

SOURCE BOOK:
EMERGENCE OF PROPOSALS FOR
RECOMPENSING DEVELOPING COUNTRIES FOR
MAINTAINING ENVIRONMENTAL QUALITY

COMPILED BY YVONNE I. NICHOLLS



International Union
for Conservation of Nature and Natural Resources
1110 Morges, Switzerland
1973

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CONTENTS

Foreword	Page	6
SOURCES		
1. Charter of Algiers - Group of 77 (Oct. 1967)		13
2. Committee Reports, Ministerial Meeting of Group of 77 (Algiers, Oct. 1967)		17
3. UN General Assembly Resolution 2398 on Problems of the Human Environment (Dec. 1968)		19
4. UN General Assembly Resolution 2581 on UN Conference on the Human Environment (Dec. 1969)		22
5. Report of First Session of Preparatory Committee for UNCHE (Mar. 1970)		26
6. UN General Assembly Resolution 2626 on International Development Strategy for Second UN Development Decade (Oct. 1970)		29
7. Note to General Assembly on Prepara- tion for UNCHE (Nov. 1970)		34
8. UN General Assembly Resolution 2657 on UNCHE (Dec. 1970)		36
9. Report of Second Session of Prepara- tory Committee for UNCHE (Feb. 1971)		38
10. Report of Panel of Experts on Development and Environment, Founex (Jun. 1971)		39
11. Industrial Pollution Control and International Trade, GATT paper for Founex meeting (Jun. 1971)		44
12. Implications of Environmental Measures for International Trade and Development, UNCTAD paper for Founex meeting (Jun. 1971)		46

13.	Report of Secretary-General to Third Meeting of Preparatory Committee for UNCHE (Jly. 1971)	47
14.	Report of Bangkok Seminar on Development and the Environment (Aug. 1971)	51
15.	Report of All-African Seminar on the Human Environment (Aug. 1971)	54
16.	Report of Working Party on Environmental Problems in Developing Countries, Canberra (Aug. 1971)	57
17.	Report of Latin American Regional Seminar on Problems of the Human Environment and Development (Sept. 1971)	58
18.	Report of Third Session of Preparatory Committee for UNCHE (Sept. 1971)	60
19.	Report of Beirut Seminar on Development and the Environment (Sept. 1971)	63
20.	Bangkok Declaration - Group of 77 (Oct. 1971)	65
21.	Declaration and Principles of the Action Programme of Lima - Group of 77 (Nov. 1971)	66
22.	UN General Assembly Resolution 2849 on Development and Environment (Dec. 1971)	69
23.	UN General Assembly Resolution 2850 on UNCHE (Dec. 1971)	76
24.	Report on Development and Environment by Secretary-General of UNCHE (Dec. 1971)	78
25.	Report of Fourth Session of Preparatory Committee for UNCHE (Mar. 1972)	82
26.	Report on Impact of Environmental Policies on Trade and Development, in particular of the Developing Countries - UNCTAD Secretariat (Mar. 1972)	84

27. Report of Third Session of UNCTAD (Apl. 1972)	93
28. Resolutions and Decisions of Third Session of UNCTAD (Apl. 1972)	98
29. Observations and Reservations by Delegates on Decisions of Third Session of UNCTAD (Apl. 1972)	105
30. "Additional" Financing for the Developing Countries for Environ- mental Progress - Report by Secretary- General of UNCHE (May 1972)	108
31. Report of UNCHE (Jun. 1972)	117
32. Report of Second Committee of UN General Assembly on UNCHE (Oct. 1972)	123
33. UN General Assembly Resolution 2997 on Institutional and Financial Arrangements for International Environmental Cooperation (Dec. 1972)	124
34. UN General Assembly Resolution 3002 on Development and Environment (Dec. 1972)	126
35. Report of First Session of Governing Council of UNEP (Jun. 1973)	128
ANNEXES	
1. Sources arranged by Agencies preparing or issuing Documents	134
2. Sources classified by Meetings and Topics	139
3. List of Acronyms Used	141

FOREWORD

This Source Book has been compiled to bring together extracts from key primary documents which illustrate the growing concern of the international community to mitigate the apprehensions of developing countries that measures to control environmental degradation and to enhance environmental quality will be detrimental to their development and trade. Special emphasis has been given to the evolution of the idea that developing countries should be compensated for the contributions they make to maintaining environmental quality, an idea crystallizing in the concept of "additionality" as discussed at the United Nations Conference on the Human Environment (UNCHE) (Stockholm, 1972) and the closely-linked concept of "compensation".

Additionality as defined by the UNCHE Secretariat (SOURCE 30) "denotes the additional financing which developing countries require and may request to cover the extra costs of taking environmental factors into account without suffering a curtailment of their development which can be financed from available development funds". Compensation has been used in IUCN Environmental Policy and Law Paper No. 4 (see below) to mean "any action taken to redress adverse effects caused to the trading position of the developing countries by measures which industrialized countries have taken in their concern for their environment".

In exploring the evolution of these concepts at international meetings, many related factors emerge which are important if the ideas are to be viewed in perspective. Accordingly, in making a selection from the documents, extracts have been included which bear on these cognate factors. At the same time it has been considered desirable to include certain other key documents, amongst them

some UN General Assembly resolutions, in full.

The selection presented does not necessarily cover exhaustively the basic documents that may exist but an endeavour has been made to assemble the principal sources. It is realized that the thinking manifested in the Charter of Algiers (SOURCE 1, October 1967) evolved from earlier meetings, but this document has been selected as a convenient and logical starting point for the Source Book. The selection ends with the First Meeting of the Governing Council of the United Nations Environment Programme (UNEP) (SOURCE 35, June 1973).

The summary reports of meetings and the final texts of resolutions have been used as the basic sources; draft texts, conference-room papers and similar preliminary material have been discarded. In a few cases important background papers circulated to the meetings or papers amplifying the summary records have been included amongst the sources.

The extracts are mostly from mimeographed documents which have had a limited circulation and which are available only in specialized libraries and collections. They are submitted as the background for future discussion on these topics which are among the major policy issues in international concern with the environment.

Brief explanatory notes have been included, providing background information on the Sources and a nexus between the excerpts quoted. These notes are not intended as a critical review of the Sources nor as an analysis of their contents; it is hoped that others will use the Source Book as a base for the preparation of such commentaries.

Related Issues*

In the complex debate that continues between the developed and the developing nations, a number of proposals beside those of "additionality" and "compensation" (which relate specifically to environmental costs) have been brought forward with a view to narrowing the economic gap between the rich and the poor countries.

These issues, which have emerged frequently during the sessions of the UN Conference on Trade and Development (UNCTAD), include:

- (a) Supplementary financing, to provide funds to developing countries additional to basic funds already flowing to the Third World, an idea launched in 1964;
- (b) Market-sharing principle, under which developing countries would be awarded a guaranteed share of the market in supplying goods and services to meet the increasing consumption of the industrial nations;
- (c) Preferential market treatment for natural products threatened by synthetics;
- (d) Special aid funds for research in developing countries to improve the competitive position of natural products threatened by synthetics;
- (e) Removal of tariffs or other taxes imposed by developed countries on imported tropical products (e.g. coffee, cocoa, tea, bananas), or payment to

* This section is based on comments made in a personal communication by Mr. B. Gosovic of the Office of the Executive Director, UNEP.

developing countries of at least part of the revenue so derived;

- (f) Moral obligation of rich countries to help the poor countries that they exploited in the past;
- (g) Compensation to developing countries by an international pricing policy (including commodity agreements with price range adjusted to the price index of manufactures imported by developing countries) to make up for the deterioration they claim occurs in their terms of trade.

It may be pointed out that there has been no effective acceptance of such proposals on the part of the developed nations.

The ideas of "additionally" and "compensation" differ from these proposals through their implicit connexion with environmental issues.

Origins of the Study

The present publication has its origins with a small Task Force established under the aegis of the IUCN Commission on Environmental Policy, Law and Administration (CEPLA) to consider several issues arising out of UNCHE which warranted further investigation.

The Task Force is an informal international group brought together on an ad hoc basis through questions and concerns shared in common. Its members serve voluntarily in their private capacities, and need to work largely by correspondence. The Task Force has operated under the Chairmanship of Christian de Laet and has as members: Peter Ellyard, Robert Gruszka, Scott MacLeod, Robert Munro (Co-ordinator), and Shadia Schneider-Sawiris. They are

working closely with the following members of CEPLA: Wolfgang E. Burhenne, Lynton K. Caldwell, and Richard N. Gardner and with senior members of the IUCN Secretariat: Gerardo Budowski, Raymond F. Dasmann, and Frank G. Nicholls.

Prominent amongst the concerns of the Task Force have been the concepts of "additionality" and "compensation", subjects linked with the economic and political relationships between the developed and developing countries, and the different priorities necessarily prevailing between these groups which gave rise to tensions at Stockholm. As a result of the exchanges between members of the Task Force on these subjects, several papers have been prepared for publication in this series, amongst them the present paper.

The Source Book is complementary to two other studies on the same theme included as Nos. 4 and 6 in the present series:

4. "The Concept of Compensation in the Field of Trade and Environment", by Shadia Schneider-Sawiris.
6. "Financing Environmental Protection in Developing Countries: the Principle of Additionality", by Scott MacLeod.

ARRANGEMENT OF MATERIAL

As one of the objectives of this compilation is to present the development of the concepts referred to through extracts from the texts of documents recording pertinent discussion at international meetings, mainly within the UN system, it has been decided to arrange them chronologically by the dates of the meetings or, in the few cases where other papers are cited, by the date of publication.

Each document (referred to here as a SOURCE with abbreviation S.) has been assigned a reference number seriatum within this sequence and this reference number is used in the connecting text when referring back to the Source in question.

To provide an alternative mode of access to specific documents, a list of the papers included in the compilation is set out in Annex 1 arranged under the agency or group responsible for the preparation and issue of each document. In Annex 2, the Sources have been grouped according to the meetings to which they relate and to pertinent major subject headings.

A list of the various acronyms used is given in Annex 3.

BIOGRAPHICAL NOTE

Yvonne I. Nicholls is an economic geographer who graduated from the Universities of Melbourne and Sydney. She has been a member of the staff of both the University of Melbourne and Chulalongkorn University, Bangkok. She has a long experience in developing countries of Asia, where she has served with several United Nations agencies. Her most recent concern has been with economic problems in land utilization in South East Asia.

ACKNOWLEDGMENT

The compiler wishes to acknowledge the close collaboration and assistance given by Mr. Robert D. Munro, Environment/Housing Division, Economic Commission for Europe, at all stages of the work and particularly with the initial selection and screening of documents and extracts. The original inspiration for the Source Book came from Mr. Munro and Mr. Christian de Laet, Secretary-General of Canadian Council of Resource and Environment Ministers. She also thanks Mr. B. Gosovic of the Office of the Executive Director, UNEP, and Mr. de Laet for constructive criticism, and her husband, Mr. Frank G. Nicholls, Deputy Director General of IUCN, for editorial assistance and for preparing the Annexes.

SOURCES

1

SOURCE 1.

October 1967

Charter of Algiers adopted by the Ministerial Meeting of the Group of 77 assembled at Algiers on 24 October 1967. UNCTAD Document MM.77/I/20 (30 October 1967). Circulated to Second Session of UN Conference on Trade and Development as Document TD/38 (3 November 1967).

Concern over economic and social trends detrimental to developing countries, and a growing disparity between the per caput incomes of the people of the developing and the developed world, led the international community to embark on a series of initiatives crystallized in the Final Act passed in 1964 by the first UN Conference on Trade and Development (UNCTAD I).

This Conference was convened in pursuance of Economic and Social Council Resolution 1785 (XVII) of 8 December 1962. By virtue of General Assembly Resolution 1995 (XIX) of 30 December 1964, the Conference acquired an institutional character of its own as an organ of the General Assembly. (UNCTAD II met in New Delhi from 1 February - 29 March 1968, and many of its resolutions were incorporated in the International Development Strategy for the Second United Nations Development Decade starting from 1971. UNCTAD III met in Santiago from 13 April - 21 May 1972, and its report is cited later as SOURCE 27.)

The primary purpose of these Conferences is stated to be (Report of UNCTAD II, ch. IV, para. 40): "To serve as an agent of accelerated development for all countries by means of formulating and carrying into effect new

development-oriented trade policies through the combined efforts of the entire international community. . . . One of the main tasks of the new organization was to be the promotion of economic progress in the development of world trade that would be equitable and advantageous to all countries".

At the conclusion of UNCTAD I, the Joint Declaration of the 77 Developing Countries was adopted. The Group has expanded to 97 members (October 1973) and has grown, not only in size, but in influence. Though never formally constituted, its Joint Declaration of 1964 indicated its unity and purpose. It stated (Final Act and Report, Volume 1, of UN Conference on Trade and Development, UN Publication Sales No. 64. 11. B.11, pp. 67-8):

This unity [of developing countries in UNCTAD] has sprung out of the fact that facing the basic problems of development they have a common interest in a new policy for international trade and development. . . . The developing countries have a strong conviction that there is a vital need to maintain, and further strengthen, this unity in the years ahead. It is an indispensable instrument for securing the adoption of new attitudes and approaches in the international economic field.

In 1967 a Ministerial Meeting of the Group was held in Algiers. Its representatives decided (S.1, p.2): "to chart a common course of action as conceived in the African Declaration of Algiers, the Bangkok Declaration of Asian countries and the Charter of Tegucigalpa of Latin American countries".

The Charter of Algiers claims that the promise held out by the Final Act adopted in 1964 by UNCTAD I had not been realized, and that despite its provisions, the situation for the developing countries was deteriorating and that (S.1, p.4):

In spite of the unanimously agreed target of 1 per cent of national income of financial resources to be provided to developing countries, actual disbursements have levelled off in absolute terms and declined as a proportion of gross national product of developed countries. While in 1961 the flow of development financing to developing countries amounted to 0.87 per cent of gross national product of developed countries, it came down to 0.62 per cent in 1966.

A claim was made that the international community should assist the developing countries (S.1, p.5):

The international community has an obligation to rectify these unfavourable trends and to create conditions under which all nations can enjoy economic and social well-being, and have the means to develop their respective resources to enable their peoples to lead a life free from want and fear.

In a world of increasing inter-dependence peace, progress and freedom are common and indivisible. Consequently the development of developing countries will benefit the developed countries as well.

Developing countries reiterate that the primary responsibility for their development rests on them.

Developing countries are determined to contribute to one another's development.

However, a fuller mobilization and more effective utilization of domestic resources of developing countries is possible only with concomitant and effective international action.

Traditional approaches, isolated measures and limited concessions are not enough. The gravity of the problem calls for the urgent adoption of a global strategy for development requiring convergent measures on the part of both developed and developing countries.

The establishment of UNCTAD and the dialogue which has taken place within it constitute a step towards a new and dynamic trade and development policy. What is needed now is to move from the stage of deliberation to the plane of practical action.

A programme of action was formulated, and at the request of the delegation of Algeria it was circulated (in connexion with item 9 of the provisional agenda) as part of the documentation for the Delhi meeting of UNCTAD II. While the suggested programme covered a broad spectrum of development needs, it nowhere dealt specifically with the principles of additionality or compensation involved for financing environmental action of developing countries. However, a foreshadowing might be glimpsed in Part II, para. A.3 (i) dealing with "synthetics and substitutes" (S.1, p.8):

Special measures in the field of finance, technical assistance and marketing, including financing of research, abolition of subsidies and granting of preferences should be taken to improve the competitive position of natural products of developing countries that are affected by the competition of synthetics and substitutes originating from developed countries.

This was further amplified in the Reports of Committees annexed to the Charter (see SOURCE 2).

Serious attention was paid at UNCTAD II to the Charter of Algiers, and it was at this Conference that the foundation was laid for the introduction of the Generalized System of Preferences.

The Charter did not overlook the duties of the developed countries toward the less-industrialized nations and under the heading "Flow of international public and private capital" stated (S.1, p.14):

(a) Each developed country should comply with the target of a minimum 1 per cent of its gross national product for net financial flows, in terms of actual disbursements, by the end of the Development Decade.* A separate minimum target within this

* See under SOURCE 6 for Development Decade.

goal, and progressively increasing, should be established for the official component of aid flows, net of amortization and interest payments;

(b) Any gaps remaining in the 1 per cent transfer each year should be made good by additional government transfers;

.

(e) The International Bank for Reconstruction and Development (IBRD)* should be made a Development Bank for developing countries exclusively. Total repayment of current loans by developed countries in advance of maturity should be secured. Such released funds should be used to augment resources of IBRD and the International Development Association (IDA)* to finance development of developing countries.

The Charter also outlined the future activities of the Group of 11 and the machinery for its continued existence. It was foreseen that the Group would meet at the ministerial level whenever necessary but always prior to the convening of sessions of UNCTAD.

2

SOURCE 2.

October 1967

Reports of the Four Main Committees of the Ministerial Meeting of the Group of 77 held at Algiers on 10-25 October 1967. UNCTAD Document MM.77/I/20/Add.1 (30 October 1967). Circulated to Second Session of UN Conference on Trade and Development as Document TD/38/Add.1 (7 November 1967).

* See under SOURCE 6 for IBRD and IDA.

The Report of the First Committee includes its Recommendation 19 which amplifies ways of dealing with the problems created by synthetics (S.2, p.8):

The Committee agreed to recommend that:

(a) special arrangements should be made for technical and financial assistance to improve the marketability of primary products and for research into the development of new uses and improvement of the quality of those products affected by competition of synthetics and substitutes;

(b) developed countries should refrain from subsidizing the production of synthetics and substitutes, particularly of those that compete with natural products of developing countries;

(c) natural products of developing countries facing competition from synthetics and substitutes originating from developed countries should be accorded preferential treatment in the markets of developed countries;

(d) the provision of Special Principle nine of the Final Act of UNCTAD I on dumping should be implemented with special reference to the marketing of synthetic products;

(e) special efforts should be made to increase the trade of primary commodities among developing countries, in particular of commodities facing competition from synthetics and substitutes on a mutually advantageous basis.

3

SOURCE 3.

December 1968

UN General Assembly Resolution 2398 (XXIII) on Problems of the Human Environment (3 December 1968).

By the following year, so many organizations in the UN system, governments, and intergovernmental as well as non-governmental bodies had worked on problems of the human environment that Resolution 2398 (XXIII) on the problems of the human environment was adopted by the UN General Assembly at its 23rd session on 3 December 1968 providing for the convening of a global conference on the "Human Environment" in Stockholm in 1972:-

The General Assembly

Noting that the relationship between man and his environment is undergoing profound changes in the wake of modern scientific and technological developments,

Aware that these developments, while offering unprecedented opportunities to change and shape the environment of man to meet his needs and aspirations, also involve grave dangers if not properly controlled,

Noting, in particular, the continuing and accelerating impairment of the quality of the human environment caused by such factors as air and water pollution, erosion and other forms of soil deterioration, waste, noise and the secondary effects of biocides, which are accentuated by rapidly increasing population and accelerating urbanization,

Concerned about the consequent effects on the condition of man, his physical, mental and social well-being, his dignity and his enjoyment of basic human rights, in developing as well as developed countries,

Convinced that increased attention to problems of the human environment is essential for sound economic and social development,

Expressing the strong hope that the developing countries will, through appropriate international cooperation, derive particular benefit from the mobilization of knowledge and experience about the problems of human environment, enabling them, inter alia, to forestall the occurrence of many such problems,

Having considered Economic and Social Council resolution 1346 (XLV) of 30 July 1968 on the question of convening an international conference on the problems of human environment,

Bearing in mind the important work on some problems of the human environment at present being undertaken by organizations in the United Nations system, in particular the United Nations (including the Economic Commission for Europe), the International Labour Organization, the Food and Agriculture Organization of the United Nations, the United Nations Educational, Scientific and Cultural Organization, the World Health Organization, the World Meteorological Organization, the Intergovernmental Maritime Consultative Organization and the International Atomic Energy Agency, as referred to in the report of the Secretary-General on activities of United Nations organizations and programmes relevant to the human environment,

Aware of the important work being done on problems of the human environment by Governments as well as by intergovernmental organizations such as the Organization of African Unity and non-governmental organizations such as the International Union for Conservation of Nature and Natural Resources, the International Council of Scientific Unions and the International Biological Programme,

Bearing in mind the recommendations of the Intergovernmental Conference of Experts on the Scientific Basis for Rational Use and Conservation of the Resources of the Biosphere, convened by the United Nations Educational, Scientific and Cultural Organization, with the participation of the United Nations, the Food and Agriculture Organization of the United Nations and the World Health Organization,

Convinced of the need for intensified action at the national, regional and international level in order to limit and, where possible, eliminate the impairment of the human environment and in order to protect and improve the natural surroundings in the interest of man,

Desiring to encourage further work in this field and to give it a common outlook and direction,

Believing it desirable to provide a framework for comprehensive consideration within the United Nations of the problems of human environment in order to focus the attention of Governments and public opinion on the importance and urgency of this question and also to identify those aspects of it that can only or best be solved through international cooperation and agreement,

1. Decides, in furtherance of the objectives set out above, to convene in 1972 a United Nations Conference on Human Environment;
2. Requests the Secretary-General, in consultation with the Advisory Committee on the Application of Science and Technology to Development, to submit to the General Assembly at its twenty-fourth session, through the Economic and Social Council at its forty-seventh session, a report concerning:

(a) The nature, scope and progress of work at present being done in the field of human environment;

(b) The main problems facing developed and developing countries in this area, which might with particular advantage be considered at such a conference, including the possibilities for increased international cooperation, especially as they relate to economic and social development, in particular of the developing countries;

(c) Possible methods of preparing for the Conference and the time necessary for such preparations;

(d) A possible time and place for the Conference;

(e) The range of financial implications for the United Nations of the holding of the Conference;

3. Further requests the Secretary-General, in preparing the report, to consult Governments of States Members of the United Nations and members of the specialized agencies and of the International Atomic Energy Agency and appropriate organizations of the United Nations system, and to draw on contributions from appropriate intergovernmental and non-governmental organizations.

