
Committee on Trade and Environment

**UNCED FOLLOW-UP: RESULTS OF THE EIGHTH SESSION OF THE
COMMISSION ON SUSTAINABLE DEVELOPMENT
24 APRIL – 5 MAY 2000**

Note by the Secretariat

1. The eighth session of the United Nations Commission on Sustainable Development (CSD-8) was held in New York from 24 April to 5 May 2000. The agenda of CSD-8 addressed the sectoral theme of Integrated Planning and Management of Land Resources; the cross-sectoral theme of Financial Resources, Trade and Investment, and Economic Growth; and agriculture and forestry. CSD-8 adopted the conclusions and proposals contained in the final report of the Intergovernmental Forum on Forests (IFF). This session also discussed the preparations for the ten-year review of progress achieved since the UN Conference on Environment and Development (UNCED), which was held in Rio in 1992. This review will take place in 2002 and is referred to as Rio+10.
2. A High-Level Segment was held on 26-27 April, with the participation of 47 Ministers and State Secretaries from environment, land, development and foreign affairs ministries. The High-Level Segment included expert thematic panels on land and agriculture; trade and indigenous people; finance and investment; and trade. The WTO Director-General addressed the panel on trade through video conferencing.
3. Work at CSD-8 was organized in three drafting groups. The First Drafting Group focused on issues related to agriculture; the Second Drafting Group dealt with trade, finance, investment; and the Third Drafting Group worked on preparations for Rio+10 and other matters.
4. CSD-8 adopted 11 decisions, and included preparation for the ten-year review of the UNCED, and an invitation to ECOSOC and the UN General Assembly to act on the proposed terms of reference for an international arrangement on forests, as recommended in the final report of the IFF. CSD-8 also adopted the report of the Ad Hoc Intergovernmental Group of Experts on Energy for Sustainable Development.
5. The CSD Decision on Economic Growth, Trade and Investment, adopted at the High-Level Segment of CSD-8, is attached as an Annex to this Note. Negotiations on this Decision were based on the Report of the Ad Hoc Intersessional Working Group (E/CN.17/2999/10), which was prepared from 22-25 February in New York. Discussion was also based on the Report of the UN Secretary-General on Economic Growth, Trade and Investment, which was prepared by the UNCTAD Secretariat in its capacity as the CSD's task manager for trade and environment (E/CN.17/2000/4).
6. Economic growth, trade and investment will be considered as part of the 10-year review of progress since the UNCED. Priority areas for future work will include the following: (a) promoting sustainable development through trade and economic growth; (b) making trade and environment policies mutually supportive; (c) promoting sustainable development through investment; and (d) strengthening institutional cooperation, capacity building and promoting partnerships.

7. In terms of future work, the next session of the CSD (CSD-9) will be held in New York in April 2001 to address atmosphere and energy; information for decision-making and participation and international cooperation for an enabling environment; and transport. In 2002, the CSD will undertake a ten-year comprehensive review of progress since the UNCED. South Africa, Brazil and the Republic of Korea announced their willingness to host Rio+10. Discussion of the preparations for Rio+10 was based on the UN Secretary-General's Report in document E/CN.17/2000/15. The Chairman's Summary of the High-Level Segment of CSD-8 notes that Ministers recognized that the ten-year review would be an opportunity to mobilize the political support of the international community for the further implementation of *Agenda 21* and the outcomes of UNCED. The Chairman's Summary of the High-Level segment, as well as other documentations from CSD-8, can be consulted at the CSD website: www.un.org/esa/sustdev.

8. At CSD-8, UNEP organized a panel on the relationship between the WTO rules and Multilateral Environmental Agreements.

ANNEX

DECISION ON ECONOMIC GROWTH, TRADE AND INVESTMENT

Commission on Sustainable Development

(New York, 24 April - 5 May 2000)

Introduction

1. Activities regarding economic growth, trade, and investment should be pursued in accordance with Agenda 21 and the Programme for the Further Implementation of Agenda 21, with the overarching objective of sustainable development. Further steps to achieve this should also build on the outcome of the tenth session of the United Nations Conference on Trade and Development (UNCTAD), taking also into account developments in other international fora. In this regard, cooperation and coordination between UNCTAD, the United Nations Industrial Development Organization, the World Trade Organization (WTO), the United Nations Environment Programme (UNEP), and other relevant institutions should be strengthened.

