding sentences noting that the elimination of subsidies in developing countries should not increase national and regional differences in patterns of per capita consumption and that in-depth studies should be undertaken. In place of the reference to national and regional differences, the UK proposed calling for subsidy reduction programmes to take account of the scope for minimizing associated adverse social consequences. INDIA added a sentence calling for attention to the economic and social impacts of subsidies, keeping in mind the special situation of developing countries. Delegates agreed to note that the design of subsidy reduction programmes, especially in developing countries, needs to take into account and address associated adverse social and economic impacts.

D. Progress Made in Implementing Voluntary Commitments to Achieving Sustainable Development Goals that have an Especially High Priority at the National Level: This section

states that the Working Group noted that a comprehensive systematic overview of progress achieved by countries is valuable for fostering policy development globally. The Group welcomes efforts by UN bodies and other international organizations to develop a data base to report to the CSD on new developments with respect to broad strategies being implemented, and recommends that governments report on progress made in cooperation between developed and developing countries to increase eco-efficient management practices and technology transfer.

In the paragraph calling for attention to measures that are designed and implemented to improve the environmental performance of governments, the G-77 and CHINA added a call for attention to measures to improve indicators for sustainable development. The EU added a reference to UNEP decision 18/10 on good environmental housekeeping within the UN system. Delegates accepted both proposals.

Delegates added references to UNCTAD (G-77 and CHINA) and UNEP (EU) in the paragraph welcoming efforts underway to develop a data base on strategies being implemented to achieve key measurable objectives of sustainable consumption and production.

E. Revision of the UN Guidelines for Consumer Protection: The sole paragraph in this section recognizes the role that the UN Guidelines for Consumer Protection have played in influencing the development of national consumer legislation and encouraged the Secretariat to promote a transparent process in the revision of the Guidelines. The G-77 and CHINA called for the involvement of NGOs in the revision process. The US suggested that information on the revision be provided as it becomes available.

III. RECOMMENDATIONS RELATING TO CHAPTER 33 OF AGENDA 21 ON FINANCIAL RESOURCES AND MECHANISMS

General Considerations: The Chair’s Draft Report notes that the Working Group benefitted from the report of the Third Expert Group Meeting on Financial Issues of Agenda 21 held in Manila, 6-8 February 1996. The group reviewed financing of sustainable development, emphasizing external and national financial resources, innovative financial mechanisms, transfer of ESTs and the UNEP matrix on policy and finance, and stressed Chapter 33 of Agenda 21 as a clear framework for discussion, including the decrease in ODA and the increase of private flows to some developing countries.

A. Mobilizing External Financial Resources for Sustainable Development: This section of the report underlines the need to fulfil the financial commitments of Agenda 21, and discusses the role and effectiveness of ODA vis-à-vis the role of foreign private capital flows, including the role of development assistance agencies, political, economic and social factors affecting foreign private investment, multilateral debt and debt swaps.

The US objected to the paragraph underlining the need to provide substantial and predictable, new and additional financial resources, and suggested replacing a reference to the obligation of donor countries to meet the “accepted UN target of 0.7% of GNP” with the call for “those countries which have accepted the UN target” to meet this obligation. The G-77 and CHINA objected. The EU objected to language referring to the need to fulfil all financial “recommendations and commitments” of Agenda 21, preferring “commitments.” JAPAN proposed language underlining the “need to promote new approaches to enhancing the effectiveness of ODA and increasing it within relevant bilateral and multilateral mechanisms,” but the EU objected. The CHAIR took all of these recommendations into account, saying that his text generally would reflect what was adopted by CSD-3, in particular paragraph 7, underlining the “need to fulfil all financial commitments under Agenda 21, especially Chapter 33, new and predictable financial resources, and the need to reach the accepted UN target of 0.7%.”

JAPAN commented on the paragraph advocating greater public awareness of the need to meet ODA targets in donor countries, stating that there is a reciprocal responsibility on the part of recipient countries to use ODA "effectively and efficiently" in order to ensure an increase in ODA.

The US commented on the paragraph calling for examination of the allocation of ODA flows to the components of sustainable development, questioning who would be examining the flows "on a continuous basis," as mentioned in the text.

The G-77 and CHINA inserted a reference to commitments made for development aid at the Social Summit into the paragraph emphasizing a pro-active approach for all funding agencies in meeting Agenda 21 objectives, including through coordination with national sustainable development strategies.

The paragraph recognizing that a variety of political, economic and social factors impact foreign private capital flows was amended by: AUSTRALIA, who added language addressing sustainable development; the US, who added language referring to the need for a stable environment for investment; and CANADA, who added "environmental factors" to the list of factors.

