

Edinburgh Commonwealth Economic Declaration

United Kingdom, 1997

1. Today's globalised world poses both opportunities and challenges. Expanding trade and investment flows, driven by new technologies and the spread of market forces, have emerged as engines of growth. At the same time, not all countries have benefited equally from the globalisation of the world economy, and a significant number are threatened with marginalisation. Globalisation therefore needs to be carefully managed to meet the risks inherent in the process.
2. We believe that world peace, security and social stability cannot be achieved in conditions of deep poverty and growing inequality. Special measures are needed to correct this, and in particular to help the integration of countries, especially small states and the Least Developed Countries, in the global economy and address the uneven development that threatens many countries. To redress these problems, we believe the following broad principled approaches should be pursued:
 - the world economy should be geared towards promoting universal growth and prosperity for all;
 - there must be effective participation by all countries in economic decision-making in key international fora;
 - the removal of obstacles that prevent developing countries playing their full part in shaping the evolution of the global economy; and
 - international regimes affecting economic relations among nations should provide symmetrical benefits for all.
3. We also believe that commitment to market principles, openness to international trade and investment, the development of human and physical resources, gender equality, and good governance and political stability remain major components of economic and social progress;

and that wealth creation requires partnerships between governments and the private sector. The Commonwealth, with its shared traditions and global reach, is uniquely placed to play a key role in promoting shared prosperity amongst its members.

Trade

4. We welcome the progress made in recent years in dismantling trade barriers and establishing a rule-based international trading system. However, significant barriers to trade in goods and services remain, and the benefits of the expansion of world trade are still unevenly shared. We have therefore resolved to:
 - support expansion of duty-free market access with flexible rules of origin for the exports of the Least Developed Countries; work for a successor arrangement to the Lomé Convention which, without prejudice to the outcome, gives the ACP countries, particularly small states, adequate transitional arrangements; and in particular, encourage the EU and WTO members to accommodate the legitimate interests of the ACP banana producers and facilitate the diversification of their economies;
 - strengthen the multilateral trading system within the framework of the WTO, in order to prevent regional arrangements from becoming exclusive trading blocs and provide for the greatest flow of international trade on the basis of agreed rules which are fair and equitable; and support the full implementation of the Uruguay Round Agreements;
 - oppose the introduction of new non-tariff barriers and the use of unilateral actions and bilateral pressures which run counter to the spirit of the WTO;
 - maintain the momentum towards freer trade through multilateral negotiations, as outlined in the built-in agenda and other issues under discussion in the WTO, including progress on agriculture and financial and other services, taking into account the interests of all countries at different stages of development; and
 - continue to support regional arrangements, consistent with multilateral liberalisation under the WTO, which promote the economic growth of their members.

Specifically we have decided to:

- establish a Trade and Investment Access Facility under the Commonwealth umbrella to assist developing countries with the process of adjusting to, and taking advantage of, the opportunities of globalisation. The new Facility will provide technical assistance to help countries identify and manage the potential economic and social impacts of trade in goods and services and investment liberalisation; identify new sources of revenue and market opportunities; and help countries fulfil WTO requirements. The Facility will be co-ordinated with the proposed WTO/UNCTAD/ITC integrated framework for trade-related technical assistance;
 - explore the scope for deepening trade relationships among Commonwealth members, and therefore request the Secretariat to report to us, before the 1999 CHOGM, on the scope and possible systems and mechanisms for improving trade among members of the Commonwealth, in ways which are consistent with the provisions of the WTO and regional trading arrangements;
 - launch a Commonwealth action programme to remove administrative obstacles to trade by simplifying and harmonising customs procedures, disseminating information and eliminating bureaucratic and technical hurdles;
 - examine the growing importance of 'electronic commerce' in trade and the developmental implications of the use of cyberspace for commercial and financial transactions; and
 - promote Commonwealth Export Training Centres for management training in exporting and other trade-related skills.
5. We welcome the recommendations of the first ever Commonwealth Business Forum held in London on 22-23 October 1997. We believe that the Forum can be an important link between the private and public sectors and foster vibrant private sector business links. It should continue to meet every two years. We are also arranging to set up a Business Council, under Lord Cairns and Mr Cyril Ramaphosa, made up of a small group of major private sector leaders from different regions of the Commonwealth, as well as other mechanisms, in consultation with the Commonwealth Secretary-General, to encourage greater private sector involvement in the promotion of trade and investment. In this context, we also agree to support and strengthen the work of the Commonwealth Partnership for Technology Management (CPTM).

Investment

6. We believe that investment flows can bring substantial benefits, and that sound macroeconomic policies and financial systems, strong regulatory and supervisory frameworks and political stability are essential in encouraging inward flows. At the same time, we recognise that volatility in such flows can greatly complicate economic management. They also remain concentrated in a few regions and countries. We agree to:

- encourage investment flows by establishing open and transparent investment regimes for business activity and by simplifying bureaucratic procedures and regulations;
- encourage capital exporting countries, where it is prudent, to consider relaxing restrictions on institutional investors to enable them to take advantage of portfolio diversification opportunities in emerging and new markets;
- support the development of regional and multilateral arrangements and infrastructure that take into account the realities of developing countries, and that can help to facilitate private capital flows;
- study the lessons to be learned from recent developments in currency markets and in particular on how countries can be protected from the destabilising effects of market volatility, including those resulting from speculative activities, and how the effectiveness of existing early warning systems can be improved; and
- support strengthening of global and regional mechanisms to help countries handle capital market volatility.