2. Trade and investment are important factors in economic growth and sustainable development. Both economic growth and the lack of it can have adverse environmental effects. Poverty and environmental degradation are closely interrelated. While poverty results in certain kinds of environmental stress, the major cause of the continued deterioration of the global environment is the unsustainable patterns of consumption and production, particularly in industrialized countries, which is a matter of grave concern, aggravating poverty and imbalances.

3. In consequence, there should be a balanced and integrated approach to trade and environment policies in pursuit of sustainable development, taking into account the economic, environmental and social aspects, as well as the different levels of development of countries without undermining the open, equitable and non-discriminatory character of the multilateral trading system or creating disguised barriers to trade. Developed countries should take the lead in addressing unsustainable production and consumption patterns, taking into account common but differentiated responsibilities as set forth in Principle 7 of the Rio Declaration on Environment and Development. One of the main challenges is to promote social equity and ensure that economic growth does not result in environmental degradation. Improved market access for products from developing countries, particularly least developed countries, would make a valuable contribution to sustained economic growth and sustainable development in accordance with the relevant General Assembly resolutions and the outcomes of recent United Nations conferences.

4. In particular, for developing countries and countries with economies in transition, it is an important challenge to stimulate domestic investment and attract foreign direct investment (FDI) to promote sustainable development, taking into account the rights and obligations of investors and host countries. At the same time, the international community should strive to avoid the risks that can be associated with the volatility of short-term private capital flows and to enhance the contribution that investment can make to sustainable development.

Priorities for future work

5. Economic growth, trade, and investment will be considered as part of the ten-year review of progress since the United Nations Conference on Environment and Development. Priority areas for future work will include the following:

- (a) Promoting sustainable development through trade and economic growth;
- (b) making trade and environment policies mutually supportive;
- (c) promoting sustainable development through investment;
- (d) strengthening institutional co-operation, capacity building and promoting partnerships.

Promoting sustainable development through trade and economic growth

6. Governments and international organizations are urged to support efforts of developing countries, in particular the least developed countries, in building capacity to eradicate poverty, expand productive employment, improve living standards with a view to achieving sustainable development. The promotion of trade, investment, and sustained economic growth is essential to support such efforts. Furthermore, appropriate policies have to be implemented at the national level to ensure environmental protection and sustainable resource management, equitable distribution of benefits and provision of basic social services to all.

7. Governments, particularly in developed countries and, as appropriate, international organizations are also urged to improve market access, provide technical assistance and establish capacity-building initiatives in favour of developing countries and countries with economies in transition with a view to helping them to increase export opportunities, promote diversified export oriented production and enhance their ability to trade, and to implement their commitments in existing multilateral agreements, including WTO Agreements. The international community should continue to assist countries seeking integration into the world trade system, in particular accession to WTO. Governments and international organizations are encouraged to continue studies and work on impacts of trade liberalization on developing economies in a manner which promotes the equitable distribution between nations of gains from trade in order to achieve sustainable development.

8. Commodity exports, particularly primary commodity exports, are the mainstay of the economies of many developing countries in terms of their export earnings, the livelihoods of their people and the dependence of general economic vitality on these exports. Commodity earnings instability continues to be problematic. Programmes that enhance commodity-based diversification in developing countries, in a manner supportive to sustainable development, including through improved market access, particularly for least-developed countries, can contribute to increased foreign exchange earnings and employment, as well as provide increased income from value-added production.

