

ECONOMIC COMMISSION FOR EUROPE

Annual Report covering the period from 28 April 2007-1 April 2009

INTRODUCTION

1. The present Annual Report was adopted unanimously by the Economic Commission for Europe (ECE) at the sixth meeting of its sixty-third session on 1 April 2009.

CHAPTER I

ISSUES FOR THE ATTENTION OF THE ECONOMIC AND SOCIAL COUNCIL

2. None.

CHAPTER II

WORK OF THE COMMISSION SINCE ITS SIXTY-SECOND SESSION

A. Activities of subsidiary bodies

3. A list of meetings held since the sixty-second session is contained in Annex II, showing in each case the dates, the officers and the symbols of the report. These reports record the agreements reached and decisions taken.

B. Other activities

4. The secretariat serviced the regular session of the Commission, meetings of the Executive Committee, meetings of its subsidiary bodies, and other meetings held under its auspices. It also produced publications as listed in Annex III. The secretariat maintained close and regular liaison with United Nations Headquarters and cooperated with the Departments concerned, as well as with the secretariats of the other regional commissions on projects of common interest.

C. Relations with other United Nations Programmes

5. The cooperation of the Commission and its secretariat in 2007-2009 with various United Nations bodies, in particular the United Nations Development Programme (UNDP), and other international organizations, as well as with their secretariats, continued as called for in the ECE Reform.

CHAPTER III

SIXTY-THIRD SESSION OF THE COMMISSION

A. Attendance and organization of work

6. The sixty-third session of the Commission was held from 30 March to 1 April 2009. At the opening session the Commission heard statements by the Chairman and the Executive Secretary.

7. The sixty-third session was attended by representatives from Albania, Andorra, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Israel, Italy, Kazakhstan, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Malta, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Republic of Moldova, Romania, Russian Federation, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America, and Uzbekistan.

8. The session was attended by representatives of the European Community.

9. Representatives of the Holy See participated under article 8 of the Commission's terms of reference.

10. Representatives of the United Nations Regional Commissions New York Office (RCNYO), United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), United Nations Institute for Training and Research (UNITAR) and the following specialized agencies and intergovernmental organizations were in attendance: International Labour Organization (ILO), Food and Agriculture Organization of the United Nations (FAO), International Monetary Fund (IMF), World Meteorological Organization (WMO), International Atomic Energy Agency (IAEA), Intergovernmental Panel on Climate Change (IPCC), Energy Charter, Eurasian Economic Community (EurAsEc), European Environment Agency (EEA), European Parliament, Intergovernmental Organization for International Carriage by Rail (OTIF), International Trade Centre (ITC), Inter-Parliamentary Assembly of the Eurasian Economic Community, Organization for Security and Cooperation in Europe (OSCE), Regional Cooperation Council (RCC), World Customs Organization (WCO), World Trade Organization (WTO).

11. The following non-governmental organizations were represented: Comité International des Transports Ferroviaires (CIT), European Association of Automobile Suppliers (CLEPA), European Environmental Bureau, European ECO Forum, European Industrial Gases Association (EIGA), International Air Transport Association (IATA), International Organization of Motor Vehicle Manufacturers (OICA), International Real Estate Federation (FIABCI), International Road Federation (IRF), International Road Transport Union (IRU), World Trade Institute (WTI).

12. A complete list of participants can be found on the ECE website.

B. Agenda

13. The Commission adopted its agenda (E/ECE/1449).
 1. Adoption of the Agenda
 2. Economic development in the ECE region
 3. Climate change mitigation and adaptation – the work of ECE: translating global objectives and commitments into regional results
 4. Review of the ECE reform
 5. Reform of the “Environment for Europe” process
 6. Other issues calling for action by the Commission
 7. Election of Officers
 8. Other business
 9. Adoption of the Report

C. Election of Officers

14. The rules of procedure of the Commission, as revised at the sixty-third session, stipulate that “the Commission shall, at each biennial session, elect a country from among its members to hold the chair for the period of the biennium. The representative of the elected country will be the Chairperson. The Commission will also, at the same meeting, elect two countries whose representatives will become the Vice-Chairpersons for the period of the biennium. The Chairperson and Vice-Chairpersons of the Commission will also serve as the Chairperson and Vice-Chairpersons of the Executive Committee for the period of the biennium.”

15. The Chair of the sixty-third session of the Commission was held by Belgium and the Vice-Chairs held by Norway and Ukraine.

16. The Rapporteur of the session was held by France.

17. At its fifth meeting the Commission elected Belgium as Chair of the sixty-fourth session. Kyrgyzstan and Serbia were elected Vice-Chairs of the sixty-fourth session.

D. Account of proceedings

Economic development in the ECE region (Agenda item 2)

18. The discussion of this item was organized around an opening segment and three Panel discussions, a brief account of which is included in Annex I. Participants were as follows:

(a) Opening segment on the general economic situation in Europe

Mr. Marek Belka, Director, European Department, International Monetary Fund
Mr. Jean-Daniel Gerber, State Secretary for Economic Affairs, Switzerland.
Mr. Alexander Yakovenko, Deputy Foreign Minister, Russian Federation

(b) Economic integration in the wider Europe

Mr. Michael Emerson, Associate Senior Fellow, Centre for European Policy Studies
(Moderator)

Ms. Etelka Barsi-Pataky, Member of the European Parliament
Mr. Sigurd Heiberg, Corporate Strategy and Acquisitions, StatoilHydro ASA, Norway
Mr. Ľubomír Jahnátek, Minister of Economy, Slovakia
Mr. Gary Litman, Vice President, Europe Policy and Initiatives, United States Chamber of Commerce
Mr. Tair Mansurov, Secretary-General, Eurasian Economic Community
Mr. Philippe Meunier, Director for Economic and Financial Affairs, Ministry of Foreign and European Affairs, France
Mr. Michael Roberts, Development Division, World Trade Organization
Mrs. Tatyana Starchenko, Deputy Minister of Economy, Belarus

