

Paris, 31st May 1990

COMMUNIQUE

1. The Council of the OECD met on 30th and 31st May 1990 at Ministerial level. The meeting was chaired by Mr. Jean-Pascal Delamuraz, Federal Counsellor, Head of the Federal Department of Public Economy of Switzerland. The Vice-Chairmen were Mr. Paolo Cirino Pomicino, Minister of Budget, Mr. Renato Ruggiero, Minister for Foreign Trade and Ms. Susanna Agnelli, Under-Secretary of State, Deputy Minister of Foreign Affairs of Italy, and Dr. Taro Nakayama, Minister for Foreign Affairs, Mr. Kabun Muto, Minister of International Trade and Industry and Mr. Hideyuki Aizawa, Minister of State for Economic Planning of Japan.

Ministers noted the statement by Mr. Budimir Loncar, Federal Secretary for Foreign Affairs of Yugoslavia, concerning the request for admission of his country to the Organisation.

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GENERAL POLICY STATEMENT

A. OECD Ministers welcome the historic changes taking place in Europe, particularly in Germany. These developments, together with the recent evolution of a number of the developing countries, represent a movement towards the basic values which are common to the OECD countries: pluralistic democracy, respect for human rights, and a competitive market economy. They improve the prospect of a truly integrated global economic system.

B. The OECD countries intend to conduct and co-ordinate their policies in ways which will support these changes, to the benefit of all. They recognise that globalisation and interdependence present great opportunities, and will co-operate actively both with one another and with the rest of the world to exploit these opportunities.

C. The 1990 meeting of the OECD Council at Ministerial level has reached the following broad, fundamental, and closely inter-related conclusions:

- First, Ministers agree to build upon the good economic results of recent years with policies aimed at non-inflationary growth, so that high employment and fair social conditions can be sustained. To achieve this requires the maintenance of firm and balanced macro policies, a further reduction of external imbalances, continued progress with structural policies, and the fostering of open competitive markets.
- Second, they pledge their resolve to fight protectionism in all its forms, and to give their unreserved support to the strengthening of the open, multilateral trading system. They are committed to bringing the Uruguay Round to a successful conclusion by the end of this year. This will require improved market access and transparent, strengthened multilateral rules in all areas. Such action should both complement domestic efforts to improve competitive conditions, and provide the necessary assurances to all countries to enable them to accept fully the obligations of a strengthened GATT system.
- Third, they state their commitment to assisting the developing countries, in particular the least developed amongst them, in their efforts towards economic growth and social progress, by enhancing market access to OECD economies, by improving the transfer of developmental resources, and through stable non-inflationary OECD growth. This commitment will not be altered by the support being lent to reforming countries in central and eastern Europe.
- Fourth, Ministers direct the Organisation to pursue and deepen its dialogue with the Dynamic Asian Economies, whose role and responsibilities are steadily increasing in the world economy.
- Fifth, OECD governments are determined to continue to offer all feasible support to the countries of central and eastern Europe striving to achieve market-oriented economic systems and pluralistic democracies. Ministers consider that OECD should play a distinct and important role by engaging in a policy dialogue to promote the process of economic reform, with the objective of integrating the reforming countries into the international economic system.
- Sixth, Ministers stress that many environmental problems now have a world-wide dimension, requiring increased attention and action. The solution of these problems requires concerted, broadly compatible policies in all countries if sustainable development at the world level is to be ensured. The Organisation should therefore further intensify the role it plays in this co-operative effort, particularly as regards the integration of economic and environmental policy making, and the optimum use of market mechanisms.

D. The rapid and far-reaching changes which are today affecting the world and enhance the process of global integration call for ever-closer international co-operation. In responding to these changes, OECD has an increasingly important role to play, by reason of its ability to analyse problems of economic and social policy and to work out appropriate solutions.