4

SOURCE 4.

December 1969

UN General Assembly Resolution 2581 (XXIV) on United Nations Conference on the Human Environment (15 December 1969).

After the resolution to convene UNCHE (SOURCE 3), another was passed entrusting the Secretary-General with the overall organizing responsibility, requesting certain action, establishing a Preparatory Committee, and accepting the invitation of the Government of Sweden to hold the Conference in its country in June 1972.

The General Assembly

In pursuance of its decision in resolution 2398 (XXIII) of 3 December 1968 to convene in 1972 a United Nations Conference on the Human Environment and to begin immediately preparations for the Conference,

Having considered with appreciation the report of the Secretary-General called for in the above-mentioned resolution,

Having considered the relevant section of the report of the Economic and Social Council,

Taking into account the recommendations of the Economic and Social Council in the matter,

Having taken cognizance of the note by the Secretary-General of 21 October 1969,

Reaffirming the importance and urgency of the problems of the human environment and underlining the necessity for complete preparatory arrangements for the United Nations Conference on the Human Environment in 1972 to become operative as soon as possible,

Recognizing the important work on the problems of the human environment that is at present being undertaken and planned by the organizations in the United Nations system, other intergovernmental organizations, non-governmental organizations and national Governments,

1. Endorses in general the proposals contained in the report of the Secretary-General regarding the purposes and objectives of the United Nations Conference on the Human Environment;
2. Affirms that it should be the main purpose of the Conference to serve as a practical means to encourage, and to provide guidelines for, action by Governments and international organizations designed to protect and improve the human environment and to remedy and prevent its impairment, by means of international cooperation, bearing in mind the particular importance of enabling developing countries to forestall the occurrence of such problems;
3. Entrusts the Secretary-General with over-all responsibility for organizing and preparing for the Conference, bearing in mind the views expressed during the debates of the Economic and Social Council at its forty-seventh session and of the General Assembly at its twenty-fourth session;
4. Establishes a Preparatory Committee for the United Nations Conference on the Human Environment - consisting of highly qualified representatives nominated by the Governments of Argentina, Brazil, Canada, Costa Rica, Cyprus, Czechoslovakia, France, Ghana, Guinea, India, Iran, Italy, Jamaica, Japan, Mauritius, Mexico, the Netherlands, Nigeria, Singapore, Sweden, Togo, the Union of Soviet Socialist Republics, the United Arab Republic, the United Kingdom of Great Britain and Northern

Ireland, the United States of America, Yugoslavia and Zambia - to advise the Secretary-General;

5. Requests the Secretary-General to set up immediately a small conference secretariat by drawing, with the agreement of the specialized agencies concerned, particularly upon regular staff of the United Nations system, and to appoint at the appropriate time a Secretary-General of the Conference;

6. Further requests the Secretary-General to pursue the consultations on the preparations for the Conference, undertaken by him in accordance with General Assembly resolution 2398 (XXIII), to take account of the results of other international conferences, such as the conference on the problems of environment organized by the Economic Commission for Europe and scheduled to take place at Prague in 1971, and to draw on contributions from appropriate intergovernmental and non-governmental organizations;

7. Invites the specialized agencies, the International Atomic Energy Agency and the Advisory Committee on the Application of Science and Technology to Development to collaborate closely with the Secretary-General in the preparations for the Conference and to assist, as appropriate, in the work of the Preparatory Committee;

8. Invites the intergovernmental and non-governmental organizations concerned to lend every possible assistance in the preparations for the Conference;

9. Requests the Secretary-General, in collaboration with the Preparatory Committee, to take the necessary steps, as part of the preparations for the Conference, to bring to public attention the nature and importance of the problems of the human environment;

10. Believes it essential that all participating countries should be enabled to take an active part in the preparations for the Conference and in the Conference itself, and requests the Secretary-General to investigate what concrete steps could be taken to this end;

11. Notes the outline of the range of the possible financial implications for the United Nations of the

holding of the Conference presented in the report of the Secretary-General and in his note and requests him, in the light of the views expressed during the debates of the Economic and Social Council at its forty-seventh session and of the General Assembly at its twenty-fourth session, to make all efforts to reduce the costs of the Conference;

12. Decides that the Conference should be of two weeks' duration and requests the Secretary-General to take full account of this fact in preparing for the Conference;

13. Believes that, for the Conference to achieve its objectives, it is essential that its agenda be selective, its organizational structure simple and efficient, and that the documentation be kept within reasonable limits;

14. Accepts with appreciation the invitation of the Government of Sweden to hold the Conference in Sweden, in June 1972;

15. Requests the Secretary-General to submit a brief progress report, through the Economic and Social Council at its forty-ninth session, to the General Assembly at its twenty-fifth session;

16. Decides to consider the progress of the preparatory work of the Conference and to take the necessary further decisions at its twenty-fifth and twenty-sixth sessions.

5

SOURCE 5.

March 1970

Report of First Session of the Preparatory Committee for the UN Conference on the Human Environment held at New York on 10-20 March 1970. UN General Assembly Document A/CONF.48/PC.6 (6 April 1970).

The first of four sessions of the Preparatory Committee for UNCHE (established under General Assembly Resolution 2581 (XXIV), SOURCE 4) was held within three months of the enabling resolution. Section II of the report, titled "Consideration of the Programme Content of the UN Conference on the Human Environment and the Preparatory Work", contains a number of items of interest in the present context.

Under recommendations for national action concerned with environmental degradation from pollution and nuisance, para. (e) of Recommendation (25), (S.5, p.17):

Assess the consequences of new technology for the environment including research of alternative technological solutions - for example, plant derivatives and biological methods to replace persistent toxic chemicals for controlling pests.

Under recommendations for international action generally, Recommendation (26), (S.5, p.17):

In making suggestions for international action, the Working Group stresses the fact that the United Nations Organization, its components and other international bodies, have important roles to play. These roles could include facilitation of communications, prevention of unnecessary duplication of efforts, and provision of financial and technical

aid to prevent, arrest and reverse environmental deterioration.

Under the same group of recommendations concerned with environmental degradation from pollution and nuisance, Recommendation (29), (S.5, p.18-19):

(a) Identify those areas where results which can have meaning in pollution control can best be achieved through international cooperation. Taking into account the varying circumstances in which pollution occurs, certain international regulatory "legislative" action may be needed:

(i) On a global scale, in the form of conventions or agreements;

(ii) On a regional or bilateral scale, in the form of agreements;

(b) Promote international co-ordination of national programmes;

(c) Promote internationally accepted criteria, standards and monitoring.

These are prerequisites for items (a) and (b) above;

(d) Request the Secretary-General to prepare a brief up-to-date report on present activities in the field of pollution undertaken by the specialized agencies, other governmental organizations and certain non-governmental organizations, as well as on information obtained from Governments on national action. When possible, the above-mentioned information should pertain as well to planned activities with special emphasis placed on the following topics:

(i) Pollutants (their sources, recipients and effects on human beings);

(ii) Criteria and standards (an inventory of existing national and international criteria and standards);

(iii) Monitoring (global, regional and national);

(iv) Economic and social implications (that is, studies on impact of anti-pollution action in these areas).

Under the group of recommendations relating to the drafting of a declaration on the human environment, Recommendation (37), (S.5, p.19):

In formulating the declaration on the human environment, due account has to be taken of the environmental stresses caused by the differences in social and economic development between various parts of the world.

The report continues under measures to encourage national participation (S.5, p.23):

42. The Committee gave preliminary consideration to the encouragement of national participation on the basis of paragraphs 102 to 105 and 135 of document E/4667. Paragraph 105, referring to the universality of the subjects to be discussed at the United Nations Conference on the Human Environment and the fact that environmental problems in any country may have repercussions throughout the entire world, stressed the fact that it was essential that all participating countries be adequately represented at the Conference. It suggested that consideration should be given to concrete steps which might be taken to ensure adequate representation from developing countries. Paragraph 135 dealt with steps which countries themselves might take immediately in preparing for their own participation.

43. Several delegations indicated the steps which their own countries were already taking in preparing for the Conference and pointed out that they were awaiting the views of the Preparatory Committee. The need for co-ordination at the national level of the many different agencies and authorities concerned with the environment was stressed. It was suggested that aid-giving countries should ensure that their aid ministries or authorities be represented on any national committees.

44. There was unanimous agreement on the need to ensure the fullest participation of developing countries in the Conference and on the need to

maintain consultation with developing countries at all stages during the preparations for the Conference.

45. The Committee agreed to invite the Secretary-General to prepare a report for its second session making suggestions as to what concrete steps could be taken to facilitate the active participation of developing countries at the Conference.

6

SOURCE 6.

October 1970

UN General Assembly Resolution 2626 (XXV) on International Development Strategy for the Second United Nations Development Decade (24 October 1970).

With the successful passage of this resolution, the General Assembly proclaimed the Second United Nations Development Decade starting from 1 January 1971 and it adopted an International Development Strategy for that Decade. Although the First Development Decade, launched in 1961, had seen attempts (S.6, p.2): "to create conditions of stability and well-being and to ensure a minimum standard of living consistent with human dignity through economic and social programmes and development", the living standards of millions had remained pitifully low, disparities between the developing and the developed countries had increased, and frustrations and disappointments had grown. It was observed in the Preamble that increased aid for the developing countries would be needed during the Second Decade (S.6, p.3):

(11) The primary responsibility for the development of developing countries rests upon themselves, as stressed in the Charter of Algiers; but however great their own efforts, these will not be sufficient to enable them to achieve the desired development goals as expeditiously as they must unless they are assisted through increased financial resources and more favourable economic and commercial policies on the part of developed countries.

The Strategy made provision for financial and non-financial assistance to developing countries. Its framers were only too aware of how far short the contributors had fallen from the set goals during the First Decade. However, it is important to grasp what the developing countries had been led to expect in the way of aid, for when they later made requests for further financing for environmental purposes, they meant them to be additional to contributions contemplated in the International Development Strategy. Among the important concessions agreed to are the following (S.6, pp.7-9):

(25) No new tariff and non-tariff barriers will be raised nor will the existing ones be increased by developed countries against imports of primary products of particular interest to developing countries.

(26) Developed countries will accord priority to reducing or eliminating duties and other barriers to imports of primary products, including those in processed or semi-processed form, of export interest to developing countries through international joint action or unilateral action with a view to ensuring that developing countries have improved access to world markets and to market growth for products in which they are presently or potentially competitive.

(28) Developed countries will give increased attention within the framework of bilateral and multilateral programmes to supplement the resources of the developing countries in their endeavour to accelerate the diversification of their economies with a view to the expansion of the production and

exports of semi-manufactures and manufactures, as well as of semi-processed and processed commodities, broadening the patterns of exports in favour of commodities with relatively dynamic demand conditions and increasing food production in food deficient countries. Specific funds for diversification will be one of the features of commodity arrangements wherever considered necessary.

(29) Appropriate action, including the provision of finance, will be taken, as far as practicable, to initiate intensive research and development efforts designed to improve market conditions and cost efficiency and to diversify the end uses of natural products facing competition from synthetics and substitutes. In their financial and technical assistance programmes, developed countries and the international organizations concerned will give sympathetic consideration to requests for assistance for developing countries producing natural products which suffer serious competition from synthetics and substitutes, in order to help them to diversify into other areas of production including processing of primary products. Where natural products are able to satisfy present and anticipated world market requirements, in the context of national policies no special encouragement will be given to the creation and utilization of new production, particularly in the developed countries, of directly competing synthetics.

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(33) Developed countries will not, ordinarily, raise existing tariff or non-tariff barriers to exports from developing countries, nor establish new tariff or non-tariff barriers or any discriminatory measures, where such action has the effect of rendering less favourable the conditions of access to the markets of manufactured and semi-manufactured products of export interest to developing countries.

While it is stressed (S.6, para.41, p.11): "that developing countries must, and do, bear the main responsibility for financing their development", the financial contributions envisaged from the developed countries and institutions are clearly formulated (S.6, pp.12-15, 20):

(43) In recognition of the special importance of the role which can be fulfilled only by official development assistance, a major part of financial resource transfers to the developing countries should be provided in the form of official development assistance. Each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7 per cent of its gross national product at market prices by the middle of the Decade.*

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(45) In the light of the relevant decision of the Conference at its second session, financial assistance will, in principle, be untied. While it may not be possible to untie assistance in all cases, developed countries will rapidly and progressively take what measures they can in this respect both to reduce the extent of tying of assistance and to mitigate any harmful effects. Where loans are tied essentially to particular sources, developed countries will make, to the greatest extent possible, such loans available for utilization by the recipient countries for the purchase of goods and services from other developing countries.

(46) Financial and technical assistance should be aimed exclusively at promoting the economic and social progress of developing countries and should not in any way be used by the developed countries to the detriment of the national sovereignty of recipient countries.

(47) Developed countries will provide, to the greatest extent possible, an increased flow of aid on a long-term and continuing basis and by simplifying the procedure of the granting and effective and expeditious disbursement of aid.

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* It seems that the figure will not exceed 0.37 per cent by 1975 (Compiler's comment).

(49) The volume of resources made available through multilateral institutions for financial and technical assistance will be increased to the fullest extent possible and techniques will be evolved to enable them to fulfill their role in the most effective manner.

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(51) In the context of the search for appropriate means for dealing with the problem of disruption of development arising from adverse movements in the export proceeds of developing countries, the International Bank for Reconstruction and Development* has been requested to pursue its efforts at working out a scheme of supplementary financing. The Bank is invited to give further consideration to the adoption of supplementary financial measures at the earliest practicable opportunity.

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(63) Within the framework of their individual aid and technical assistance programmes, developed countries will substantially increase their aid for the direct support of science and technology in developing countries during the Decade. Consideration will be given to the question of setting a target equivalent to a specified percentage of the gross national product of developed countries at the time of the first biennial review, taking fully into account the relevant factors. Moreover the developed countries will, in their research and development programmes, assist in seeking solutions to the specific problems of developing countries and for this purpose will endeavour to provide adequate resources. Serious consideration will be

* IBRD (called the World Bank) is part of the World Bank Group which includes the "soft loan" affiliate, the International Development Association, and the International Finance Corporation, which supports the private sector. Its basic function is to prepare and finance projects for economic development in the developing countries. Late in 1970 the post of Environmental Adviser was created within the World Bank Group.

given during the first biennial review to the question of setting a specified target in this field. Developed countries will make all efforts to incur in developing countries a significant proportion of their research and development expenditure on specific problems of developing countries. In cooperation with the developing countries, developed countries will continue to explore the possibility of locating some of their research and development projects in developing countries. Private foundations, institutions and organizations will be encouraged to provide further assistance for expanding and diversifying research activities of benefit to developing countries. In relation to their aid and investment policies, developed countries will assist developing countries in identifying technologies which are appropriate for their circumstances and in avoiding the utilization of scarce resources for inappropriate technologies.

7

SOURCE 7.

November 1970

Note on Preparation for the UN Conference on the Human Environment by the Secretary-General. UN General Assembly Document A/8065/Add.1 (13 November 1970).

The Secretary-General of the UN submitted a note to the General Assembly at its 25th Session in which he stated that (S.7, p.2):

To ensure the participation of developing countries in the preparatory work of the Conference, four regional meetings of experts in the areas of the regional economic commissions and the United Nations Economic and Social Office in Beirut would be convened, three in 1971 and one in 1972.

In response to this note, and in cooperation with the Secretariat of UNCHE, four regional seminars were organized, the first by the Economic Commission for Asia and the Far East (ECAFE) in Bangkok, 17-23 August 1971 (SOURCE 14); the second by the Economic Commission for Africa (ECA) in Addis Ababa, 23-28 August 1971 (SOURCE 15); the third by the Economic Commission for Latin America (ECLA) in Mexico City, 6-11 September 1971 (SOURCE 17); and the fourth by the UN Economic and Social Office in Beirut (UNESOB) 27 September - 1 October 1971 (SOURCE 19).

Representatives of 72 less-industrialized countries attended these seminars where discussions were centred on the basic issues contained in the Founex Report (SOURCE 10) and documents prepared by the regional economic commissions. The seminars can be viewed as a first step in the direction of regional cooperation in the environmental field.

A symposium on "Problems of Environment" was held by the Economic Commission for Europe (ECE) in Prague, 2-15 May 1971; unlike the above-mentioned regional seminars it did not focus on the relationship between development and the environment.

8

SOURCE 8.

December 1970

UN General Assembly Resolution 2657 (XXV) on UN Conference on the Human Environment (7 December 1970).

At the 25th session of the General Assembly (on the report of the Second Committee), Resolution 2657 (XXV) on the UN Conference on the Human Environment was adopted. Recommendations 2 and 3 concern the inclusion of agenda items relating to a reconciliation between the national environmental policies of developing countries with their national development plans, and attempt to ensure that additional resources beyond the targets indicated in the International Strategy for the Second UN Development Decade are provided to them in the context of environmental protection.

The General Assembly

Recalling its resolutions 2398 (XXIII) of 3 December 1968 and 2581 (XXIV) of 15 December 1969,

Noting with appreciation the steps that have been taken by a number of specialized agencies and of intergovernmental and non-governmental organizations to assist in the preparatory work for the United Nations Conference on the Human Environment,

Stressing the need to pursue vigorously the preparations for the Conference,

Having considered the note by the Secretary-General,

Taking note of the report of the Preparatory Committee for the United Nations Conference on the Human Environment on its first session,

Taking note also of Economic and Social Council resolution 1536 (XLIX) of 27 July 1970,

Taking note with satisfaction of the appointment of the Secretary-General of the Conference,

Aware that the International Development Strategy for the Second United Nations Development Decade calls for intensified national and international efforts to arrest the deterioration of the human environment and to take measures towards its improvement, and to promote activities that will help to maintain the ecological balance on which human survival depends,

Reaffirming that environmental policies should be considered in the context of economic and social development, taking into account the special needs of development in developing countries,

1. Requests the Secretary-General to convene the second session of the Preparatory Committee for the United Nations Conference on the Human Environment at Geneva from 8 to 19 February 1971 and the third session in New York from 13 to 24 September 1971;
2. Recommends the inclusion in the agenda for the second and third sessions of the Preparatory Committee of one or more specific items relating to economic and social aspects in order to safeguard and promote the interests of developing countries with a view to reconciling the national environmental policies with their national development plans and priorities;
3. Recommends that the Preparatory Committee in its global and comprehensive preparations for the United Nations Conference on the Human Environment in 1972, consider, inter alia, the financing of possible action in this field with a view to ensuring that additional resources are provided to developing countries in the context of the protection of the environment;
4. Requests the Secretary-General to transmit the report of the Preparatory Committee on its second session to the Economic and Social Council at its fifty-first session for such comments, suggestions and recommendations as the Council may wish to make;
5. Requests the Secretary-General to submit a comprehensive report on the progress of the

preparatory work for the Conference to the General Assembly at its twenty-sixth session, after the third session of the Preparatory Committee.

9

SOURCE 9.

February 1971

Report of the Second Session of the Preparatory Committee for the UN Conference on the Human Environment held at Geneva on 8-19 February 1971. UN General Assembly Document A/CONF.48/PC/9 (26 February 1971).

In considering the basic concept of the UNCHE programme and topics for the agenda, the Second Session of the Preparatory Committee proposed that Development and Environment be one of the six main subjects of the Conference Agenda, and indicated that the following elements should be considered (S.9, p.14):

(a) Environmental policies as a component of comprehensive development planning, taking specially into account the particular problems, interests, needs and priorities of developing countries; link and relationship to strategy for Second Development Decade.

(b) Environmental problems, priorities, perspectives and actions concerning developing countries.

(c) Impact of national and international environmental action on economic growth; impact of economic growth on the human environment.

(d) Means of calculating costs of environmental factors in economic transactions and of providing for allocation of such costs; development of criteria and techniques for evaluation and presentation of social factors in cost-benefit analysis of

alternative policies and actions; means and criteria for relating economic growth indicators to quality of life factors.

(e) Fiscal implications of planning, conserving and developing natural resources and of environmental programmes for decontamination of air, treatment of water and elimination of industrial wastes.

(f) Environmental consideration in the choice of location of new industries on national and international level with particular reference to new industries in areas of lower industrial concentration, for example, developing countries.

(g) Resources required to meet needs for environmental quality at different stages of economic development; implications for alternative use of resources and resource flows; financing of international programmes of environmental action, technical cooperation and assistance - all with particular reference to developing countries.

(h) Implications of environmental issues for international trade, technical and development assistance, including technology transfer, its required cost and financing.

10

SOURCE 10.

June 1971

Report of Panel of Experts on Development and Environment
held at Founex, Switzerland, on 4-12 June 1971 under the
auspices of the Secretary-General of UN Conference on the
Human Environment.

The Secretary-General of UNCHE convened a panel of experts at Founex to attempt to answer questions being posed by developing countries, such as:

How would actions taken by the more industrialized nations affect them?

What was likely to be the availability of technical assistance?

What would happen to the markets they required for their own development?

What attention was likely to be given to the kind of environmental problems which directly affected them?

