



Conference for Security and Co-operation in Europe

CONFERENCE ON ECONOMIC CO-OPERATION

BONN

19 March - 11 April 1990

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DOCUMENT OF THE BONN CONFERENCE
ON ECONOMIC CO-OPERATION IN EUROPE CONVENED IN
ACCORDANCE WITH THE RELEVANT PROVISIONS OF THE
CONCLUDING DOCUMENT
OF THE VIENNA MEETING OF THE
CONFERENCE ON SECURITY AND CO-OPERATION
IN EUROPE

The representatives of the participating States of the Conference on Security and Co-operation in Europe (CSCE), Austria, Belgium, Bulgaria, Canada, Cyprus, Czechoslovakia, Denmark, Finland, France, the German Democratic Republic, the Federal Republic of Germany, Greece, the Holy See, Hungary, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, the Netherlands, Norway, Poland, Portugal, Romania, San Marino, Spain, Sweden, Switzerland, Turkey, the Union of Soviet Socialist Republics, the United Kingdom, the United States of America and Yugoslavia met in Bonn from 19 March to 11 April 1990, in accordance with the provisions relating to the Conference on Economic Co-

operation in Europe contained in the Concluding Document of the Vienna Follow-up Meeting of the CSCE. Delegations included members of the business community.

The Conference was opened and closed by the Minister of Economics of the Federal Republic of Germany.

The President, the Chancellor and the Deputy Chancellor and Minister for Foreign Affairs of the Federal Republic of Germany addressed the Conference.

At the opening and concluding plenary meetings statements were made by delegates of the participating States, among them Prime Ministers, Vice Prime Ministers, Ministers, State Secretaries and the Vice-President of the Commission of the European Communities. Contributions were made by the Executive Secretary of the United Nations Economic Commission for Europe (ECE) and the Secretary General of the International Chamber of Commerce (ICC).

The participating States welcome the fact that members of the business community gave the Conference the benefit of their practical experience, thus contributing to its success.

Having in mind the aim of the Conference to provide new impulses for economic relations between participating States, in particular by improving business conditions for commercial exchanges and industrial co-operation and by considering new possibilities for, and ways of, economic co-operation;

Meeting at a time of profound and rapid change,

The participating States,

Confirm their intention to shape a new order of peace, stability and prosperity in Europe based on the comprehensive and balanced concept set out in the Helsinki Final Act and the subsequent documents of the CSCE, and resolve to respect all the principles of the Final Act and to implement all the provisions of the CSCE documents;

Reaffirm the fundamental role of the CSCE in the future of Europe;

Recognize that democratic institutions and economic freedom foster economic and social progress;

Share the common objectives of sustainable economic growth, a rising standard of living, an improved quality of life, expanding employment, efficient use of economic resources, and protection of the environment;

Believe that co-operation in the field of economics, science and technology and the environment is an essential element in their overall relations, and that it should become even more prominent in the future;

Resolve to work together to expand their co-operation in that field and to enhance the growth of their economies;

Believe that the success of their co-operation will depend in large measure on prevailing political and economic conditions;

Stress the importance of the political and economic reforms taking place, and of a supportive international economic environment, recognize the particular economic interests and concerns of countries as they achieve a market economy, and acknowledge other difficulties, such as indebtedness, which are to be dealt with in the competent fora;

Consider that the process of economic reform and structural adjustment, with increased reliance on market forces, will enhance economic performance, improve efficiency of the public sector, respond better to the needs and wishes of consumers, improve the conditions for closer co-operation and contribute to a more open world trading system;

Believe that increased integration of all participating countries into the international economic and financial system, in accordance with the internationally recognized rules and involving the acceptance of disciplines as well as benefits, will also facilitate economic co-operation;

Value the important roles of existing multilateral economic institutions and mechanisms;

Consider that increased emphasis on economic co-operation within the CSCE process should take into account the interests of participating States that are developing from an economic point of view and should not detract from development co-operation with, including assistance to, developing countries;

Recognize that the performance of market-based economies relies primarily on the freedom of individual enterprise and the consequent economic growth;

Believe that economic freedom for the individual includes the right freely to own, buy, sell and otherwise utilize property;

Confirm that, while governments provide the overall framework for economic activity, business partners make their own decisions;

Consider that the progressive convergence of economic policies among the participating States opens new long-term perspectives for the strengthening of their economic relations.