#### MACROECONOMIC POLICIES IN THE CURRENT ECONOMIC SITUATION

2. Ministers are broadly satisfied with economic developments over the past year, but note that certain risks remain. Brisk growth in OECD countries has been converging to an overall pace which ought to be sustainable over the medium term. There has been significant, if uneven, progress in the reduction of external imbalances. Balanced action across the full range of monetary, fiscal and structural policies, supported by a further strengthening of international economic co-operation, is needed to:

- lower inflation;
- enhance job creation and help to bring the unemployed, and particularly the long-term unemployed, back into employment;
- reduce external imbalances;
- promote exchange market stability;
- sustain a sound growth of productive investment; and
- encourage higher saving, where appropriate.

Strong OECD growth and enlarged market access will benefit all countries through increased world trade, and provide support for the structural changes necessary for a better economic performance. Progress towards economic union by the European Community, current efforts to create a European Economic Space, the prospective unification of Germany, and the economic reforms in central and eastern Europe will be of great importance in this respect.

3.• The recent tightening of monetary policy in many countries has contributed to bearing down on inflation pressure. Inflation has nevertheless risen in a number of countries. To affirm their commitment to price stability, monetary authorities will continue to exercise due vigilance and restraint, especially where inflation is still too high, or where financial markets signal rising inflation expectations. Lower inflation will by itself reduce inflation expectations, contribute to lower interest rates, and provide the basis for sustainable growth.

4.• Fiscal policy will continue to underpin a stable economic environment by further moves towards well-established objectives: achieving and maintaining a sound public sector position, and improving public management and the allocative efficiency of the public sector. Fiscal policy will reinforce monetary policy efforts to achieve price stability.

5.• Most OECD countries will be facing increasing pressures on expenditure over the coming decade from: rising health care and pension requirements of ageing populations; the growing cost of education and the need for greater skills as well as, in some

countries, catering for exceptional employment needs; environmental considerations; and, in many cases, investing in or repairing the infrastructure. To meet these pressures, governments will determine ways to improve public management and the content of public expenditure, and identify those expenditure items which can most effectively be subjected to competition. Ministers look to further studies by the OECD to help Member countries carry out these tasks.

6.• The need for a high level of investment, both within and outside the OECD area, calls for an increase of the saving rate in many OECD countries, leading to a higher saving rate for the OECD area as a whole. It is important that increased saving rates are accompanied by a further reduction in external imbalances. In countries where public-sector borrowing is still too high, further efforts will be made to reduce it as quickly as possible. Where there is a need for additional private-sector saving, this will be actively sought, though the policies necessary to promote it may differ from country to country. Ministers therefore look forward to further studies by the OECD in this respect.

7.• It is essential that employment increase without raising inflationary pressure, in part through appropriate labour market, manpower, education and training policies. This is now of particular importance, given that labour mismatch and a general shortage of high skills are evident in a number of countries.

8.• Ministers emphasize the importance of maintaining strong international economic co-operation founded on appropriate domestic policies. Such co-operation eases the task of the authorities in any one country across a wide range of macroeconomic and structural policy issues. It can thereby help to avoid unnecessary and undesired exchange-rate and financial-market disturbances, in turn contributing to the implementation of desirable but politically-difficult structural reforms. International economic co-operation has over recent years contributed to a more stable, and more predictable, world economy. It has thereby helped to boost confidence and anchor expectations, and should continue to do so.

#### STRUCTURAL REFORM IN OECD COUNTRIES

9.• Structural reform has increased economic efficiency on a broad front and will continue to be given high priority. Ministers noted the reports by the Secretary-General and the Economic Policy Committee on Progress in Structural Reform. They noted that in some areas -- foreign direct investment, taxation, and especially financial markets -- strong policy interdependence among countries has been a stimulus to continuing and substantial progress in structural reform. In other areas, however, notably trade, and agricultural and industrial-support policies, considerably more has to be done. Ministers are particularly concerned to improve performance in these domains while sustaining progress across the full range of structural reforms. Successful completion of the Uruguay Round by the end of this year will do much to advance structural reforms in these areas in the 1990s.

