

## G8 Communiqué

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<b>Topic</b>	<b>Page</b>
I. Getting the World Economy on track for a sustained growth	2
II. Building a World Trading System that Works for Everyone	2
III. Designing Policies for More Employment	2
IV. Investing in (? suggestions?)	5
V. Strengthening Social Safeguards	7
VI. Improving Crisis Prevention	9
Non-proliferation, Arms Control and Disarmament	11
VII. Deepening the Development Partnership	12
VIII. Launching the Köln Debt Initiative	12
IX. Redoubling Efforts to Protect the Environment	16
X. Reaffirming Existing Commitments in the Areas of Nuclear Safety, Organized Crime, the Millennium Bug and Health	17

1 G8 Communiqué

2 New Draft, Petersberg 22 May

3 1. We, the Heads of the State and Government of eight major democracies  
4 and the President of the Commission of the European Union, met in Köln for the  
5 25th Economic Summit. On the threshold of the new millennium we discussed  
6 growing opportunities as well as forward-looking solutions to the challenges facing  
7 our nations and the international community.

8 2. Globalisation, a complex process involving rapid and increasing flows of  
9 ideas, capital, technology, goods and services around the world, has already  
10 brought profound change to our societies. It has cast us together as never before.  
11 Greater openness and dynamism has contributed to widespread improvement of  
12 living standards and significant reduction in poverty. Integration helps create jobs  
13 by stimulating efficiency, opportunity and growth. The information revolution as  
14 well as greater exposure to each others' cultures and values have also  
15 strengthened the democratic impulse and the fight for human rights and basic  
16 freedoms and fueled creativity and innovation. At the same time, however, it has  
17 been accompanied by a greater risk of dislocation and financial uncertainty of  
18 some workers, families and communities.

19 3. The challenge is to seize the enormous opportunities globalisation affords  
20 while addressing its risks to respond to concerns about a lack of control over its  
21 effects. We must work to sustain and increase the benefits of globalisation and  
22 ensure that its positive effects are widely shared by people all over the world. We  
...

1 therefore call upon national and international institutions, business and labour,  
2 civil society and the individual to work together to meet this challenge and realise  
3 the full potential of globalisation for raising prosperity and promoting social  
4 progress while preserving the environment.

## 5 **I. Getting the World Economy on track for a sustained growth**

### 6 **New Draft, Petersberg 22 May**

7 4. Since we met last year in Birmingham, the world economy has faced major  
8 challenges. [...] Progress has been achieved in **addressing** the crisis and **laid** the  
9 foundation of recovery. [...] Policy steps aimed at supporting growth in the major  
10 industrialized countries and important policy actions leading to stronger  
11 performance in some emerging markets have improved the economic outlook. A  
12 number of substantial challenges still remain. We therefore renew our commitment  
13 to pursue appropriate macroeconomic policies and structural reforms. This will  
14 contribute to a more balanced growth in the world economy and thereby reduce  
15 external imbalances.

## 16 **II. Building a World Trading System that Works for Everyone**

### 17 **New Draft, Petersberg 22 May**

18 5. The world economy is still feeling the effects of the financial crises that  
19 started in Asia two years ago. Without an open rules-based world trading system,  
20 and the beneficial flows of goods and services it encourages, affected countries  
21 would be having much greater difficulty recovering from these crises and  
22 stabilising their economies.

...

1       6.     The multilateral trading system incorporated in the WTO has been key to  
2     promoting international trade and investment, and bolstering economic growth,  
3     employment and social progress. We therefore renew our strong support for the  
4     WTO, and our commitment to an open trade and investment environment. We call  
5     on all nations to resist protectionist pressures and open their markets further. We  
6     encourage those states not yet members of the WTO to join it, by accepting its  
7     principles. Further progress in opening and strengthening markets is essential.

8       7.     Given the WTO's vital role, we agreed on the importance of improving its  
9     transparency with a view to making it more responsive to civil society while  
10    preserving its government-to-government nature. We further pledge to work  
11    toward a significant package for the Seattle Ministerial as reflected in the recent  
12    Quad Trade Ministers' meeting. We will also seek a more effective approach  
13    within the WTO for addressing the trade and environment relationship as well as to  
14    promote more effectively sustainable development and social and economic  
15    welfare world-wide.

16    8.     We therefore call on all nations to launch at the WTO Ministerial  
17    Conference in Seattle in December 1999 a new round of broad-based  
18    negotiations with the aim of achieving substantial, early and manageable results.  
19    All members should have a stake in the process. We encourage all members to  
20    make proposals for progress in areas where developing countries and in particular  
21    least developing countries can make solid and substantial gains; all countries  
22    should contribute to and benefit from the new round. An effective new round of  
23    trade negotiations can help pave the way for the further integration into the world  
24    economy of the developing countries. In this context we reaffirm our commitment

...

1 made in Birmingham last year to the least developed countries on improved  
2 market access. We also urge greater co-operation and policy coherence among  
3 international financial, economic, labour and environmental organisations.

### 4 **III. Designing policies for More Employment**

#### 5 **New Draft, Petersberg 22 May**

6 9. One of the most evident and urgent problems is the high level of unemploy-  
7 ment in many countries. We reaffirm the importance of intensified international co-  
8 operation and enhanced efforts at the national level in designing **the right** policies  
9 for more employment. In order to strengthen the foundations for sustainable  
10 growth and job creation, we strongly emphasise a two-tiered approach:

11 -- promoting structural reforms to enhance the adaptability and  
12 competitiveness of our economies and **to help the long term unemployed**  
13 **to return to the labour market.**

14 -- pursuing macroeconomic policies for stability and growth to complement  
15 structural reforms and ensure that monetary and fiscal policies are well  
16 balanced;

17 10. [...] The greater the adaptability of our economies, the greater the  
18 likelihood that economic growth will result in more employment.