Accordingly the participating States,

Recognizing the relationship between political pluralism and market economies, and being committed to the principles concerning:

- Multiparty democracy based on free, periodic and genuine elections;
- The rule of law and equal protection under the law for all, based on respect for human rights and effective, accessible and just legal systems;
- Economic activity that accordingly upholds human dignity and is free from forced labour, discrimination against workers on grounds of race, sex, language, political opinion or religion, or denial of the rights of workers freely to establish or join independent trade unions,

Will endeavour to achieve or maintain the following:

- Fiscal and monetary policies that promote balanced, sustainable economic growth and enhance the ability of markets to function efficiently;
- International and domestic policies aimed at expanding the free flow of trade, capital, investment and repatriation of profits in convertible currencies;
- Free and competitive market economies where prices are based on supply and demand;
- Policies that promote social justice and improve living and working conditions;
- Environmentally sustainable economic growth and development;
- Full recognition and protection of all types of property including private property, and the right of citizens to own and use them, as well as intellectual property rights;
- The right to prompt, just and effective compensation in the event private property is taken for public use;
- Direct contact between customers and suppliers in order to facilitate the exchange of goods and services among companies - whether private or state-owned - and individuals in both domestic and international markets,

Have come to the following conclusions:

A. Development and diversification of economic relations

1. The participating States wish to create favourable conditions for a harmonious development and diversification of their economic relations based on internationally agreed rules and practices. They therefore agree to improve business conditions, facilities and practices for each other's firms in their respective markets, based on freedom of establishment. They agree to permit and encourage direct contacts between businessmen at all levels of commerce and

stages of industry and end-users. To that end they will, in accordance with their relevant commitments undertaken in the CSCE process, facilitate the prompt entry, stay and free movement of businessmen in their territory; the participating States will facilitate, on a non-discriminatory basis, the establishment and operation of business offices and firms in their territory, including the renting and purchasing of commercial premises and housing, the acquisition of equipment and transport facilities, access to telecommunications, utilities and social services, the carrying out of audits as well as the unhindered recruitment of local staff required by firms. They encourage direct contacts between representatives of commercial and business organizations and economic institutions. The participating States stress that expeditious process/treatment of goods and persons at international borders stimulates international trade and they will therefore make their borders more open for that purpose. They also stress the importance of trade facilitation and electronic data interchange for their trade relations.

2. The participating States resolve to publish and make available comprehensive, comparable and timely economic, commercial and demographic information as a basis for economic research, co-operation and efficient conduct of business relations. To that effect they will provide the United Nations Trade Data Bank (COMTRADE) with up-to-date trade figures to at least the three-digit level of the United Nations product classification (SITC-Rev.2). They will also publish detailed, comparable and up-to-date data on balance of payments and gross national product statistics on at least an annual basis as a step towards their integration in international economic activities. They stress the need for national statistics and accounting systems to conform with international standards.

3. The participating States will, in order to facilitate and promote economic co-operation, undertake comprehensive co-operation between their respective statistical services in the bilateral and multilateral context. The priority areas for such co-operation are the statistics on external trade, capital movements, employment, transport, foreign tourism, environment, energy and other raw materials such as forestry and mineral products and industrial production in addition to other major components of national production and national income accounting. The object of this co-operation is to exchange detailed and complete information on relevant statistical elements available and the techniques and methodology employed, and to correlate statistical data with the aim of achieving comparability of such statistics among participating States. In view of this aim, the participating States welcome a further development of the work of relevant organizations, notable the ECE, regarding statistics.

