

Minister for Housing Environment and Countryside Department of the Environment 2 Marsham Street London SW1P 3EB

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Ly April 1989

Dear Dominic, An 184

Dr Mostafa Tolba the Executive Director of the United Nations Environment Programme has written to Lord Caithness about the recent Ozone Layer Conference in London. I attach a copy of his letter dated 6 April.

Dr Tolba has asked Lord Caithness to convey his most sincere appreciation to the Prime Minister.

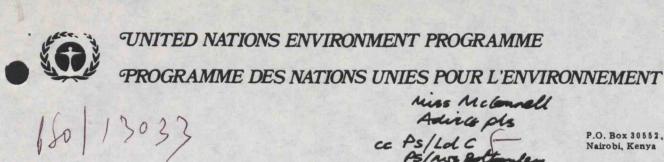
Your sinceroly.

Acdow Havant

ANDREW HOWARTH Private Secretary

Dominic Morris Esq





The Executive Director

PS/MS Bo Mr Bur No Hobson

P.O. Box 30552, Nairobi, Kenya

6 April 1989

Ford Caithness

As you know, I have been required by the General Assembly to assist the Secretary-General in seeking the views of governments and inter-governmental organisations regarding various aspects of the convening of a United Nations Conference on environment and development, including the objectives, contents, title and scope of the Conference, as well as appropriate ways of preparing for the Conference and a suitable time-place and other modalities for the Conference.

By the deadline of 15 March 1989 set for replies, and indeed by the end of March, I received replies from a large number of inter-governmental organisations but very few governments have replied to the request for views. However, drawing upon these replies, and on individual consultations, I thought it useful to further the process whereby the Governing Council of UNEP should develop its views and submit them to the General Assembly through the Economic and Social Council, by setting down on paper where I believe a consensus may lie. This paper is attached.

I now wish to have the privilege of checking with you very informally, and with some other Ministers and Ambassadors, whose names appear on the attached list, on a personal basis, to see whether you feel comfortable with the contents of the paper. I would indeed be most grateful for your reactions.

It was a great pleasure to see you recently at Basel and before that at London for the Ozone Layer Conference. Let me thank you once again for your great kindness and request you to convey my most sincere appreciation also to the Prime Minister, Mrs. Margaret Thatcher, whose statemanship on environmental issues is a beacon for others to steer by.

Yours sincerely,

Mostafa K. Tolba Executive Director

The Earl of Cranbrook Lord Caithness Environment Minister Department of the Environment 2, Marsham Street SW1P 3EB United Kingdom

Introduction

- 1. By its resolution 43/196 of 20 December 1988, the General Assembly envisaged the convening of the Conference no later than 1992, and decided to further consider the question at its forty-fourth session, with a view to taking an appropriate decision at that session on the exact scope, title, venue and date and on the modalities and financial implications of holding the Conference.
- 2. The General Assembly invited the Governing Council to submit to it at the forty-fourth session, through the Economic and Social Council, its views on the matters referred to in the resolution, in particular its views on the scope, objectives, and content of the Conference.
- 3. As required by the General Assembly, the views of governments, of the appropriate organs, organizations and programmes of the United Nations system, and of relevant intergovernmental and non-governmental organizations, have been sought by the Secretary-General, with the assistance of the Executive Director, and have been summarized and made available to the Governing Council, and submitted to the General Assembly through ECOSOC. In addition, the Executive Director has held intensive consultations with a cross sector of governments, with a view to delineating possible approaches and areas of general agreement or convergence at the present stage. He has himself, drawing upon the results of his consultations, made certain suggestions in his introductory report to the Governing Council, for the consideration of the Council.

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conference (including transfer of technology for the protection and enhancement of the environment, especially in developing countries, and early warning to the world community on serious environmental threats within the framework of Earthwatch), define the research and development effort required to implement such recommendations, and indicate financial requirements for their implementation, together with a definition of possible sources for such financing.