In the Founex Report, chapters 4 and 5 are highly relevant to the evolution of a climate of opinion sympathetic to the principles of compensation and additionality, but the following extracts are particularly apposite (S.10, p.30-33):

4.4 There is a fear that the insistence of the developed countries on rigorous environmental standards of products exchanged in international trade may well give rise to a "neo-protectionism". Many of the developed countries will be loath to see their production and employment suffer if their export prices rise as environmental standards are enforced; they may try to argue that imports from the developing countries based on less rigorous environmental standards should either be taxed or banned. The import-competing sectors and organized lobbies are likely to join in this outcry. Agricultural products may be the first to suffer. Some industrial products, notably chemicals, may fare no better. And from specifics, the argument can quickly go on to a general level. Why be liberal in admitting the products of the developing countries if they are the outgrowth of a "sweated environment"? The humanitarian concern for environment can far too easily become a selfish argument for greater protectionism. The developing countries still confront the argument of "sweated labour"; the argument of "sweated environment" will be equally fallacious but even harder to beat.

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4.5 In certain cases, the possibility of channelling additional aid toward adapting export industries in developing countries to the new requirements in developed countries or towards a diversification of their exports should also be studied. . . .

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4.6 As a first step, it appears necessary to draw advance attention to the implications of environmental concerns for the continued growth of international trade. Appropriate procedures for prior notification, consultation and co-ordination will be needed to avoid adverse effects for world trade arising from national measures designed to promote pollution control. Conflicts of trade interests arising in this area should be resolved through existing and evolving arrangements and procedures. In this connexion, the existing GATT framework - under which most of the industrialized countries have assumed specific rights and obligations - should be further used to mitigate such problems so as to reduce the fears of developing countries that a desire for a better environment may lead to an increase in protectionism.

4.7 It is important that the dimensions of this problem should be carefully defined and more concrete information accumulated so as to serve as the basis of international action. We therefore recommend that a number of specific studies be undertaken to analyse the implications of the current environmental concern for trade disruption. First, a comprehensive study should be made, possibly by UNCTAD, of the major threats that may arise to the exports of the developing countries, the character and severity of such threats, and the corrective action that may be possible. Second, the FAO should continue its present useful work on food standards considerations, including contamination, and seek to establish agreed environmental standards and guidelines for the export of foodstuffs. Third, the GATT should undertake to monitor the rise of non-tariff barriers on grounds of environmental concern and bring out pointedly any such trends in its Annual Reports.

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4.9 Aid priorities and project appraisal may also, it is feared, be distorted by an excessive tendency

by the developed countries to apply their own environmental standards unthinkingly to the developing countries. To the extent that aid priorities are influenced by, and are an extension of, the current concerns in the developed countries, it is inevitable that they will respond to the growing environmental concern. Aid donors may well believe that projects meant for environmental improvement should claim a fairly high priority in the developing countries while the latter may give these projects a lower priority in the context of their own competing needs. . . .

In paragraph 4.17 direct reference is made to additional funds and payment of compensation being required by developing countries to cover research, trade dislocations, and increases in the cost of developments owing to higher environmental standards (S.10, p.37):

4.17 We have also discussed the question of who pays for the higher costs arising out of the environmental concern and how the burden is to be shared between the developed and the developing world. Looking at the problem strictly from the point of view of the developing countries, it is quite clear that additional funds will be required to subsidize research for environmental problems for the developing countries, to compensate for major dislocations in the exports of the developing countries, to cover major increases in the cost of development projects owing to higher environmental standards and finance restructuring of investment, production or export patterns necessitated by the environmental concern of the developed countries. There was some discussion on how these additional funds should be provided. A proposal was made that a Special Fund should be set up specifically for this purpose. It was, however, felt that the consideration of a Special Fund was premature at this stage and the additional funds could as well be channelled through the existing international machinery so long as they could be clearly earmarked for the above-stated objectives, and clearly recognized as being additional. While the precise mechanism for the channelling of additional funds could not be discussed by us in any comprehensive manner, it was generally agreed that additional resource flows in one form or another will be needed.

In chapter V, entitled "Implications for Policy Action", paragraphs 22 and 23 under International Action record important recommendations (S.10, p.41):

22. The developed countries should ensure that their growing environmental concern will not hurt the continued development of the developing countries, or result in a reduction of resource transfers, or distortion of aid priorities, or adoption of more protectionist policies, or insistence on unrealistic environmental standards in the appraisal of development projects. (para. 4.12)

23. Additional aid funds will be required to subsidize research on environmental problems for the developing countries, to compensate for major dislocations in the exports of the developing countries, to cover major increases in the cost of development projects owing to higher environmental standards, and to finance restructuring of investment, production or export patterns necessitated by the environmental concern of the developed countries. A suitable mechanism for the channelling of these funds should be devised. (para. 4.17)

The Founex Report was destined to become the most important document to be considered by the regional seminars arranged by the Secretariat of UNCHE.

11

SOURCE 11.

June 1971

Industrial Pollution Control and International Trade, Background Paper No. 4 for Founex meeting (see SOURCE 10 above) submitted by Secretariat of the General Agreement on Tariffs and Trade (4 June 1971) . Subsequently published as GATT Studies in International Trade No. 1 (Geneva, July 1971) (citations refer to this latter version).

This timely study explores the implications which the widespread introduction of measures for the control of industrial pollution might have for foreign trade, and helps to evolve guidelines for permitting effective pollution control without damaging the structure of international trade. Amongst its conclusions appear the following (S.11, p.23):

3. The method chosen for allocating or defraying the additional costs of pollution control could significantly influence the pattern of investment in individual countries and, consequently, international trade and capital flows.

4. One possible result of national responses to the environmental problem could be an accelerated transfer of industries or processes causing the most pollution to countries facing a less urgent pollution problem. The transferring country would thereby assist the industrialization efforts of the receiving country while at the same time ensuring that imports from this source would not be inflated by anti-pollution costs.

5. An important point to be considered in this respect is whether the developing countries, having not yet generally attained critical pollution levels and expecting technological progress to

reduce pollution control costs in the future, need to adopt the same pollution control norms as the more advanced countries. In general, it would not seem desirable for any country to adopt measures designed to stem such flows of investment and trade as might result from international differences in pollution control norms.

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7. Government assistance can assume many forms, including direct import limiting measures. In the latter form, however, it would be likely also to give rise to international commercial-policy disputes. Appropriate procedures for advance notification, possible consultation and co-ordination concerning proposed national pollution control measures will be needed to avoid adverse effects on international trade and to maintain consistency with the rights and obligations countries have assumed in GATT.

An extra sentence at the end of para. 7 in the version submitted to the Founex meeting reads (p.26):

As a first step, it seems essential to draw attention to the important implications of Pollution Control for international trade and to the kind of repercussions which may arise through the inclusion of an appropriate passage in the proposed Declaration on the Human Environment.

The General Agreement on Tariffs and Trade (GATT) is a multilateral agreement which concerns itself with the commercial relations of its member countries. It was drafted in 1947 and endorsed 1 January 1948, but modifications have been made on occasion. Although it is administered and financed by the Contracting Parties and meetings are closed, GATT has special relations with the International Monetary Fund (IMF), and the International Trade Centre founded by GATT in 1964 (at the request of developing countries to aid them promote their export trade) has been operated jointly with UNCTAD since 1968.

Tariff-negotiating conferences have been held throughout GATT's history, but the 1964-67 conferences, known as the Kennedy Round, launched a liberalizing trade programme and stressed particularly the problems of the developing countries.

12

SOURCE 12.

June 1971

The Implications of Environmental Measures for International Trade and Development, Background Paper No. 5 for Founex meeting (see SOURCE 10 above) submitted by Secretariat of UN Conference on Trade and Development (4 June 1971).

Not surprisingly, UNCTAD was sounding similar warnings to those of GATT in its submission to the same Panel of Experts. They are summed up among the conclusions (S.12, p.19):

Some environmental actions by developed countries (restrictions on use or import of certain commodities, imposition of environmental regulations, standards and other non-tariff barriers on imports as well as increased production costs reflected in higher export prices) are going to have a negative effect on developing countries' export possibilities and their terms of trade. Every effort should be made to avoid, or minimize, the application to developing countries of tariff and non-tariff barriers, which are aimed at protecting industries with higher environmental costs. Recycling at an enterprise and at a national economic level will also tend to diminish the volume of primary commodities consumed and imported into developed countries. In the long term recycling will become a

serious stimulus towards vertical diversification and industrialization in developing countries.

13

SOURCE 13.

July 1971

Report of the Secretary-General to the Third Session of the Preparatory Committee for the UN Conference on the Human Environment held at New York on 13-24 September 1971. UN General Assembly Document A/CONF.48/PC.11 (30 July 1971).

This report of the Secretary-General, made after the second session of the Preparatory Committee, included Committee and Group Progress Reports and also stated the objectives of the third session. In the Progress Report of Committee 2, a tentative list of proposals to be incorporated in a position paper for the Conference was set out under Subject area V: "Development and Environment". It is indicated that in order to establish environmental standards, action at national, regional and international levels is implied, and that the assistance of the members of the UN system will be required by some developing countries (S.13, pp.41-44):

164. A major challenge faces the developing countries: they must find ways of developing at a faster rate towards their own social and economic goals and to avoid, at the same time, the exorbitant social costs of environmental disruption. Concern for the environment must therefore be an integral part of the development process. This is especially so because, under the conditions prevailing in developing countries any additional cost involved in improving the quality of the environment could

be only envisaged in the context of accelerated growth. Resources cannot be diverted from the urgent needs of development. The problems should not be viewed, however, exclusively in terms of a trade-off between the rate of growth and environment-oriented action. In some cases, concern for the environment and economic growth go hand in hand. In others, it should be possible to mobilize for environmental action additional resources otherwise not available or being used. A common situation still prevailing in most developing countries is that preventive action may be taken now at only a part of the cost which would be incurred later on. The trade-off is, in this case, between short-term effects and long-term development, a problem constantly faced by development planners.

Developing countries must also be prepared to deal with the impact on their development of the increasing number of measures being taken by industrialized countries in dealing with their own environmental problems. They must be well informed and organized to minimize the difficulties and take full advantage of the opportunities which such measures will present to them.

The report then continues with a series of "Action Proposals":

Development planning

165. The governments of the developing countries should consider taking the necessary action to allow for environmental factors within the framework of their own development strategies. This may involve redefining development policies and adjusting planning techniques. There may need to be a general broadening of development plans to allow for a redefinition of priorities and dimensions in the light of each country's cultural and social values and stage of economic development.

166. At the same time, economic policies may also have to be adjusted to harmonize consideration for environmental factors with other goals. For example, the location of industrial plants may need to be carefully reconsidered, while attention should also be paid to the use of labour-intensive methods where these can help to maintain environmental quality.

Environmental standards and indicators

167. To simplify the laying down of environmental policies and goals, governments could be invited to establish standards of minimum environmental quality in various fields and sectors, such as public health, nutrition, water supply, soil conservation, land management, rural-urban interaction patterns, location and physical planning of new urban centres, etc. At the same time, there is an urgent need to evolve indicators and measures of environmental quality suited to local conditions.

168. This presupposes that detailed surveys of the present environmental situation in towns and rural areas will be undertaken. Such surveys involve an important interdisciplinary research effort, and this in turn means that attention will need to be given to the training of suitable personnel. The members of the United Nations system and other international or regional organizations are invited to support the governments concerned by providing the necessary technical assistance and organizing the exchange of experience and information. Ways will also need to be found to co-ordinate international operations in this field.

Design and appraisal of projects

169. The integration of environmental goals with development policies suggested above will also involve a revision of guidelines for project appraisal, taking environmental considerations into account. Both positive and negative social effects should be considered as fully as possible in this respect.

170. However, the laying down of procedures for project design and appraisal presupposes a better knowledge of the impact on the environment of development projects. Close examination of all projects from this standpoint will be called for, in order to provide those concerned in project design with adequate data and with suggested lines of action to safeguard the environment, within the limitations of existing resources.

171. This implies action at national, regional and international levels. Ways must be found to improve project design and appraisal so as to preserve the quality of the environment without slowing down the flow of international aid and of

investment. In this whole field, as in setting standards, the assistance of the members of the United Nations system will be required.

International Economic Relations

172. Governments and international organizations may be invited to pay close attention to the possible repercussions of environmental policies, pursued nationally and on a world-wide scale on flows of trade and capital between developed and developing countries.

173. In particular:

(a) Measures should be devised to deal with the effects of trade diversion from developing countries justified by stricter environmental standards imposed on certain commodities. This presupposes a detailed commodity-wise study and the monitoring of the rise of non-tariff barriers on grounds of environmental concern.

(b) The growing environmental concern in developed countries might broaden the markets for certain primary commodities produced by developing countries which could regain in this way positions previously lost to synthetics. The attention of developed countries should be called to this problem which might create an opportunity for aid by trade.

(c) Environmental considerations are likely to affect also the pattern of international investment. The developing countries may explore the possibilities of increased participation in certain industrial fields, both for home market production and export purposes, which are going to become more costly for the developed countries because of their higher cost of environmental protection. This should not lead however to indiscriminate export of pollution by developed countries and the governments of the developing countries may also feel it advisable to consider laying down specific environmental standards for new foreign investment projects.

(d) International action to protect the environment and in particular the oceans on a global scale is likely to raise difficult international problems of cost distribution among the polluters and the polluted. Environmental disruption of resources that are the common property of all

nations may hamper the development of latecomers. It could therefore, be suggested that the financing of world-wide action be linked with that of a world programme for the use of such resources as part of an equitable development effort.

14

SOURCE 14.

August 1971

Report of the Seminar on Development and the Environment held at Bangkok, Thailand, on 17-23 August 1971 organized by the Economic Commission for Asia and the Far East. UN Economic and Social Council Document E/CN.11/999 (30 August 1971).

The first of the regional seminars to be organized on the subject of UNCHE in response to the Secretary-General's Note to the General Assembly (SOURCE 6), was held by ECAFE in Bangkok. It closely followed the meeting of the Panel of Experts at Founex (4-12 June 1971) and used the Founex Report (SOURCE 10) as a basic document.

The Executive Director of ECAFE declared in his address that there was widespread evidence of the eagerness of developed countries to help developing countries with all aspects of development, and he was sure that, in the spirit of Stockholm's slogan "Only one earth", it included the preservation of the human environment.

In the Seminar Report, the discussions on the environmental problems most commonly experienced by the countries of the region are recorded. The two major fears of Commission members are expressed (S.14, pp.20-21):

The seminar gave much attention to the international implications of the recent environmental concern at the world level, and specifically to the effects of national environmental policies on the community of nations.

It was acknowledged that there were many global problems which concerned all countries irrespective of size, stage of development, or ideology. For example, the use and degradation of common property resources, or atmospheric disturbances arising out of the impact of certain human actions on the natural environment, deserved the attention of all countries. Similarly, certain environmental problems (e.g. in connexion with river basins and the use of rivers and lakes), that arose in one country might often affect neighbouring and other countries. It was only by international cooperation that the way could be paved for equitable and effective control of such problems.

Developing countries had to be prepared to deal with the possible impact on them of the measures being taken by industrialized countries in dealing with their own environmental problems. They would have to be well informed and organized both to minimize the difficulties and to benefit from the opportunities which might arise from such measures.

The seminar shared the fear expressed in the Founex report that interests in the developed countries might use the argument of differences in the costs of environmental regulation for products exported by them as a reason for a new kind of "neo-protectionism". The seminar supported the idea of detailed commodity-wise studies and the monitoring of the rise of trade barriers on grounds of environmental concern. In the case of stricter standards imposed on certain commodities imported from developing countries on grounds of health or environmental concern, measures should be devised to minimize the disruptive effects that such action might give rise to in the developing countries. For example, arrangements might be made for giving timely warning to, and for consulting with, the developing countries affected. Financial arrangements might also be made to enable the countries affected to undertake structural changes.

The seminar also shared the fear that excessive preoccupation with environmental problems would

lead to a diminution in the flow of resources from developed to developing countries. International cooperation and aid, particularly, were very important supplements to any national effort in developing countries to accelerate the tempo of economic and social development, and, consequently, to improve the human environment. The concern for environmental issues should not result in a weakening of the will on the part of the developed world to provide foreign assistance for the developing countries, nor should it lead to a distortion of priorities in respect of the purposes for which aid was provided.

The danger of the indiscriminate export of "pollution" by the developed countries was also considered (S.14, p.22):

While recognizing that it was dealing with a controversial matter, the seminar strongly recommended that developing countries of the region should explore the possibilities of increased participation in certain industrial fields which were likely to become more costly for the developed countries because of the higher cost of environmental protection in these countries. Such participation would cover both home market production and export purposes. It should not lead, however, to the indiscriminate export of "pollution" by developed countries, and the Government of the recipient country might consider it advisable to lay down specific environmental standards for new foreign investment projects.

The integration of environmental goals with development policies would involve a revision of guidelines for project appraisal, by taking environmental considerations into account, but such guidelines would have to be developed on the initiative of the countries themselves and not be formulated unilaterally by donor agencies.

Almost inevitably, the problem of who should pay for the higher costs of environmental protection was raised (S.14, pp.22-23):

The seminar agreed with the Founex report that additional funds would be required to subsidize

research into the environmental problems of the developing countries, compensate for major dislocations in the proceeds of their exports, cover the major costs of development projects, and re-structure investment, production, or export patterns.

International action to protect the environment, and, in particular, the oceans, on a global scale, was likely to raise difficult international problems of cost distribution among the countries and people affected. It was suggested that the burden should be borne by those who polluted the environment and that any action for world-wide financing should be linked to a world programme for the use of such funds as part of an equitable development effort.

Finally, hopes were expressed, along the lines of the Founex report, regarding positive aspects of the international implication of the environmental concern. Concern about pollutive effects of some industries manufacturing synthetic products might slow down the rate at which natural products were being replaced by synthetic substitutes. That might open up opportunities for a re-examination of prices negotiated under long-term commodity agreements and for concessions for minerals and oil.

15

SOURCE 15.

August 1971

Report of the First All-African Seminar on the Human Environment held at Addis Ababa on 23-28 August 1971 jointly sponsored by the Economic Commission for Africa and the UN Secretariat, Geneva. UN Economic and Social Council Document E/CN.14/532 (11 October 1971).

The ECAFE seminar was promptly followed by the second regional meeting on the human environment (in response to

the Secretary-General's Note, SOURCE 6), convened by the Economic Commission for Africa (ECA), termed the First All-African Seminar on the Human Environment. Jointly sponsored by the ECA and the UN Secretariat, Geneva, it, like its Asian predecessor, leaned heavily on the Founex Report (SOURCE 10), and revealed that many of the developmental and environmental problems of Africa were the same as for Asia, though greater emphasis was placed on programmes for arid zone management.

It was at Addis Ababa that an early specific reference was made to compensation (S.15, p.7):

Additional funds would be required to subsidize research into the environmental problems of the developing countries to compensate for major dislocation in the proceeds of their exports to cover the additional costs of development projects to restore their investment or production patterns, etc.

This went further than the Founex Report which did not provide expressly for direct compensation but only referred to "the possibility of channelling additional aid" in certain cases of adapting export industries in developing countries to the new requirements.

On the question of financial aid, a recommendation is made to seek international funds (S.15, p.16):

42. The Seminar, noting that the major causes of ill-health in the African region, in particular, and the developing countries in general, are infective and parasitic diseases which are directly traceable to the drinking of dirty and infected water, recommends that governments and international organizations pay special attention to, and strengthen their efforts in providing safe potable water supply to all human settlements in the region, and, that serious attention should also be given by governments and international organizations to the provision of adequate sewage and solid waste collection and disposal facilities; but that in view

of the high cost of providing these essential services, recommends that governments should particularly seek international aid towards providing them.

In a consideration of the preparation of an inventory of national resources, again it is recommended (S.15, p.17): "that early efforts be made to mobilize national and international aid resources".

At the international level, the following measures were recommended (S.15, p.23):

Reinforcement and improvement of the action taken by the Organs of the United Nations family and other institutions and bodies so as to provide better assistance to African countries, in the conduct of studies concerning projects for the management of natural resources, sanitation, disease control.

Establishment of a flexible information mission, the purpose of which would be to provide the countries with all the data concerning the environment and to follow up and co-ordinate international technical assistance projects.

The rapid conclusion of an international convention concerning fishing off the Coast of Africa, so as to put an end to the stripping of the fish reserves by many non-African countries.

Two final paragraphs under Topic III (Development and Industrialization) are pertinent (S.15, p.25):

9. Action is necessary at the national regional and international levels on ways of improving project design and appraisal so as to preserve the quality of the environment without slowing down the flow of international aid or investment.

10. African countries should guard against the indiscriminate importation into Africa of polluting industries and products. They should also lay down specific environmental standards for new foreign investment projects in their territories.

In the field of training and education, recommendations are made that both UN agencies and other international finance sources should apply additional funds.

16

SOURCE 16.

August 1971

Report of a Working Party on Environmental Problems in Developing Countries held at Canberra, Australia, on 24 August - 3 September 1971, convened by the Special Committee on Problems of the Environment (SCOPE), International Council of Scientific Unions.

The Canberra report presents the views of a working group of environmental scientists from the developing countries of Asia, Africa, and Latin America on aspects of development and environment, and claims that (S.16, pp.2-3):

In spite of the obvious differences in the national and regional priorities, the meeting was unanimous in emphasizing the commonalty of problems and approaches and the necessity for a common strategy and joint action to face the environmental challenge.

While this was a committee of scientists concerned mainly with technical matters, one recommendation for financial support was made concerning the development and management of national resources (S.16, p.9):

2.4 Financial support both at national and international level, should be made available to research programs aiming at exploring and promoting ecologically sound alternative plans for development.

17

SOURCE 17.

September 1971

Report of the Latin American Regional Seminar on Problems of the Human Environment and Development held at Mexico City on 6-11 September 1971, organized by the UN Conference on the Human Environment and the Economic Commission for Latin America. UN Economic and Social Council Document ST/ECLA/CONF. 40/L.5/Rev. 1 (28 October 1971).

