

# **Agenda 21 1992 (Excerpts)**

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## Agenda 21 1992 (Excerpts)

### Section I. Social and Economic Dimensions

#### International Co-operation to Accelerate Sustainable Development in Developing Countries and Related Domestic Policies

##### Introduction

2.1 In order to confront the challenge of environment and development, States decided to establish a new partnership. This partnership commits all States to engage in a continuous and constructive dialogue inspired by the need to achieve a more efficient and equitable world economy. It is recognised that, for the success of this new partnership, it is important to overcome confrontation and to foster a climate of genuine co-operation and solidarity. It is equally important to strengthen national and international policies and multilateral co-operation to adapt to the new realities.

2.2 Economic policies of individual countries and international economic relations both have great relevance to sustainable development. The reactivation and acceleration of development requires both a dynamic and a supportive international economic environment and determined policies at the national level. It will be frustrated in the absence of either of these requirements. A supportive external economic environment is crucial.

The development process will not gather momentum if the global economy lacks dynamism and stability and is beset with uncertainties. Neither will it gather momentum if the developing countries are weighted down by external indebtedness, if development finance is inadequate, if barriers restrict access to markets and if commodity prices and the terms of trade of developing countries remain depressed. The record of the 1980s was essentially negative on each of these counts and needs to be reversed. The policies and measures needed to create an international environment that is strongly supportive of national development efforts are thus vital. International co-operation in this area should be designed to complement and support - not to diminish or subsume - sound domestic economic policies, in both developed and developing countries, if global progress towards sustainable development is to be achieved.

2.3 The international economy should provide a supportive international climate for achieving environment and development goals by:

(a) Promoting sustainable development through trade liberalisation;

(b) Making trade and environment mutually supportive;

(c) Providing adequate financial resources to developing countries and dealing with international debt;

(d) Encouraging macroeconomic policies conducive to environment and development.

2.4 Governments recognise that there is a new global effort to relate the elements of

the international economic system and mankind's need for a safe and stable natural environment.

Therefore, it is the intent of Governments that consensus-building at the intersection of the environmental and trade and development areas will be ongoing in existing international forums, as well as in the domestic policy of each country. 13

## **Programme Areas** 14

### **A. Promoting sustainable development through trade** 15

#### **Basis for action** 16

2.5 An open, equitable, secure, non-discriminatory and predictable multilateral trading system that is consistent with the goals of sustainable development and leads to the optimal distribution of global production in accordance with comparative advantage is of benefit to all trading partners. Moreover, improved market access for developing countries' exports in conjunction with sound macroeconomic and environmental policies would have a positive environmental impact and therefore make an important contribution towards sustainable development. 17

2.6 Experience has shown that sustainable development requires a commitment to sound economic policies and management, an effective and predictable public administration, the integration of environmental concerns into decision-making and progress towards democratic government, in the light of country-specific conditions, which allows for full participation of all parties concerned. These attributes are essential for the fulfillment of the policy directions and objectives listed below. 18

2.7 The commodity sector dominates the economies of many developing countries in terms of production, employment and export earnings. An important feature of the world commodity economy in the 1980s was the prevalence of very low and declining real prices for most commodities in international markets and a resulting substantial contraction in commodity export earnings for many producing countries. The ability of those countries to mobilise, through international trade, the resources needed to finance investments required for sustainable development may be impaired by this development and by tariff and non-tariff impediments, including tariff escalation, limiting their access to export markets. The removal of existing distortions in international trade is essential. In particular, the achievement of this objective requires that there be substantial and progressive reduction in the support and protection of agriculture - covering internal regimes, market access and export subsidies - as well as of industry and other sectors, in order to avoid inflicting large losses on the more efficient producers, especially in developing countries. 19

Thus, in agriculture, industry and other sectors, there is scope for initiatives aimed at trade liberalisation and at policies to make production more responsive to environment and development needs. Trade liberalisation should therefore be pursued on a global basis across economic sectors so as to contribute to sustainable development. 20

2.8 The international trading environment has been affected by a number of developments that have created new challenges and opportunities and have made multilateral economic co-operation of even greater importance. World trade has continued to grow faster than world output in recent years. However, the expansion of world trade has been unevenly spread, and only a limited number of developing countries have been capable of achieving appreciable growth in their exports. Protectionist pressures and unilateral policy actions continue to endanger the functioning of an open multilateral trading system, affecting particularly the export interests of developing countries. Economic integration processes have intensified in recent years and should impart dynamism to global trade and enhance the trade and development possibilities for developing countries. In recent years, a growing number of these countries have adopted courageous policy reforms involving ambitious autonomous trade liberalisation, while far-reaching reforms and profound restructuring processes are taking place in Central and Eastern European countries, paving the way for their integration into the world economy and the international trading system. Increased attention is being devoted to enhancing the role of enterprises and promoting competitive markets through adoption of competitive policies. The GSP has proved to be a useful trade policy instrument, although its objectives will have to be fulfilled, and trade facilitation strategies relating to electronic data interchange (EDI) have been effective in improving the trading efficiency of the public and private sectors. 21