B. As regards <u>objectives</u> for the Conference, the General Assembly may wish to consider that these should relate to three broad areas:

(i) targeting global and regional issues

developing specific commitments by governments for defined activities to deal with certain specific issues in a particular time frame, such as climate change, the ozone layer, the managment of shared freshwater resources, the control of pollution in regional seas and proper management of coastal areas, halting desertification, conserving biological diversity and tropical forests, and to monitor the effects of such actions, it being understood that such commitments will translate current and evolving approaches into specific actions primarily at the national level, but coordinated as appropriate regionally and globally. 1/

(ii) technology and policy

the provision of information on the choice of environmentally sound technology and policies related to various sectors of activity, including the definition of model policies for sectors taking account of environmental requirements, the

Attached extracts from the UNEP Executive Director's introductory report to the fifteenth session of the Governing Council expand on the issues involved.

transfer at lesser cost to developing countries of environmentally safe technologies, the targeting of certain areas for accelerated development of technologies, the development of technologies in areas where high priority derives from environmental concerns and where additional priority needs to be accorded bearing in mind the requirements of developing countries. 1/ The General Assembly may wish to envisage an exhibition of environmentally sound technologies in some key areas (e.g. non-polluting motor vehicles, solar and other forms of renewable and non-polluting energy, integrated industrial complexes with minimized waste, new materials such as ceramics, low-chemical use and minimized health risk agriculture), to be held in conjunction with the Conference. Industry may be invited to participate and provide the exhibition.

(iii) institutional and financial arrangements

the development or evolution of appropriate institutions at the national and regional levels, strengthening existing institutions within the United Nations and appropriate streamlining of their functions better to deal with global environmental problems and to provide adequate support, financial and otherwise, through clearly defined and agreed formulae and procedures, to efforts at the national, regional and global levels. The strengthening of mutually reinforcing relationships between different levels of institutional structure. 1/

C. The <u>content</u> of the Conference should include the consideration of proposals for cooperative action and draft intergovernmental agreements developed in the preparatory process, with a view to their recommendation to the General Assembly for adoption and opening to signature and ratification by governments, as appropriate.

the Governing Council meeting as the Preparatory Committee for the Conference. The first session of the Preparatory Committee should be held be in April or May 1990, a session towards the end of 1990, a third session should be in conjunction with the sixteenth session of the Governing Council in Nairobi in 1991 and the last session at the end of 1991 or early 1992.

- H. The General Assembly may wish to note and express appreciation of offers to host the Conference, which will no doubt include a commitment to meet the additional costs falling on any host country. On the <u>location</u> of the Conference it may be preferable to decide that the Preparatory Committee should study the issue further and recommend a location to the General Assembly at its forty-fifth session.
- I. The General Assembly may wish to invite governments to prepare for the Conference. The preparatory process at the national level should enable governments to articulate their views on and commitments in regard to the areas to be considered by the Conference, including their perception of national priorities and needs and their expectations of regional and global institutions, such views to be communicated to the Preparatory Committee in the form of brief (maximum 10 pages) National Reports. The national preparatory processes should broad-based and bring to bear the concerns of people at various levels in each country, and the establishment when appropriate of national committees should be recommended. The national processes should be seen not only as leading to the Conference, but also continuing after the Conference to take account of its outcome.
- J. The General Assembly may wish to attach importance to the <u>regional</u> <u>dimension</u> of the preparatory process for the Conference, and invite the regional commissions to indicate to the General Assembly at its forty-fifth session and to the Preparatory Committee for the Conference, the regional preparatory process they envisage to carry out in cooperation with the Conference preparatory process, and specifically whether in addition to currently planned intergovernmental meetings at the regional level, there is a requirement for further regional intergovernmental preparations.

secretariat in dealing with specific issues. The secretariat would utilize the services of consultants and ad hoc expert groups, and the budget for the Conference should make appropriate provision for this. The General Assembly may wish to invite governments to support the preparatory process for the Conference by the provision of support to developing countries to enable more effective contribution to the process, the provision of the services of consultants and the financing of expert groups, and to consider making additional resources available through a special voluntary fund to be established for the purpose. The General Assembly may also wish to decide that the Secretary-General of the Conference should be at the Under-Secretary-General level, and may probably see merit in asking the Executive Director of UNEP, in addition to his current responsibilities, to serve also as Secretary-General of the Conference. The General Assembly, bearing in mind the importance of the secretariat working closely with the major specialized agencies of the UN system which deal with various aspects of environment and development issues, as well as with UNEP headquarters and with the secretariat in New York, may wish to decide that the secretariat should be located in Europe or the United States.

N. The General Assembly may wish to consider approving financial implications for the Conference, for the biennia 1990-91 and 1992-93, \$8.9 million being for 1990-1991. The attached sheet provides a summary of financial implications of US\$ 14.3 million. These are very preliminary estimates based on the above assumptions. Naturally there will be changes in the proposed financial implications on the basis of the comments made by the Governing Council, ECOSOC and ultimately by the General Assembly.