Some important conclusions regarding the international impact of environmental conservation adopted by industrialized countries are noted in the report of the Latin American Regional Seminar (S.17, pp.19-22).

Under the heading of "International Trade":

102. It was considered necessary to recommend that UNCTAD carry out regular studies and reviews of possible adverse effects on exports from developing countries as a result of measures which the developed countries had adopted or might adopt by reason of their concern over environmental problems. The studies would contain an analysis of such potential ill-effects and present suggestions for preventing them.

103. In the event that the developed countries were to establish new trade barriers by virtue of their policy of protecting the environment, they should undertake not to apply them to exports from developing countries.

104. Suitable mechanisms should be devised to compensate for any decline in exports from developing countries that might be attributable to new requirements of importers of new techniques, or to an increase in import prices for those reasons.

Under the heading of "International Aid":

106. The participants considered that in international financial assistance programmes special attention should be given to the following points:

(a) the need to provide new resources on the most favourable terms and conditions possible, to cover the most pressing needs of developing countries in the face of the increasing costs entailed in the necessary restructuring of industry in order to adapt certain sectors to the new environmental control standards, and in the absorption and adaptation of modern techniques imposed by the new methods of environmental control;

(b) the harm which might be sustained by developing countries if external aid were reduced even further below its current level owing to the higher cost of environmental control and conservation systems;

(c) that governments and multilateral agencies should not make their financial cooperation policies conditional upon compliance with standards established by their authorities for the development projects concerned. . . .

Under the heading of "International Cooperation":

109. The Seminar stressed the need to use all possible means of international financial and technical cooperation to aid the developing nations, including the Latin American countries, in solving their environmental problems and minimizing the adverse effects that environmental preservation policies of the industrialized nations might have on their development efforts. . . .

In this section, paragraph 111 contains the following points:

(d) Review the objectives of the Second United Nations Development Decade in the light of the additional needs of developing nations in order to protect and improve their environment. Some representatives further suggested that the developed countries and appropriate international agencies be asked to provide the developing nations with

whatever technical and financial assistance was necessary to introduce the changes in their production processes that would enable them to meet the new conditions imposed by importing countries.

(e) . . . Some representatives suggested that support be given to the establishment of a special fund to meet the requirements of environmental preservation at the international level, and to the concession of additional financing to relieve or counteract the negative financial effects on developing countries of measures adopted by industrialized countries for the preservation of their environment. The countries currently regarded as responsible for most of the pollution of the environment should be asked to contribute the largest share of the resources for that fund.

18

SOURCE 18.

September 1971

Report on the Third Session of the Preparatory Committee for the UN Conference on the Human Environment held at New York on 13-24 September 1971. UN General Assembly Document A/CONF.48/PC/13 (30 September 1971).

While many representatives at the third session of the Preparatory Committee were prepared to endorse the recommendations of the Founex meeting (SOURCE 10), and those resulting from the three regional seminars convened on the subject (SOURCES 14, 15, 17), others regretted that the seminar reports were not available in time for careful consideration.

At this session, the fears of a conflict between accelerated development and environment protection were expressed along with the need for financial assistance to

developing countries. Relevant quotations from the report follow (S.18, pp.26-28):

104. In attempting to reconcile the goals of development with the goals of preserving and improving the environment, the representative of the Secretary-General of the Conference further stated that it was important to bear in mind the following basic considerations: concern for the environment should be an integral part of the development process; the limited resources available to developing countries could not be diverted from the urgent needs of development; the quality of life in developing countries was directly dependent on accelerated development; and measures adopted by the developed countries could have adverse consequences on the economies of the developing countries.

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106. Many representatives, mainly those from the developing countries, pointed out that there should not be any basic contradiction between the goals of development for the developing countries and environment-oriented actions. A basic difference was nevertheless pointed out between the environmental problems that arose out of the process of development itself, and those related to the state of poverty of many of the developing countries. The basic solution for most of the latter problems could be achieved through an accelerated process of development. It was also recognized that, in the course of development, similar problems to those already existing in industrialized countries could occur. In those cases, preventive action could be taken in the light of the experience obtained by the industrialized countries.

107. It was stated further by many representatives from the developing countries that, in view of the limited resources at their disposal and in view of the goals for development set by the International Development Strategy for the Second United Nations Development Decade, developing countries were reluctant to divert their goals and resources to an area of lesser priority for them. It was however noted with approval by many representatives that the Panel of Experts not only understood the basic dilemma faced by the developing countries but also sought to find such areas of action where measures

to overcome environmental problems could accompany plans for development. In that connexion, the need was emphasized for augmenting the resources available to developing countries by extending technical cooperation and financial assistance for the purpose of coping with their environmental problems. Such assistance could also help in maintaining the order of priorities in their national development plans. Another area of concern about which the developing countries were apprehensive was the adverse effect which new standards and measures adopted by the developed countries in the area of the human environment could have on international trade.

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109. Some of the representatives of the industrialized countries were of the opinion that the concept of sovereignty had to be respected, but that all countries shared the environment of the earth and environmental problems were, therefore, of universal concern, common to both developed and developing countries. Accordingly, proposals could be found for international action whereby the goals of development and the protection of the environment could be reconciled. A few representatives stated that some of the proposals for international action should be considered within the competence of other organizations such as UNCTAD or GATT. There were also many particular problems which were shared by certain countries in both groups.

110. One representative stated that, while understanding the apprehensions felt by developing countries regarding the question of development and the environment, the experience of the socialist countries demonstrated the possibility of reconciling the two elements under centrally planned policies.

19

SOURCE 19.

September 1971

Report of Regional seminar on Development and the Environment held at Beirut, Lebanon, on 27 September - 1 October 1971 organized by the UN Economic and Social Office in Beirut (UNESOB) in cooperation with the Secretariat of the UN Conference on the Human Environment. Draft final report, UNESOB Document ESOB/DE/1 (15 October 1971).

In his opening statement at Beirut, the Secretary-General of UNCHE claimed that countries served by UNESOB make it clear that a reconciliation between development targets and environmental concern must take place. The seminar made a serious effort to answer the question: "Are there conflicts between development and environment?"

It is clearly expressed in the report that if concern with the environment would in any way jeopardize the pace of development, a developing country could hardly be expected to lend its support to the issue (S.19, p.12-20):

26. . . . The problem of conflict between developmental goals and the preservation of the human environment should be recognized and properly dealt with. Fears were also expressed that undue concern with environment in the developed countries might have harmful implications on the pace of development of the poorer countries....

27. The general consensus of the Seminar was that there need be no conflict between environmental considerations and development, if ecological and socio-economic factors were considered simultaneously and if short-term goals were conceived within the framework of long-term strategies. . . .

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38. International cooperation in research and training activities was urged by many participants. Particular reference was made to the need for stronger support for research and training in this field from international bodies like UNESOB, UNESCO, WHO, ILO and FAO.

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50. The Seminar recognized the great importance of active participation by developing countries in international activities in the field of environment. As pointed out above, measures taken by the developed countries to safeguard the quality of environment might have serious effects on the foreign trade of developing countries as well as on the flow of international aid and the transfer of technology from developed to developing countries. On the other hand, developing countries, the population of which constituted two-thirds of the human race, could not abandon their duty to cooperate in finding solutions to global environmental problems. In this connexion, the active and dynamic participation of developing countries at all levels of the Stockholm Conference was particularly stressed.

Amongst recommendations and action proposals at the international level appear (S.19, pp.62-63):

Financial assistance and information

200. International financial assistance will be needed through bilateral and multilateral machinery for the study and solution of problems of the environment in the developing countries. In seeking this assistance every effort should be made to utilize effectively the existing national and regional facilities, and such assistance should not be at the expense of assistance already being provided.

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202. Environmental action in the developed countries should not prejudice the developing countries. For example, the exports of developing countries should not be subjected to standards prejudicial to their interests.

20

SOURCE 20.

October 1971

Bangkok Declaration 1971 adopted by the Ministerial Meeting of the Group of 77 assembled at Bangkok, Thailand, on 5-7 October 1971. UNCTAD Document MM/77/11/MISC.1 (25 October 1971).

The Ministers of the Asian Group assembled in Bangkok with the primary object of harmonizing (S.20, p.35): "the views of the developing countries of the Asian Group, so that in concert with developing countries of Africa and Latin America, a common approach may be developed to seek early and just solutions to the trade and development problems facing the developing countries".

The concern of the Group of 77 in Bangkok was entirely with the processes of development and certain basic principles in the field of international trade. While the Group reiterated that the primary responsibility for the economic development of developing countries rests upon themselves, many resolutions begin: "Developed countries should adopt . . .", "Developed countries should provide . . .", "Developed countries should undertake . . .". Finally, under Part II, Chapter XV, appear the following figures (S.20, p.30):

Developed countries should annually devote 0.05 per cent of their gross national product to the technological problems of developing countries and should allocate at least 10 per cent of their total expenditure on research and development to the solution of problems of interest to developing countries making the fullest effort to incur the expenditure on projects located in the developing countries.

While applauding the establishment of UNCTAD as an outstanding event in international cooperation for the development of the economies of the developing nations and of the world economy, the Ministers felt that the permanent machinery of UNCTAD should be made more representative of and responsive to the membership of the Conference.

21

SOURCE 21.

November 1971

Declaration and Principles of the Action Programme of Lima adopted by the Ministerial Meeting of the Group of 11 assembled at Lima, Peru, on 7 November 1971. UNCTAD Document MM/77/11/11 (9 November 1971). Circulated to Third Session of UN Conference on Trade and Development as Document TD/143 (12 November 1971).

The Declaration of the Second Ministerial Meeting of the Group of 77 was circulated by the UNCTAD secretariat in Geneva at the third session of the Conference held in Santiago, 13 April 1972.

The impact of environmental policies on trade and development was considered by the Group and Chapter VII of Part A of the Action Programme, "The impact of environmental policies on trade and development", reads (S.21, pp.30-31:

1. The United Nations Conference on the Human Environment should adopt a positive approach to environmental problems in relation to development, along the following general lines:

(a) the relation between environmental problems and development should be the common concern of all mankind;

(b) no environmental policy should adversely affect the possibilities for development, either present or future, of developing countries}

(c) moreover, no environmental policy of the developed countries should adversely affect the flow, terms and criteria of financial assistance to developing countries, nor give rise to new types of unfavourable conditions in their international trade, nor create additional obstacles such as new non-tariff measures, nor obstruct any efforts towards the sustained economic development of developing countries;

(d) all environmental measures already imposed by developed countries obstructing the trade of developing countries should be removed immediately;

(e) the environmental policies of the developed countries should facilitate, as far as possible, the development of developing countries.

On the subject of synthetics and substitutes, the Group declared in Chapter VI of Part B of the Action Programme, "Competitiveness of Natural Products" (S.21, p.38):

(a) Developed countries should not take measures in the context of their national policies which will encourage production of synthetics and substitutes which will compete with natural products of developing countries. They should also eliminate tariff and non-tariff barriers on natural products facing competition from synthetics and substitutes, and should implement the provision of Special Principle Nine, concerning dumping, of the Final Act of the first Conference with special reference to the marketing of synthetics and substitutes.

(b) In view of the adverse impact on developing countries of the shrinking demand for certain natural products as a result of the expansion of synthetics and substitutes, the developed countries should encourage research and development in respect of natural products facing competition from synthetics and substitutes aimed at improving

production techniques and increasing trade in those products through, inter alia, alternative or new uses and markets for such products. Developed countries producing such synthetics and substitutes should levy some measure of taxation on these in order to raise funds for research and development programmes for improving the competitive position of natural products of developing countries.

Part D of the Action Programme dealing with financial resources for development is direct and unequivocal in the section concerned with total flow of public and private resources (S.21, p.45):

(i) Each developed country should provide annually, by 1972, to developing countries financial resource transfers of a minimum net amount of one per cent (1%) of its gross national product at market prices in terms of actual disbursements.

(ii) The 1 per cent target should exclude non-aid elements including private direct investment, and should net out reverse flows of interest.

(iii) Pending the acceptance of the proposed revision of the development assistance target, each developed country should progressively increase its official development assistance to developing countries so as to attain, by the middle of the Decade, a minimum net amount of 0.7 per cent of its gross national product at market prices.

(iv) Stability and continuity in the flow of assistance are important in enabling developing countries to plan their development ahead. It should therefore be recognized that domestic and international fluctuations should not be regarded as justification for reducing the volume of assistance. It should also be accepted that official development assistance should be programmed over the long-term, so as to provide a firm basis for planning in developing countries.

22

SOURCE 22.

December 1971

UN General Assembly Resolution 2849 (XXVI) on Development and Environment (20 December 1971).

This resolution*, dealing specifically with UNCTAD III, urged member States inter alia to give serious consideration to the Declaration and Principles of the Action Programme adopted at Lima by the Second Meeting of the Group of 77 Developing Countries (SOURCE 21).

The Preamble to this resolution of the 26th session states that as pollution of world-wide impact is caused chiefly by highly developed countries, they should bear the main responsibility for corrective measures. Further, it recognizes the need for developed countries to provide technical assistance programmes so as to enable developing countries to introduce additional protection measures. Paragraphs 5(b), 7, 8, and 10 of the operative section of the resolution are concerned with financing these additional costs.

The General Assembly

Recalling its resolutions 2398 (XXIII) of 3 December 1968, 2581 (XXIV) of 15 December 1969 and 2657 of 7 December 1970,

* Carried with 85 in favour, 34 abstentions, 2 against (UK and USA). Developed countries either abstained, or rejected the resolution.

Expressing satisfaction for the efforts made and the results already achieved towards planning action to be taken by the United Nations system in the field of the environment in a manner compatible with the priorities and interests of the developing countries,

Taking note with appreciation, in particular, of the work done by the regional seminars on development and environment, held under the auspices of the Economic Commission for Asia and the Far East, the Economic Commission for Africa, the Economic Commission for Latin America and the United Nations Economic and Social Office at Beirut, as well as by the Panel of Experts on Development and the Environment,

Conscious of the significance of the results achieved in the Symposium on Problems relating to Environment, convened at Prague by the Economic Commission for Europe, for a better understanding of environmental problems,

Fully conscious of the importance, urgency and universality of environmental problems,

Aware that the rational management of the environment is of fundamental importance for the future of mankind,

Convinced that development plans should be compatible with a sound ecology and that adequate environmental conditions can best be ensured by the promotion of development, both at the national and international levels,

Fully aware that the environmental problems generated by the condition of under-development pose a serious threat to the developing countries,

Cognizant that, aside from environmental disturbances provoked by human settlements and ecological problems related to nature itself, pollution of world-wide impact is being caused primarily by some highly developed countries, as a consequence of their own high level of improperly planned and inadequately co-ordinated industrial activities, and that, therefore, the main responsibility for the financing of corrective measures falls upon those countries,

Convinced that most of the environmental problems existing in developing countries are caused by their lack of economic resources for dealing with such problems as the improvement of unfavourable natural areas or the rehabilitation of environmental conditions that have deteriorated through the application of improper methods and technologies,

Conscious that the main objective of developing countries is integrated and rational development, including industrial development based on advanced and adequate technologies, and that such development represents at the present stage the best possible solution for most of the environmental problems in the developing countries,

Conscious further that the quality of human life in the developing countries also depends, in large measure, on the solution of environmental problems which have their origin in nature and which are the product of under-development itself, within the general framework of development planning and the rational management of natural resources,

Emphasizing that, notwithstanding the general principles that might be agreed upon by the international community, criteria and minimal standards of preservation of the environment as a general rule will have to be defined at the national level and, in all cases, will have to reflect conditions and systems of values prevailing in each country, avoiding where necessary the use of norms valid in advanced countries, which may prove inadequate and of unwarranted social cost for the developing countries,

Stressing that each country has the right to formulate, in accordance with its own particular situation and in full enjoyment of its national sovereignty, its own national policies on the human environment, including criteria for the evaluation of projects,

Stressing further that in the exercise of such right and in the implementation of such policies due account must be taken of the need to avoid producing harmful effects on other countries,

Recognizing the importance of bilateral and multilateral cooperation in solving environmental problems,

Aware of the fact that a greater amount of scientific and technical knowledge than at present available would provide a more adequate basis for the satisfactory comprehension and evaluation of environmental problems in general, and that, therefore, international cooperation in this field is of paramount importance,

Convinced that rational planning procedures at both the national and the regional levels constitute an essential tool for an adequate equilibrium between the needs of development and the preservation and enhancement of the environment,

Bearing in mind the need for developed countries to provide additional technical assistance and financing, beyond the targets indicated in the International Development Strategy for the Second United Nations Development Decade and without affecting adversely their programmes of assistance in other spheres, to enable developing countries to enforce those new and additional measures that might be envisaged as a means of protecting and enhancing the environment,

Considering that environmental conditions can be adversely affected by activities conducted by States beyond the limits of their national jurisdiction, including the sea, the sea-bed, the ocean floor and the atmosphere, particularly by the testing of nuclear weapons, with harmful effects for other States,

Considering further that various aspects of marine pollution and related matters will also be dealt with at the forthcoming United Nations Conference on the Law of the Sea and Inter-Governmental Maritime Consultative Organization Conference on Marine Pollution,

1. Urges the international community and the organizations of the United Nations system to strengthen international cooperation in the fields of environment, rational utilization of natural resources and preservation of adequate ecological balance;

2. Requests the Secretary-General, the Preparatory Committee for the United Nations Conference on the Human Environment and the other bodies established to advise and assist the Secretary-General in the preparations for the Conference to ensure that in

the exercise of their responsibilities the documentation to be submitted to participating States and, in particular, the action plan and the action proposals for each of the main subject areas, as well as the draft Declaration on the Human Environment, be elaborated in such a manner as to take into full account the provisions embodied in the preamble and in the operative paragraphs of the present resolution;

3. Reaffirms that it is important for the Conference to take fully into account the interests of the developing countries and, in this context, endorses the views expressed in part three, section A.VIII of the Declaration and Principles of the Action Programme adopted at Lima on 7 November 1971 by the Second Ministerial Meeting of the Group of Seventy-Seven Developing Countries;

4. Stresses that both the action plan and the action proposals to be submitted to the Conference must, inter alia:

(a) Respect fully the exercise of permanent sovereignty over natural resources, as well as the right of each country to exploit its own resources in accordance with its own priorities and needs and in such a manner as to avoid producing harmful effects on other countries;

(b) Recognize that no environmental policy should adversely affect the present, or future development possibilities of the developing countries;

(c) Recognize further that the burden of the environmental policies of the developed countries cannot be transferred, directly or indirectly, to the developing countries;

(d) Respect fully the sovereign right of each country to plan its own economy, to define its own priorities, to determine its own environmental standards and criteria, to evaluate its own social costs of production, and to formulate its own environmental policies, in the full understanding that environmental action must be defined basically at the national level, in accordance with locally prevailing conditions and in such a manner as to avoid producing harmful effects on other countries;

(e) Avoid any adverse effects of environmental policies and measures on the economy of the developing countries in all spheres, including international trade, international development assistance and the transfer of technology;

5. Further stresses that the action plan and the action proposals should include measures:

(a) To promote programmes of training, applied research and exchange of information, with the objective of amplifying and disseminating knowledge of questions pertaining to the preservation and improvement of environmental conditions, to an adequate relationship between environmental policies and development policies, and to the question of comparative costs of different technologies in relation to the environment;

(b) To provide additional technical assistance and financial resources, beyond the targets indicated in the International Development Strategy, to enable developing countries to enforce those measures and policies acceptable to them in such a manner as to ensure that no action is defined or proposed without the proper means of implementation;

(c) To give special attention to the particular problems and conditions of the environment of the land-locked and least developed among the developing countries;

(d) To promote programmes designed to assist developing countries, at their request, in solving environmental problems which have their origin in nature itself which are the direct consequence of under-development and which particularly affect the living conditions of the population of developing countries;

(e) To study with special attention the environmental problems and conditions of the countries with coastlines particularly exposed to the risks of marine pollution;

(f) To promote international cooperation in order to prevent, eliminate or at least adequately reduce and effectively control adverse ecological effects resulting from activities conducted in all spheres, in such a way that due account will be taken of the interests of all States;

6. Urges the States possessing nuclear weapons to put an end to the testing of those weapons in all spheres and, also in the context of measures designed to improve environmental conditions on a world-wide basis, stresses the necessity of prohibiting the production and use of nuclear, chemical and biological weapons and of ensuring their early destruction;

7. Further urges Member States, the United Nations system and other international organizations which deal with ecological problems to plan international cooperation in the field of the environment, taking into particular account the need for increased technical and financial assistance to the developing countries to help them improve their ecological conditions, both in rural and urban areas;

8. Indicates the advisability that, without affecting adversely their operations in other spheres, the international financial institutions be enabled to consider favourably the increase in the volume and the softening of the terms of their economic assistance to the developing countries for the planning and implementation of projects which, in the exclusive judgement of those countries, might be desirable and which, in their view, might be justifiable on environmental terms;

9. Requests the Secretary-General to submit a report to the United Nations Conference on the Human Environment, after ascertaining the views of Member States, on a scheme of voluntary contributions which would provide additional financing by the developed countries to the developing countries for environmental purposes, beyond the resources already contemplated in the International Development Strategy;

10. Requests the Secretary-General of the United Nations Conference on Trade and Development to prepare a comprehensive study, to be submitted to that Conference at its third session, on the effects of environmental policies of developed countries which might adversely affect the present or future development possibilities of developing countries, by means of, inter alia:

(a) A decrease in the flow of international development assistance and a deterioration of its terms and conditions;

(b) A further deterioration in the trading prospects of developing countries by the creation of additional obstacles, such as the new non-tariff measures, which might lead to a new type of protectionismf

11. Reiterates the primacy of independent economic and social development as the main and paramount objective of international cooperation, in the interests of the welfare of mankind and of peace and world security.