The paragraph emphasizing that the ability of developing countries to attract private flows also depends "on enhancing international cooperation towards a durable solution to the external debt problem" was amended by the EU to state that the ability depends "on a durable solution to the external debt problem, including international cooperation."

B. Mobilizing National Financial Resources for Sustainable Development: This section notes that some countries have shown progress in mobilizing domestic financial resources, although external resources, including ODA, remain essential. The importance of private sector participation, and efforts to facilitate such participation, are also noted. Studies on the application of economic instruments, the potential global competitive impact of ecological tax reform, and a cross-country performance review of conservation trust funds are proposed.

In a paragraph on private sector participation in sustainable development, JAPAN, supported by CANADA, deleted the reference noting that an appropriate framework that protects private property rights and liberalizes trade, "particularly in developed countries' markets," is required. The G-77 and CHINA supported the reference and INDIA noted that similar text has appeared in General Assembly resolutions. The G-77 and CHINA proposed a paragraph noting the importance of stable private capital flows.

In the paragraph regarding the application of economic instruments, the G-77 and CHINA deleted the sentence suggesting that countries should be invited to report to the CSD on their experiences with the economic and environmental effects of carbon taxes. The US suggested changing the reference to economic and other effects of environmental taxes.

The G-77 and CHINA proposed deleting a sentence noting that pollution abatement funds (PAFs) should make greater use of project evaluation techniques in a paragraph regarding PAFs, cost-sharing by recipients of funds and conservation trust funds. The IMF thought that the reference to project appraisals was useful.

C. Feasibility of Innovative Mechanisms for Financing Sustainable Development: This section notes that the Working Group considered an internationally agreed tax on air transport, international carbon taxes, Activities Implemented Jointly, Tradeable CO₂ Permit schemes and the Tobin tax, and emphasized examination of the feasibility of these mechanisms, as well as pursuit of increased ODA, a replenished GEF and private sector investment. Continued studies by a number of international organizations on the prospects and requirements for practical implementation of these mechanisms were encouraged. The Group

also welcomed the ECOSOC decision to put "new and innovative ways of generating funds" on its agenda at its 1996 substantive session.

In the paragraph identifying the innovative mechanisms that were discussed, the G-77 and CHINA added text stating that the Working Group noted the need for studies of measures that take into account historical levels of emissions and excessive use of environmental space. The US stated that the issue of historical emission levels had not been discussed by the Group and AUSTRALIA indicated difficulty with this issue. NORWAY noted that the paragraph's reference to further study of measures related to international transportation of oil was not discussed by the Group either. INDIA stated that there should not be a selectivity of the areas for studies and that the issues had been raised. BRAZIL suggested that delegates keep an open mind about innovative mechanisms.

D. Financing the Transfer of Environmentally Sound Technology: This one paragraph section of the Chair's draft notes that financing for ESTs should come from national public and private resources, external resources and innovative mechanisms. Governments should endeavor, in cooperation with relevant organizations, to implement an appropriate legal framework to protect intellectual property rights. To further facilitate technology transfer, technical assistance programmes are proposed, as are further studies on the feasibility of establishing EST rights banks.

The EU added text from the Chair's original draft, noting the necessity "for national governments to implement national policies that create a more predictable and 'investor friendly' environment to facilitate technology transfer." The G-77 and CHINA proposed that implementation of an appropriate legal framework to protect intellectual property rights "take into account the special needs of developing countries." They also called for studies on other publicly funded intermediaries for technology transfer, in addition to the studies on EST rights banks.

The G-77 and CHINA proposed a new paragraph, noting that without the provision of substantial new and additional resources to developing countries, as agreed to in Agenda 21, and without the transfer of ESTs on favorable terms, sustainable development may appear as no more than an effective marketing strategy for the owners of ESTs, and this could undermine the basis for the global partnership on sustainable development. The US and the EU requested that the Chair adjust the language to reflect the sense of the entire Working Group. GERMANY stated that the proposal did not recognize the efforts of some countries in this field. The IMF reminded delegates that, during the debate earlier in the week, some countries noted that eco-efficient technologies exist in developing, as well as developed, countries. BENIN and INDIA objected to the IMF's participation in the negotiations, but JAPAN supported the IMF's comments. INDONESIA stated that he sympathized with JAPAN and the IMF.

E. Matrix of Policy Options and Financial Instruments: This section contains a single paragraph that notes that the Working Group recognized the usefulness of the matrix approach and encouraged further work to incorporate quantitative assessments.

The G-77 and CHINA proposed noting that the matrix approach could provide a format for the voluntary exchange of national experiences and information on the costs and benefits of experiences in applying different instruments, and could be broadened to include experiences related to the rights and benefits of indigenous and traditional holders of technology. The US and EU noted that the latter issue had not been discussed by the Working Group.