ANNEX

Extract from the UNEP Executive Director's introductory report to the fifteenth session of the Governing Council

The most important element for 1992 is not what should be done, which is now largely known, but what the world community is actually going to commit itself to do within the next decade. The Conference should establish specific targets; state how the world is going to reach them and define who is going to do what and at what cost.

1992 could become the target for a number of actions relating to environment:

- (a) appropriate institutional change within the United Nations;
- (b) the proposal to create a high level body that might be called an Environmental or Ecological Security Council or an Environment Committee of the Security Council or a Sustainable Development Council or an authority to deal with one or more of the major global environmental problems could be considered and negotiated so that if a concept was agreed it could be presented for consideration by the Conference;
- (c) effective action with respect to climate change in the form of legally binding commitments to deal with at least some of the main sources of climate change. In this respect, governments could be requested to prepare national documents indicating (i) how the country is contributing to greenhouse gases; (ii) what they were prepared to do to reduce the impact of such gases; (iii) the technology changes they intend to have, and (iv) the financial or technical assistance they need or are prepared to offer.
- (d) The possibility of preparing a code of environmentally appropriate conduct for adoption at the Conference should be given thought.

It must be recognized that environmental action by the United Nations system generally, and by UNEP specifically, requires a substantial increase in funds. In both cases the needs to be met are far beyond present resources.

The possibility of using resources that would be freed by disarmament to create a major fund to be used by the United Nations System for environment and development must be a major consideration before the Conference. The notion of innovative taxation schemes to support such a fund is also thought worthy of further investigation. The need for additional financial resources should be defined and their sources identified. Possibilities for their administration should be discussed and negotiated so that a useful package could be ready for approval in 1992.

Other topics that have been mentioned in informal consultations held by the Executive Director as possible candidates for consideration by the 1992 Conference include:

(a) the creation of a centre for dealing with ecological crisis. Such a centre could intervene upon request of the governments of the affected areas, sending teams of international experts to provide advice, as well as mobilizing human and material assistance.

- (b) greater use of outer space as an environmental monitoring base. This could involve establishing a dedicated international satellite network, international space laboratory or manned orbital station for monitoring the state of the environment, with internationally shared access to resulting data. Such an approach could be linked to geographic information systems, such as UNEP's Global Resource Information Database, and could also provide an environmental event warning system.
- (c) the creation of an environmental academy. Government officials, as well as officials in international organizations, and managers in industry, are called upon to deal with environmental issues, including those with an international character, often as an added dimension to their basic responsibilities. The academic community is also increasingly involved with environmental management. The environmental academy would provide a forum for the exchange of experience between the various communities now concerned with the environment at different levels, and provide general training on environmental issues and techniques of environmental management.

Other issues which have also been mooted are:

(a) Establishment of an international green financing facility. Many developing countries are anxious to take environmental measures, for which they lack adequate resources or to which they are unable to give adequate priority in balancing different national concerns. Such measures would often be in the broader global interest. Many such countries are in a debtor situation, in some cases feeling constrained to take measures detrimental to the environment. The facility would acquire debt instruments, often in the secondary market at a discount, or from international institutions or governments of creditor countries, repackage the debt and sell it as "green bonds". Such bonds could have a maturity of, for example, 5 to 30 years, but carry a below market or no cash interest rate. For any "green bond" bought by the public, governments would agree to buy a matching number of bonds. The debtor countries would agree with the facility that in return for a 30-year moritorium on principal repayment and interest suspension, they would take specific environmental measures which corresponded to their own interests and those of the global community, e.g. reclaiming deserts, conserving forests, cutting down on sources of global warming or ozone depletion, etc. The facility could be set up as a subordinate institution or "window" of an existing institution.

Establishment of an international environmental damage liability (b) reinsurance and state guarantee system. The number of incidents and level of severity of transfrontier environmental damage is likely to increase, and the development of an international legal regime governing liability is urgent. Provision should be made, in an international convention, for absolute liability and for compensation. The potentially large order of magnitude of levels of compensation will necessitate insurance and reinsurance, and many insurance markets would be unable to insure the risks without a state guarantee framework. Such reinsurance and state guarantees should themselves be backed by an intergovernmental mechanism, which could provide an incentive to the insurance markets to monitor standards and, beyond defined levels of risk which would be calculated in terms of the economic resources of the state and the effectiveness of its efforts to avoid, restrict or control transfrontier damage, become a guarantor of compensation at levels above those guaranteed by individual states. It would collect premiums accordingly in accordance with defined criteria.