4. The participating States recognize the particular importance of small and medium-sized enterprises in their economic co-operation. These enterprises will benefit particularly from improvements in the business environment and the strengthening of market forces. Participating States will therefore pay special attention to the creation of a competitive business environment conducive to the development of SMEs. To that end they will endeavour to provide the

appropriate economic, legal, banking and fiscal conditions that take account of the specific requirements of SMEs. They will strengthen information channels and networks and encourage dialogue and the exchange of expertise between the interested parties, including public authorities, representatives of business and other public and private agencies providing services to business.

5. The participating States are prepared, insofar as the appropriate conditions exist, to provide support for the SME sector by promoting: business co-operation networks, which facilitate the search for business partners; access to information services, including publications and databanks; management and expert training and information on availability of technical know-how and innovations.

6. The participating States confirm the importance they attach to marketing and product promotion as a means of developing trade and industrial and economic co-operation among themselves. They will therefore encourage trade promotion activities including advertising, consulting, factoring and other business services, and the organization of seminars, fairs and exhibitions. They favour the conduct of market research and other marketing activities by both domestic and foreign firms on their respective territories.

7. The participating States recognize the importance, for the economic process, of the development of the human potential. They therefore recognize the value of co-operation in training programmes for managers and specialists in marketing, product promotion and other fields. Insofar as the appropriate conditions exist, such programmes will be held both in host countries and in countries of origin, and under the aegis of vocational training establishments or of companies either in the context of industrial co-operation projects or within ad hoc programmes. They express the view that the operation of relevant bodies, e.g. the European Training Foundation, can contribute to improved co-operation in this field.

B. Industrial co-operation

1. The participating States note that the economic, fiscal, legal and social infrastructure and the political conditions in their countries determine the extent to which the various forms of industrial co-operation including joint ventures and other means of direct foreign investment can be envisaged. Each participating State will assess its possibilities and interests with a view to creating favourable conditions for industrial co-operation. They are aware that such co-operation, based on freedom of establishment and non-discriminatory treatment of different types of ownership including private property, will have a positive influence on managerial and technical know-how, the extent of investments, the quality of production, the exchange and application of technology and marketing opportunities.

2. The participating States recognize the importance of protecting industrial,

commercial and intellectual property rights for their co-operation in both trade- and research-related aspects. They will ensure adequate and effective protection and enforcement of industrial, commercial and intellectual property rights, including by fully observing international commitments, and will encourage appropriate arrangements among themselves. They will provide natural and legal persons of other States with guarantees of these rights, including non-discriminatory procedures for their acquisition and access to their courts and appropriate administrative bodies.

3. Among the conditions for the development of industrial co-operation the participating States emphasize the need for market-oriented and stable economic policies, an appropriate and reliable legal and administrative framework, consisting of such elements as: fiscal, competition, bankruptcy, and insolvency legislation; company laws; arbitration procedures (taking due account of the UNCITRAL model law and other relevant arrangements); protection of industrial and intellectual property rights; investment protection in national legislation as well as in the framework of multilateral and bilateral agreements; free transfer of capital and profits in foreign currency; accounting systems; a free flow of economic data and market information; business facilities; and entrepreneurial autonomy.

4. Possible forms of industrial co-operation, such as co-production, specialization, subcontracting, licensing agreements, joint ventures and other forms of investment, will be decided by firms according to the conditions existing and the nature and the objectives of the co-operation.

5. The participating States recognize the importance of comprehensive information on all legal provisions of host countries for foreign investment, joint ventures and other forms of co-operation, including those concerning foreign staff. They encourage host countries to make this information readily and widely available in an up-to-date form.

6. The participating States are prepared, insofar as the appropriate conditions exist, to foster a favourable climate for investment and the different forms of industrial co-operation, on a non-discriminatory basis, notably by concluding further agreements on avoidance of double taxation and bilateral and multilateral arrangements for investment promotion and protection, with particular reference to the transfer of profits and repatriation of invested capital. In this respect the establishment of measures to support economic development through investment (e.g. industrial parks developed by the host country, tax policies and practical assistance) may be of interest. They encourage a greater exchange of information on industrial co-operation opportunities for interested parties by such means as the holding of business weeks. The participating States agree on the importance of standardization and certification in improving their economic relations; to this end they envisage mutual exchange of information, greater co-operation within existing multilateral organizations and, where appropriate, technical assistance.