23

SOURCE 23.

December 1971

UN General Assembly Resolution 2850 (XXVI) on UN Conference on the Human Environment (20 December 1971).

Passed on the same day as Resolution 2849 (SOURCE 22), Resolution 2850 gives approval to the UNCHE agenda and rules of procedure, and makes certain requests to the Secretary-General. The operative section of the Resolution reads (Preamble omitted):

The General Assembly

1. Approves the provisional agenda for the United Nations Conference on the Human Environment as formulated in the report of the Secretary-General on the basis of the recommendations of the Preparatory Committee for the United Nations Conference on the Human Environment;

2. Approves the draft rules of procedure for the Conference submitted by the Preparatory Committee and recommends them for adoption by the Conference;

3. Requests the Secretary-General to invite States Members of the United Nations or members of specialized agencies or of the International Atomic Energy Agency to participate in the Conference}

4. Requests the Secretary-General to invite representatives of the specialized agencies and the International Atomic Energy Agency to participate in the Conference;

5. Requests the Secretary-General to invite other intergovernmental and non-governmental organizations to be represented by observers at the Conference on the basis of the criteria recommended by the Preparatory Committee;

6. Requests the Secretary-General to conclude the preparations for the Conference and to circulate the following documents in advance of the Conference:

(a) A draft declaration on the human environment;

(b) A draft action plan, constituting a blueprint for international cooperation to protect and enhance the present and future quality of the environment for human life and well-being;

(c) Such other draft proposals as may be ready for consideration by the Conference;

(d) Draft proposals for organizational and financial arrangements needed to pursue effectively the work of the United Nations system of organizations in the environmental field;

7. Requests the Conference to consider the drafts submitted to it and to take such appropriate action as it desires;

8. Requests the Secretary-General to report on the results of the Conference to the General Assembly at its twenty-seventh session and also to transmit his report to the Economic and Social Council;

9. Requests the Secretary-General to make the necessary arrangements for the work that will have to be undertaken after the Conference, pending consideration of the recommendations of the Conference by the General Assembly at its twenty-seventh session.

24

SOURCE 24.

December 1971

Report on Development and Environment by Secretary-General for UN Conference on the Human Environment. UN General Assembly Document A/CONF.48/10 (22 December 1971).

This document was prepared as part of the body of UNCHE papers distributed to governments in advance of the Stockholm meeting and was used as an agenda paper. It contains three annexes, the first being the Founex Report (SOURCE 10); the second, a summary of the SCOPE meeting in Canberra (SOURCE 16); and the third, summaries of the four regional seminars on development and environment (SOURCES 14, 15, 17 and 19).

The following are extracts from the Secretary-General's report showing a growing concern for compensating developing countries for the costs of environment protection (S.24, pp.2-7):

5. . . . The interest of developing countries in the environmental issue derives from three basic factors: that their interests will be affected by actions taken by industrialized countries to deal with their environmental problems; they have their own environmental problems arising primarily from poverty and underdevelopment; and they share the concern of all mankind for the preservation and care of the common resources of the oceans and the atmosphere. In the final analysis, the purpose of the paper is to demonstrate the close relationship between development and environment, and to underline the universality and indivisibility of these two concerns as well as the international responsibility for both.

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16. Not enough information is available at present to say with any degree of certainty what the net impact of environmental concerns is likely to be on international economic relations. There are both areas of concern and prospects for new opportunities. For example, environmental standards adopted by industrialized countries could have an adverse impact on exports of other nations. Concern has been expressed that tariff or non-tariff barriers may be erected in some industrialized countries to protect their industries against competition from countries whose industries may not have to bear the same burden of anti-pollution costs. The development of low-pollution technologies and the resulting increased recycling of materials and products may reduce the demand for certain primary products from the less industrialized countries. New technologies designed to mitigate pollution may turn out to be significantly more expensive than the present technologies and the less industrialized countries may have no alternative than to buy them whether or not they require them. In addition, there is concern among the developing nations that resources otherwise available for development assistance may be diverted to environmental programmes within the industrialized world.

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20. One of the principal questions that arises from the increased concern with the human environment is what the cost to achieve various higher levels of environmental quality will be - since our knowledge of the magnitude of those costs is still limited at present - and how the costs should be distributed among the nations of the world. Developing countries are understandably concerned that, because of their inherently weak position in international trade and control of technology, they may be forced to bear an unfairly heavy share of these costs. Will the growing awareness of the concepts of "one earth" and "one environment" in fact lead - as it should - to the nobler concept of "one humanity", and to a more equitable sharing of environmental costs and a greater international interest in, and responsibility for, the accelerated development of the less industrialized world? Or will it become a narrow concern of the industrialized world, leading to many awkward confrontations with the developing countries rather than to a new era of international cooperation?

In Chapter 2 in the Section concerned with recommendations for international action (S.24, pp.10-14):

30. The major role that United Nations and other regional organizations can play in helping Governments to establish an appropriate balance between the concerns of environment and development lies in organizing research, in training personnel, in arranging for the exchange of information and in providing technical and financial assistance above the levels indicated in the International Development Strategy.

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32. In order to ensure that the growing concern with the environment does not lead to major disruptions in international trade, it is recommended that governments take the necessary steps to ensure that:

- all countries present at the Conference agree not to invoke environmental concerns as a pretext for discriminatory trade policies or for reduced access to markets and recognize further that the burdens of the environmental policies of the industrialized countries should not be transferred, either directly or indirectly, to the developing countries;

- where environmental concerns lead to restrictions on trade, or to stricter environmental standards with negative effects on exports, particularly from developing countries, appropriate measures for compensation should be worked out;

- the GATT could be used for the examination of the problems, specifically through the recently established Group on Environmental Measures and International Trade and through its general procedures for bilateral and multilateral adjustment of differences;

- whenever possible (i.e. in cases which do not require immediate discontinuation of imports), countries should inform their trading partners in advance about the intended action in order that there might be an opportunity to consult within the GATT Group on Environmental Measures and International Trade. Assistance in meeting consequences of stricter environmental standards ought to be

given in the form of financial or technical assistance for research with the aim to remove the obstacles that the products of developing countries have encountered;

- all countries agree that uniform environmental standards should not be expected to be applied universally by all countries with respect to given industrial processes or products except in those cases where environmental disruption may constitute a concern to other countries. Environmental standards should be established at whatever levels are necessary, to safeguard the environment and should not be aimed at gaining trade advantages.

33. It is also recommended that the Secretary-General ensure that:

- appropriate steps be taken by the existing UN organizations to identify the major threats to exports that stem from environmental concerns, their character and severity, and the remedial action that may be envisaged}

- the United Nations system assist governments in negotiating, in as many areas as possible, mutually acceptable international environmental standards on products so as to reduce the scope for arbitrary or discriminatory actions.

34. It is further recommended that:

- GATT and UNCTAD should consider undertaking to monitor, assess and regularly report the emergence of tariff and non-tariff barriers to trade as a result of environmental policies.

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37. Environmental policies pursued nationally and internationally are likely to have repercussions on flows of resources and other factors affecting development. It is important that the Conference endorse the concept of international responsibility for the international aspects of environmental action.

38. Accordingly, it is recommended that the Secretary-General in collaboration with appropriate international agencies ensure that a study be conducted of appropriate mechanisms for financing international environmental action, taking into account the General Assembly resolution 2849 (XXVI).

25

SOURCE 25.

March 1972

Report of Fourth Session of the Preparatory Committee for the UN Conference on the Human Environment held at New York on 6-10 March 1972. UN General Assembly Document A/CONF.48/PC/17 (15 March 1972).

At its fourth session, the Preparatory Committee spent a portion of its time discussing the need of a fund for international environmental activities, and specific reference was made to the desirability of the fund being additional to sums already allocated to developing countries. This extra contribution was designed to meet the principle of additionality endorsed by the General Assembly (SOURCE 21). The following extracts bear on this topic (S.25, pp.12-17):

52. The Secretary-General of the Conference emphasized the need for a fund for international environmental activities, as outlined in chapter IV of the Conference document (A/CONF.48/11). He considered that the fund should be justified and utilized on environmental criteria and would be additional to funds already allocated for development assistance. He said that such a fund need not be a large one and could become of the order of 30 to 40 million dollars a year, the greater part of which would have to be contributed by industrialized countries. He further stated that the fund could be administered by the proposed environmental secretariat unit under the policy guidance of the intergovernmental body.

53. On the separate and most important question of additional costs of development projects he said that, in accordance with paragraph 9 of General Assembly resolution 2849 (XXVI), the Secretary-General would submit to the Conference a report on a scheme of voluntary contributions which would

provide additional financing by the developed for the developing countries for environmental purposes, beyond the resources already contemplated in the International Development Strategy for the Second United Nations Development Decade.

55. At the outset of the discussion of this topic in the Committee, a document was circulated at the request of the delegation of the United States containing a draft resolution on funding and institutional arrangements for consideration by the Committee. The document also included a brief statement on the uses to which an environmental fund could be put. At the request of the delegation of the United States, the Preparatory Committee agreed that the document would be reproduced in an annex to the report of the Committee for the record (see Annex III to the present report).

68. There was widespread support within the Committee for the establishment of a United Nations voluntary fund which, in the view of some delegations, would cover those costs of international cooperation in the field of human environment which would be in excess of currently budgeted expenses for environmental programmes of the organizations of the United Nations system. In that connexion, many delegations expressed appreciation of the initiative taken by the President of the United States of America for the establishment of such a fund and of his intention to recommend to Congress that the United States commit itself to provide its fair share of the fund and hoped that the proposal would receive wide support. Many delegates stated that they were not in a position to comment at that stage on the detailed arrangements for the establishment of such a fund contained in the United States proposal. Some delegates stated that, in the absence of costed action proposals, they were not able to take a position on the establishment of a fund.

69. A number of representatives advanced the view that the executive head of the environment secretariat should be responsible for the administration of the fund and that the intergovernmental body on the human environment should exercise over-all policy guidance and supervision regarding the operation of such a fund. Other delegates emphasized in that

respect that the head of the environment secretariat should administer the fund by delegation of authority of the intergovernmental body, to which he would be responsible in that regard. Several delegates stressed that the operations of the fund, and indeed the future budgetary policies of the various organizations of the United Nations system, should be such as to meet the principle of additionality endorsed by the General Assembly. Some representatives stressed in that connexion that, beyond a possible fund to finance new programmes of the United Nations system in the domain of the environment, additional resources would be needed for direct assistance to cover environmental expenses incurred in development projects of developing countries. Some delegates emphasized, moreover, that it would be essential to ensure not only the full application of the principle of additionality but also that the implementation of environmental programmes would not have a negative effect on the budgets of the organizations of the United Nations system which were devoted to other activities. Other representatives pointed out that, while the proposed fund was not designed to cover the additional cost of development projects as such, it would facilitate the full participation of all countries in international environmental programmes.

26

SOURCE 26

March 1972

Report on Impact of Environmental Policies on Trade and Development, in particular of the Developing Countries, by UNCTAD Secretariat for Third Session of UN Conference on Trade and Development. UNCTAD Document TD/130 (13 March 1972).

The Secretary-General of UNCTAD prepared this document for consideration at Santiago in response to a General Assembly request formulated in Resolution 2849 (XXVI)

(SOURCE 20). Information was sought on the effects of environmental policies of developed countries which might adversely affect the development possibilities of developing countries by means of inter alia (S.26, p.1):

(a) A decrease in the flow of international development assistance and a deterioration of its terms and conditions; and

(b) A further deterioration in the trading prospects of developing countries, by the creation of additional obstacles, such as the new non-tariff measures, which might lead to a new type of protectionism.

Several paragraphs in the section entitled "Environmental measures in developed countries influencing the export possibilities of developing countries" are concerned with protecting the interests of developing countries and safeguarding them through compensatory financing (S.26, pp.10-13):

28. Environmental measures already undertaken by developed countries have not as yet had a very far-reaching effect on international trade in general or on the export possibilities of developing countries in particular. But with the broadening of the scope of these measures, their impact may become greater.

29. Environmental measures already adopted will directly or indirectly lead to a restriction of imports from developing countries, primarily imports of foods processed with certain chemicals. The importation of fruits and vegetables carrying traces of DDT and some other pesticides has, for example, already been banned in a number of Western European countries.

30. Anti-pollution measures undertaken in many countries, and related shifts in consumer preferences, create indirect import restrictions. For example, most countries are taking measures to limit the use of lead (as an additive in automobile fuel, in paints, etc.). In Sweden, a reduction of about 20 per cent in the mean lead content of motor fuel has taken place between 1968 and 1971 as

a result of new regulations. Such restrictions are undoubtedly depressing lead consumption and contributing to the present stagnation of lead exports from developing countries. (During the last three years the volume of lead exports from developing countries has been stable.) The restriction on sulphur emissions and on sulphur content in fuel is leading to certain shifts in favour of such countries as Libya in the geographical pattern of oil imports into developed nations. Preoccupation with non-degradable detergents might lead to a diminution of imports of related raw materials. But as yet the size of these shifts is small.

31. Fundamentally, such measures cannot be regarded as restrictive trade practices in the conventional sense; in many cases, they are closer to health control regulations. On the other hand, environmental considerations can be and sometimes are invoked as a pretext for protectionist measures. It is very important, therefore, to work out a set of criteria to distinguish between cases where trade restrictions are an inevitable part of genuine environmental actions and where environmental considerations are used to disguise protectionism. The latter measures should be opposed, like other restrictive trade practices. As to the former, it would not be realistic or appropriate to try to abolish such restrictions. But because of their potentially disruptive effect on world trade and on developing countries' exports, action should be taken to cushion these unfavourable consequences through a system of prior consultations and warnings by developed countries of contemplated environmental actions. In certain cases it might be possible to consider devoting part of existing aid efforts to adapting export industries in developing countries to the new requirements in developed countries or to a restructuring of their economy and a diversification of exports.

32. In certain cases it is suggested that import restrictions (tariff and/or non-tariff barriers) might be applied to products originating in countries which do not adequately protect their environment: the avowed object is to protect those industries in developed countries whose production costs are noticeably increasing under the impact of environmental measures. Such import restrictions would have a protectionist character and could constitute a serious obstacle to the export potential of developing countries.

33. Environmental damage, in most cases, is a by-product of the processes which enabled industrialized countries to achieve a high level of competitiveness of their products. To demand that countries which are just beginning to industrialize should adopt rigid environmental standards not only deprives them of the possibility of defining their own strategy of development, and their own priorities in relation to development and environment, but also might deal a severe blow to their attempts to participate in world trade and expand their exports. Their export potential would suffer prejudice, since their initial capital costs would increase and they would lose a potential comparative advantage, in that in many cases the carrying capacity of their environment has not been used up. Every possibility should be studied for minimizing such an unfavourable impact by exempting developing countries from the scope of import restrictions related to production processes, or by introducing special time-lags before such restrictions are enforced against developing countries. Whenever import policies begin to be concerned less with the quality of a product and more with the environment in which it was produced, there is a major danger that environmental arguments might be invoked as a pretext for increasing protection.

34. The preoccupation with the environment has tended to give a new dimension to the relationship between natural and synthetic products. Attention has been concentrated on two aspects of synthetic products, on the one hand the properties of synthetic products, and on the other, the role of chemical industries as major polluters, which necessitates a reappraisal of the role and the economic and social benefits of this industry.

35. Though many synthetic products have new and desirable qualities which can give them a great competitive advantage, the growing preoccupation with the environment is disclosing many of their qualities (e.g. non-degradability) which are undesirable and which, in the future, may tend to diminish markets for them. Both government regulations and consumer preferences have tended to create difficulties and unease concerning many chemical pesticides and have reactivated markets for pyrethrum and other natural pesticides. There are signs of analogous trends towards the use of natural products in detergents and fats. Similar trends might ensue from studies of the effect of synthetic fibres

on human health.

36. At the same time, chemical industries are major polluters of both air and water. In response to environmental actions, these industries are at present making large-scale investments (up to 10-20 per cent of their total new capital outlays) into anti-pollution equipment and installations. Such expenditures will inevitably raise the costs of many chemical products. As already noted in paragraph 21, above, compliance with the United States Clean Air Act of 1967 would raise the cost of industrial chemicals and synthetics by 0.4-0.6 per cent, and the substitution of low sulphur for high sulphur fuels would further increase these costs by 6-10 per cent. Of course, this does not automatically mean that synthetics will be priced out of the market by natural products.

37. The chemical industry is actively searching for ways to diminish the damaging effect of environmental measures on its competitive position. Serious attention is being devoted to new recycling techniques and to the use of by-products. Because the effluents of chemical industries contain more valuable products than do those of the metallurgical industries or public utilities, recycling efforts in the chemical industries are yielding certain results. Some companies expect, through such measures, to recover more than half, if not all, of their anti-pollution expenditures. But these calculations are based on present standards and prices, which are far below the levels which will prevail if all environmental considerations are taken fully into account. If environmental measures deemed necessary are effectively enforced (e.g. if substitution of low sulphur for high sulphur fuel should become mandatory and the price of fuel should reflect more fully environmental and resource scarcity considerations), the chemical industry will be faced with much larger capital costs and price rises.

38. In the light of the foregoing, it is worthwhile to examine anew the inter-relationships between natural and synthetics products. Such a re-examination might disclose fields where, instead of additional expenditure to achieve environmental quality in the production of chemical synthetics, funds could be more advantageously (to protect the environment of developed countries and to contribute to the solution of problems of developing countries) devoted to promoting and bettering the production of

natural products. This could be a very fruitful area of complementarity between efforts in the human environment field and the International Development Strategy.

39. In the long run, one of the most formidable problems facing the primary producing developing countries arises from the growing trend towards the extensive recycling and re-use of secondary raw materials, which will be one of the major methods of protecting the environment. This trend is at present coming up against numerous technological and economic difficulties and cannot be expected to gain a very great momentum soon. But slowly it will grow, especially if the prices of primary commodities should rise. Increased recycling will restrict the growth of primary export markets, but as a rule this should not lead to serious market distortions in the short run. But in cases of profound technological breakthroughs, market disruptions might follow, and it seems necessary to safeguard the interests of primary producing countries in such cases, both through a system of prior warning and consultation and through compensatory financing. In the long run, the recycling of raw materials and natural resources will have a depressing effect on the volume of exports from developing countries. Its impact on prices and export earnings will be more controversial and more difficult to predict, since large-scale recycling might in some cases begin only in a situation of excess of demand over supply. In general, the introduction of recycling at an enterprise or a national economic level will have a major impact on primary producing countries and will have to be seriously taken into account in future development strategies.

Attention is paid to the possibility of "capital exports with pollution" (S.26, p.16):

49. In this connexion, the whole issue of "capital exports with pollution" must be investigated. It is sometimes stated that some countries, especially developing countries, might on occasion be faced with a choice between stricter environmental control with a smaller inflow of foreign capital, and less stringent environmental control with a larger inflow of foreign capital. The thinking behind such an approach is that industries which would have to incur higher costs because of environmental measures may decide to establish enterprises in areas where

such measures have not been adopted. And in fact such a movement, though on a small scale, is already taking place, especially from Japan to South-East Asian countries. In practice, such a possibility arises primarily in cases where special actions are taken in developed countries to curb the expansion of polluting industries or where the additional costs of complying with regulations for protecting the environment are not only large enough to justify a geographical movement of capital, but where the cost burden is also placed fully or mainly on the producer. Such cases are most common in the metal extracting and processing industries, in the petroleum and chemical industries, and in the paper and pulp industries. On the whole, however, owing to the growing preoccupation with the environment it can be expected that countries - including developing countries - that have not yet taken environmental action will do so in the near future: hence, the economies realized by foreign investors through not taking environment-protection measures may well be short-lived, and they may soon have to make additional investments in relation to their foreign factories to satisfy local control regulations, just as they would have to do at home. For this reason, environmental considerations may not prove to be as great an incentive to capital exports as might otherwise be expected.

In the section on "The environment and foreign aid", old fears and new warnings are ventilated (S.26, pp.17-18):

51. The growing concern with the environment in developed countries has as yet had little impact on development assistance policies, on the amount of aid given to developing countries, or on the terms and conditions of such aid. As to the future, it is very hard at present to assess the character and size of such an impact; there is, however, growing apprehension among developing countries that this impact might not be favourable for existing development assistance objectives.

52. First and foremost, it is feared that environmental measures might become a formidable competitor for the resources of developed countries. Existing estimates show that in the near future 1.5 to 2 per cent of GNP may have to be devoted to the protection of the environment. Moreover, there

is a growing feeling in developed countries that large-scale investments in the protection of the environment, by diverting resources into non-productive activities and by slowing down the construction of new enterprises, might retard economic growth and so diminish the total size of GNP; one consequence (among others) will be a narrowing of the basis for foreign assistance programmes.

53. Since the allocation of major resources in developed countries usually depends on political decisions, it cannot be overstressed that the solution of environmental problems in one part of the world cannot be achieved at the cost of slower development or growing poverty in another part.

54. There is also a danger that aid priorities and project appraisal might be distorted under the influence of environmental considerations in developed countries. For example, too much stress might be placed on projects connected with the environment, or greater emphasis might be attached to environmental considerations in appraising projects than is justified by the reasonable priorities set out by the developing country itself. Hence, there is a risk that environmental considerations might be invoked as a reason for postponing or rejecting projects which could have made a valuable contribution to the economic development of a country.

55. On the other hand, aid to urban development and many other projects of environmental interest has been accorded to developing countries for several decades. The growing concern with the environment can only increase its scope.