The interactions between environment policies and trade issues are manifold and have not yet been fully assessed. An early, balanced, comprehensive and successful outcome of the Uruguay Round of multilateral trade negotiations would bring about further liberalisation and expansion of world trade, enhance the trade and development possibilities of developing countries and provide great security and predictability to the international trading system. 22

## Objectives 23

2.9 In the years ahead, and taking into account the results of the Uruguay Round of multilateral trade negotiations, Governments should continue to strive to meet the following objectives: 24

(a) To promote an open, non-discriminatory and equitable multilateral trading system that will enable all countries - in particular, the developing countries - to improve their economic structures and improve the standard of living of their populations through sustained economic development; 25

(b) To improve access to markets for exports of developing countries; 26

(c) To improve the functioning of commodity markets and achieve sound, compatible and consistent commodity policies at national and international levels with a view to optimising the contribution of the commodity sector to sustainable development, taking into account environmental considerations; 27

(d) To promote and support policies, domestic and international, that make economic 28

growth and environmental protection mutually supportive.

## Activities

(a) International and regional co-operation and coordination

Promoting an international trading system that takes account of the needs of developing countries

2.10 Accordingly, the international community should:

(a) Halt and reverse protectionism in order to bring about further liberalisation and expansion of world trade, to the benefit of all countries, in particular the developing countries;

(b) Provide for an equitable, secure, non-discriminatory and predictable international trading system;

(c) Facilitate, in a timely way, the integration of all countries into the world economy and the international trading system;

(d) Ensure that environment and trade policies are mutually supportive, with a view to achieving sustainable development; (e) Strengthen the international trade policies system through an early, balanced, comprehensive and successful outcome of the Uruguay Round of multilateral trade negotiations.

2.11 The international community should aim at finding ways and means of achieving a better functioning and enhanced transparency of commodity markets, greater diversification of the commodity sector in developing economies within a macroeconomic framework that takes into consideration a country's economic structure, resource endowments and market opportunities, and better management of natural resources that takes into account the necessities of sustainable development.

2.12 Therefore, all countries should implement previous commitments to halt and reverse protectionism and further expand market access, particularly in areas of interest to developing countries. This improvement of market access will be facilitated by appropriate structural adjustment in developed countries. Developing countries should continue the trade-policy reforms and structural adjustment they have undertaken. It is thus urgent to achieve an improvement in market access conditions for commodities, notably through the progressive removal of barriers that restrict imports, particularly from developing countries, of commodity products in primary and processed forms, as well as the substantial and progressive reduction of types of support that induce uncompetitive production, such as production and export subsidies.

(b) Management related activities

Developing domestic policies that maximise the benefits of trade liberalisation for sustainable development

2.13 For developing countries to benefit from the liberalisation of trading systems, they should implement the following policies, as appropriate:

(a) Create a domestic environment supportive of an optimal balance between production for the domestic and export markets and remove biases against exports and discourage inefficient import-substitution; 42

(b) Promote the policy framework and the infrastructure required to improve the efficiency of export and import trade as well as the functioning of domestic markets. 43

2.14 The following policies should be adopted by developing countries with respect to commodities consistent with market efficiency: 44

(a) Expand processing, distribution and improve marketing practices and the competitiveness of the commodity sector; 45

(b) Diversify in order to reduce dependence on commodity exports; 46

(c) Reflect efficient and sustainable use of factors of production in the formation of commodity prices, including the reflection of environmental, social and resources costs. 47

(c) Data and information 48

### **Encouraging data collection and research** 49

2.15 GATT, UNCTAD and other relevant institutions should continue to collect appropriate trade data and information. The Secretary-General of the United Nations is requested to strengthen the Trade Control Measures Information System managed by UNCTAD. 50

### **Improving international co-operation in commodity trade and the diversification of the sector** 51

2.16 With regard to commodity trade, Governments should, directly or through appropriate international organisations, where appropriate: 52

(a) Seek optimal functioning of commodity markets, inter alia, through improved market transparency involving exchanges of views and information on investment plans, prospects and markets for individual commodities. Substantive negotiations between producers and consumers should be pursued with a view to achieving viable and more efficient international agreements that take into account market trends, or arrangements, as well as study groups. In this regard, particular attention should be paid to the agreements on cocoa, coffee, sugar and tropical timber. The importance of international commodity agreements and arrangements is underlined. Occupational health and safety matters, technology transfer and services associated with the production, marketing and promotion of commodities, as well as environmental considerations, should be taken into account; 53

(b) Continue to apply compensation mechanisms for shortfalls in commodity export earnings of developing countries in order to encourage diversification efforts; 54

(c) Provide assistance to developing countries upon request in the design and imple- 55

mentation of commodity policies and the gathering and utilisation of information on commodity markets;

(d) Support the efforts of developing countries to promote the policy framework and infrastructure required to improve the efficiency of export and import trade; 56

(e) Support the diversification initiatives of the developing countries at the national, regional and international levels. 57

## **Means of implementation** 58

(a) Financing and cost evaluation 1 59

2.17 [Costs of international co-operation activities presented above would be as follows: 60