10. Ministers invite the Secretary-General and the relevant committees to continue to develop, deepen and strengthen the Organisation's structural surveillance programme. To this end they commit member governments to provide the OECD with the requisite data. They emphasize the importance of such multilateral peer review as a means to foster the process of structural reform, including through identifying the costs of inaction and the most promising ways to overcome obstacles to change, and bringing this information to public attention.

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AGRICULTURAL REFORM

11. Ministers took note of the joint report by the Agriculture and Trade Committees "Agricultural Policies, Markets and Trade Monitoring and Outlook 1990" and endorsed its conclusions. OECD countries have made only limited and uneven progress in implementing the agreed long-term objectives of the policy reform. Agricultural markets continue to be characterised by wide use of internal support and other measures adversely affecting trade, and persistent international tensions and disputes. While surpluses have been reduced in the short-term, problems caused by insufficient structural adjustment in the agricultural sector remain to be solved. Policies, including some of those which have been a factor in curbing production, remain costly to OECD countries, as well as to many other countries. Assistance to agriculture as measured by Producer Subsidy Equivalents dropped in 1989 for the second consecutive year, but this was largely due to non-policy factors, and was still higher than the average of 1979 to 1985. Secretariat estimates suggest that total transfers from consumers and taxpayers, due to agricultural policies, amounted to about US\$ 245 billion for the OECD area as a whole in 1989, compared with about US\$ 280 billion in 1988, but still higher than in any year before 1986.

12. Against this background, Ministers agree to take urgent steps to reform agricultural policy, as regards support and protection, so as to permit greater liberalisation of trade. They reaffirm their commitment to the long-term objective of the reform, i.e. to allow market signals to influence the orientation of agricultural production and to establish a fair and market-oriented agricultural trading system. Ministers are prepared to negotiate in line with the agreed objectives of the Punta del Este and mid-term Review Declarations, although they differ on how an approach to these objectives should be expressed at this stage. Some feel that negotiations should proceed to seek specific policy commitments in each area of the negotiations: internal support, barriers to market access and export subsidies; and to develop new rules for sanitary and phytosanitary measures. Others prefer to seek reductions in support and protection with commitments encompassing all measures affecting directly or indirectly import access and export competition, as well as rules for sanitary and phytosanitary measures. In pursuing the long-term objective, account will be taken of proposals aimed at addressing participants' non-trade concerns. Ministers express their determination and commitment to make every effort to overcome the differences and to develop by the July TNC meeting an appropriate framework to achieve the objective defined above; and subsequently to reach agreement on how far and on what

timetable it is to be done, and to develop strengthened and more operationally effective GATT rules and disciplines. Ministers agree that the results of the negotiations must be translated into binding country programmes that achieve greater liberalisation of trade.

13. Ministers invite the Organisation to continue to support the process of agricultural reform by: further study of particular aspects of this process, in particular of direct income support not linked to production; continued quantitative monitoring of agricultural support and protection in OECD and major non-OECD countries, and of their effect on international trade; analysis of the impact of reductions in agricultural support and protection, including the impact on developing countries; analysis of the short and long-term impact of the reforms under way in central and eastern Europe; and improved assessment of medium-term market trends.

#### RURAL DEVELOPMENT

14. Ministers invite the Organisation to implement the recommendations of the Council Working Party set up to design a programme for work on rural development issues. Particular attention should be devoted to the interlinkage of social, economic, agricultural, and environmental policies at both the micro and the macro level, and to the contribution that an integrated approach to rural development can make to the process of agricultural reform and, inter alia, to the resolution of the problems of remote areas and communities.

#### INDUSTRIAL SUBSIDIES

15. Industrial subsidies have generally impeded rather than promoted structural adjustment by retaining resources in sectors in decline, and by diverting them from use in more efficient industries. Subsidies can also distort trade flows, create grounds for trade frictions, and bear heavily on public budgets. Ministers therefore are firmly of the view that rigorous attention must be paid to the transparency and management of such assistance, and that every effort should be made to eliminate or bring under enhanced discipline subsidies which have trade distorting effects. They note in this context the opportunity provided by the Uruguay Round, and express their determination to develop more operationally effective GATT rules and disciplines.