A BRIEF ANALYSIS OF THE MEETING

The intersessional meeting on finance and changing consumption and production patterns received mixed reviews. Some believed it was a worthwhile exchange that allowed them to learn about the experiences of others, prepared them for the issues to be discussed at CSD-4, and may have even advanced the debate on some aspects of the topics under discussion. Others concentrated on the level of repetition — well known arguments were presented again and again — and suggested that the benefits of the meeting did not justify the costs. The following analysis briefly examines the major issues that were discussed, advanced or repeated during the meeting, and concludes with some comments on issues related to the process of the meeting.

Many believed that there was some progression in the debate on consumption and production patterns. General comments on the issue began at a rhetorical, and well rehearsed, level, calling on developed countries to take the lead. Developing countries added a call for actions by the developed countries to take into account any adverse effects that changed patterns of consumption might have on developing countries, noting a recognition of the possibility that changed consumption and production patterns in the North might involve decreased imports from the South. By the end of the week, during the discussion on the Chair's draft report, the debate took on a more constructive focus. The developing countries called for the involvement of their own representatives in studies and discussions on sustainable consumption and production patterns. They also proposed that these studies and discussions be examined and that concrete actions be suggested, always with the involvement of developing countries. Delegates were concerned that guidelines for eco-labeling schemes and related activities might create trade barriers, and noted that these and other evolving guidelines for sustainable consumption and production should account for the situation of developing countries, if they are to provide a model.

Experienced observers were struck by the acceptance of language referring to non-ODA sources of finance, especially after the difficulty at last year's intersessional meeting in getting this topic on the agenda. Nevertheless, many delegates were disappointed with the finance debate, which included familiar calls from the South to respect previous commitments to ODA levels and from the North to create domestic conditions that will facilitate private financial flows. Some expressed disappointment with the "innovative" options that were discussed — taxes — and suggested that more options should be on the table.

The handful of NGOs attending the meeting suggested that the tax issues, particularly the tax on air transportation, would have been better placed in the debate on changing consumption and production patterns. They stressed that such a tax would support the Polluter Pays Principle, and suggested that implementation would be most effective if connected to this debate, rather than presented as a fundraising tool.

One delegate commented that the discussion on consumption and production patterns had developed ideas for further study by expert groups. When reminded that this meeting was supposed to be one of experts, the familiar refrain was raised that the meeting had once again failed to achieve this goal. Participants recognized that many of the issues discussed during the week would not be

resolved at the expert level, and the low level of expert attendance helped to fulfill this expectation.

Some privately questioned whether the CSD intersessional process could be changed so it would facilitate more constructive discussions and generate new ideas. One delegate noted that the Manila Expert Group Meeting held in February attracted some of the same participants as this intersessional meeting, but because participants had gathered informally in Manila to share their views rather than to represent their governments, ideas were shared openly. Another delegate suggested using the structure of "real" expert meetings, where the group breaks out into small groups focused on specialized issues, which report back to the plenary at various stages of the meeting. The previous week's intersessional meeting on sectoral issues had done this to some extent, and was described as a more dynamic discussion. It might be useful for the CSD to consider the usefulness and structure of the intersessionals before it embarks on its next five-year work programme.

THINGS TO LOOK FOR AT THE CSD

FOURTH SESSION OF THE CSD: The fourth session of the CSD is scheduled to meet from 18 April - 3 May 1996 at UN Headquarters in New York. The proposed schedule is to open the session with a presentation of the work of the Intergovernmental Panel on Forests, to be followed by a discussion on cross-sectoral issues not dealt with by the *ad hoc* working groups (technology transfer, education, capacity building, trade, poverty, population, decision-making, major groups and national reporting). During the week of 22-26 April, the CSD will begin with a presentation of the report of the *Ad Hoc* Working Group on Finance and Consumption and Production Patterns, followed by a panel and discussion. On Tuesday, there will be a presentation on the work of the *Ad Hoc* Working Group on Sectoral Issues, followed by a panel and discussion. During the rest of the week, the CSD will examine implementation of the SIDS Programme of Action and exchanges of national experiences on coastal zone management and sustainable development strategies. Three drafting groups will begin their work on Thursday and conclude the following Tuesday. No more than two groups will meet at the same time. The High-Level Segment will take place from Wednesday through Friday, 1-3 May. 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.

CONSUMPTION DEBATE ON THE INTERNET

The International Institute for Sustainable Development, with assistance from the Norwegian Ministry of Environment, has created an international dialogue on the issue of Sustainable Production and Consumption. More than 200 participants from 30 countries are already engaged in an on-line discussion by electronic mail and through the Linkages WWW site. For more information on how to participate, send e-mail to consume@mbnet.mb.ca or visit <http://www.iisd.ca/linkages/consume/>