(c) Promoting competitive knowledge-based innovative economies

Mr. Augusto Lopez-Claros, Director, EFD Global Consulting Network and former Chief Economist and Director, Global Competitiveness Programme, World Economic Forum
(Moderator)

Mr. Antonio Erario, Head of Division of International Regulatory Affairs, Department for Land Transport, Ministry of Infrastructure and Transport, Italy
Mrs. Marina Kaljurand, Undersecretary for Economic and Development Affairs, Ministry of Foreign Affairs, Estonia
Mr. Malcolm McKinnon, Chief Executive, SITPRO (United Kingdom National Trade Facilitation Organization)
Mr. Sergey Mostinsky, Director for International Cooperation, RUSNANO (Russian Corporation of Nanotechnologies), Russian Federation
Mr. Steve Williams, Visiting Lecturer at Duke University, United States

(d) Enhancing economic cohesion

Ms. Kori Udovicki, Assistant Administrator and Regional Director for Europe and the CIS, United Nations Development Programme (Moderator)

Mr. Fredrik Arthur, Ambassador for Gender Equality, Ministry of Foreign Affairs, Norway
Mr. Marin Anton, Secretary of State, Ministry of Transportation and Infrastructure, Romania
Mr. Fatmir Besimi, Minister of Economy, the former Yugoslav Republic of Macedonia

Mr. Bernd Marin, Executive Director, European Centre for Social Welfare, Vienna
Mr. Hussein Abaza, Head of Economics and Trade Branch, United Nations Environment Programme

Conclusion 1

The Commission welcomed the rich debates under agenda item 2 and requested the Executive Committee to follow-up on any points as appropriate during the course of its work during the next biennium.

Climate change mitigation and adaptation – the work of ECE translating global objectives and commitments into regional results (Agenda item 3)

19. For the consideration of this item the Commission had before it document E/ECE/1450, providing an overview of the ongoing work of ECE in climate change mitigation and adaptation, in accordance with its mandate, and highlighting areas of work for possible future development.

20. The discussion of this item was organized around an opening segment and three Panel discussions, a brief account of which is included in Annex I. Participants were as follows:

(a) Opening segment on climate change in the ECE region

Mr. Matthias Machnig, State Secretary for the Environment, Germany
Mr. Paolo Monferino, Chief Executive Officer, Industrial Vehicle Corporation (IVECO)
Mr. Predrag Nenezic, Minister of Tourism and Environment, Montenegro
Mr. Gérard Poffet, Vice-Director, Federal Office for the Environment, Switzerland

(b) ECE acting on climate: Energy efficiency, air pollution and greenhouse gas emissions

Professor David Simon, Royal Holloway College, London (Moderator)

Mr. Lajos Csepi, Deputy Minister of Transport, Telecommunications and Energy, Hungary
Mr. Wolfgang Förster, Senior Advisor, Vienna Regional Housing Department, Austria
Mr. Giacomo Mattino, Deputy Head of Unit for Automotive Industry, Competitiveness, internal market for goods and sectoral policies, Enterprise and Industry Directorate-General, European Commission
Mr. Markus van der Burg, Director, Conning Asset Management Ltd., SwissRe Group, London
Mr. Martin Williams, United Kingdom, Chairman of the Executive Body for the Convention on Long-range Transboundary Air Pollution

(c) ECE acting on climate: Water, forestry and timber: natural systems must adapt, but can contribute to mitigation

Professor David Simon, Royal Holloway College, London (Moderator)

Mr. Christophe Bouvier, Director, United Nations Environment Programme Regional Office for Europe

Mr. Allan Carroll, Research Scientist – Insect Ecology, Canadian Forestry Service

Mr. Carel de Villeneuve, Senior Policy Adviser on global issues, General Directorate for Water Affairs, Ministry of Transport, Public Works and Water Management, Netherlands:

Mr. Goran Svilanovic, Coordinator of Economic and Environmental Activities, Organization for Security and Cooperation in Europe

(d) ECE acting on climate: Societal change to address climate change

Mr. Jan Dusik, First Deputy Minister for the Environment, Czech Republic, Chair of the Meeting of the Parties to the Aarhus Convention (Moderator)

Mr. John Hontelez, Secretary-General, European Environmental Bureau

Ms. Heli Jeskanen-Sundström, Director General, Statistics Finland

Ms. Irina Semko, Head of International Relations Department and of the Centre of Education for Sustainable Development, International Sakharov Environmental University, Ministry of Education, Belarus, and Coordinator of ECE Working Group on Education for Sustainable Development

Ms. Elizabeth Wilson, Oxford Brookes University, United Kingdom

Conclusion 2

The Commission welcomed the rich debates under agenda item 3 and requested the Executive Committee to follow-up on any points as appropriate during the course of its work during the next biennium.

Review of the ECE reform (Agenda item 4)

21. For the consideration of this item the Commission had before it document E/ECE/1451 on Review of the ECE reform.

22. The Commission expressed its satisfaction with the implementation of the reform of ECE. The role of ECE as a unique, pan-European platform for all countries to discuss, on an equal footing, issues of importance, such as economic integration, regional cooperation and best practices, was emphasized. Member States noted the pragmatic results of ECE's work that have an impact not only in the ECE region but also in other parts of the world. The Commission also noted the positive development in terms of partnership and cooperation with other organizations including the private sector. It expressed its satisfaction with the work of the Executive Committee, noting that this

governance arrangement had enabled member States, together with the secretariat, to find timely solutions to problems and challenges in a collaborative manner.

23. Emphasizing the relevance and value of ECE, it was agreed that further efforts were needed both by member States and the secretariat to promote better knowledge and recognition of ECE's work and achievements, including among United Nations bodies in New York.