(a) Commodity agreements. The annual administrative expenditures of 10 existing agreements and arrangements amount to approximately \$22.5 million. Additional needs for co-operation on other commodities could bring this figure up to about \$30 million a year, an increase of about \$7.5 million a year; 61

(b) Compensation of export earnings shortfalls. Annual average commodity sector shortfalls for developing countries, which could be compensated, amounted to \$8.7 billion between 1985 and 1989; 62

(c) Technical co-operation requirements would be of the order of \$5 million per year; 63

1 These paragraphs contain matters relating to means of implementation, including cost estimates, which are indicative secretariat figures provided pursuant to Preparatory Committee decision 3/2. They remain in brackets as they have not been negotiated. 64

(d) Support for infrastructure development is estimated to amount to \$100 million annually; 65

(e) Strengthening the Trade Control Measures Information System within UNCTAD would cost \$0.5 million annually.] 66

(b) Capacity-building 67

2.18 The above-mentioned technical co-operation activities aim at strengthening national capabilities for design and implementation of commodity policy, use and management of national resources and the gathering and utilisation of information on commodity markets. 68

## **B. Making trade and environment mutually supportive** 69

### **Basis for action** 70

2.19 Environment and trade policies should be mutually supportive. An open, multilat- 71

eral trading system makes possible a more efficient allocation and use of resources and thereby contributes to an increase in production and incomes and to lessening demands on the environment. It thus provides additional resources needed for economic growth and development and improved environmental protection. A sound environment, on the other hand, provides the ecological and other resources needed to sustain growth and underpin a continuing expansion of trade. An open, multilateral trading system, supported by the adopting of sound environmental policies, would have a positive impact on the environment and contribute to sustainable development.

2.20 International co-operation in the environmental field is growing, and in a number of cases trade provisions in multilateral environment agreements have played a role in tackling global environmental challenges. Trade measures have thus been used in certain specific instances, where considered necessary, to enhance the effectiveness of environmental regulations for the protection of the environment. Such regulations should address the root causes of environmental degradation so as not to result in unjustified restrictions on trade. The challenge is to ensure that trade and environment policies are consistent and reinforce the process of sustainable development. However, account should be taken of the fact that environmental standards valid for developed countries may have unwarranted social and economic costs in developing countries.

## **Objectives**

2.21 Governments should strive to meet the following objectives, through relevant multilateral forums, including GATT, UNCTAD and other international organisations:

- (a) To make international trade and environment policies mutually supportive in favour of sustainable development;
- (b) To clarify the role of GATT, UNCTAD and other international organisations in dealing with trade and environment-related issues, including, where relevant, conciliation procedure and dispute settlement;
- (c) To encourage international productivity and competitiveness and encourage a constructive role on the part of industry in dealing with environment and development issues.

## **Activities**

### **Developing an environment/trade and development agenda**

2.22 Governments should encourage GATT, UNCTAD and other relevant international and regional economic institutions to examine, in accordance with their respective mandates and competences, the following propositions and principles:

- (a) Elaborate adequate studies for the better understanding of the relationship between trade and environment for the promotion of sustainable development;

- (b) Promote a dialogue between trade, development and environment communities; 82
- (c) In those cases when trade measures related to environment are used, ensure transparency and compatibility with international obligations; 83
- (d) Deal with the root causes of environment and development problems in a manner that avoids the adoption of environmental measures resulting in unjustified restrictions on trade; 84
- (e) Seek to avoid the use of trade restrictions or distortions as a means to offset differences in cost arising from differences in environmental standards and regulations, since their application could lead to trade distortions and increase protectionist tendencies; 85
- (f) Ensure that environment-related regulations or standards, including those related to health and safety standards, do not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade; 86
- (g) Ensure that special factors affecting environment and trade policies in the developing countries are borne in mind in the application of environmental standards, as well as in the use of any trade measures. It is worth noting that standards that are valid in the most advanced countries may be inappropriate and of unwarranted social cost for the developing countries.; 87
- (h) Encourage participation of developing countries in multilateral agreements through such mechanisms as special transitional rules; 88
- (i) Avoid unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country. Environmental measures addressing transborder or global environmental problems should, as far as possible, be based on an international consensus. 89
- Domestic measures targeted to achieve certain environmental objectives may need trade measures to render them effective. Should trade policy measures be found necessary for the enforcement of environmental policies, certain principles and rules should apply. These could include, inter alia, the principle of non-discrimination; the principle that the trade measure chosen should be the least trade-restrictive necessary to achieve the objectives; an obligation to ensure transparency in the use of trade measures related to the environment and to provide adequate notification of national regulations; and the need to give consideration to the special conditions and developmental requirements of developing countries as they move towards internationally agreed environmental objectives; 90
- (j) Develop more precision, where necessary, and clarify the relationship between GATT provisions and some of the multilateral measures adopted in the environment area;. (k) Ensure public input in the formation, negotiation and implementation of trade policies as a means of fostering increased transparency in the light of country-specific conditions; 91
- (l) Ensure that environmental policies provide the appropriate legal and institutional 92

framework to respond to new needs for the protection of the environment that may result from changes in production and trade specialisation.

## Metadata

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