56. The possibility of giving to developing countries, on especially favourable terms, technical assistance and know-how in the field of pollution control and resource management should be studied. In cases where the natural carrying capacity of the environment in developing countries is reaching its limits, consideration should be given to incorporating into industrial projects created with foreign aid the necessary anti-pollution facilities. The very difficult problem here would be to ensure that such extra costs are met through supplementary funds on favourable terms - funds that are really additional to the overall flow of development assistance.

The "Conclusions" are direct and illuminating, and a plea is made that UNCHE carefully consider the trade and development aspect of their subject (S.26, pp.18-19):

57. Concern with the environment will undoubtedly exert a growing influence on international economic relations. Measures for the protection of the environment are not only a formidable competitor for developed countries' resources (which in some instances might have been devoted to development assistance) but also a factor which, to an ever increasing degree, will influence the pattern of world trade, the location of industry in various countries, the competitive position of different groups of countries, and their comparative costs of production. Environmental actions by developed countries may thus have a profound and multiple impact on the growth and external economic relations of developing countries.

58. Some environmental measures by developed countries (restrictions on the use of imports of certain commodities, imposition of regulations, standards and other non-tariff barriers on imports, as well as increased production costs reflected in higher export prices) may have a negative effect on developing countries' export possibilities and their terms of trade. Every effort should be made to avoid, or attenuate, the application to developing countries of tariff and non-tariff barriers, which are designed to protect industries that incur higher costs by reason of environmental measures. Recycling, at an enterprise and at a national economic level, will also tend to diminish the volume of primary commodities consumed in and imported into developed countries. In the long term recycling will greatly stimulate vertical diversification and industrialization in developing countries. In some fields, concern with the environment offers new opportunities for developing countries, because natural products might acquire certain advantages over synthetic products that could re-open certain markets to them. In some cases developing countries may be able to increase the inflow of foreign capital and to establish new industries at the expense of greater pollution and destruction of their environment.

59. At present, however, it is very difficult to assess the precise magnitude and character of this

complicated series of impacts. Many problems are just beginning to manifest themselves. Much will depend on how far and how fast environmental measures in developed countries are put into force. But much will also depend on the extent to which the policies relating to the environment and their execution take into consideration the specific problems and needs of developing countries, and on the extent to which they are complementary to the objectives of the International Development Strategy. Obviously, special care should be taken to avoid any disruption of markets or restriction of export possibilities of developing countries - and when these are unavoidable the international community should seek ways of softening the impact on developing countries.

60. It will be important for the United Nations Conference on the Human Environment (to be held in Stockholm in June 1972) to take fully into account the trade and development aspects of measures for the protection of the environment. An appraisal of the decisions taken at that Conference from the point of view of their impact on international trade, and particularly the trade of developing countries, should be prepared by the UNCTAD secretariat and submitted at an early session of the Trade and Development Board, so that guidelines for further UNCTAD work in this area may be established.

27

SOURCE 27.

April 1972

Report of the Third Session of UN Conference on Trade and Development held at Santiago, Chile, on 13 April - 21 May 1972. UNCTAD Document TD/178 (27 July 1972).

UNCTAD III met soberly facing the fact that UNCTAD II (S.27, p.7): "was able to obtain only very limited positive results . . . not commensurate with the dimensions and

urgency of the development problem". Although the value of world trade had increased almost twice as fast between 1967 and 1971 as in the earlier 1960s, the share of developing countries continued to fall between the Second and Third Sessions from 19 per cent to 17 per cent of world exports. Also, the volume of net official development assistance had declined between the New Delhi and Santiago Conference sessions.

The summary of the debate on "The Impact of Environment Policies on Trade and Development, in Particular of the Developing Countries" revealed that many of the developed countries had difficulty in accepting the draft resolution framed at Lima and submitted by the Group of 77 (SOURCE 21). However, concern for protecting the environment while at the same time sustaining international trade was widely expressed (S.27, p.66):

270. In the ensuing debate all the representatives who spoke expressed great concern with the safeguarding of the environment and stressed the need to evaluate the impact of a deterioration of the environment on international trade and development.

271. The representatives of some developed market economy countries considered that, since pollution knew no national frontiers, environmental problems should in large measure be approached on an international scale; however they considered it more appropriate for UNCTAD to discuss environmental problems after the United Nations Conference on the Human Environment (Stockholm, June 1972) had taken place.

272. Some representatives of socialist countries stressed the need for a universal approach to these problems in the sense of a full participation in the relevant discussions by all countries without discrimination. One of them pointed out that the environmental policies and practices of developed countries should on no account give rise to new difficulties in international economic relations, such as the creation of new obstacles of a non-tariff character, or an increase in discrimination.

The damage done by foreign capital to the interests of developing countries should be taken into account when possible measures in this field were elaborated under the auspices of the United Nations and of UNCTAD.

273. Representatives of developing countries emphasized the priority of economic development, for in their opinion economic progress would in many cases offer the means of solving certain environmental problems; within this context they stated that UNCTAD had a great responsibility in this regard since it was recognized that the deterioration of the environment had a great impact on international trade and particularly on economic development.

274. Many representatives stressed the importance of a more comprehensive approach to the inter-relationship between development and the environment, the need to take into account both the positive and the negative consequences of the growing concern with environment. It was broadly agreed that the effects on economic development, particularly that of the developing countries, of measures taken to protect the environment should be carefully considered. Many representatives urged that such measures should be consistent with the provisions of the International Development Strategy. The representative of one developed market economy country stated that growing concern with environmental problems should not cause any diminution in the flows of aid to developing countries.

275. It was generally felt that the ideas expressed in the UNCTAD secretariat's report (TD/130) should be brought to the attention of the Stockholm Conference.

276. Many of the representatives of developed market economy countries who spoke in the debate stated that they had difficulty in accepting the draft resolution submitted by the Group of 77 (TD/L.54) since in its operative part it made specific reference to and reaffirmed General Assembly resolution 2849 (XXVI) of 20 December 1971. These representatives pointed out that their countries' delegations had either abstained from the vote on or had voted against the adoption of that resolution and their attitude towards it had not changed since then. Most of the representatives of developing countries who participated in the debate stressed

that the General Assembly resolution gave the principal guidelines regarding the treatment of environmental and development problems and should therefore be reflected in a resolution to be adopted by UNCTAD.

At the end of the Session there was an admission that the Conference recognized that its results had fallen short of the expectations placed in it by many participating States. However, amongst the Conclusions published, are some that would afford satisfaction to the developing countries (S.27, pp.71-73):

297. As regards participation in, and the preparation, scope and conduct of, the comprehensive multilateral negotiations to take place in 1973 with a view to accelerating the liberalization and expansion of world trade, the Conference has unanimously agreed, inter alia, that special techniques, modalities and ground rules should be established for the negotiations to ensure that special attention is given to the interests of all developing countries so that they can participate fully.

298. As regards the least developed among the developing countries, mindful of the particular problems and urgent needs of these countries, and noting the urgent need to supplement commercial policy measures applied to all developing countries with liberal and substantially increased financial and technical assistance flows in favour of the least developed of them, the Conference has unanimously agreed, inter alia, on confirming the identification of such countries, on the need for reviewing the criteria of identification and eligibility of individual countries for inclusion in the list of hard-core least developed countries, and on a series of special measures to be taken in favour of them, which would be supplementary to the general measures applicable to all developing countries and should not prevent the least developed countries from benefiting from the general measures as well.

299. As regards the international monetary system and development finance, the Conference, recalling resolution 84 (XI) of the Trade and Development Board, as adopted, which indicated inter alia that all interested countries, especially the developing countries, should participate fully in the consultations and negotiations on the reform of the

international monetary system, has resolved, inter alia, that essential improvements are required in the decision-making process regarding the international monetary system and its reform; has recognized that a more satisfactory system of monetary co-operation, with the widest possible participation of developed and developing countries, is desirable and that, as a step toward realizing this aim, the role of the International Monetary Fund as the central forum for debate and as the institution for effective decision-making on all matters that concern the international monetary system should be strengthened, and that the Fund should evolve in such a manner as to make it more responsive to the requirements of the world economy; and strongly supports the view that there should be effective participation of the developing countries in the decision-making process of the international monetary system and its reform: it has, moreover, recognized that the most serious attention deserves to be given to the subject of a link between Special Drawing Rights and development finance, and to the possibilities that such a link might provide for channelling new resources for development finance.

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302. As regards international trade in manufactures and semi-manufactures, the Conference has unanimously agreed, inter alia, that the Special Committee on Preferences should be established as a permanent machinery within UNCTAD and should be convened as early as possible in 1972 or 1973, with a view to consultations on further improvements of the preferential arrangements, taking into consideration the requests in this connexion made by the developing countries, and that the Committee on Manufactures should accelerate its consideration of means of reducing or removing non-tariff barriers, bearing in mind the need to assist developing countries in their preparations for full and effective participation in the multilateral trade negotiations proposed to take place in 1973.

303. As regards the international transfer of technology, the Conference, mindful of the need to improve the access to and adequacy of international flows of technology, has decided, inter alia, that the continuing nature of UNCTAD's functions in this field should be reflected in the institutional arrangements in UNCTAD; adopted a series of recommendations concerning measures to improve the

transfer of and access to technology, addressed to developing countries, developed market economy countries and the socialist countries of Eastern Europe, as well as to the international community at large in respect of the special position of the least developed among developing countries; endorsed the work programme of the Intergovernmental Group on the Transfer of Technology.

28

SOURCE 28.

April 1972

Resolutions and Decisions of the Third Session of UN Conference on Trade and Development held at Santiago, Chile, on 13 April - 21 May 1972. UNCTAD Document TD(III)/Misc.3 (29 June 1972).

Resolution 50 (III) concerning "Competitiveness of Natural Products, Synthetics and Substitutes" was adopted without dissent. The operative section states that UNCTAD (S.28, pp.45-46):

1. Requests;

(a) Countries to encourage increased research and development in respect of natural products facing competition from synthetics and substitutes, including improving production techniques and increasing consumption and trade in those products through, inter alia, development of alternative or new uses and markets for such products, and trade promotion;

(b) The developed countries, within their assistance or other programmes, and the appropriate regional and international institutions to provide financial and technical assistance to support:

(i) national, multinational, subregional and

regional research and development projects of interest to developing countries for natural products facing competition from synthetics and substitutes;

(ii) Trade promotion and marketing of natural products by developing countries;

(c) The responsible agencies of the United Nations to assist in a flexible manner in improving the competitiveness of such products through financial and technical assistance, including assistance in export development;

2. Draws the attention of the United Nations Conference on the Human Environment to the pollution problems that may arise from the production and consumption of synthetic materials in its consideration of the general problem of industrial pollution, and requests the Permanent Group on Synthetics and Substitutes to take into account such conclusions of that Conference as are relevant to its continuing work on the question of the competitiveness of natural products;

3. Urges countries producing natural materials threatened by competition from synthetics to cooperate for the purpose of:

(a) Preparing and implementing long-term strategies and related comprehensive programmes of research, development and promotion for these materials, either through existing international bodies or, if need be, through new bodies which might be established for this purpose with the assistance, as necessary, of UNCTAD, the Food and Agriculture Organization of the United Nations, the United Nations Industrial Development Organization and

(b) expanding consumption of natural products in the developing countries as a means of increasing trade in such products among developing countries;

4. Requests the Consultative Group on Agricultural Research sponsored jointly by the Food and Agriculture Organization of the United Nations, the International Bank for Reconstruction and Development and the United Nations Development Programme to give urgent consideration to the need for assistance to research designed to improve the competitiveness of natural raw materials, including processing and end-use research as well as production research;

5. Urges all countries concerned to co-operate with UNCTAD, the Food and Agriculture Organization of the United Nations and other competent international organizations to provide relevant information available to them on synthetics in order to facilitate study of the problems facing natural products.

Resolution 55 (III) concerning "Special Aspects of Development Finance: Supplementary Financing" also won unanimous agreement. It states that UNCTAD (S.28, pp.57-58):

Bearing in mind that supplementary financial measures designed to protect development plans of developing countries against disruptive consequences of export shortfalls, have been under intensive discussion within UNCTAD since 1964,

Emphasizing paragraph 51 of the International Development Strategy for the Second United Nations Development Decade, in which the International Bank for Reconstruction and Development is invited to give further consideration to the adoption of supplementary financial measures at the earliest practicable opportunity,

Noting that in the absence of the detailed working out of arrangements for supplementary financing, presently entrusted to the International Bank for Reconstruction and Development under Trade and Development Board resolution 60(IX) of 12 September 1969 the resources required cannot be satisfactorily ascertained,

Noting also the joint statement of developing countries at the fifth session of the Committee on Invisibles and Financing related to Trade,

Noting that the President of the International Bank for Reconstruction and Development, in his letter to the Secretary-General of UNCTAD dated 4 May 1971 said that should a developing country member of the Bank, for reasons outside its control, experience an unexpected shortfall of its export earnings which threatened to disrupt the implementation of its development programme, the World Bank Group would examine the case on its merits with a view to determining whether and how it could shape or modify its lending and its other operations for

that country in such a way as to help the country to overcome its difficulties,

1. Renews its invitation to the International Bank for Reconstruction and Development to work out, before the sixth session of the Committee on Invisibles and Financing related to Trade, detailed arrangements for a scheme of supplementary financing (including an assessment of the cost of the scheme) and for the means of its implementation in pursuance of resolution 60(IX) of the Trade and Development Board and the Declaration by the Trade and Development Board at its tenth session;
2. Invites the Bank, on the basis of its preparation of detailed arrangements for supplementary financing, to explore possibilities of adequate financial support for these arrangements commensurate with the magnitude of the problem facing developing countries, and in particular draws the attention of the Bank to paragraph V of the conclusions of the Intergovernmental Group on Supplementary Financing which stated that it would be of little value merely to divert available resources from basic development finance for the purposes of supplementary financing;
3. Invites the Bank to specify in greater detail what criteria developing countries would need to satisfy to take advantage of the undertaking given in the letter dated 4 May 1971 from the President of the Bank and what policies the Bank is willing to consider in response to such requests pending the working out of the detailed arrangements referred to in paragraph 1 above.

Resolution 60 (III) on "Terms and Conditions of Official Development Assistance" found less support, for although 89 votes were cast for it, there were 11 abstentions. Its second paragraph reads (S.28, p.66):

Invites the developed countries to take into consideration the views of the developing countries as well as of some developed countries that,

- (a) on average, interest rates on official development loans should not exceed 2 per cent per annum;

(b) maturity periods of such loans should be at least 25 to 40 years and grace periods should be no less than 7 to 10 years}

(c) the proportion of grants in total assistance of each developed country should be progressively increased, and countries contributing less than the 1970 Development Assistance Committee average of 63 per cent of their total assistance in the form of grants should reach that level not later than 1975.

Resolution 61 (III) met a similar fate, with 80 votes in favour and 12 abstentions. This was a target-setting resolution, the first four paragraphs of which read (S.28, p.71):

1. Urges each economically advanced country to provide annually to developing countries financial resource transfers of a minimum net amount of 1 per cent of its gross national product at market prices in terms of actual disbursements, having regard to the special position of those countries which are net importers of capital. Those developed countries which are unable to achieve this target by 1972 will endeavour to attain it without further delay and in any event not later than 1975; and those which have already attained it will endeavour to maintain their net resource transfers as a percentage of their gross national product, and if possible to increase them*;

2. Calls upon each economically advanced country progressively to increase its official development assistance and to exert its best efforts to reach a minimum net amount of disbursements of 0.7 per cent of its gross national product at market prices by the middle of the decade*;

* Only the Scandinavian countries are expected to reach the ODA target, and Canada and UK alone expressed the intention to increase their annual aid allocation to accommodate additional costs of environmental protection measures (Compiler's comment).

3. Instructs the Trade and Development Board to examine the concepts of the present aid and flow targets in order to prepare for a discussion thereon in the mid-term review of the implementation of the International Development Strategy;

4. Recognizes that the volume of official development assistance to developing countries should not be adversely affected by reference to immediate balance-of-payments difficulties, and that development assistance flows should be insulated as much as possible from internal and international economic fluctuations.

Although the Principles put forward by the developing countries to form paragraph 1 of Resolution 82 (III) were somewhat exacting, it was passed without dissent (S.28, pp.156-157).

Draws attention to the view of the developing countries that the multilateral trade negotiations should be governed inter alia by the following principles:

(a) The developing countries, collectively or individually, shall not suffer, directly or indirectly, adverse or prejudicial effects as a result of these negotiations. On the contrary, the negotiations shall provide the developing countries with additional benefits that represent a substantial and meaningful improvement of their position in international trade so that they secure an increasing share in the growth in international trade commensurate with the needs of their economic development on the basis of non-reciprocity, non-discrimination and preferential treatment;

(b) If the preferential advantages enjoyed by developing countries are adversely affected by the results of these negotiations, the developed countries shall take additional measures to compensate the developing countries so affected;

(c) Developed countries should provide more favourable and acceptable conditions of access to the products of developing countries and ensure for these products a larger share of the markets of developed countries, and devise measures designed to attain stable, equitable and remunerative prices for their products;

(d) All developing countries shall be entitled and enabled to participate fully, effectively and continuously in these negotiations in all their stages so that their interests are fully taken into account;

(e) All the concessions which may be exchanged by developed countries among themselves should automatically be extended to all developing countries;

(f) Concessions granted by the developed countries to developing countries need not be extended to the developed countries;

(g) In the negotiations among developing countries the tariff and other concessions which they may negotiate among themselves shall not be extended to the developed countries;

(h) The negotiations should as a matter of priority secure significant concessions for the products of particular interest to least developed countries;

(i) Utmost priority shall be accorded to the removal of all barriers to the products of export interest to developing countries in the market of developed countries;

(j) Concessions agreed upon in the negotiations in favour of developing countries shall be made available to them immediately and will not be phased.

While UN Resolutions may be carried with the weight of large numbers of prospective recipient nations, it must be noted that the support of potential donor countries is often withheld. Thus in spite of UNCTAD III, no new markets were granted by the rich nations to developing countries; the link between development and Special Drawing Rights with the International Monetary Fund was denied; and increased aid grants were not forthcoming.

29

SOURCE 29.

April 1972

Observations and Reservations by Delegates on Decisions of the Conference forming Annex I.B to the Report of the Third Session of UNCTAD (see SOURCE 28 above). UNCTAD Document TD/178/Add.1 (26 September 1972).

It is interesting to note that of the 131 States sending delegations to UNCTAD III, only 22 are reported as submitting observations and reservations individually, although such action was taken by 6 groups of delegations, including the Group of 77. Of the 22 national delegations so acting, only 5 can be classed as representing developing nations.

The Resolutions cited under SOURCE 28 are listed below with the number of delegations making observations on them, all of these emanating from developed countries.

Resolution Number	Number of Delegations
50	0
55	3
60	9
61	13
82	1

Representative observations are cited, one for each Resolution, to indicate that for many of the developed countries the attainment of the targets set for the International Development Strategy was still beyond their reach, and that the call for additional assistance may not be realistic.

The USA observation on "Special Aspects of Development Financing" (Resolution 55) reads (S.29, p.61):

With respect to the resolution on supplementary financial measures, the United States Government believes there is little need for IBRD examination of supplementary financial measures until it is clear that additional financing would be available, which seems highly doubtful at this time. Facilities exist to deal with problems which may arise in this regard.

The Japanese observation on "Terms and Conditions of Official Development Assistance" (Resolution 60) reads (S.29, p.38):

The Japanese delegation voted in favour of the resolution as a whole, as it fully subscribes to the importance of further softening of the terms and conditions of official development assistance and is well aware of the view of the developing countries in this regard.

However, under the present circumstances, the Japanese Government is unable to implement the specific terms target mentioned in paragraph 2 of Part A, including that of grants which is to be attained by 1975.

Nevertheless, it is the policy of the Japanese Government to make special efforts to further improve the terms and conditions of its official development assistance through various means including expansion of grant programmes and improvement of terms of official development loans. It is in accordance with such a policy that the Japanese Government has up to date made its best efforts with a view to reaching the terms target adopted by the Development Assistance Committee of the OECD in 1969.

The Swedish observation on "Financial Resources for Development: Total Inflow of Public and Private Resources" (Resolution 61) reads (S.29, p.48):

Sweden voted in favour of this resolution as a whole in recognition of the vital importance of an

increased net transfer of real resources to the developing countries. Sweden would, however, have preferred a text which emphasized the primary role of official development assistance in these transfers. The Swedish Government maintains serious reservations about the definition of the traditional one per cent target. This target does not reflect the true net transfer of resources, as reverse flows of investment income and interest payments are not deducted. The phrase "minimum net amount" in the resolution is therefore misleading.

Furthermore the traditional target includes transactions which are not subject to government control and no government can consequently make firm commitments with regard to these transactions. However, on the assumption that private flows will not decrease sharply, Sweden should reach the 1 per cent target before the middle of the decade.

On this same Resolution, the delegation for the United Kingdom of Great Britain and Northern Ireland observed very succinctly (S.29, p.56): "The delegation abstained on this resolution because they were unable to subscribe to the target for official development assistance."

The only observation submitted on "Multilateral Trade Negotiations" (Resolution 82) was that of the USA delegation which had supported the resolution but indicated, inter alia, (S.29, p.64): "that participating developing countries (in GATT) should be willing to offer reductions in their own tariff and non-tariff barriers in the course of the negotiations".

30

SOURCE 30.

May 1972

"Additional" Financing for the Developing Countries for Environmental Progress. Progress Report by the Secretary-General of the UN Conference on the Human Environment. UNCHE Document A/CONF.48/CRP.1 (31 May 1972).

This report was submitted to UNCHE by the Secretary-General in response to General Assembly Resolution 2849 (XXVI) adopted 20 December 1971 (SOURCE 22). It defines the concept of "additionality", justifies it, offers suggestions on financing, and records the views of some of the possible donors.