16. In view of these considerations, Ministers welcome the report of the first phase of the Industry Committee's project on "Subsidies and Structural Adjustment" as an important contribution to increased transparency of subsidy programmes, which should foster greater subsidy discipline. Ministers encourage the Industry Committee to achieve the early completion of the second phase of the project, which will further increase transparency. The regular provision of data by Member countries will give rise to a base of internationally comparable data. Ministers invite the Secretary-General, drawing on the continued co-operation of the Economic Policy, Trade, and Industry Committees, to consider how this important data base might most effectively be used to strengthen the common international understanding of the economic

effects of all types of industrial subsidies. This work could lead to the eventual definition of commonly-accepted OECD guidelines.

17. Ministers noted the efforts and welcomed the progress made to date in the Liaison Group between the OECD Council Working Party on Shipbuilding and the Republic of Korea on the elaboration of the framework and principles of an agreement to: eliminate all measures of assistance and practices that are obstacles to normal competitive conditions; and improve transparency in the commercial shipbuilding and repair industry. They confirm their commitment to co-operate in concluding an effective agreement as soon as possible. They encourage other countries which have important shipbuilding industries to participate in its implementation. Furthermore, in this context Ministers recall the importance of dealing generally with trade-distorting practices in the Uruguay Round.

#### FINANCIAL MARKETS AND FOREIGN DIRECT INVESTMENT

18. The process of financial market integration continues unabated, domestically and internationally. The OECD Codes of liberalisation have played a significant role in this process, and Ministers ask the Organisation continually to strengthen and extend these Codes, to ensure that there is no backsliding on existing obligations, and to help prevent protectionist investment policies. The trend towards the formation of large financial institutions operating in global markets provides new challenges for financial regulation and supervision. Ministers call upon the Organisation to monitor this trend, and to analyse its implications for market efficiency and financial stability, in order to assist the responsible national and international regulatory organisations to develop and strengthen arrangements for containing systemic risk and to avert fragmented and divergent regulatory approaches. Monitoring the globalisation of financial markets requires increasing attention to developments in financial systems outside the OECD area, notably in economies in the Pacific Basin and in central and eastern Europe. The implications of financial market integration for the impact of tax policies on saving and the international allocation of investment merit further study. Finally, the continuing financial market integration must also be taken into account in the development of measures to prevent money laundering.

19. The process of liberalisation of foreign direct investment and international co-operation in that field are very important for the development of international economic relations. Ministers reaffirmed their commitment to the 1976 Declaration on International Investment and Multinational Enterprises and the need for a strengthened National Treatment Instrument. Ministers noted the reports by the competent Committee of the Organisation and welcomed the significant progress it has made in the review of the 1976 Declaration including in the drafting of a binding instrument, based on the principles of standstill, non-discrimination, transparency and rollback of existing measures constituting exceptions to National Treatment. Ministers urged the Organisation to make every effort to resolve the remaining issues with a view to adopting the new instrument as soon as possible. They called for a report on the proposal for a new National Treatment Instrument at their next meeting in 1991 and agreed to consider at that

time the Report on the review of the 1976 Declaration and Decisions on International Investment and Multinational Enterprises and the proposals put forward in this report (including the addition to the Declaration of a section on co-operation to avoid conflicting requirements being imposed on multinational enterprises and of a new chapter on environmental protection in the OECD Guidelines for Multinational Enterprises).