24. The conclusions under agenda item 4 are included in decision A (63) on the work of the Commission (for the text see Chapter IV).

Reform of the "Environment for Europe" process (Agenda item 5)

25. For the consideration of this item the Commission had before it the report of the Committee on Environmental Policy on its special session held on 27-29 January 2009 (ECE/CEP/S/52).

26. The "Environment for Europe" reform plan, as contained in Annex I to document ECE/CEP/S/52, was submitted to the Commission for endorsement.

27. The conclusion under agenda item 5 is included in decision A (63) on the work of the Commission (for the text see Chapter IV).

Other issues calling for action by the Commission (Agenda item 6)

28. For the consideration of this item the Commission had before it document E/ECE/1452 outlining the issues calling for action by the Commission: approval for the holding in 2009 of ECE's fourth Regional Implementation Meeting for Sustainable Development; and approval of the revised terms of reference of the Timber Committee. Two other issues calling for action by the Commission were introduced orally.

29. The Commission also had before it document ECE/TIM/2008/7 containing the revised terms of reference of the Timber Committee, endorsed by the Executive Committee at its twenty-ninth meeting on 27 February 2009.

30. The conclusions under agenda item 6 are included in decisions A (63) on the work of the Commission and B (63) on Officers of the Commission and the Executive Committee (for the text see Chapter IV).

**Other business
(Agenda item 8)**

31. Delegates expressed appreciation for the work of the former Executive Secretary, Marek Belka, and pledged their support to the new Executive Secretary, Ján Kubiš, and to the Officers of the Commission.

**Adoption of the Annual Report of the Commission
(Agenda item 9)**

32. The report was adopted.

CHAPTER IV

DECISIONS ADOPTED BY THE SIXTY-THIRD SESSION OF THE ECONOMIC COMMISSION FOR EUROPE

A (63) THE WORK OF THE ECONOMIC COMMISSION FOR EUROPE

The Economic Commission for Europe,

Recalling the ECE reform adopted in December 2005 and having reviewed its implementation,

Confirming that ECE provides a multilateral platform facilitating greater economic integration and cooperation among its fifty-six member States and promotes sustainable development,

Recognizing that ECE has reinforced cooperation with partner organizations which, in turn, helps to increase the impact and relevance of the ECE work,

Appreciating that ECE, while adjusting its activities to the geopolitical development and economic changes in the region, has demonstrated its ability to respond to the evolving needs of its member States, thereby contributing to the stability within the ECE region,

Welcoming the achievements and encouraging the further progress of the ECE reformed programme of work, including those three cross-sectoral issues identified in the reform (Millennium Development Goals, gender issues and private sector and non-governmental involvement), as referred to in document E/ECE/1451,

Encouraging the Commission to continue to share best practices beyond its region, as appropriate, including through United Nations system-wide coordination and in line with the United Nations mandates,

Acknowledging that the new ECE governance structure enhances the accountability, transparency and horizontal coherence of the ECE work,

Taking note of the work directions that require further strengthening to be in line with the ECE reform, based on the analysis provided in this respect,

Recognizing that almost 90 per cent of ECE technical cooperation activities and funds has been provided to countries with economies in transition, including 18 countries eligible for Official Development Assistance,

1. *Reiterates* the importance of ECE, as an integral part of the United Nations, and *encourages* it to continue to exercise its catalytic role by bringing the sustainable development goals agreed by the international community down to the regional level and supporting their implementation;
2. *Reaffirms* the strategic directions adopted by the ECE reform and *recommits* the renewed support of its member States to the work of ECE, with due account of specific needs of its countries with economies in transition;
3. *Requests* the Executive Committee to duly consider the outputs, as appropriate, of the discussion at the sixty-third session of the Commission as it reviews the work programmes of the ECE Sectoral Committees during the intersessional period;
4. *Decides* that ECE should not pursue the development of an early warning mechanism with the Organization for Security and Cooperation in Europe;
5. *Decides* to postpone the formal review of the effects of the biennialization of the Commission sessions until its sixty-fourth session in 2011;
6. *Endorses* the “Environment for Europe” reform plan as contained in Annex I to document ECE/CEP/S/152;
7. *Decides* to organize the fourth Regional Implementation Meeting in preparation of the eighteenth session of the Commission on Sustainable Development on 1-2 December 2009 in Geneva;
8. *Approves* the revised Terms of Reference of the Timber Committee as contained in document ECE/TIM/2008/7;
9. *Requests* the Executive Committee to take the necessary measures, based on the discussions that will take place within its informal group on this issue, to improve efficiency of the Trade subprogramme and to take a consensus decision on the future of the Committee on Trade.

B (63) OFFICERS OF THE COMMISSION AND THE EXECUTIVE COMMITTEE

The Economic Commission for Europe,

1. *Decided* to amend rule 12 of the rules of Procedure of the Commission to read as follows :

“The Commission shall, at each biennial session, elect a country from among its members to hold the chair for the period of the biennium. The representative of the elected country will be the Chairperson. The Commission will also, at the same meeting, elect two countries

whose representatives will become the Vice-Chairpersons for the period of the biennium. The Chairperson and Vice-chairpersons of the Commission will also serve as the Chairperson and Vice-Chairpersons of the Executive Committee for the period of the biennium”.

2. As a direct consequence of the above amendment, the Commission *also decided* to amend Article 9 of the Terms of Reference of the Executive Committee, as well as Rules 10 and 12 of the Rules of Procedure of the Executive Committee read as follows:

Article 9

The Executive Committee is presided by the Chairperson of the Commission, assisted by the two Vice-chairpersons of the Commission.

Rule 10

The Chairperson and Vice-Chairpersons of the Commission will serve as the Chairperson and Vice-Chairpersons of the Executive Committee for the period of the biennium.