C. Co-operation in specific areas

1. The participating States, while acknowledging the role of governments in creating favourable framework conditions, recognize that the initiative of the enterprises directly concerned is of paramount importance in bringing about co-operation in the specific areas covered by this chapter.
2. The participating States consider that they should extend and deepen their co-operation in the field of energy and raw material saving techniques. To that end they favour the marketing of energy conservation and raw material saving technologies and will promote increased energy efficiency. The participating States will also co-operate bilaterally and multilaterally in the field of hydrocarbon technologies, solid fuels and renewable energies and processes for the separation of waste components and their recycling and upgrading. They will also co-operate, e.g. through the International Atomic Energy Agency, in the field of nuclear energy and of the safety of nuclear installations in accordance with their energy policies.
3. The participating States are prepared to exchange information on energy and raw material saving techniques and, insofar as the appropriate conditions exist, to co-operate in the establishment, operation and utilization of European databases in the field of energy, to undertake joint projects to measure energy-combustion-related environmental pollution, to enhance energy efficiency by means of substitution of energy products and to promote professional training in energy-saving techniques.
4. The participating States note the increasing importance of environmental issues in the context of their economic co-operation. They recognize that it is vital to ensure the environmental sustainability of economic development. They acknowledge the significance of international economic co-operation aimed at securing a more efficient use of energy and raw materials. They will also endeavour to strengthen co-operation in the field of environmentally sound technology.
5. At the Sofia CSCE Meeting on the environment, the participating States agreed on the enhancement of scientific and technological co-operation, including the exchange of information on best available technologies for improved environmental protection, industrial safety and emergency response. The participating States consider that among the areas for co-operation are pollution monitoring, major technological hazard and accident prevention, assessment of chemicals, treatment and disposal of toxic and dangerous waste, as well as prevention and reduction of air and water pollution, especially that of transboundary pollution caused by energy production, conversion and consumption. The participating States recognize the importance of the ECE and UNEP for the promotion of co-operation in the field of the environment.

6. The participating States are prepared, insofar as the appropriate conditions exist, to take the necessary steps in order to stimulate the exchange of know-how, to promote the wider adoption of environmentally sound technologies and to create demonstration projects in the field of environment. Subsequent co-operation in environmental technology should, in principle, be carried out on a commercial basis. Governments should encourage the application of such technology and set adequate emission standards and promote public awareness. The participating States would welcome improved arrangements for gathering and disseminating information on cleaner technologies. They note the important role which information networks for environmental technology transfer could play in promoting the development and application of environmental forecasting techniques and the exchange of information on the best technology available for preventing damage to the environment, the possibilities of overcoming hazards due to accidents in industrial works and the rational use of natural resources without disturbing the ecological balance. In this context they recognize the valuable contributions of global and regional organizations such as UNEP, ECE and the European Environment Agency.

7. With a view to improving the quality of life the participating States attach priority to techniques designed to promote the health and safety of their populations. They intend to co-operate in assessing the impact of environmental stress on the population by exchanging relevant data on the effects of environmental pollution. They also consider it important to create the conditions enabling the various elements which contribute to an improved quality of life to be developed.

8. The participating States affirm the importance of co-operation in agro-industry and food processing, including natural food production, and welcome increased commercial relations in this field. They will facilitate joint research, training and exchange of know-how as well as the promotion of contacts between potential partners, especially small and medium-sized enterprises.

9. The participating States welcome efforts to promote co-operation among business enterprises producing machinery for the production of consumer goods as a means of responding to the needs of consumers. They stress the importance of increasing co-operation in the consumer goods sector and will encourage greater access to potential consumers of products. In this context, they note that conversion from military to consumer production may give rise to new business opportunities.

10. The participating States recognize that effective town planning can help to redress urban problems causing a substantial deterioration in the quality of life by striking a balance between economic development and environmental protection as well as ensuring the possibility of citizens to freely take part in economic, political, social and cultural life. They will promote closer co-operation, and encourage the exchange of information on town planning, including infrastructure (e.g. transport), housing construction, protection of monuments and

restoration of the architectural heritage. They will also encourage the exchange of information on, and new approaches to, the economic adaptation of structurally weak regions and the alleviation of environmental damage in urban areas.