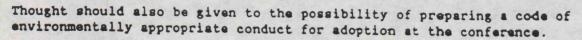
(c) Establishment of an International Environmental Dispute Arbitration System. "Good offices" by an intergovernmental body such as the Governing Council cannot be the whole solutions to mediating environmental disputes, and recourse to an internationally recognized panel of arbitrators, as exists in other domains (e.g. Permanent Court of Arbitration, International Council for Commercial Arbitration), should be made possible. The idea would be to provide mediation and/or arbitration, upon request or in situations defined by the provisions of treaties, in a manner acceptable to all parties to a potential dispute, by persons of recognized competence and repute in regard to environmental matters.

The Conference should stress the importance of an orderly approach to the full range of environmental problems that are seen as so important. It is necessary to work programmatically; to set up appropriate structures for environmental activity; and to establish schedules, priorities and targets. If there are to be desirable changes in technology related to energy, industry and transportation for the benefit of the environment, it is necessary to establish universally agreed norms for reaching these goals. In that way it would be possible to get industry to co-operate to bring about change. Emphasis must be given to the importance of creating the will to act, to reflect a moral imperative, rather than relying on compulsion and enforcement.

Extract from the UNEP Executive Director's Introductory report to the 15th session of the Governing Council

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- 20. As to possible titles for the conference, what is important is that the title chosen should convey a sense of the current broad concept of environment and its interlinkages with other aspects of the management of the planet durably for the benefit of the human race, and give the conference visibility and generate involvement and commitment. The choice of title should not become a way of giving certain directions to substantive issues that is the task of the preparatory process. Rather, it should transcend differences in perception and reinforce the existing broad consensus towards the conference. Among the titles which have been mentioned, formally or informally, at the time of writing this report, are: United Nations Conference on Environment and Development; United Nations Conference on Ecological Security; United Nations Conference on Environment; United Nations Conference on Ecological Interdependence of Mankind; United Nations Conference on Ecological Revival of Humanity; and, Planet Earth Assembly, 1992.
- 21. It is quite possible that the responses to the request for views contained in General Assembly resolution 43/196 will produce other additional suggestions, which the Governing Council will consider.
- 22. Of even greater importance than the title is that the conference should produce significant results; therefore, it must be planned and managed
- 23. The most important element for 1992 is not to reiterate what should be done, which is now largely known, but to state concretely what the world community is actually going to commit itself to do within the next decade. The conference should establish specific targets, state how the world is going to reach them, and define who is going to do what and at what cost.
- 24. The year 1992 could become the target date for a number of actions relating to environment. In this connection, mention might be made of the following:
 - (a) Appropriate institutional change within the United Nations;
- (b) The proposal to create a high-level body that might be called an Environmental or Ecological Security Council or an Environment Committee of the Security Council or a Sustainable Development Council or an authority to deal with one or more of the major global environmental problems could be considered and negotiated so that if agreement was reached on a particular institutional arrangements, the idea could be presented for consideration by the conference;
- (c) Effective action on climate change through legally binding commitments to address at least some of the main sources of climate change. In this respect, Governments could be requested to prepare national documents indicating:
 - (i) How their country is emitting greenhouse gases;
 - (ii) .What they are prepared to do to reduce the amount and impact of such gases;
 - (iii) The technological changes they intend to introduce;
 - (iv) The financial or technical assistance they need or are prepared to offer.



- 25. It must be recognized that environmental action by the United Nations system in general and by UNEP in particular, requires a substantial increase in funds. In both cases, the needs to be met far exceed what can be done with the available resources. The possibility of using resources that would be freed by disarmament to create a major fund to be used by the United Nations system for environment and development must be a major issue before the conference. The notion of innovative taxation schemes to support such a fund is also worthy of further investigation. The need for additional financial resources should be defined and their sources identified. Possibilities for the administration should be discussed and negotiated so that a useful package could be ready for approval in 1992.
- 26. Other topics that have been mentioned in informal consultations held by the Executive Director as possible candidates for consideration by the 1992 conference include:
- (a) The creation of a centre for dealing with ecological crisis. Such a centre could intervene upon request of the Governments of the affected areas, sending teams of international experts to provide advice, as well as mobilizing human and material assistance;
- (b) Greater use of outer space as an environmental monitoring base. This could involve establishing a dedicated international satellite network, international space laboratory or manned orbital station for monitoring the state of the environment, with internationally shared access to resulting data. Such an approach could be linked to geographic information systems, such as the UNEP Global Resource Information Database, and could also provide an environmental—event warning system;
- (c) The creation of an environmental academy. Government officials, as well as officials in international organizations, and managers in industry, are called upon to deal with environmental issues, including those with an international character, often as an added dimension to their basic responsibilities. The academic community is also increasingly involved with environmental management. The environmental academy would provide a forum for the exchange of experience between the various communities now concerned with the environment at different levels, and provide general training on environmental issues and techniques of environmental management.
- 27. Other ideas that have also been mooted are:
- (a) Establishment of an international green financing facility. Many developing countries are anxious to take environmental measures, but lack adequate resources or are unable to give them adequate priority in belancing different national concerns. These measures would often be in the broader global interest. Many of these countries have a burden of foreign debt and, in some cases, feel constrained to take measures detrimental to the environment. The facility would acquire debt instruments, often in the secondary market at a discount, or from international institutions or