#### LABOUR MARKET POLICIES AND HUMAN RESOURCE DEVELOPMENT

20. Ministers recognise the importance of active labour market policies in order to support the continuation of non-inflationary growth of output and reduction of unemployment and to cope with the challenges that will be faced by OECD countries in the 1990s (effects of technological change on work, demographic trends -- including the implications for international migration --, persistent long-term unemployment, and skill shortages). Ministers welcome the statement by the Manpower and Social Affairs Committee on the New Framework for Labour Market Policies developed by the OECD. The aim of this New Framework is to develop a comprehensive, active labour-supply policy, emphasising the quality of the labour force, the reduction of inequalities in access to jobs and training, and encouraging participation in society. A report on the development of these policies is expected in time for the Ministerial Council in 1992. Ministers support the Committee's programme for systematic analysis and monitoring of labour market policies as a contribution to the structural adjustment objectives of the Organisation. They also welcome the establishment by the Secretary-General of a High Level Group of Experts on "Women and Structural Change in the 1990s", and look forward to receiving the Group's recommendations for policy action.

21. Ministers agree that an integrated approach must be developed which involves fully the private sector, and which ensures the appropriate interaction between social, labour market, education and training policies in order to support those who want to participate more actively in the labour force and in employment, but meet obstacles or disincentives.

22. Efforts are being made by Member countries to expand and to improve the quality of education and training throughout the population, on a lifelong basis. Meeting the needs of disadvantaged groups will be of special importance. These will be among the main themes of the meeting of the Education Committee at Ministerial level in November 1990, and Ministers look forward to the results of that meeting.

#### ENERGY

23. Energy markets continue to adjust and evolve in response to the challenges posed by the environment, the renewed growth in oil imports, and the rapid developments in the economies both within and outside the OECD. The balance between oil demand and supply may become tighter in coming years. There is a need therefore to maintain energy security levels among OECD countries, by reinforcing existing efforts to prepare



for possible energy emergencies, developing new energy resources, diversifying supply, improving energy efficiency, further liberalising energy trade, and developing and applying new, renewable and non-carbon-emitting energy technologies to ensure system flexibility.

24. In pursuing these objectives, it will be increasingly important to integrate environmental and economic considerations and to develop flexible mechanisms which permit markets to seek these multiple objectives most efficiently. The effects of energy production, transportation and use on the environment pose clear challenges for all fuels. Of particular concern are the transportation and electricity sectors, which together constitute the fastest growing end-use sectors, and the major source of conventional emissions, and especially of those related to climate change. These challenges call for continued close monitoring and analysis of energy developments and of improvements in energy efficiency in Member countries and elsewhere, as well as the co-operation with other international organisations in the analysis of strategies to address environmental concerns while continuing to support energy security and economic development goals.

25. Attention must also be placed on energy developments outside the OECD. Non-OECD energy consumption accounts for half of world total energy consumption, and this share is expected to rise for the foreseeable future. While important distinctions exist between the different non-OECD countries, Member countries' experience in energy policy can be shared with those countries of central and eastern Europe who wish to do so, as well as with developing countries as appropriate. These exchanges have advantages both for OECD and non-member countries.

#### OPEN MULTILATERAL TRADING SYSTEM

26. The open multilateral trading system confronts a combination of great opportunities and challenges. Trade is buoyant and contributes significantly to the favourable economic climate now prevailing. Increasing global interdependence offers promise of strong trade expansion in the future. Nevertheless, the world trading system remains fragile and under tension. A significant and growing proportion of international trade is not, or not adequately, covered by GATT disciplines. Questionable interpretation or application of GATT rules still erodes the rule-based multilateral framework. Many domestic policy decisions affect trade adversely. Protectionist pressures remain strong. Ministers therefore reaffirm their determination firmly to reject tendencies towards managed trade approaches, bilateralism, sectoralism, grey area measures and unilateral action. They will promote better integration of developing countries and former centrally-planned economies into the open and multilateral trading system under a strengthened and modernised GATT.