D. Monetary and financial aspects

1. The participating States consider that the introduction of undistorted internal pricing is essential to economic reform and a necessary step to currency convertibility. They recognize that both are important for economic development and for increased economic co-operation. They agree that progress towards full convertibility and efficient allocation of resources requires a functioning price mechanism which reflects market-determined and undistorted domestic costs, consumer preferences and international prices. The participating States affirm that currency convertibility forges an efficient link between domestic and foreign price systems capable of transmitting adequate price signals for the allocation of resources inside and outside the country, reflecting international competitiveness. Special attention will thus have to be given to the appropriate level of exchange rates in terms of market-determined prices and other convertible currencies. The success of currency convertibility depends largely on the timely and coherent implementation of measures aimed at developing a market economy which should be underpinned by sound fiscal and monetary policies.

2. The participating States are prepared, insofar as the appropriate conditions exist, to co-operate in establishing conditions for an efficient price mechanism and for progress towards convertibility. This could involve fields such as reform of the banking system, introducing a money market, reform of the investment laws, transformation of public enterprises, taxation, structural adjustment policy, organization of a labour and capital market as well as a foreign exchange market and setting up of the legal framework for introducing convertibility. It could also embrace the establishment of statistics which are essential for creating and maintaining stable monetary and financial conditions and for guiding economic policy.

3. The participating States acknowledge that a market-oriented financial system facilitates the expansion of economic co-operation and that financial instruments play an important role in that context. While, in the period of transition to a market economy, public financial support to well-defined projects can serve as a multiplier in the framework of economic reforms, such intervention should not distort the emerging market mechanisms. The participating States agree that capital from private sources will progressively become the principal source of external finance.

4. The participating States look forward to the successful conclusion of negotiations to establish the European Bank for Reconstruction and Development (EBRD). They are prepared, insofar as the appropriate conditions exist, to co-

operate through the EBRD and other multilateral financial institutions. Furthermore, they agree to foster a favourable climate for investment, notably by bilateral and multilateral arrangements for investment promotion and protection. They also agree to facilitate the provision of technical advice and expert training in improving management skills and setting up market-based financial mechanisms and credit rating systems.

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In view of the profound and rapid changes taking place in Europe, and wishing to maintain the valuable momentum built up at the present Conference, the participating States are of the opinion that further ways to strengthen their co-operation in the field of economics, of science and technology and of the environment should be considered. They suggest that the next follow-up meeting or any other main CSCE meeting at the appropriate level examines the possibilities for expanding and intensifying economic co-operation, including through meetings within the CSCE aimed at periodic review of progress and providing new impulses for economic relations among participating States.

Furthermore, the participating States recognize the increasing importance of the different existing international economic institutions in promoting economic co-operation in their fields of competence. In this respect they see a need for discussion of the specificities and longer-term issues of economic changes and reforms in the participating States and related problems of co-operation among them and to share experiences. To this end, they invite the ECE, in view of its annual session, to develop practical measures in priority areas. They invite the OECD to consider hosting meetings of experts from the CSCE participating States and OECD member States to promote the process of economic reform. They recommend that the objective of such undertakings is full integration of the reforming countries into the international economic system. They also consider it important that the expertise and experience of the ICC be fully utilized. The participating States suggest co-ordination among the different existing international economic institutions to avoid duplication and to ensure the maximum effectiveness of their work.

As set out in the Concluding Document of the CSCE Vienna Meeting, the Conference on Economic Co-operation in Europe has been attended by representatives of the participating States and of the business community. The informal discussions held in the course of the Conference have led to comments and suggestions by representatives of the business community. A summary of these comments and suggestions is to be found in the Journal of the day.

The representatives of the participating States express their profound gratitude to the Government of the Federal Republic of Germany for the excellent organization of the Conference and the warm hospitality extended to the

delegations which participated in the Conference.

Bonn, 11 April 1990