Specifically we have decided to:

- endorse the recommendations of the Commonwealth working group on the role of national and international policies in promoting private capital flows, and call for the rapid finalisation of a Commonwealth Code of Good Practice for national policies that attract and sustain private capital flows;
- welcome the launch of the Africa Fund, the Kula Fund for the Pacific, and the South Asia Regional Fund under the aegis of the Commonwealth Private Investment Initiative (CPII); and call for the extension of CPII to embrace additional regions and sectors;

- launch a Commonwealth investment promotion programme which will: help establish enabling environments for attracting private investment flows; encourage the creation of new mechanisms for risk insurance and guarantees; provide assistance for strengthening supervisory and regulatory frameworks; and improve the flow of information on investment opportunities; and
- encourage 'smart partnerships' involving the private and public sectors.

Development

7. We welcome the improving growth prospects in many parts of the developing world, including evidence of recovery in Sub-Saharan Africa. At the same time, we remain concerned at the persistence of extreme poverty in many countries and the lack of capacity to reduce it. We have therefore agreed to:
 - work to halve the proportion of people living in extreme poverty by the year 2015;
 - seek to reverse the decline in Official Development Assistance (ODA) flows, recognising the role of ODA as an essential instrument of partnership for development and poverty reduction in developing countries, particularly the Least Developed Countries and small states, and for helping to create the conditions for increased trade and investment, including skills and infrastructure development;
 - work towards a comprehensive solution of the debt problem, and pursue vigorously the rapid implementation of the Highly Indebted Poor Countries (HIPC) Initiative, in line with the Mauritius Mandate, which has the aim of enabling HIPC countries to have embarked by the year 2000 on securing a sustainable exit from their debt burden; as well as consider extending such relief to other developing countries, including small states, in similar circumstances; and
 - promote the role of micro-credit schemes in reducing poverty through increased assistance from the international community.
8. We welcome the Report of the Chairman of the Commonwealth Ministerial Group on Small States and its recommendations for action based on the Commonwealth Report, *A Future for Small States: Overcoming Vulnerability*. In particular, we encourage international

financial institutions to review their graduation policies, consider broader criteria covering the special vulnerabilities of their smaller members, and establish a task force to address the concerns of small states. We endorse the recommendation to set up a small ministerial group to discuss small states' concerns with major multilateral agencies and to report to governments on the outcome as soon as possible.

9. We underscore the importance of good governance including increased openness in economic decision-making and the elimination of corruption through greater transparency, accountability and the application of the rule of law in economic, financial and other spheres of activity. We endorse the request by our Finance Ministers to the Commonwealth Secretary-General to establish an expert group to work on these issues.

Environment

10. We have a shared interest in protecting our environment, a global resource in which all countries have a stake. The costs of protecting it should be borne in accordance with shared and differentiated responsibilities. It is therefore incumbent on the global community to strengthen co-operation to achieve sustainable development, so that we can protect our planet for future generations. In particular, we look to a successful outcome at the Kyoto Conference of Parties to the UN Convention on Climate Change, involving realistic and achievable goals, significant reductions in greenhouse gas emissions and recognition that we all need to play a role.

We have therefore agreed to:

- endorse the Programme for the Further Implementation of Agenda 21 as agreed by this year's UN General Assembly Special Session, particularly in respect of freshwater, forest resources and the transfer of environmentally sound technologies to developing countries. We recognise that new and additional resources will be needed to implement the programmes and will use our best endeavours to provide these;
- underline the importance of a successful outcome at Kyoto, with all countries playing their part within the Berlin Mandate, and with developed countries pursuing vigorously an outcome that would produce significant reductions in their greenhouse gas emissions through the adoption of a protocol or other legal instrument;

- call on the Kyoto Conference to recognise that, after Kyoto, all countries will need to play their part by pursuing policies that would result in significant reductions of greenhouse gas emissions if we are to solve a global problem that affects us all;
- call for agreement at Kyoto to arrangements to monitor the reduction of emissions regularly;
- initiate action in the international community to strengthen disaster relief response and mechanisms for the provision of urgent and adequate assistance to small states that suffer the effects of natural disasters which are increasing in frequency and magnitude; and
- welcome the contribution of the Iwokrama International Rain Forest Programme in Guyana to the implementation of the Rio Agreements on forests, biodiversity and climate change, and agree to use our best endeavours to increase resources to sustain the Programme and catalyse further international funding.

Conclusion

11. In pursuance of these commitments, we agree to enhance the Commonwealth's role in building consensus on global economic issues and on an equitable structuring of international economic relations.
12. We also agree to sustain and where possible increase bilateral assistance among our members; and to ensure the flow of resources to the Secretariat and its various Funds, especially the Commonwealth Fund for Technical Co-operation (CFTC); and to the Commonwealth Foundation, Commonwealth of Learning (COL) and the CPTM.
13. We believe the Commonwealth can play a dynamic role in promoting trade and investment so as to enhance prosperity, accelerate economic growth and development and advance the eradication of poverty in the 21st century. We plan to pursue this with vigour.

25 October 1997

Issued at the Commonwealth Heads of Government Meeting,
Edinburgh, United Kingdom, 24-27 October 1997