27. The successful outcome of the Uruguay Round has the highest priority on the international economic agenda. A failure would have a range of negative consequences for the trading system, the global economy, and international economic co-operation. It is imperative now to achieve a bold, balanced outcome on key issues to form an overall package encompassing interests and concerns of the widest range of participating countries. The shape of the final package and outline

solutions in all areas of the negotiations, including negotiating texts, must be established by July and definitive agreement reached by the end of the year. However, there are major stumbling blocks in a number of key areas. Ministers therefore express their determination to make the necessary difficult political decisions and instruct their negotiators to make rapid progress, especially where substantial divergences still exist.

28. The Uruguay Round must achieve significant liberalisation for all participants by producing a coherent set of clear and enforceable rules and disciplines adapted to the new realities of world trade and to be implemented within a strengthened GATT framework. Ministers recognize that OECD countries must take a lead by signalling concrete steps they are ready to take as their contribution to achieving, in particular:

- A substantial and balanced package of measures to improve market access including: ambitious new commitments and liberalisation measures in the tariff and non-tariff fields; the rollback of all trade restrictive or distorting measures inconsistent with GATT; and the liberalisation of the textile and clothing sector through progressive dismantling of trade barriers and its integration, under a precise timetable, into GATT on the basis of strengthened GATT rules and disciplines;
- Significant progress in agriculture -- as outlined in paragraph 12;
- Strengthened multilateral rules and disciplines, particularly in areas of: safeguards, rules of origin, subsidies and countervailing measures, and updated and strong disciplines for dumping and anti-dumping measures. A comprehensive safeguard agreement is needed based on the MFN principle. Concerning subsidies and countervailing measures, rules are needed which effectively discipline domestic subsidies so as to avoid trade distortions and the risk of competitive subsidisation. Improved disciplines must also cover countervailing measures so that they do not become barriers to legitimate trade;
- Further improvements in dispute settlement procedures, in conjunction with strengthened rules and disciplines in specific areas including the new ones, leading to a commitment to operate only under the multilateral rules;
- A comprehensive and balanced multilateral framework of contractually enforceable rules to liberalise services trade -- with no sector excluded a priori, and with the broadest possible country participation, and taking into account the experience and achievements under the relevant OECD Codes;
- An agreement, with the fullest possible participation, to reduce and eliminate trade restrictive and distorting effects of trade-related investment measures by expanding on GATT disciplines, including provisions for transparency and respect for the principles of national and Most Favoured Nation (MFN) treatment;

--•An agreement, with the fullest possible participation, to provide for adequate, substantive standards and effective and appropriate enforcement for protection of intellectual property rights, including provisions for transparency and respect for the principles of national and Most Favoured Nation (MFN) treatment.

29. OECD Ministers recognise the importance of positive responses they must give in fields of interest to developing countries, in order to foster better integration of a growing number of those countries into the international trading system. Such responses must come in such fields as tropical products and all other market access issues covered in paragraph 28, including agriculture and textiles, together with strengthened multilateral rules and disciplines. At the same time, developing countries, in their diversity, should now signal how they intend to contribute to the political momentum in the Uruguay Round. To obtain full benefits from a strengthened system, these countries will have to make appropriate contributions to the process. Scope for action exists in areas such as rationalisation and simplification of trade regimes; more effective rules on the measures taken for balance of payments reasons; tariff binding and liberalisation of tariff and non-tariff barriers; and participation in the agreements covering new areas. Differences in levels of economic development could be accommodated through various transitional arrangements.

30. Ministers confirm their determination to achieve a far-reaching, substantive result in all areas of the Uruguay Round by the end of the year. Such an outcome should provide the basis for a commitment to strengthen further the institutional framework of the multilateral trading system, building on its contractual nature. This important question should be considered in due course, when the successful completion of the current negotiation has been secured.

#### EXPORT CREDITS

31. Ministers welcome that the competent bodies in the OECD continue closely to monitor implementation of the 1987 package of reform measures on the OECD Arrangement on Guidelines for Officially-Supported Export Credits. They also welcome that these bodies have started negotiations on a balanced package of measures to reduce substantially, through improved discipline and transparency, those distortions resulting from the use of officially-supported commercial and tied aid credits. They urge that negotiations should be expedited and that a final report should be submitted to Ministers in 1991.

