



## CSD-8 HIGHLIGHTS: THURSDAY, 27 APRIL 2000

At the close of the first week of official meetings at the eighth session of the Commission on Sustainable Development, the High-Level Segments focused on finance and investment, and on trade.

### **HIGH-LEVEL SEGMENT: FINANCE AND INVESTMENT**

CSD-8 Chair Juan Mayr opened the third High-Level Segment meeting, which focused on finance and investment.

**EXPERT INPUT:** Konrad von Moltke, Senior Fellow at the International Institute for Sustainable Development, recommended, *inter alia*: international discipline for financial markets, ensuring a balance between investor rights and public obligations in a non-discriminatory manner; more constructive use of regional economic agreements; including investment provisions in multilateral environmental agreements (MEAs); and pursuing this debate in the CSD. Jose Antonio Ocampo, Executive Secretary for the Economic Commission for Latin America and the Caribbean, recommended, *inter alia*: international cooperation to meet ODA targets; developing criteria for FDI; directing FDI to clean energy projects; improving cooperation between finance and environmental ministries; and strengthening institutions.

**HIGH-LEVEL STATEMENTS:** NIGERIA, for the G-77/CHINA, urged donor countries to cancel or substantially reduce the debt burden and to meet their Agenda 21 financial commitments. The EU emphasized: the importance of domestic resources as the main source of financing; greater consideration of international private financial flows; the need for a stable, predictable and transparent investment climate; the need to reverse declining ODA and improve its quality through more efficient delivery, improved allocation and better coordination; the role of the GEF; and implementation of financing pledges for Heavily Indebted Poor Countries (HIPC).

**DIALOGUE:** TURKEY urged the empowerment of developing countries through the provision of finance, technology transfer and capacity building. HAITI emphasized, *inter alia*, the importance of creating the right conditions for investment, including macro-economic reform and a dynamic private sector. The DEMOCRATIC PEOPLES' REPUBLIC OF KOREA suggested increasing ODA and ensuring debt relief. MOROCCO suggested "Struggling Against Poverty" as a possible slogan for Rio+10. DENMARK called for consideration of financing for sustainable development at the

Financing for Development and Rio+10 conferences, and highlighted the role of the GEF. The FORMER YUGOSLAV REPUBLIC OF MACEDONIA noted the importance of ODA, FDI and debt relief as a contribution toward economic growth. He called for financial support for the GEF and the UNFCCC Clean Development Mechanism (CDM). ITALY called for debt cancellation, a preference system within the WTO, and parity of status between multilateral environmental agreements (MEAs) and WTO rules. INDIA called for: reconciliation of intellectual property rights regimes with farmers' rights; debt relief without further reduction of ODA; and support for basic social services by international financial institutions. KENYA said that poverty eradication requires sound national and international macro-economic policies, and called for deeper and broader debt relief. The UNITED KINGDOM raised questions about the High-Level dialogue exercise and called for careful consideration of the CSD's future arrangements to ensure that the Commission adds value to the debate on finance and investment. On ODA, he called for consideration of developing country spending to ensure prioritization of the social sector and the environment. HONDURAS supported the call for more CSD consideration of: specific problems, notably poverty; the role of regional and sub-regional bodies; and improved coordination between donor and recipient countries. FINLAND underlined the importance of the quality of ODA and the need for developing countries to work on sustainable development strategies. ARGENTINA noted the potential of the CDM and proposed consideration of using other environmental conventions to channel financial resources. EGYPT underlined the importance of defining concepts such as good governance. Chair Mayr supported EGYPT's concerns about the need for common understanding among participants in the High-Level Segment. Responding to a question from EGYPT, Konrad von Moltke noted the distinct characteristics required for investment disciplines, as investors become "economic citizens" and acquire rights in host countries. The PHILIPPINES called for a mechanism allowing the active participation of finance ministers and officials. JAPAN stressed the importance of improving the effectiveness of ODA. GUYANA called for loans for small-scale projects.

GERMANY announced a government plan to cancel all commercial debt for HIPCs, worth DM700 million. INDIA lamented the unaffordable cost of technology transfer. The INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, supported by KENYA, stated that the Rio process has already established innovative financial

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mechanisms. SUDAN, supported by CAMEROON, emphasized political and security issues in Africa. The WORLD BANK noted the changing role of private finance. In response to comments, Jose Antonio Ocampo suggested that those who incur environmental costs should subsidize those who provide environmental services.

### **HIGH-LEVEL SEGMENT: TRADE**

Chair Mayr introduced the final meeting of the High-Level Segment, on trade.

**EXPERT INPUT:** In a pre-recorded video message to the CSD, Mike Moore, Director-General of the WTO, suggested that the WTO may contribute to sustainable development through: trade agreements with non trade-discriminatory environmental objectives; activities of the WTO Committee on Trade and Environment; and the introduction of fresh initiatives on poverty. Martin Khor, Third World Network, recommended: rapid reduction and elimination of developed countries' export subsidies; applying the principle of common but differentiated responsibilities; addressing the TRIPs agreement; overhauling the WTO decision-making system; and increasing the CSD's capacity to act as an alternative forum on trade, development and the environment.