9. Governments and international organizations should endeavour to improve the functioning of commodity markets with the aim of achieving greater transparency, stability, and predictability, particularly with regard to commodity export earnings. In this regard UNCTAD should enhance its support to developing countries in accordance with the UNCTAD X Plan of Action. There should be further evaluation of mechanisms for reducing the impacts of price volatility in primary commodities. Countries, particularly developed countries, should provide improved market access for primary commodities from developing countries and particularly from least developed countries, especially in their processed forms. Developed countries should endeavour to respond favourably to requests for technical assistance aimed at enhancing the diversification of exports, in a manner supportive of sustainable development, in those developing countries which are highly dependent on the export of a limited number of commodities. Existing mechanisms for helping to stabilize commodity export earnings should be improved so as to respond to the real concerns of developing country producers.

10. Governments are urged to pursue continued trade liberalization through, *inter alia*, the elimination of unjustifiable and discriminatory trade practices and non-tariff barriers to trade, notably

in order to improve market access for products of export interest to developing countries. Governments in developed countries should devise policies and measures to assist developing countries, and in particular least developed countries, in diversifying their export base in a sustainable manner taking into account existing agreements and arrangements for special and differential treatment for developing countries.

11. Market access conditions for agricultural and industrial products of export interest to developing countries, in particular least developed countries, should be improved on as broad and liberal a basis as possible. Concrete steps need to be urgently taken to implement the commitments by developed countries to grant duty-free and quota-free market access for essentially all exports originating in least developed countries and to further examine options for other proposals to maximize market access for least developed countries. Consideration should also be given to proposals for developing countries to contribute to improved market access for least developed countries' exports. Modernization and operationalization of special and differential treatment, in particular in terms of maintaining and expanding export opportunities for developing countries, may be needed to be adapted to changing international trading conditions and to make special and differential treatment a better instrument for development, enabling developing countries, in particular the least developed countries, to gradually integrate into the multilateral trading system.

12. Food security as a priority area for sustainable agricultural development should be strengthened, in particular both by and for developing countries. More focused financial and technical assistance, as well as the transfer of agricultural technology which is environmentally and economically viable, upon mutually agreed terms, should be provided to address effectively the issue of food security, including development of an enabling policy environment and the problems of net food importing countries, as outlined in the Rome Declaration on World Food Security and the World Food Summit Plan of Action.

13. Governments and international institutions are encouraged to ensure that the benefits arising from increased trade liberalization are equitably distributed and reach those living in poverty, in particular in developing countries by establishing policies and programs that will enable their participation. Measures are required to ensure enhanced trade opportunities for developing countries and to provide greater security and predictability in a liberalized trading system, with particular emphasis on vulnerable groups like women and children, and that trade contributes to employment generation and social development.

14. Governments and international organizations are encouraged to examine ways and means to promote the indigenous development of environmentally-sound technologies (ESTs) in developing countries and the transfer and dissemination of ESTs to developing countries. In this regard Governments are encouraged to implement relevant provisions in the Trade-Related Intellectual Property Rights (TRIPs) Agreement.

15. Governments should fully implement the UNCTAD X Plan of Action and, in particular, examine the use and effect, particularly on trade, of incentives to attract FDI with high technological content. UNCTAD should analyse all aspects of existing international agreements relevant to transfer of technology to be supported, as appropriate, by developed country funding.

16. Governments and international organizations, in collaboration with the business community and other representatives of civil society, are encouraged, where appropriate, to promote markets for environmentally friendly products, environmentally sound technologies and environmental services.

Making trade and environment policies mutually supportive

17. Governments and international organizations, such as WTO, and the secretariats of multilateral environmental agreements, are encouraged to co-operate and to continue to explore ways

on how to enhance the complementarities between trade liberalization and environmental protection and to make the multilateral trading system more responsive to sustainable development concerns. All relevant parties are encouraged to identify and pursue opportunities where trade liberalization holds particular promise for promoting sustainable development, including actions to address subsidies with the aim of eliminating effects which are both trade distortive and environmentally harmful, in a way that would result in trade, environmental and developmental benefits.

18. Certification and labelling schemes can be important tools for the promotion of sustainable consumption and promotion patterns. If introduced, such schemes, whether voluntary or mandatory, should be designed and implemented in an open and transparent manner and should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade. Governments and international organizations are urged to facilitate effective participation of developing countries in the standard-setting process. They are also urged to further explore the concept of equivalency and its application.