Rule 12

If the representative of the country holding the position of Chairperson or Vice-Chairperson of the Commission and the Executive Committee ceases to represent his/her country, the new representative of that country will become the new Chairperson or Vice-Chairperson for the unexpired portion of the term. If the representative of the country holding the position of Chairperson or Vice-Chairperson is so incapacitated that he/she can no longer hold office, the alternate representative will become the new Chairperson or Vice-Chairperson for the unexpired portion of the term.

ANNEX I

DISCUSSIONS HELD UNDER AGENDA ITEMS 2 AND 3

Item 2: Economic development in the ECE region

Discussions under this item comprised an opening segment on the general economic situation in Europe, followed by three panel sessions on (i) economic integration in the wider Europe, (ii) promoting competitive knowledge-based innovative economies, and (iii) enhancing economic cohesion. The list of speakers is given in Chapter III, paragraph 18 on page 3.

1. The keynote speakers, moderators and panellists all acknowledged the difficult economic situation facing not only the wider-European region but the global economy. The fact that the situation was likely to deteriorate further was also widely recognized. All of the subregions of the ECE region were experiencing a significant economic downturn, and in some it was the most serious since the Great Depression of the 1930s. Some expressed the view that the crisis would have significant effects on long-term trends such as globalization and on the design and operation of international or regional institutions. There was basic agreement that any solution to the current crisis was dependent on increased cooperation and ECE's historic role in promoting intergovernmental cooperation was emphasized. The need to avoid protectionism and keep borders open to capital and migrants was also stressed. It was suggested that certain measures being taken in the financial services area were in fact a form of protectionism.

2. There was a general recognition that addressing the ongoing challenges facing the region's economies in furthering their integration, creating innovative economies and ensuring an equitable distribution of the benefits of growth, was important for limiting the negative impact of the crisis as well as for promoting long-term development. It was suggested that the contraction of the global economy due to the financial crisis would shift the balance between global and regional trade in favour of the latter and this would have important implications for ECE activities, especially in the areas of trade, transport and energy. It was stated that the economic model of the European emerging countries would have to change as these economies would no longer be able to finance their development, as they had been doing, from external capital. Also, there was less room for policy errors during difficult economic periods. Given increased uncertainty and risk aversion due to the crisis, the importance of creating transparent and efficient economic environments and government institutions was more important than ever. Countries were encouraged to use the "opportunity" provided by the crisis to design their fiscal expansions to further develop renewable energies and other green technologies, and improve productivity-increasing infrastructure; more generally there was a need to address environmental sustainability and macroeconomic objectives coherently instead of as separate issues.

3. North America and most of the European Union had achieved a high level of economic integration where goods, services, capital, and people flowed relatively freely. However, east-west integration within Europe, although it had progressed significantly over the last two decades, remained somewhat weak in a number of important areas:

- Trade barriers remain

- Progress in achieving WTO membership for all the European emerging economies has been poor
- Border crossing procedures can be time-consuming, unpredictable and require excessive amounts of paper work
- Health and product standards are often incompatible
- Some transboundary environmental issues are unaddressed
- Both rail and road transport networks are often less than adequate
- Energy infrastructure is limited and characterized by a number of important bottlenecks
- Financial restrictions still limit capital flows
- Migration remains restricted.

4. A number of speakers emphasized that the work of ECE had been and would continue to be important in addressing these factors that have hindered integration in the wider-European area. Of particular importance were the ECE activities that promote the further development of pan-European infrastructure in the areas of transport and energy and the activities that improve trade facilitation. Intensification of the EU-Eastern partnership was also encouraged as necessary for addressing these issues.

5. As a way to better secure long-term sustainable energy supplies, the importance of improving the management of global energy resources was discussed. In order to facilitate this, it was suggested that Governments adopt and apply the United Nations Framework Classification for Fossil Energy and Mineral Resources 2009 (UNFC-2009) (Economic and Social Council Resolution 2004/233); as the agency responsible for maintaining this Framework, ECE could play an important role in assisting member countries to implement it. This would also help to establish a picture of the measures that might be required to mitigate the environmental risks associated with the production and use of fossil fuels.

6. It was pointed out by several speakers that the problem of energy security remained an important concern of ECE member States. Increasing the diversity of sources as well as types of energy remained a key challenge where ECE, because of its existing expertise, could offer key support to its member States. Also emphasized was the importance of developing and increasing regional cooperation on energy issues between the European and Central Asian countries. The possibility of including Afghanistan in the cooperation was mentioned. The possibility of establishing some multilateral mechanism to manage transboundary gas pipelines was also raised. The importance of legal instruments regarding energy matters was stressed, and ECE's role in facilitating dialogues between its members was viewed as important. It was noted that there had been very good cooperation between the Energy Charter Secretariat and ECE on energy efficiency projects and there were opportunities for further developing this.

7. Transport infrastructure was perceived as one of the important obstacles limiting economic growth in the region; integration of national networks into regional networks needed to be more regionally coordinated and there was also a need to better coordinate budgetary resources. In view of the need to further improve transport infrastructures and facilitate the international movement of people and cargo, ECE transport legal instruments, technical norms and standards were providing an effective framework for addressing some of these problems. ECE should also intensify efforts to

further advance its work on implementation of innovative projects for transport corridors, transit facilitation, introduction of modern transport technologies, and assistance to its member States in coordination of their national transport policies.

8. Using ECE's coordination instruments and planning mechanisms, further efforts should be made to accelerate work on setting priorities for transport links, providing guidance to member Governments in weighing national versus international interests, and coordinating infrastructure development policies and programmes with their neighbours. ECE was well placed to further promote and ensure technical, legal and administrative interoperability as regards, for example, railway networks, border crossing procedures and removal of administrative bottlenecks in international transport. ECE should ensure development of the necessary harmonized standards for Intelligent Transport Systems (ITS) in full cooperation with all concerned stakeholders. It was also suggested that there was a need to address ITS applications for infrastructure in order to enhance the existing network and upgrade its performance by using already available technology.