1. This report is submitted to the United Nations Conference on the Human Environment, pursuant to operative paragraph 9 of General Assembly Resolution 2849 (XXVI) which reads as follows:

"Requests the Secretary-General to submit a report to the United Nations Conference on the Human Environment, after ascertaining the views of Member States, on a scheme of voluntary contributions which would provide additional financing by the developed for the developing countries for environmental purposes, beyond the resources already contemplated in the International Development Strategy."

2. Following the adoption of this resolution, the Secretary-General of the Conference on the Human Environment engaged in a series of consultations with individual countries and addressed a letter to all Member States requesting their views on the question referred to in the resolution. The results obtained to date from this process of consultation are summarized further below so as to provide a basis for the guidance of delegations as they address themselves to items of the agenda that have a bearing on this issue.

3. It appears important that there be a clear understanding of what is meant by "additionality". The concept of additionality has two aspects. First, it covers the additional financing required for measures taken specifically or primarily in order to protect or enhance the human environment. Second, it encompasses the need for additional financial resources for development.

4. In this latter, wider sense, "additionality" can be viewed as a response to the needs arising from the very lack of resources of the developing countries, where poverty is the real issue. The traditional, if ineffective, response to poverty has been charity, often heavily conditioned by commercial self-interest, which implies that the donor has a choice or, at best, a moral obligation - but never a compelling need - to provide assistance. The fundamental message of the environmental issue, on the other hand, is interdependence. The enlightened self-interest of man dictates that he cannot be oblivious to what happens to his fellow-beings and to the earth because his vital interests are at stake everywhere. Viewed in this light, "additionality" is not merely designed to satisfy the environmental aspects of development, but makes a case for increasing the resources devoted to development. Indeed, the inter-related concepts of environment and development cannot be easily separated and distinguished. Thus what is involved in "additionality" in the broadest sense of that word is not merely an added dimension to development projects but the provision of greater resources for such basic needs as water, sewage, etc. which are required to provide a decent environment for human life in the developing countries.

5. On the other hand, as noted earlier, "additionality" in its narrower sense covers the additional financing required for measures taken specifically or primarily in order to protect or enhance the human environment. This question is more complex, however, than may appear at first sight, since added benefits, both in environmental and development terms, as well as added costs are involved. As noted above, environmental considerations are not separate and apart from development. The understanding that has been gained about the importance of the environment must lead to conceiving sound development as including environmental factors. Indeed, experience shows that, in most cases, adding an environmental dimension to a

development project makes for a better, more viable project, whether this be an irrigation project that can be expected to operate without accompanying deleterious side effects on health, or a dam that does not jeopardize the surrounding ecology. To the extent that benefits equal costs it would, therefore, seem more accurate to think in terms of additional financing than of additional costs.

6. The considerations outlined above show that the concept of "additionality" is not easy to define. Nonetheless, the following is offered as a working, if over-simplified, definition for the purpose of this paper: "additionality" denotes the additional financing which developing countries require and may request to cover the extra costs of taking environmental factors into account without suffering a curtailment of the scope of their development which can be financed from available development funds.

7. Clearly the intent of resolution 2849 (XXVI) is not met by earmarking a given percentage of the total financing for a project for its environmental "dimension" since this would reduce the funds available for the "development" component of the project and, hence, the scope or size of the project itself. On the other hand, it seems hardly necessary to emphasize that financing for environmental purposes cannot be obtained by a transfer of funds which would normally have been made available to development per se, without negating the very principle of "additionality" and the widely endorsed tenet that measures to meet environmental concerns should in no way impinge on or retard the process of development.

8. While it may be possible to reach general agreement on what "additionality" means, it is not clear at this stage that the same holds true about the kinds of activities that should qualify for additional funding. More importantly perhaps, the consideration of the subject of additionality has not yet advanced to the point where a consensus can be expected to emerge on the means of generating additional funds.

9. As far as the first of the above two points is concerned, it would seem that there are two broad categories of development activities where a case can be presented for the provision of additional

funds to cover environmental factors:

(a) Where the justification is national, i.e. where it can be shown that the expenditure of additional funds to cover the environmental dimension of a given project can be clearly justified in terms of the needs and criteria of the country concerned.

(b) Where the justification is international, i.e.

(i) where major development projects can have an adverse international environmental impact unless funds are provided to finance measures which could be built into the projects concerned to counter such an impact; or

(ii) where development projects are solely or primarily justified in environmental terms and where they make an important contribution to the protection and enhancement of the global environment, i.e. certain instances of industrial emission control, sewage and waste disposal facilities.

10. As previously noted, there is rarely a clear distinction between a project's environmental and development aspects. A semantic issue is often involved. As countries increase their levels of material wealth, they tend to place more weight on the environmental aspects of problems which are essentially of a developmental nature, such as urban growth. At the same time, as the Founex report states "... environmental concern is only another dimension of the problem of development in the developing countries and cannot be viewed separately from their development effort".

11. Accordingly, there are often projects where the words "environment" and "development" are interchangeable or, to be more accurate, which combine issues of both environment and development. Such projects, for example, a programme aimed at bringing potable water to the entire population of the globe, would be a suitable object of "additionality" financing. So might programmes aimed at caring for the international "commons", i.e. that part of the oceans and the atmosphere that are beyond national jurisdiction. To be fully effective such programmes would not only involve the expenditure of funds for the direct care of the commons, but also for the

financing of projects, e.g. improved sewage in individual countries, particularly developing countries, where these have an important bearing on the environmental state of the commons. In the industrialized countries these projects and programmes can be financed nationally. In developing countries there is a strong case for international financing. The industrialized countries would seem to have a particular interest and responsibility in supporting projects in developing countries which have international implications in terms of the enhancement of the environment.

12. The justification for providing additional financing for programmes such as those referred to immediately above goes beyond the need to add an environmental dimension to development projects. The concept of "additionality" that is brought into play here is the much wider concept noted earlier (see paragraph 4 above) which stems from the poverty and dearth of resources of the developing countries and from the new sense of interdependence which the environment issue has brought to the fore.

13. This much wider question cannot be expected to receive a specific answer at the Stockholm Conference or through decisions taken there and, indeed, it goes beyond the purview of operative paragraph 9 of General Assembly resolution 2849 (XXVI). Nonetheless, it is essential that this issue be dealt with in any continuing study and review of "additionality". In this connexion, the Stockholm Conference, which will be faced with the need for a new rationale for the policies of the industrialized countries which the environment has brought about, could help to generate a new basis for political will leading to a reappraisal of existing development assistance policies.

14. As noted earlier, it is difficult at this stage to see a consensus emerging on the precise means of generating the extra funds required for "additionality" purposes. The proposed Environment Fund, if funded out of "environmental" resources allocated by industrialized countries, would meet the principle of "additionality". The likely size of this Fund would preclude it, however, from being a direct source of financing for development projects. Nevertheless, the Fund can be expected to further indirectly the objective of "additionality" since it will finance activities which will contribute significantly to the development goals of

developing countries, such as improving the knowledge base, and helping meet certain research and training needs which these countries require if they are to make better development decisions, without in the process placing additional financial burdens on the countries concerned. In other words, the proposed Environment Fund will make an "additionality" contribution by meeting the basic costs of the proposed Action Plan.

15. For more direct "additionality" financing related to particular development projects, it will be necessary, however, to look to sources beyond the proposed Environment Fund. In this connexion, one can envisage either voluntary contributions from the industrialized countries, or an automatic system of financing, or both.

16. Voluntary contributions could take the form of general increases in the funds available to development assistance agencies such as the UNDP and the IBRD group as well as additional bilateral contributions of industrialized countries designed to meet "additionality" expenditures on projects which have an environmental dimension of international significance or which are specifically designed to contribute to the protection and enhancement of the global environment (see paragraph 8 (b) and (c) above).

17. Apart from such a general increase in the levels of development assistance to meet "additionality" requirements, voluntary contributions could be made in response to general appeals for development projects of particular environmental importance in individual developing countries, or for urgent problems such as the need for adequate supplies of pure water, which are of world-wide significance. In the latter cases, where large funds are required over a continuing period, consideration could be given to special financing on an ad hoc basis.

18. The financing of expenditures required to cover the environmental dimension of projects where additionality can be justified in terms of national considerations (see paragraph 8 (a) above) could obviously not be met in the same way. Indeed it would seem that this question would fall outside the terms of reference of any new body which the Stockholm Conference might establish to co-ordinate international environmental action and must, therefore, be

considered by development assistance agencies and individual governments of industrialized countries in the context of their development assistance planning and financing.

19. The initial reaction of some of the governments of the industrialized countries with which the Secretary-General of the Conference has consulted pursuant to operative paragraph 9 of General Assembly resolution 2849 (XXVI) has been to tend to consider expenditures needed to cover additional costs of projects flowing from environmental considerations as integral parts of sound development programmes and, as such, not distinguishable from other aspects of such programmes. In the view of some of these countries, such expenditures may not justify special appropriations or special financial handling.

20. More specifically, the government of one industrialized country indicated that whilst it was taking full account of environmental factors in its capital aid and technical assistance projects where this is requested, it was opposed to any increase in or additionality to its total aid levels. Another government advised the Secretary-General of the Conference that it considered it open to developing countries to take environmental considerations into account in formulating aid requests and project proposals under bilateral and multilateral aid programmes, but that it was not in a position to enter into commitments to make voluntary contributions for "additionality" purposes going beyond resources already contemplated in the context of the development strategy. Yet another government expressed the view that environmental concern constitutes an added dimension of the development planning process and that such an integrated approach offered an opportunity for the further elaboration and refinement of the social objectives of the Second Development Decade. This government suggested that the incorporation of this approach as well as its financial and economic consequences would need to be considered during the mid-term review and appraisal of the Second Development Decade strategy. Finally, another government of an industrialized country indicated that it was giving consideration to the inclusion in its 1973 budget dealing with co-operation for development of an item concerning expenditures borne by developing countries for the protection of the environment.

21. As can be seen from the above, there is a fairly wide spectrum of opinion on this subject although it bears emphasizing that only some of the industrialized countries have so far expressed their views and that those views which were received are, for the most part, still preliminary and tentative.

22. Consultations are continuing both with countries concerned and with development assistance agencies. In the case of at least one lending agency it appears that the "added" costs of development projects necessitated by environmental and related health protection measures are viewed as a legitimate part of the project cost structure. This agency considers that the amount of financing provided for projects requiring such safeguards should take these costs into account and, where necessary, be increased to cover all or appropriate portions of these costs. Another agency has already made known its willingness to consider assisting development projects which have a major environmental component. In fact, this agency currently supports several projects which are almost exclusively environmentally orientated. The agency in question advised the Secretary-General of the Conference that funds applied to such projects do not represent net additional funds over and above those made available to it for development purposes. Since the environmental components of many projects could be clearly identified, however, it is the view of this agency that if a separate fund to help meet "additional" costs in the developing countries were established, clearly identifiable components could be financed from specific earmarkings from such a fund as part of the financing of the total operation.

23. Apart from voluntary contributions, it is possible to envisage an automatic system of financing "additionality" expenditures which could be applied parallel with, or as an alternative to, voluntary contributions. Work is proceeding on a study on this subject which was commissioned by the Secretary-General of the Conference and which examines the case for considering the imposition, through an international convention, of levies or tolls on certain commodities which have an important relationship to environmental concerns, for example, petroleum and petroleum products. For reasons of administrative convenience, such levies could be established on the international transport of petroleum and petroleum products, allowing for

suitable adjustments for such purposes as the exemption from the levies of all importing developing countries and through the introduction of a factor relating transport to use. Such a system of financing "additionality" would combine the merits of automaticity and relative simplicity.

24. The following preliminary conclusions can be drawn from the considerations outlined in this report:

(a) A full commitment to the goals of the Second Development Decade must be viewed as the first priority in this area.

(b) Such a commitment and the overall question of development assistance policies are beyond the responsibilities of the Conference. However, the environment issue cannot be considered in isolation from the basic issue of development to which the strategy for the Second Development Decade is directed. Indeed, the new perceptions of the basic interdependence of the more industrialized countries with the developing world which the environment issue points up makes an added case for a reconsideration by the industrialized countries of their development policies, aid flows and development assistance performance, as a basis for the new dimensions of international co-operation required to preserve and enhance our planetary environment for all mankind.

(c) Development assistance agencies should seek new funds to respond to requests from developing countries for assistance in meeting "additional" financing to cover the environmental factors of specific development projects.

(d) The Secretary-General should make special efforts through existing channels and, where appropriate, through the new environmental body, if established, to seek additional funding from voluntary sources for major development projects of particular importance in terms of their impact on the global environment.

(e) The Secretary-General should continue to study possible means whereby an automatic system of financing might be established to supplement voluntary funding.

25. It is clear that "additionally" is both an important and complex issue. Although the United Nations Conference on the Human Environment cannot be expected to resolve this issue in the short time available to it, the deliberations at Stockholm should shed further light on, and provide a new impetus to, this question, which the Secretary-General could, if the Conference agrees, keep under continuing study and review.

31

SOURCE 31.

June 1972

Report of the United Nations Conference on the Human Environment held at Stockholm on 5-16 June 1972. UN General Assembly Document A/CONF.48/14 (3 July 1972).

UNCHE, "having considered the need for a common outlook and for common principles to inspire and guide the peoples of the world in the preservation and enhancement of the human environment", issued a Declaration (S.31, Part One, ch.I), which falls into two sections - a Proclamation in 7 paragraphs and a series of 26 Principles. Paragraph 4 of the Proclamation states (S.31, p.2) :

4. In the developing countries most of the environmental problems are caused by under-development. Millions continue to live far below the minimum levels required for a decent human existence, deprived of adequate food and clothing, shelter and education, health and sanitation. Therefore, the developing countries must direct their efforts to development, bearing in mind their priorities and the need to safeguard and improve the environment. For the same purpose, the industrialized countries should make efforts to reduce the gap between themselves and the developing countries. In the industrialized countries,

environmental problems are generally related to industrialization and technological development.

Several of the Principles are relevant here: numbers 9, 12, 20 and 23 (S.31, pp.5-7):

9. Environmental deficiencies generated by the conditions of underdevelopment and natural disasters pose grave problems and can best be remedied by accelerated development through the transfer of substantial quantities of financial and technological assistance as a supplement to the domestic effort of the developing countries and such timely assistance as may be required.

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12. Resources should be made available to preserve and improve the environment, taking into account the circumstances and particular requirements of developing countries and any costs which may emanate from their incorporating environmental safeguards into their development planning and the need for making available to them, upon their request, additional international technical and financial assistance for this purpose.

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20. Scientific research and development in the context of environmental problems, both national and multinational, must be promoted in all countries, especially the developing countries. In this connexion, the free flow of up-to-date scientific information and transfer of experience must be supported and assisted, to facilitate the solution of environmental problems; environmental technologies should be made available to developing countries on terms which would encourage their wide dissemination without constituting an economic burden on the developing countries.

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23. Without prejudice to such criteria as may be agreed upon by the international community, or to standards which will have to be determined nationally, it will be essential in all cases to consider the systems of values prevailing in each country, and the extent of the applicability of standards which are valid for the most advanced countries but

which may be inappropriate and of unwarranted social cost for the developing countries.

Following the Declaration, chapter II of Part One of the Report outlines the "Action Plan for the Human Environment" embodied in 109 Recommendations, of which those relevant to the present study are cited below.

Recommendation 103

It is recommended that Governments take the necessary steps to ensure:

(a) That all countries present at the Conference agree not to invoke environmental concerns as a pretext for discriminatory trade policies or for reduced access to markets and recognize further that the burdens of the environmental policies of the industrialized countries should not be transferred, either directly or indirectly, to the developing countries. As a general rule, no country should solve or disregard its environmental problems at the expense of other countries;

(b) That where environmental concerns lead to restrictions on trade, or to stricter environmental standards with negative effects on exports, particularly from developing countries, appropriate measures for compensation should be worked out within the framework of existing contractual and institutional arrangements and any new such arrangements that can be worked out in the future;

(c) That the General Agreement on Tariffs and Trade, among other international organizations, could be used for the examination of the problems, specifically through the recently established Group on Environmental Measures and International Trade and through its general procedures for bilateral and multilateral adjustment of differences;

(d) That whenever possible (that is, in cases which do not require immediate discontinuation of imports), countries should inform their trading partners in advance about the intended action in order that there might be an opportunity to consult within the GATT Group on Environmental Measures and International Trade, among other international organizations. Assistance in meeting the

consequences of stricter environmental standards ought to be given in the form of financial or technical assistance for research with a view to removing the obstacles that the products of developing countries have encountered;

(e) That all countries agree that uniform environmental standards should not be expected to be applied universally by all countries with respect to given industrial processes or products except in those cases where environmental disruption may constitute a concern to other countries. In addition, in order to avoid an impairment of the access of the developing countries to the markets of the industrialized countries because of differential product standards, Governments should aim at world-wide harmonization of such standards. Environmental standards should be established, at whatever levels are necessary, to safeguard the environment, and should not be directed towards gaining trade advantages;

(f) That the Governments and the competent international organizations keep a close watch on medium- and long-term trends in international trade and take measures with a view to promoting:

(i) The exchange of environmental protection technologies;

(ii) International trade in natural products and commodities which compete with synthetic products that have a greater capacity for pollution.

Recommendation 104

It is recommended that the Secretary-General ensure:

(a) That appropriate steps shall be taken by the existing United Nations organizations to identify the major threats to exports, particularly those of developing countries, that arise from environmental concerns, their character and severity, and the remedial action that may be envisaged;

(b) That the United Nations system, in co-operation with other governmental and non-governmental agencies working in this field, should assist Governments to develop mutually acceptable common international environmental standards on

products which are considered by Governments to be of significance in foreign trade. Testing and certification procedures designed to ensure that the products conform to these standards should be such as to avoid arbitrary and discriminatory actions that might affect the trade of developing countries.

Recommendation 105

It is recommended that the General Agreement on Tariffs and Trade, the United Nations Conference on Trade and Development and other international bodies, as appropriate, should, within their respective fields of competence, consider undertaking to monitor, assess, and regularly report the emergence of tariff and non-tariff barriers to trade as a result of environmental policies.

Recommendation 106

It is recommended:

(a) That the Secretary-General, in co-operation with other international bodies as appropriate, should examine the extent to which the problems of pollution could be ameliorated by a reduction in the current levels of production and in the future rate of growth of the production of synthetic products and substitutes which, in their natural form, could be produced by developing countries; and make recommendations for national and international action;

(b) That Governments of the developing countries consider fully the new opportunities that may be offered to them to establish industries and/or expand existing industries in which they may have comparative advantages because of environmental considerations, and that special care be taken to apply the appropriate international standards on environment in order to avoid the creation of pollution problems in developing countries;

(c) That the Secretary-General, in consultation with appropriate international agencies, undertake a full review of the practical implications of environmental concerns in relation to distribution of future industrial capacity and, in particular, to ways in which the developing countries may be assisted to take advantage of opportunities and to minimize risks in this area.

Recommendation 107

It is recommended that the Secretary-General, in collaboration with appropriate international agencies, ensure that a study be conducted of appropriate mechanisms for financing international environmental action, taking into account General Assembly resolution 2849 (XXVI).

Recommendation 108

It being recognized that it is in the interest of mankind that the technologies for protecting and improving the environment be employed universally, it is recommended that the Secretary-General be asked to undertake studies, in consultation with Governments and appropriate international agencies, to find means by which environmental technologies may be made available for adoption by developing countries under terms and conditions that encourage their wide distribution without constituting an unacceptable burden to developing countries.

Recommendation 109

It is recommended that the Secretary-General, in collaboration with appropriate international agencies, take steps to ensure that the environmental considerations of an international nature related to the foregoing recommendations be integrated into the review and appraisal of the International Development Strategy for the Second Development Decade in such a way that the flow of international aid to developing countries is not hampered. Recommendations for national action, proposed by the Secretary-General of the Conference, shall be referred to Governments for their consideration and, when deemed appropriate, should be taken into account in the review and appraisal process during the consideration of matters for national action as included in the International Development Strategy. It should further be ensured that the preoccupation of developed countries with their own environmental problems should not affect the flow of assistance to developing countries, and that this flow should be adequate to meet the additional environmental requirements of such countries.

In chapter III of Part One, under a sub-heading "The Environment Fund", paragraphs 8 and 10 are pertinent (S.31, p.64):

8. Recommends that the Fund be used for financing such programmes of general interest as regional and global monitoring, assessment and data-collecting systems, including, as appropriate, costs for national counterparts; improvement of environmental quality management; environmental research; information exchange and dissemination; public education and training; assistance for national, regional and global environmental institutions; promotion of environmental research and studies for the development of industrial and other technologies best suited to a policy of economic growth compatible with adequate environmental safeguards; and such other programmes as the Governing Council may decide upon. In the implementation of such programmes due account should be taken of the special needs of the developing countries.

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10. Recommends that, in order to ensure that the development priorities of developing countries shall not be adversely affected, adequate measures should be taken to provide additional financial resources on terms compatible with the economic situation of the recipient developing country. To this end, the Executive Director, in co-operation with competent organizations, will keep this problem under continuing review.

32

SOURCE 32.

October 1972

Report of the Second Committee of the UN General Assembly on the UN Conference on the Human Environment. UN General Assembly Document A/8901 (29 November 1972).