#### RELATIONS WITH NON-OECD COUNTRIES

32. Ministers welcome the continued strengthening of the economic ties between OECD and non-OECD countries, in particular those which base their development on the mutually supporting principles of pluralistic democracy, respect for human rights, and market economy. They invite the Organisation to continue to give high priority to co-operation with the developing countries, in particular the least

developed; to deepen its contacts and dialogue with the Dynamic Asian Economies and the countries of central and eastern Europe; and actively to develop the analytical work necessary to those ends.

#### DEVELOPING COUNTRIES

33. Development co-operation is a critical global issue, given the wide and diversified range of political, social, economic, environmental, population and debt problems to be considered. It should be open to new approaches. Ministers endorse the policy statement on "Development Co-operation in the 1990s" made by DAC Aid Ministers and Heads of Aid Agencies last December. In this context, Ministers stress the following important themes:

- developing countries themselves are ultimately responsible for their development. Their own policies and institutions are central to achieving broad-based and sustainable growth, as are the active participation of their populations and their ability to mobilise domestic resources;
- the developed countries cannot be prosperous for long if developing countries face growing mass poverty, economic and financial instability and environmental degradation;
- development co-operation remains essential, in particular for the least developed countries, in support of improved policies, institutions and infrastructures. Particular emphasis should be put on the development of human resources, to help developing countries to stimulate the productive energies of their people -- men and women alike -- and to achieve competitive markets and dynamic private enterprise;
- in many countries a slowing of population growth is a condition for sustainable development. Supporting the efforts of developing countries to implement effective population programmes, especially through voluntary family planning, is a matter of priority;
- contributing to environmentally sustainable development is a central task for the international community as a whole. The integration of environmental concerns into development projects and programmes, while increasing benefits, will often result in increased costs, requiring the mobilisation of additional financial resources and technological transfers, including from donors.

34. Developments and policies in the OECD area, notably in regard to growth and interest rates, will have a considerable influence on the economic performance of the developing countries. This being so, Ministers acknowledge the importance of the contribution that can be made to the development of these countries in the context of the Uruguay Round, notably by further opening their countries' markets to developing country exports and by removing the distortions which are harming them at present. Ministers also recall the importance of substantial additional aid efforts, in both quantity and quality. In this respect they note the quantitative targets established by international organisations for official development assistance.

Serious debt problems still remain an impediment to growth and development in many developing countries. Ministers therefore stress the need for continued resolute action to resolve debt problems, and reaffirm support for the strengthened debt strategy. They recognise the specific difficulties which the least developed countries encounter, and express the hope that the next Paris Conference will be the opportunity for jointly defining priority objectives and reciprocal arrangements which will better meet the needs of these countries. They encourage bilateral and multilateral assistance agencies, including the multilateral development banks, to continue their efforts to integrate environmental considerations into all aspects of their activities.

#### DYNAMIC ASIAN ECONOMIES

35. The emergence of dynamic, market-oriented economies in East and South-East Asia has significantly expanded the foundations for sustained global economic growth. Ministers consider that further progress in the dialogue with these Dynamic Asian Economies is a matter of high priority. They welcome the recent successful completion of four informal workshops covering (1) technology and the globalisation of the economy, (2) financial market reform, (3) trade policies, and (4) macroeconomic linkages. They wish the momentum of this dialogue to be maintained and intend, in close consultation with these new important partners, to chart its further development without delay. They call for a report at their meeting in 1991.

#### CENTRAL AND EASTERN EUROPE

36. A process of political and economic reform of major importance for the world is under way in central and eastern European countries. OECD governments are willing to support this process, the success of which will depend ultimately on the efforts made by these countries themselves. The OECD has an important role to play in this respect, and is prepared to develop further its co-operation with these countries as they frame their policies during the period of transition to a market economy, and seek to integrate themselves into the international economic system. Ministers agree that improved access to OECD markets is essential as these countries implement both internal market reforms and trade policies in line with the multilateral rules of the game.