9. Policies and measures to improve safety and security also needed to be pursued, but they should not allow another form of protectionism to emerge which would restrict transport activities. ECE was encouraged to work together with the World Customs Organization and other stakeholders to reduce protectionism as well as the risk and costs of doing business in all transport modes. The importance of new technology for improving the safety and efficiency of transport systems was discussed as well as the role ECE could play in establishing regional and global standards for these technologies. Along these lines, it was noted that some ECE activities in the transport area extended far beyond the ECE region and support for those global solutions was voiced.

10. It was noted that EurAsEC member countries had decided to create a single transport market in the region. Closer regional cooperation in transport infrastructure developments, implementation of innovative transport technologies and coordination of national transport policies would strengthen the capacity of the transport sector to provide adequate services between Europe and Asia. ECE was encouraged to continue its efforts to develop Euro-Asian transport links in partnership with other international organizations and interested countries.

11. Speakers highlighted the need for ECE to reinforce its work on reducing trade barriers, improving trade facilitation and increasing the use of international standards in order to foster trade within the region, reduce risk, and limit any new protectionism. The importance of the Aid for Trade initiative was discussed as a process for helping the developing and transition economies identify and address their trade development needs and priorities. The transition economies in the ECE region had, until now, been largely left out of this process but ECE could make an important contribution by working with other agencies (including WTO, UNCTAD, UNDP) to ensure the full participation of all transition economies in the Aid for Trade initiative. ECE could help develop practical, results-oriented recommendations. More generally, it was suggested that WTO membership was important for all of the ECE region because it was an insurance policy against protectionism.

12. Trade facilitation was highlighted as an important tool for reducing costs and, therefore, should be one of the responses to the global economic crisis. An extensive reliance on paper-based trade documents, combined with unnecessarily complex trade procedures, increased the cost of trade

and makes countries less competitive. Given that ECE had an innovative framework of standards, recommendations and tools for addressing these problems, it was thought that more extrabudgetary support for further developing and promoting these solutions could contribute to an improved trading environment. More generally, it was noted that information and communication technologies (ICT) had an important role in promoting efficient government and ECE activities in the area of e-government/e-business standards were important.

13. The problem of efficiently and equitably managing the water resources in Central Asia was raised as an important issue to which ECE could further contribute, given its expert knowledge and its transboundary environmental conventions. The further ratification and implementation of these conventions was encouraged. The possibility of launching a major international or multilateral initiative regarding transboundary water use that would include the other regional organizations (i.e., OSCE, Asian Development Bank, etc.) was raised; the desirability of including Afghanistan was also suggested. The importance of further ratification of multilateral environmental agreements to solve environmental problems was mentioned.

14. The ability of Governments and the private sector to assess economic and social developments within a country and compare them to others is dependent on having high quality and internationally comparative statistics. It was stated that the importance of human capital as a source of growth would increase after this crisis because international flows of physical capital would become less important. As a result the work being undertaken by ECE to better measure human capital as an important prerequisite for sustainable development would be of increased relevance.

15. Speakers stressed that despite the current financial crisis, which was likely to reduce progress in achieving the Millennium Development Goals (MDGs), efforts towards achieving these targets in the ECE region should be maintained. It was more important than ever to know where the bottlenecks and backtracking were so that policy initiatives could be focused in these areas. In order to do this there is a need to strengthen the statistical capacity of those countries that produce MDG indicators so that they would be more timely, comprehensive and accurate. In addition the crisis had highlighted the importance of having accurate migration data and the work of ECE in improving the production and comparability of migration statistics was noted. The importance of more disaggregated gender statistics was also raised as a prerequisite for allowing a better assessment of the systematic differences between women and men within the region. It was stressed that ECE normative work should reflect the gender perspective and that ECE should further develop its gender database and continue to provide technical assistance to the CIS and South-East European countries for producing disaggregated gender statistics. Similarly, the importance of age-related statistics and indicators was mentioned.

16. It was noted that when the crisis was over, countries would have an immense challenge in bringing government budgets back into balance. Addressing the long-run pension problem due to Europe's demographic situation would be critical to restoring sound finances. There was therefore a need for ECE to strengthen its efforts in assisting member countries in adapting their societies to the demographic challenge of ageing. This would include the exchange of good practices; providing assistance in developing ageing-related policies and programmes in transition countries; and coordinating data-collection efforts that led to an improved knowledge-base for developing such policies and programmes. Member States were encouraged to strengthen their efforts in

implementing the Regional Strategy for the Madrid International Plan of Action on Ageing. It was also noted that the crisis was negatively affecting marriage and child birth rates in the former transition economies and that this would further compound their already serious demographic problems.

17. Given that the current crisis began with financial and regulatory issues in the real estate sector, creating guidelines for improved transparency in those markets was viewed as very important for stabilizing financial markets. The role that the Real Estate Market Advisory Group has played in this regard was acknowledged and it was encouraged to expand its activities to further strengthen real estate market institutions in the wider Europe.

18. Improving the innovative capacity of ECE member States was central to increasing living standards in the region. The contribution of the new ECE division as a forum for policy dialogue and discussing best practices regarding innovative activities was noted. It was suggested that ECE should explore how the crisis-induced fiscal retrenchments in the emerging economies were affecting innovation and the creation of a knowledge-based economy. It was mentioned that due to the crisis the role of government oversight of the economy would need to increase and this would open up new possibilities for Public-Private Partnerships and thus the activities of that programme would become increasingly important.