19. The pursuit of effective environmental policies should be ensured both nationally and internationally. However, environmental measures must not be used for protectionist purposes. Governments should also avoid imposing unilateral measures that are inconsistent with the Rio Declaration on Environment and Development, in particular principle 12.

20. Governments and international organizations are urged to further consider the relationship between MEAs and WTO Agreements, including the relationship between the CBD and TRIPs, recognizing the importance of trade and environment agreements being mutually supportive, taking into account that both trade agreements and MEAs are developed and negotiated in pursuit of legitimate multilateral objectives in support of sustainable development. In this regard, it is essential to improve dialogue and cooperation between trade, environment, and other relevant policy-makers at the national level, as well as among relevant international organizations, including secretariats of MEAs. UNEP and UNCTAD are urged to continue to study and examine economic and development implications of MEAs.

21. Developed countries and international organizations, in accordance with their commitments under multilateral environmental agreements, are encouraged to assist developing countries in implementing the agreements by promoting the transfer of environmentally-sound technology, in particular, those arising from publicly-funded research and development, as well as promoting capacity building.

Promoting sustainable development through investment

22. Governments are encouraged to promote a stable, predictable, non-discriminatory and transparent investment climate nationally and internationally that encourages domestic investment and foreign capital flows, including FDI while addressing, as appropriate, the rights and obligations of investors in order to promote sustainable development. Governments in developed countries and international organizations are encouraged to provide adequate support for developing countries in their efforts to formulate and implement the appropriate domestic policies.

23. Governments and international organizations are encouraged to address the potential risks that may arise from the volatility of short-term capital flows.

24. It is recommended that in order to enhance the potential of investment, including FDI, to contribute to sustainable development, Governments, and international organizations, in cooperation with relevant private sector organizations and stakeholders:

- (a) Explore ways to ensure that a larger number of developing countries and countries with economies in transition benefit from investment, in particular FDI;
- (b) seek to promote the use of environmental management systems in and transfer of environmentally-sound technologies to developing countries and countries with economies in transition;
- (c) encourage companies to take responsibility to promote sustainable development by applying best practices and promoting environmentally-responsible corporate behaviour and information policies, especially those related to public disclosure procedures;
- (d) explore the potential for improving environmental performance along the supply chain and in waste management;
- (e) explore the potential role of voluntary guidelines for making investment more broadly supportive of sustainable development.

25. Governments and international organizations are encouraged to develop, as appropriate, mechanisms for the environmental assessment of export credit projects.

Strengthening institutional cooperation, capacity building and promoting partnerships

26. The Commission noted that the tool of environmental impact assessment, following previous recommendations, is being used by many countries and that some are developing other assessment tools. The Commission also noted the work under way in UNEP and UNCTAD on this issue. In response to the concerns expressed by many countries, the Commission stressed that the assessments of trade policies should be conducted with a view to promote sustainable development and should not serve as a disguised barrier to trade.

27. Governments and international organizations are urged to improve policy coherence and coordination in promoting sustainable development through trade and investment. Countries are also urged, with the full participation of international organizations, to improve coherence and co-ordination to ensure that technical assistance and capacity-building in developing countries and countries with economies in transition enable them to benefit from globalization and trade liberalization and to better integrate into the world economy. Governments and international organizations are further encouraged to promote capacity-building with a view to enabling recipient countries to implement and enforce effectively environmental policies, including through the design and use of economic instruments, taking into account the specific conditions and the different levels of development in individual countries.

28. Governments and international organizations should foster partnerships between the public and private sectors at the national and international level for the promotion of trade and economic growth in a manner conducive to sustainable development. Dialogue, consultations and information sharing with stakeholder and civil society organizations should also be promoted.

29. International cooperation and support for capacity building in trade, environment and development policy formulation should be strengthened through renewed system-wide efforts and with enhanced responsiveness to sustainable development objectives by the United Nations, WTO, the Bretton Woods institutions and national Governments.