At its 2037th plenary meeting on 23 September 1972, the General Assembly allocated agenda item 47, entitled "United Nations Conference on the Human Environment", to

the Second Committee. When considering this item the Committee had before it a series of documents including 12 draft resolutions which are included in its Report. Repeatedly, attention was drawn to the need for extra funds to finance the additional costs that might be incurred by developing countries in the implementation of environmental programmes and projects (S.32, pp.7, 9, 22, 23). This point was well-taken by the Second Committee, and was included in a series of draft resolutions recommended to the General Assembly. They were adopted, with only minor verbal changes, by the General Assembly under Resolutions 2997 (XXVII) and 3002 (XXVII), the relevant paragraphs of which are cited under SOURCES 33 and 34.

33

SOURCE 33.

December 1972

UN General Assembly Resolution 2997 (XXVII) on Institutional and Financial Arrangements for International Environmental Cooperation (15 December 1972).

By this Resolution the General Assembly decided to establish a Governing Council for the United Nations Environment Programme (UNEP), and charged it with the responsibility, inter alia, (sub-paragraph (f) of Part I of the operative section of the Resolution):

(f) To maintain under continuing review the impact of national and international environmental policies and measures on developing countries, as well as the problem of additional costs that may be incurred by developing countries in the

implementation of environmental programmes and projects, and to ensure that such programmes and projects shall be compatible with the development plans and priorities of those countries.

In Part III of the operative section, concerned with the "Environment Fund", decisions were taken to provide for additional financial resources for developing countries and paragraphs 1-4 state:

1. Decides that, in order to provide for additional financing for environmental programmes, a voluntary fund shall be established, with effect from 1 January 1973, in accordance with existing United Nations financial procedures;

2. Decides that, in order to enable the Governing Council to fulfil its policy-guidance role for the direction and co-ordination of environmental activities, the Environment Fund shall finance wholly or partly the costs of the new environmental initiatives undertaken within the United Nations system - which will include the initiatives envisaged in the Action Plan for the Human Environment, adopted by the United Nations Conference on the Human Environment, with particular attention to integrated projects, and such other environmental activities as may be decided upon by the Governing Council - and that the Governing Council shall review these initiatives with a view to taking appropriate decisions as to their continued financing;

3. Decides that the Environment Fund shall be used for financing such programmes of general interest as regional and global monitoring, assessment and data-collecting systems, including, as appropriate, costs for national counterparts; the improvement of environmental quality management; environmental research; information exchange and dissemination; public education and training; assistance for national, regional and global environmental institutions; the promotion of environmental research and studies for the development of industrial and other technologies best suited to a policy of economic growth compatible with adequate environmental safeguards; and such other programmes as the Governing Council may decide upon; and that in the implementation of such programmes due account should be taken of the special needs of the developing countries;

4. Decides that, in order to ensure that the development priorities of developing countries shall not be adversely affected, adequate measures shall be taken to provide additional financial resources on terms compatible with the economic situation of the recipient developing country, and that, to this end, the Executive Director, in co-operation with competent organizations, shall keep this problem under continuing review.

34

SOURCE 34.

December 1972

UN General Assembly Resolution 3002 (XXVII) on Development and Environment (15 December 1972).

In this Resolution*, the General Assembly alludes to the fact that funds available for the environment "will tend to be scarce in relation to the needs", but nevertheless supports the priorities of the developing countries for additional funding.

The General Assembly

Recalling its resolution 2849 (XXVI) of 20 December 1971 entitled "Development and Environment",

Considering its resolution 2997 (XXVII) of 15 December 1972 on institutional and financial

* Carried with 74 in favour, 26 abstentions, 3 against. A few donor countries (e.g. Australia and USA) claimed that efforts to implement the principle of additionality were already in progress.

arrangements for international environmental co-operation,

Noting the set of recommendations of the United Nations Conference on the Human Environment pertaining to development and environment,

Reaffirming the importance of implementing the objectives and policy measures of the International Development Strategy for the Second United Nations Development Decade and the need to provide adequate resources for their fulfilment,

Bearing in mind that the funds available to the international community for research and action in the fields of the protection and enhancement of the environment will tend to be scarce in relation to the needs,

1. Stresses that, in the implementation and financing of the objectives set forth in section III, paragraphs 2 and 3, of General Assembly resolution 2997 (XXVII), such environmental measures and programmes as may also constitute a necessary part of the process of accelerating the economic development of developing countries should receive special consideration in the formulation of programmes and priorities by the Governing Council of the United Nations Environment Programme;
2. Requests the Governing Council of the United Nations Environment Programme in formulating environmental programmes to ensure, in accordance with the principles set forth in General Assembly resolution 2849 (XXVI), the compatibility of these programmes with the objectives and policy measures of global strategies and sectoral guidelines for the economic development of developing countries as defined by the United Nations;
3. Calls upon the Economic and Social Council to discharge its responsibilities under the Charter of the United Nations and section I, paragraph 3, of General Assembly resolution 2997 (XXVII), in such a way as to enhance the attainment of the goals and objectives of the International Development Strategy for the Second United Nations Development Decade and to ensure that the development priorities of the developing countries set out in the International Development Strategy are in no way adversely affected or distorted;

4. Recommends respect for the principle that resources for environmental programmes, both within and outside the United Nations system, be additional to the present level and projected growth of resources contemplated in the International Development Strategy, to be made available for programmes directly related to developmental assistance;

5. Requests the Secretary-General to submit to the General Assembly at its twenty-ninth session, through the Economic and Social Council, a report providing a comprehensive picture within the United Nations system of the distribution and patterns of growth of resources and programmes in various fields, including funds for special purposes, in order to permit an evaluation of their conformity with the over-all policies and priorities of development as established in the relevant decisions of the Economic and Social Council and the General Assembly.

35

SOURCE 35.

June 1973

Report of the First Session of the Governing Council of the UN Environment Programme held at Geneva on 12-22 June 1973. Document UNEP/GC/10 (3 July 1973).

The Governing Council of UNEP was established in accordance with UN General Assembly Resolution 2997 (XXVII) (SOURCE 33) and was urged by the Secretary-General at its first meeting (S.35, p.3) "to find means of reconciling the satisfaction of the legitimate immediate needs of mankind with the protection of the interests of future generations". The Council's newly-appointed President stated (S.35, p.4) "that while it was clearly impossible to act immediately on all 109 recommendations adopted by

the Stockholm Conference, nevertheless, the expectations to which that Conference had given rise must not be frustrated".

Several paragraphs in the report revealed members' concern that developing countries be compensated for maintaining environmental quality while being helped to achieve economic growth (S.35, pp.11-14):

39. Many representatives emphasized that the environmental problems of developing countries were often not the side effect of excessive industrialization, but the direct consequence of underdevelopment. Development was one of the primary means of improving the environment for the purpose of bettering the quality of life of the majority of mankind. Consequently, integrated planning should aim at ensuring a balance between economic growth, population growth and the distribution of available resources and environmental effects. International efforts should be directed at promoting processes of economic growth and development which combined high growth rates with low environmental risks. UNEP should develop programmes with a view to assisting Governments to incorporate environmental aspects in their national development programmes. It was stressed that development was not incompatible with the maintenance of environmental quality and the sound management of world resources. Some representatives stated that since the developing countries were not primarily responsible for the pollution of the world environment, the burden of the needed protective measures should not fall upon them. In this connexion they considered that environmental problems should not hamper the economic development of the developing countries.

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43. In the opinion of some representatives, resources for environmental programmes, both within and outside the United Nations system, should be additional to those to be devoted to development under the International Development Strategy for the Second United Nations Development Decade. Some representatives emphasized that the Environment Fund should not be used for development assistance per se. Some other representatives stated that their Governments

would respond to the priorities of developing countries and would be glad to make a high proportion of their aid available for projects and technical assistance of an environmental character and also ensure that their development aid projects would generally take environmental factors into account.

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55. A number of representatives stated that national policies and measures adopted for the purpose of protecting the environment should be considered from the point of view of their effects on international trade, in particular the trade of developing countries, and in the light of the provisions of the International Development Strategy. They added that in certain cases synthetic substances which contributed to pollution had replaced bio-degradable natural substances which were important export items of developing countries but which faced trade barriers and discrimination in certain consumer countries. Accordingly, they welcomed the Executive Director's proposals for studies and research concerning the relative merits of the production of synthetic and natural fibres and studies concerning controls and standards which might be used as a pretext for applying protectionist policies in international trade.

The Governing Council adopted three General Policy Objectives, the third of which deals with the mobilization of additional funds for the preservation of the environment (S.35, Annex I, p.4):

(c) To assist all countries, especially developing countries, to deal with their environmental problems and to help mobilize additional financial resources for the purpose of providing the required technical assistance, education, training and free flow of information and exchange of experience, with a view to promoting the full participation of developing countries in the national and international efforts for the preservation and enhancement of the environment.

Among the tasks for UNEP approved by the Governing Council, and relevant in the present context, were the following (S.35, Annex I, pp.7-10):

Included under 12.A. Human settlements, human health, habitat and well-being;

(iii) to encourage and support programmes aiming at raising the level of health and eliminating endemic diseases which are due to environmental conditions especially those relating to under-development;

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(v) to promote, encourage and support the development of new low-cost technologies with potential for widespread application in waste disposal and water treatment, particularly in tropical areas;

(vi) to assist developing countries, in co-operation with appropriate agencies, in developing and applying low-cost methods for meeting the environmental aspects of their housing needs. Emphasis should be laid on labour-intensive measures and methods utilizing local materials.

Included under 12.C. Education, training, assistance and information:

(i) To support and encourage the development of effective mechanisms for collecting, analysing and disseminating information bearing on environmental problems available in scientific, technical and legal literature and in various research institutions, keeping in mind the special needs of developing countries;

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(v) to continue further development of the scope, structure and capacity of the International Referral System with special consideration for timely and appropriate access by the developing countries, free of charge, to this facility.

Included under 12.D. Trade, economics, technology and transfer of technology;

(i) To help ensure that environmental measures adopted by governments do not needlessly create non-tariff barriers to trade, especially to the

disadvantage of developing countries, to help the developing countries maximize opportunities and assess risks which may arise for them as a result of changes in comparative advantage induced by environmental concerns, and to examine ways of offsetting possible negative trends in trade consequent upon environmental measures taken by developed countries;

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(iii) to examine the degree to which the location of new industry is being or may be influenced by environmental factors and the risks and opportunities this may create especially for developing countries;

(iv) to examine the optimum uses which may be developed for such natural products as fibres, rubber and forest products and to recommend measures for national and international action, in co-operation with other international bodies as appropriate, and to examine the extent to which problems of pollution could be ameliorated by a reduction in the current levels of production and in the future rate of growth of the production of synthetic products and substitutes which in their natural form could be produced by developing countries;

(v) to take steps, in collaboration with other appropriate agencies to encourage developed countries to make increased capital assistance available to developing countries so that extra costs of introducing environmentally-sound technologies by them are covered;

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(ix) to encourage comprehensive studies designed to safeguard against possible negative effects of the international transfer of technology particularly from the developed to the developing countries; and to evaluate the effectiveness of such safeguards as may be devised.

Included under 12.F. Conservation of nature, wildlife and genetic resources:

(v) to support regional and national institutions

in developing countries for promoting the collection, evaluation and conservation of gene pools of plants and animals for maintaining genetic diversity for the future use of mankind.

ANNEX 1SOURCES ARRANGED BY AGENCIES PREPARING
OR ISSUING DOCUMENTS

General Agreement on Tariffs and Trade. Industrial Pollution Control and International Trade. Background Paper No. 4 for Founex meeting [see S.10] submitted by GATT (4 June 1971). Subsequently published as GATT Studies in International Trade No. 1 (Geneva, July 1971). - SOURCE 11.

International Council of Scientific Unions. Report of a Working Party on Environmental Problems in Developing Countries held at Canberra, Australia, on 24 August - 3 September 1971, convened by the Special Committee on Problems of the Environment (SCOPE). - SOURCE 16.

UN Conference on the Human Environment. Report of Panel of Experts on Development and the Environment held at Founex, Switzerland, on 4-12 June 1971. - SOURCE 10.

UN Conference on the Human Environment. "Additional" Financing for the Developing Countries for Environmental Progress. Progress Report by the Secretary-General of the UN Conference on the Human Environment. Document A/CONF.48/CRP.1 (31 May 1972). - SOURCE 30.

UN Conference on Trade and Development. Charter of Algiers adopted by the Ministerial Meeting of the Group of 77 assembled at Algiers on 24 October 1967. Document MM.77/I/20 (30 October 1967). Circulated to Second Session of UNCTAD as Document TD/38 (3 November 1967). - SOURCE 1.

UN Conference on Trade and Development. Reports of the Four Main Committees of the Ministerial Meeting of the Group of 77 held at Algiers on 10-25 October 1967. Document MM.77/I/20/Add.1 (30 October 1967). Circulated to Second Session of UNCTAD as Document TD/38/Add.1 (7 November 1967). - SOURCE 2.

UN Conference on Trade and Development. The Implications of Environmental Measures for International Trade and Development, Background Paper No. 5 for Founex meeting [see S.10] submitted by Secretariat of UNCTAD (4 June 1971). - SOURCE 12.

UN Conference on Trade and Development. Bangkok Declaration 1971 adopted by the Ministerial Meeting of the Group of 77 assembled at Bangkok, Thailand, on 5-7 October 1971. Document MM/77/11/MISC.1 (25 October 1971). - SOURCE 20.

UN Conference on Trade and Development. Declaration and Principles of the Action Programme of Lima adopted by the Ministerial Meeting of the Group of 77 assembled at Lima, Peru, on 7 November 1971. Document MM/77/11/11 (9 November 1971). Circulated to Third Session of UNCTAD as Document TD/143 (12 November 1971). - SOURCE 21.

UN Conference on Trade and Development. Report on Impact of Environmental Policies on Trade and Development in particular of the Developing Countries, by UNCTAD Secretariat for Third Session of UNCTAD. Document TD/130 (13 March 1972). - SOURCE 26.

UN Conference on Trade and Development. Report of the Third Session of UN Conference on Trade and Development held at Santiago, Chile, on 13 April - 21 May 1972. Document TD/178 (27 July 1972). - SOURCE 27.

UN Conference on Trade and Development. Resolutions and Decisions of the Third Session of UN Conference on Trade and Development held at Santiago, Chile, on 13 April - 21 May 1972. Document TD(III)/Misc.3 (29 June 1972). - SOURCE 28.

UN Conference on Trade and Development. Observations and Reservations by Delegates on Decisions of the Conference forming Annex I.B to Report of the Third Session of UNCTAD [see S.28]. Document TD/178/Add.1 (26 September 1972). - SOURCE 29.

UN Economic and Social Council. Report of the Seminar on Development and the Environment held at Bangkok, Thailand, on 17-23 August 1971 organized by the Economic Commission for Asia and the Far East. Document E/CN.11/999 (30 August 1971). - SOURCE 14.

UN Economic and Social Council. Report of the First All-African Seminar on the Human Environment held at Addis Ababa on 23-28 August 1971 jointly sponsored by the Economic Commission for Africa and the UN Secretariat, Geneva. Document E/CN.14/532 (11 October 1971). - SOURCE 15.

UN Economic and Social Council. Report of the Latin American Regional Seminar on Problems of the Human Environment and Development held at Mexico City on 6-11 September 1971, organized by the UN Conference on the Human Environment and the Economic Commission for Latin America. Document ST/ECLA/CONF.40/L.5/Rev.1 (28 October 1971). - SOURCE 17.

UN Economic and Social Office in Beirut. Report of Regional Seminar on Development and the Environment held at Beirut, Lebanon, on 27 September - 1 October 1971 organized by UNESOB in cooperation with the Secretariat of the UN Conference on the Human Environment. Draft final report, Document ES0B/DE/1 (15 October 1971). - SOURCE 19.

UN Environment Programme. Report of the First Session of the Governing Council of the UN Environment Programme held at Geneva on 12-22 June 1973. Document UNEP/GC/10 (3 July 1973). - SOURCE 35.

UN General Assembly. Report of First Session of the Preparatory Committee for UN Conference on the Human Environment held at New York on 10-20 March 1970. Document A/CONF.48/PC.6 (6 April 1970). - SOURCE 5.

UN General Assembly. Note on Preparation for the UN Conference on the Human Environment by the Secretary-General. Document A/8065/Add.1 (13 November 1970). - SOURCE 7.

UN General Assembly. Report of the Second Session of the Preparatory Committee for the UN Conference on the Human Environment held at Geneva on 8-19 February 1971. Document A/CONF.48/PC/9 (26 February 1971). - SOURCE 9.

UN General Assembly. Report of the Secretary-General to the Third Session of the Preparatory Committee for the UN Conference on the Human Environment held at New York on 13-24 September 1971. Document A/CONF.48/PC.11 (30 July 1971). - SOURCE 13.

UN General Assembly. Report on the Third Session of the Preparatory Committee for the UN Conference on the Human Environment held at New York on 13-24 September 1971. Document A/CONF.48/PC/13 (30 September 1971). - SOURCE 18.

UN General Assembly. Report on Development and the Environment by the Secretary-General of the UN Conference on the Human Environment. Document A/CONF.48/10 (22 December 1971). - SOURCE 24.

UN General Assembly. Report of Fourth Session of the Preparatory Committee for the UN Conference on the Human Environment held at New York on 6-10 March 1972. Document A/CONF.48/PC/17 (15 March 1972). - SOURCE 25.

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UN General Assembly. Report of the Second Committee of the UN General Assembly on the UN Conference on the Human Environment. Document A/8901 (29 November 1972). - SOURCE 32.

UN General Assembly Resolution 2398 (XXIII) on Problems of the Human Environment (3 December 1968). - SOURCE 3.

UN General Assembly Resolution 2581 (XXIV) on United Nations Conference on the Human Environment (15 December 1969). - SOURCE 4.

UN General Assembly Resolution 2626 (XXV) on International Development Strategy for the Second United Nations Development Decade (24 October 1970). - SOURCE 6.

UN General Assembly Resolution 2657 (XXV) on UN Conference on the Human Environment (7 December 1970). - SOURCE 8.

UN General Assembly Resolution 2849 (XXVI) on Development and Environment (20 December 1971). - SOURCE 22.

UN General Assembly Resolution 2850 (XXVI) on UN Conference on the Human Environment (20 December 1971). - SOURCE 23.

UN General Assembly Resolution 2997 (XXVII) on Institutional and Financial Arrangements for International Environmental Cooperation (15 December 1972). - SOURCE 33.

UN General Assembly Resolution 3002 (XXVII) on Development and Environment (15 December 1972). - SOURCE 34.

ANNEX 2

SOURCES CLASSIFIED BY MEETINGS AND TOPICS

UN Conference on the Human Environment (Stockholm, 1972)

a) Meetings of the Preparatory Committee

First Session	- S.5
Second Session	- S.9
Third Session	- S.13, 14
Fourth Session	- S.25

b) Regional Seminars

Africa	- S.15
Asia	- S.14
Latin America	- S.17
Middle East	- S.19

c) Founex Meeting - S.10, 11, 12

d) Canberra Meeting - S.16

e) Stockholm Conference
and other items
relating to its
preparation - S.7, 24, 30,

f) UN General Assembly
Resolutions - S.3, 4, 8, 22, 23

UN Environment Programme

a) Governing Council - S.35

b) UN General Assembly
Resolutions - S.33, 34

UN Conference on Trade and Development

a) UNCTAD III - S.26, 27, 28, 29

b) Group of 77

Algiers	- S.1, 2
Bangkok	- S.20
Lima	- S.21

4. Second UN Development Decade Strategy

- S.6

5. Development and the Environment

- S.22, 24, 30, 34

ANNEX 3

LIST OF ACRONYMS USED

ECA	Economic Commission for Africa (UN)
ECAFE	Economic Commission for Asia and the Far East (UN)
ECE	Economic Commission for Europe (UN)
ECLA	Economic Commission for Latin America (UN)
ECOSOC	Economic and Social Council (UN)
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
ICSU	International Council of Scientific Unions
IBRD	International Bank for Reconstruction and Development (World Bank)
IDA	International Development Association
IFC	International Finance Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
IUCN	International Union for Conservation of Nature and Natural Resources
SCOPE	Scientific Committee on Problems of the Environment (ICSU)
UN	United Nations
UNCHE	United Nations Conference on the Human Environment
UNCTAD	United Nations Conference on Trade and Development

UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNESOB	United Nations Economic and Social Office in Beirut
UNIDO	United Nations Industrial Development Organization
WHO	World Health Organization

The International Union for Conservation of Nature and Natural Resources (IUCN) is an independent international body, formed in 1948, which has its headquarters in Morges, Switzerland. It is a Union of sovereign states, government agencies and non-governmental organizations concerned with the initiation and promotion of scientifically-based action that will ensure perpetuation of the living world - man's natural environment - and the natural resources on which all living things most effectively depend, not only for their intrinsic cultural or scientific values but also for the long-term economic and social welfare of mankind.

This objective can be achieved through active conservation programmes for the wise use of natural resources based on scientific principles. IUCN believes that its aims can be achieved most effectively by international effort in co-operation with other international agencies, such as Unesco and FAO.

The World Wildlife Fund (WWF) is an international charitable organization dedicated to saving the world's wildlife and wild places, carrying out the wide variety of programmes and actions that this entails. WWF was established in 1961 under Swiss law, with headquarters also in Morges.

Since 1961, IUCN has enjoyed a symbiotic relationship with its sister organization, the World Wildlife Fund, with which it works closely throughout the world on projects of mutual interest. IUCN and WWF now jointly operate the various projects originated by, or submitted to them.

The projects cover a very wide range from environmental policy and planning, environmental law, education, ecological studies and surveys, to the establishment and management of areas as national parks and reserves and emergency programmes for the safeguarding of animal and plant species threatened with extinction, as well as support for certain key international conservation bodies.

WWF fund-raising and publicity activities are mainly carried out by National Appeals in a number of countries, and its international governing body is made up of prominent personalities in many fields.