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Governments of creditor countries, repackage the debt and sell it as "green bonds". Such bonds could have a term of, for example, 5 to 30 years, but carry a below-market or no-cash interest rate. For any "green bond" bought by the public, Governments would agree to buy a matching number of bonds. The debtor countries would agree with the facility that in return for a 30-year moratorium on principal repayment and interest suspension, they would take specific environmental measures which corresponded to their own interests and those of the global community, e.g. reclaiming deserts, conserving forests, cutting down on sources of global warming or ozone-layer depletion, etc. The facility could be set up as a subordinate institution or "window" of an existing institution;

- (b) Establishment of an international environmental damage liability reinsurance and State guarantee system. The number of incidents and level of severity of transfrontier environmental damage is likely to increase, and the development of an international legal régime governing liability is urgent. Provision should be made, in an international convention, for absolute liability and for compensation. The potentially high levels of compensation will necessitate insurance and reinsurance, and many insurance markets would be unable to insure the risks without a State guarantee framework. Such reinsurance and State guarantees should themselves be backed by an intergovernmental mechanism, which could provide an incentive to the insurance markets to monitor standards and, beyond defined levels of risk which would be calculated in terms of the economic resources of the State and the effectiveness of its efforts to avoid, restrict or control transfrontier damage, become a guarantor of compensation at levels above those guaranteed by individual states. It would collect premiums in accordance with defined criteria;
- (c) Establishment of an international environmental dispute arbitration system. Good offices by an intergovernmental body such as the Governing Council cannot be the whole solution to mediating in environmental disputes, and recourse to an internationally recognized panel of arbitrators, as exists in other domains (e.g. Permanent Court of Arbitration, International Council for Commercial Arbitration), should be made possible. The idea would be to provide mediation and/or arbitration, upon request or in situations defined by the provisions of treaties, in a manner acceptable to all parties to a potential dispute, by persons of recognized competence and repute in regard to environmental matters.
- 28. The conference should stress the importance of an orderly approach to the full range of environmental problems that are seen as so important. It is necessary to work programmatically; to set up appropriate structures for environmental activity; and to establish schedules, priorities and targets. If there are to be desirable changes in technology related to energy, industry and transportation for the benefit of the environment, it is necessary to establish universally agreed norms for reaching these goals. In that way it would be possible to get industry to co-operate to bring about change. Emphasis must be given to the importance of creating the will to act, to reflect a moral imperative, rather than relying on compulsion and enforcement.

Draft 16 March, 1989

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	(Eigures_in_thousands_of_US_dollars)			
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Temporary Posts Temporary Assistance (meetings) Temporary Assistance (General) Consultants Overtime Common Staff costs Representation Allowances Official Travel of Staff Contractual Services Rental & Maint. Premises ", Computer ", reproduction Communication Costs Hospitality (official) Miscellaneous Services Supplies & Materials Furniture Equipment Experts participation costs	2.035.0 691.2 33.0 150.0 4.0 611.4 4.6 58.5 	2.352.5 704.2 51.0 210.0 4.0 653.9 4.6 58.5 31.0 165.0 30.0 15.0 70.0 7.2 7.0 18.0	2.133.8 1.891.4 51.0 180.0 8.0 643.7 4.6 30.0 31.0 170.0 30.0 15.0 70.0 16.0 8.0 26.0	6.521.3 3.286.8 135.0 540.0 16.0 1,909.0 13.8 147.0 62.0 500.0 104.0 45.0 180.0 31.2 22.0 66.0 120.0 165.0 400.0
GRAND TOTAL	4,273.7	4,581.9	5,408.5	14.264.1

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Hon. Dr. Robert Ouko
Minister of Foreign Affairs and
International Cooperation
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