19. Given the severity of the current economic downturn, a large number of people were likely to be negatively affected. Unemployment was expected to rise everywhere and with it poverty and numerous social inequities. For the ECE region, extreme poverty had almost been eliminated by the end of 2007 but with higher food prices, falling employment opportunities, and strained safety nets, already another 10 million people in the region had been pushed back into poverty. History has shown that it is usually the poorest and those socially marginalized that suffer the most during a crisis. More generally the recent progress in achieving the Millennium Development Goals was likely to be unwound.

20. It was noted that women were over-represented in poverty and the crisis would hit them especially hard. Many of the micro-credit institutions which women were dependent on were only now beginning to be negatively impacted. More generally, the current crisis would have negative implications for gender equality and there was, therefore, a need to further strengthen activities such as increasing the labour force participation of women. The important role that the ECE gender programme had played in addressing these issues was acknowledged.

Item 3: Climate change mitigation and adaptation – the work of ECE: translating global objectives and commitments into regional results

Discussions under this item comprised an opening segment on climate change in the ECE region, followed by panel sessions on ECE acting on climate, covering (i) energy efficiency, air pollution and greenhouse gas emissions, (ii) water, forestry and timber: natural systems must adapt, but can contribute to mitigation, and (iii) societal change to address climate change. The list of speakers is given in Chapter III, paragraph 20 on page 5.

21. Climate change was perceived as one of humanity's most pressing challenges. It was stressed that there was a need to support the financing and planning of climate change measures by a regional, political dimension, such as creating a political forum for climate change dialogue. The need for adequate funding resources and delivery mechanisms to implement the necessary measures in the region was highlighted.
22. Speakers appreciated ECE's climate change work, emphasizing that it benefited from an adequate structure for mainstreaming climate change issues into sectoral planning.
23. It was recommended that ECE develop its role as a lead agency for the integration of climate change considerations into development planning in the region.
24. The work of ECE was considered to be necessary to support implementation of the UNFCCC and to play an important role in regional cooperation and putting in place strategies for combating climate change.
25. Through overall ECE reform, as well as the Environment for Europe (EfE) reform, the organization was said to be well-placed to support the United Nations Climate Change Conference in Copenhagen (COP15) negotiations in December 2009.
26. It was mentioned that our modes of consumption and production were not sustainable, and that environmental risks were not sufficiently taken into account into decision-making. A change of paradigm was recommended.
27. States would have the unique opportunity to make structural changes. Technology was already available, as were best practices and scientific knowledge. There was, however, a need for political will to share the benefits across countries fairly. With regard to adaptation needs, financing and technology transfers, a global tax on CO₂ emissions of US\$1 per ton was proposed, the proceeds of which could be transferred to developing countries.
28. Currently, there was a unique opportunity presented by the twin economic and environmental crises for adopting a new paradigm of green growth. Studies had shown that the market for green technologies up to 2020 would grow very significantly, creating jobs and providing additional investments. However, the window of opportunity for adopting this paradigm was limited and did not stretch much beyond March 2010. So far, fiscal stimulus packages of the order of US\$2.8 trillion had been initiated globally, parts of which were already dedicated to green investments. Tackling climate change had important co-benefits, such as creating jobs and boosting competitiveness by helping to reduce resource costs, thereby still allowing employees to be paid solid wages.
29. The importance of succeeding at COP15 was underlined by keynote speakers, moderators and panellists, especially as this meeting would go beyond climate change and would be relevant to the future of multilateralism. Five elements were seen as vital for an agreement: (i) long-term mandatory targets for all countries, encompassing at least 50 per cent reductions against their benchmarks and 80-95 per cent in the case of industrialized countries, of which 40 per cent was already attainable through existing technologies; (ii) mid-term targets for countries, in the range of 25-40 per cent by 2020, (iii) the need for national action plans (reportable, verifiable measures as

agreed in Bali), (iv) real solidarity for adaptation and mitigation: developing countries could not be expected to make the prerequisite changes without the help of developed countries. This would require funding in the order of the tens of billions, especially for adaptation. The emissions trading system, whose expansion to Japan and Australia and possibly the United States was currently being considered, could be a possible financing mechanism for adaptation and mitigation. Finally, (v) sectoral approaches were needed and, where level playing fields already existed between developing and developed countries (e.g. in steel), developing countries should also be expected to take mandatory action.

30. Mitigation, it was noted, tended to be global and national-scale and was target-driven, whereas adaptation measures often involved more local and community-based action. It was important that ECE scale its efforts appropriately.

31. Discussion also focused on the future of the clean development mechanism (CDM) and how to effect structural change. One of its drawbacks of CDM was noted, namely that it provided a vehicle for developed countries to achieve a considerable amount of their emissions reductions targets while avoiding the need to make more emissions reductions within their own geographical areas. On the other hand, the positive role of CDM in transferring technology was stressed. It was proposed to have a combination of a CDM and a funding system that provided funding directly to needy countries. In order to effect structural change, an “industrial environmental policy” strategy with the following elements could be considered: internalization of external costs; the use of standards for products; market-introduction programmes for renewables; a clear R&D strategy to incorporate energy efficiency; and appropriate tax incentives.

32. The transport sector was perceived as a significant and growing contributor to global climate change as some 13 per cent of the total greenhouse gas emissions stemmed from the use of road vehicles. On the other hand, climate change impacts on the transport sector affected transport infrastructure, traffic safety and the demand for transport, and required adaptation and mitigation strategies and measures.

33. Speakers highlighted the important role of ECE and the work of the World Forum for Harmonization of Vehicle Regulations (WP.29) as an excellent regulatory framework and platform for international cooperation. They should continue to develop harmonized regulations for environmentally friendly and energy-efficient (i.e. hybrid, electric and hydrogen powered) vehicles. It was reported that, following a new policy, the European Union had initiated to replace its Directives on the construction of vehicles by reference to ECE vehicle regulations adopted by the World Forum.