37. Ministers expect the evolving OECD programme of activities relating to central and eastern European countries to draw on the Organisation's principal strengths in economic analysis -- in particular in the field of structural policies -- and in policy dialogue. These activities, which will be given impetus by the recently established Center for Co-operation with European Economies in Transition, will include the monitoring and assessment of the economic and social effects of the transition process in those countries. They will be implemented in close co-operation with other international organisations active in the field, including the IMF, the World Bank, and the ECE, and with the Commission of the European Communities. Ministers expect this programme to benefit, as it already has, from input from the partner countries themselves, and thereby to be responsive to perceived needs, not least in the environmental field,

and to be flexible so that it can be adapted to circumstances and requirements. Ministers welcome the series of actions undertaken by the G24 and co-ordinated by the Commission of the European Communities, to support the reform process in Poland and Hungary, and note their willingness to consider extending such assistance to countries in central and eastern Europe that are seriously engaged in political and economic reforms. Ministers note with satisfaction the signing of the treaty instituting the European Bank for Reconstruction and Development (EBRD).

38. Ministers warmly endorse the welcome already given by the Organisation to the recommendation in the concluding document from the CSCE Bonn Conference inviting the OECD to consider hosting meetings of experts from the CSCE participating States and OECD Member States to promote the process of economic reform. The Ministers confirm the Organisation's decision to take full account of the Bonn Conference's invitation in the implementation of the Work Programme of the OECD's Centre for Co-operation with European Economies in Transition, and note with approval that several conferences, seminars and meetings of experts are planned for the months ahead. They ask for a report to the 1991 Ministerial Meeting on the Organisation's activities relating to central and eastern Europe.

#### ENVIRONMENT

39. Improving environmental conditions and promoting sustainable development have become increasingly fundamental objectives. Environmental and economic considerations need to be integrated in the decisions of all segments of society -- governments, industry and individuals. Many of the problems are of a transborder, or even a global, nature, requiring that all countries co-operate in solving these issues. Member countries fully recognise their special responsibility in the international effort to seek solutions to global environment problems. Other countries, including those of central and eastern Europe, as well as of the developing world, seem increasingly ready to play an active role. The recent Bergen Conference on regional follow-up to the Report of the World Commission on Environment and Development has provided new momentum and direction for international environmental co-operation.

40. Ministers welcome the progress made by the Organisation in the analysis of environmental issues, and call for a further broadening and deepening of its work in this area. This includes in particular: developing environmental indicators; designing guidelines for the use of economic instruments and of market mechanisms to achieve environmental goals; evaluating the economic dimensions of the major environmental problems and their possible solution; analysing the interlinkages between environmental and trade policies; assessing the contribution which could be made by technological breakthroughs, energy conservation and efficiency, and social and economic activities which put less strain on the environment; and assessing the world-wide economic cost of alternative strategies for greenhouse gas abatement.

41. Ministers expect this work to identify new significant policy initiatives. They welcome the convening of an OECD Environment Ministers meeting next January, and its theme of "Integration of Environmental and Economic Decision-making". This should provide a comprehensive, high level assessment of OECD's role, activities and next steps in the environmental field and give policy guidance to governments. Ministers intend to build on the results of both the Environment Ministers' meeting and the work of the Organisation to draw conclusions at their meeting in 1991 about economic and environmental policy integration.

42. Ministers, particularly concerned about possible global climate change, strongly support the work of the Intergovernmental Panel on Climate Change, and underline the importance of the Second World Climate Conference in Geneva in November. They stress the importance of continued work of the OECD in collaboration with the International Energy Agency on the economic aspects of policy options in respect of climate change. In this connection, Ministers invite the Secretary-General to present to next year's meetings of the Council and the Environment Committee at Ministerial level a report on the status of OECD and other international organisations' work in this field, including proposals for future OECD activities, and a preliminary assessment of different types of economic instruments and of guidelines for their use.