**HIGH-LEVEL STATEMENTS:** NIGERIA, for the G-77/CHINA, called on developed countries to: improve market access for developing country exports; assist developing countries to benefit from FDI and ODA, especially in promoting environmentally sound technologies (ESTs); and promote the participation of developing countries in the trade decision-making process. The European Commission, for the EUROPEAN UNION: reiterated its commitment to duty and quota-free access for essentially all exports from less-developed countries; recommended that MEAs and WTO agreements have equal status; called for clarity on the relationship between trade rules and the Rio principles, notably the precautionary principle; encouraged the development and use of sustainability impact assessments (SIAs); and advocated enhanced international cooperation. NORWAY highlighted: the potential role of private capital markets; the need to de-couple economic growth and environmental degradation; and, with ECUADOR, supported the use of sustainability reviews in trade negotiations, noting the recent WWF workshop in Quito, Ecuador. CAMEROON called on the international community to guarantee prices for certain forest products, in order to protect forests. CHILE stated that problems of rural poverty cannot be solved while distorted market conditions exist. PAKISTAN called for further studies of environmental taxes to ensure optimal results and trade on preferential terms. The PHILIPPINES noted that the burden of adjustment to economic conditions has shifted to the most vulnerable populations, and opposed EIAs and SIAs as conditionalities imposed on developing countries.

**DIALOGUE:** Chair Mayr urged participants to restore trust in addressing trade and environment issues. GERMANY noted that avoiding the risks of globalization can benefit everyone. HONDURAS emphasized that trust in national processes is a prerequisite for trust in international processes, highlighting the importance of transparency and the globalization of solidarity. SWEDEN called for increased market access for developing countries in all sectors and stressed that MEAs and WTO rules should be mutually supportive. INDIA called for the dismantling of tariff and non-tariff barriers to trade. ECUADOR said increased equity and fairness was needed to build trust. EGYPT noted various assessment methodologies for application at the national level. The INTERNATIONAL CHAMBER OF COMMERCE called on governments to further liberalize investment and trade in services. The WOMEN'S CAUCUS recommended a comprehensive gender, social and environmental assessment of the Uruguay Round. The INDIGENOUS PEOPLES' CAUCUS highlighted problems caused by trade and investment liberalization. The INTERNATIONAL CENTER

FOR TRADE AND SUSTAINABLE DEVELOPMENT highlighted the lack of clear policy in the multilateral trade system. Martin Khor noted delegations' fears that whatever is discussed with good will in one forum will be misused in another forum. Chair Mayr expressed his hope that continued efforts would lead to common understanding and underlined the need for a process of rapprochement with developing countries. BOLIVIA stressed the importance of confidence building, citing a UNEP-sponsored side event at the CSD on links between the WTO and MEAs. INDONESIA cited the problems related to overcoming the Asian financial crisis. JAPAN, supported by UNEP, called for a set of guidelines on the relationship between trade and environmental impacts. GUYANA called on CSD-8 to convey the message to other international forums that globalization must be directed toward cooperation rather than competition. FINLAND said the process of trust building must begin at home, where consensus is created. She supported EIAs and SIAs, and cautioned that there will be occasions when trade and environment cannot be mutually supportive. On international cooperation and coordination, she noted the need for countries represented in different institutions to act in a coordinated manner. BRAZIL stated that she had no conceptual problems with SIAs, EIAs and the multi-functional character of agriculture and land (MFCAL), arguing that the problem arose when considering their purpose. She anticipated that MFCAL would be understood as an attempt to justify subsidies at the CSD-8 negotiations, and commended NGO-sponsored dialogues convened on neutral ground.

CANADA observed a lack of coherence in national positions adopted at different negotiations, including those on the Biosafety Protocol and at the WTO, and said that coherence must first be established at the national level. He commended UNEP's work on trade and environment agreements and expressed frustration that it was not a partnership effort involving the WTO and UNEP. On ambitions for Rio+10, CANADA, supported by NEW ZEALAND, suggested the production of guidelines to advance understanding of the conditions where trade and environment policies can be mutually supportive. The UNITED STATES welcomed the spirit of dialogue, observing that economically successful trade practices must be environmentally sound, fair, just, and contribute to poverty eradication. He suggested a focus on: tackling poverty alongside health, labour, food and land issues; and on good governance, taking the environmental impact of decisions into account in decision-making. He advocated win-win approaches such as the CDM proposed under the Kyoto Protocol.

### **IN THE CORRIDORS**

All of the key UNFCCC Parties were invited to take part in high-level discussions on the Kyoto Protocol in New York on Friday. The discussions reflected a determination to do all that is necessary to achieve early ratification, even if this means settling for a less than perfect deal by Rio+10 in 2002. Capacity building is emerging as a key component of the choreography that must be put in place to ensure that the prospect of universal participation appears somewhere on the negotiating table. Another critical issue is the nuclear question: both its qualification as a "CDM-able" technology and its role in Annex I countries' "sustainable" energy mix. A vocal Middle Eastern party to the UNFCCC led the assault on the "immorality" of substituting nuclear power for fossil fuels.

### **THINGS TO LOOK FOR TODAY**

**DRAFTING GROUPS:** Drafting groups are expected to meet throughout the day. The three groups will address: land and agriculture; financial resources, trade and investment; and preparations for Rio+10, the outcome of the Intergovernmental Forum on Forests, and other matters on the CSD-8 agenda.