34. Speakers emphasized the need for the car industry to “go green” if it was to remain competitive and urging the sector to transform the threat of the economic crisis into an opportunity for change. The economic crisis provided opportunities for the renewal of old vehicle fleets and for introducing more energy efficient and cleaner technologies (switching from fossil fuels to hydrogen and electricity) provided that the generation of electricity and the production of hydrogen were sustainable and affordable. For the achievement of these objectives international cooperation was considered essential.

35. It was proposed that ECE encourage and harmonize the actions of its different bodies in respect of climate change, as well as bring together public and private actors to help encourage the use of green technologies. In this context, the links of ECE's multilateral environmental agreements (MEAs) to climate change were accentuated and it was therefore necessary to ensure that adequate resources were made available to service these instruments.

36. The future work of ECE should strengthen the cooperation of energy security and efficiency. Looking forward, while its climate change work was gaining greater importance, ECE should ensure that this work remained well-anchored within its programme of work and its resources. At a later stage in early 2010, the Executive Committee could review the mandate of ECE in this regard, especially taking into account the results from the COP15.

37. Current science demonstrates significant co-benefits, notably important cost savings, from addressing air pollution (in particular ground-level ozone and black carbon aerosols) and climate change in an integrated way. It was pointed out that these co-benefits should be brought to the urgent attention of policymakers encouraging them to take an integrated approach. The ECE Convention on Long-range Transboundary Air Pollution would have a key role to play in this respect. Initiatives had already been taken within the framework of the Convention to integrate air pollution and climate change and these should be pursued. Furthermore, a substantial programme would be needed to enhance the capacity to fully implement a co-benefits approach. A dedicated programme would require significant resources but such investment would be highly cost-effective.

38. The meeting stressed the importance of increasing public awareness of climate change issues as well as public participation in related decision making. It also highlighted the potential of nuclear power and carbon capture and sequestration technologies in combating simultaneously air pollution, climate change and threats to energy security.

39. Energy efficiency emerged as a key issue of the work of ECE, in different sectors. The demand for power, the need for climate change mitigation and energy security were indeed three compelling and interlinked needs of ECE member States. ECE was both provider of policy advice in this area, but also through the Energy Efficiency 21 project an important source of financing for projects. For instance, a European Clean Energy Fund had been established for a total of EUR 354 million, which made it one of the largest funds. Post 2012 Carbon Credit Fund of EUR 125 millions, involving five European development banks, demonstrated that money for the financing of the projects was available and at this stage it was rather important to create dialogue amongst parties and to facilitate access to those funds. It was also important that countries join efforts in the design process whether as potential investor, interested party or recipient country project developer as the process was open and participation was a key to its success.

40. It was proposed to strengthen the Financing energy efficiency investments for climate change mitigation' project by the endorsement of the Declaration of the Sixth Ministerial Conference of Environment for Europe held in Belgrade, Serbia in October 2007, concerning public sector participation as investors in the energy efficiency fund which was being created through the Energy Efficiency 21 Project.

41. In particular, the building sector held a large potential for emission reductions and energy efficiency. It was noted that the International Panel on Climate Change estimated a potential for reducing approximately 29 per cent of the projected baseline emissions by 2020 in the residential and commercial sector. However, while in some countries energy efficiency technologies and interventions were growing, other ECE countries still lagged behind because of insufficient technical or organizational know-how, administrative gaps, weak public sector, lack of facility management, outdated legislation. ECE had an important role to play here, to develop policy advice to overcome current gaps and represented a unique forum for exchange between Governments and practitioners on the issue of energy efficiency in housing, thus allowing exchange and transfer of knowledge in this sector.

42. Discussants acknowledged the large potential of the building sector to contribute to climate change mitigation and to the achievements of the Kyoto and post-Kyoto frameworks, in particular through the undertaking of energy efficient refurbishment projects, and proposed to develop an Action Plan on Energy Efficiency in Housing for the ECE region.

43. Speakers stressed that climate change impacts on forests and water were already visible (more forest fires, insect infestations, increased frequency and intensity of floods, increased water scarcity). The potential future impacts were considered a serious threat to economies, communities and security in the region. This stressed the urgency of mitigation and adaptation policies and the fact that uncertainty was not a reason not to act.

44. Panellists highlighted that forests both affected and were affected by climate change. ECE region forests were important as large carbon sinks for the region, in contrast to tropical forests which were the source, through deforestation, of 18 per cent of anthropogenic carbon emissions. Even if forests and forestry could not solve the problem of fossil carbon emissions, they could greatly contribute to the solution: as mentioned by the Stern Review, reduced deforestation and increased afforestation could more than offset global carbon emissions from the transportation sector, at a relatively reasonable cost. Also, as concerned mitigation, sustainable forest management offered a number of options that could increase the resilience and adaptive capacity of communities.

45. It was therefore considered important that the ECE Timber and Forestry sub-programme had assigned the highest priority to climate change issues for the next 4 years and was developing a supporting programme based on improved information, policy forums and analysis of the long-term outlook.

46. It was also underlined that effects on a single sector – be it water or forest – greatly impacted other sectors, through feedback loops; thus adaptation strategies needed to be coordinated on an intersectoral basis. Moreover, there was a need for better communication and exchange between “communities” – climate, forests, water and energy specialists – to improve mutual understanding and the knowledge base for action, as well as to avoid contradictions between sectoral policies and perverse incentives.

47. Given that most of the water resources in the ECE region were transboundary, panellists underlined that climate change strongly reinforced the necessity of taking a transboundary approach as risks and challenges were shared by riparian countries. Failure of one country to act upon the

changes could as a consequence have additional negative effects on other countries. At the same time, increased tensions between countries due to growing water scarcity could trigger conflicts and generate high costs that seldom outweighed the benefits of cooperation. Cooperation between countries was for that reason crucial to enable successful adaptation strategies and also to maximize the mutual benefits of adaptation measures. The ECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes provided a solid legal basis for riparian countries to share the water resources in an equitable and reasonable manner based on equality and reciprocity between the countries and to cooperate on adaptation to climate change. The Guidance developed on water and adaptation to climate change was considered an extremely timely product, and panellists stressed the importance of its implementation, in particular through pilot projects on transboundary surface and groundwater under the Convention programme of work for 2010-2012 and beyond.

48. Panellists also welcomed the fact that ECE had been able to create and maintain strong partnerships – in particular with OSCE, UNDP, UNEP, REC, and NATO within the Environment and Security Initiative, which added to its competence and maximized action in the field. As climate change was inherently multisectoral and thus well-suited to interagency cooperation, such partnership should be continued and reinforced.

49. Moderators, panellists and discussants provided further insight into how societal actors could be mobilized to support and implement solutions to the challenges of climate change. The broad spectrum of panellists and their perspectives emphasized the necessity of involving stakeholders from civil society, educational and scientific institutions, and the private sector, reflecting the critical role each plays in raising awareness and changing social behaviors.

50. Public trust was seen as an essential ingredient for gaining the acceptance of the public needed to implement major climate adaptation measures. Non-governmental organizations were often viewed by the public as trusted sources of information, and could play a critical role in informing and mobilizing the public for change.

51. The discussion underscored that the involvement of the public was necessary to achieve public support for the measures required to meet the objectives of the climate change instruments. Involving the public and civil society organizations in formulating and implementing response to climate change was not a choice but a necessity.

52. The Commission was urged to ensure that transparency, accountability and public engagement were guaranteed in climate decision-making. It was noted that for the credibility of a future post-Kyoto agreement, there was a need to demonstrate greater transparency, for example in the operation of the Clean Development Mechanism.

53. Access to information was singled out as an important prerequisite for climate change mitigation and adaptation, and in this context, the importance of Aarhus convention as the only legally binding instrument to implement principle 10 of the Rio Declaration was underlined.

54. The collaboration of ECE with UNITAR in a project to assess national capacity to implement the Aarhus Convention was considered a useful model which could provide a basis for assisting countries with assessment of capacity to implement article 6 of the UNFCCC.

55. The incorporation of provisions on access to information, public participation and access to justice in relation to climate change was urged in any post-Kyoto agreement. An agreement should build on the broad consensus reflected in article 6 of the UNFCCC and principle 10 of the Rio Declaration on Environment and Development. Such provisions on access to information and public participation in decision-making could draw upon elements of the Aarhus Convention and the experience of its implementation in the region.

56. Strategic environmental assessment provided an effective tool for the integration of mitigation of, and adaptation to, climate change into development planning: it was anticipatory, preventive and integrative.

57. The scope of environment assessment should be widened to encompass health, social and ecosystem impacts, integrating different scales and disciplines. The collaborative work between ECE and WHO on Transport, Health and Environment provided a further model of an integrative approach.

58. Parties were called upon to speedily ratify its Protocol on Pollutant Release and Transfer Registers so that it could still enter into force during 2009, as well as to ratify the Protocol of the Espoo Convention on Strategic Environment Assessment, considered a unique instrument for introducing climate change issues into the early stage of development planning.

59. It was discussed how addressing climate change through education for sustainable development offered an essential way to shape knowledge and attitudes, while empowering decision-makers with values to act in a sustainable manner. The ECE Strategy for Education for Sustainable Development (ESD) had elicited strong political commitment and provided a practical toolkit to implement ESD in the region. It was highlighted that ESD was a driving force for peace building among countries.

60. Public understanding of the challenges of climate change was essential. Sustainability should be made attractive not only to certain social groups but to society as a whole. Education should aim to strengthen social solidarity and create global citizens who highly valued sustainable production and consumption and were ready to make sacrifices for these values. Fighting climate change effectively needed a revolution in consumption and production patterns in the advanced industrial countries.

61. Examples drawn from the experience of Belarus national experience showed how climate change might be integrated into formal educational systems as well as in non-formal and informal education. The role of civil society organizations in delivering non-formal education for sustainable development through their programmatic activities was noted.

63. The meeting stressed the role of statistics in providing a basis for decision-making and action. Official statisticians had a key role in contributing to the production and dissemination of

relevant climate change statistics. However, consistent and comparable annual statistics were not yet available for a sufficient number of countries. There was an urgent need for authoritative, robust, timely and comparable climate change statistics.

64. In particular, the panel recalled that obtaining a comprehensive picture of global greenhouse gas (GHG) emissions and emission trends was a challenging task. Lack of relevant statistical data for input into GHG emissions inventories had been identified as one of the most significant barriers for the development of the quality of GHG inventories in the developing countries.

65. GHG data reported to national Protocol on Pollutant Release and Transfer Registers under the ECE Protocol on Pollutant Release and Transfer Registers to the Aarhus Convention could contribute to the development of relevant climate change statistics.

66. The improvement of climate change data to inform policymakers required a joint effort by environmental agencies and statistical institutes as well the research community at national, European and global levels.

67. The national statistical offices in the ECE region had an important role to play in providing statistical information for monitoring and analysis of climate change. This could be done by making better use of existing statistics and by identifying data gaps and the ways to fill them.

68. The Conference on European Statisticians was envisaging work to improve measurement of activities relevant to climate change in areas like transport, energy, forestry and housing, jointly with other sectoral committees where appropriate. In addition, ECE was planning to explore the degree to which the national statistical offices were involved in climate change related work and in compiling the GHG inventories. Any future work of the Conference would be done in close cooperation with UNFCCC, IPCC and other bodies dealing with climate change data.