19 11. We therefore strongly support the elimination of structural rigidities in  
20 labour, capital and product markets, the promotion of entrepreneurship and  
21 innovation in particular in the service sector, investment in human capital, the  
22 reform of the tax/benefit systems **to strengthen economic incentives and**  
...

1 **encourage employment**, and development of **an** innovative and knowledge-  
2 based society.

3 12. We also endorse the G8-Labour Ministers' conclusions at their conference  
4 in Washington last February, namely to provide [...] social safety nets that  
5 **support employment**, to prevent long-term unemployment by early action, to  
6 facilitate job search by offering labour market information and employment  
7 services, to promote lifelong learning and new forms of work organisation to  
8 **ensure equal access to the labor market for all workers including job**  
9 **entrance and older workers** and to take forward the social dialogue in all these  
10 regards.[...] Wage developments and **non-wage labour costs** are of major  
11 importance for our economies; they have a **major impact on the level of**  
12 **employment.**

13 [...]

#### 14 **IV. Investing in (something – need a creative impulse)**

15 13. [...] Basic education, vocational training, academic qualifications, lifelong  
16 upgrading of skills and **knowledge for the labour market**, and support for the  
17 development of innovative thinking are essential in order to shape economic and  
18 technical progress **as we move towards a knowledge-based society**. They also  
19 **enrich individuals and foster civic responsibility and social inclusion.**

20 14. [...] **Adaptability, employability** [...] and the management of change will  
21 be the primary challenges for our societies in the **coming century**. **Mobility**  
22 **between jobs, cultures and communities will be essential. And the passport to**

1 mobility will be education and lifelong learning all men and women across the  
2 globe [...].

3 15. In support of the goals set out in the Cologne Charter, we support an  
4 increase in exchanges of teachers, administrators and students among the  
5 nations of the Eight and with other nations and invite our experts to identify  
6 the main obstacles to increased exchanges and to come forward with  
7 appropriate solutions before the next summit. We call upon the OECD to  
8 study best practices in the recruitment , training, compensation and  
9 accountability of the teaching profession internationally. We commit  
10 ourselves to explore jointly ways to work together and through international  
11 institutions to help developing nations use educational technology to  
12 address their educational needs.

13 [16. Against this background, we call on  
14 - the public authorities, together with the private sector to promote a  
15 learning culture at all levels of the education system. A common strategy  
16 should include the use of modern information technologies and distance  
17 learning. It should facilitate a smooth transition from school to work. It  
18 should cultivate entrepreneurship and make lifelong learning a reality for all.  
19 It should enable schools, universities and research organisations to  
20 establish and enlarge international networks of joint projects and  
21 student/teacher exchanges;

- 1 - to the business community to increase investment in human capital. All
- 2 companies will increase productivity by affording employees opportunities to
- 3 upgrade their skills;
- 4 - to individuals to search for appropriate opportunities to invest in their own
- 5 development through continuous learning;
- 6 - to the OECD to continue the fruitful exchange of experience in this field.]

7 **V. Strengthening Social Safeguards**

8 **New Draft, Petersberg 22 May**

9 17. As the process of globalization has gained momentum, it has **brought with**  
10 **it [...] enormous social and economic** progress. At the same time, rapid change  
11 and integration has left some individuals and groups feeling unable to keep up,  
12 and has resulted in some dislocation, particularly in developing countries. We  
13 therefore need to take steps to strengthen the institutional and social infrastructure  
14 that can give globalization a "human face" and ensure increasing, widely shared  
15 prosperity.

16 18. Social security policies, including social safety nets, [...] **must be strong**  
17 **enough to encourage and enable** the individual to embrace global change and  
18 liberalization, **while enhancing social cohesion**. We recognize that faced with  
19 financial constraints, it is vital to strike a [...] sustainable balance between social  
20 support programs and greater personal responsibility and initiative. [...]

1 19. We are also convinced that countries most seriously affected by the recent  
2 economic and financial crises will sustain a speedier recovery if they create and  
3 improve the necessary social infrastructure. [...] Investment in basic social services  
4 must **therefore** be maintained during times of crisis to facilitate recovery. Budgetary  
5 priorities and flexibility should **enhance the quality of social infrastructure and**  
6 **investment.**

7 20. Democracy, the rule of law, transparency, good governance, respect for  
8 human rights and for core labor standards are indispensable prerequisites for  
9 social stability. The development of well-functioning institutions that are cost-  
10 effective, transparent, accountable to the public and corruption-free must  
11 complement the process of liberalization. Along with appropriate legal structures  
12 and efforts by multilateral institutions, well designed private voluntary codes of  
13 conduct can be valuable tools in promoting high standards.

14 21. We call on the international financial institutions to support and monitor the  
15 development of sound social infrastructure in developing countries. We commend  
16 actions already being taken in this regard. We urge the IMF to give more attention  
17 to this issue in designing its economic programs and to give particular priority to  
18 core budgets such as basic health, education and training to the extent possible,  
19 even during periods of fiscal consolidation. We welcome the World Bank's efforts  
20 to develop principles of good practice in social policy and an acceptable  
21 comprehensive development framework. We invite the World Bank and the IMF to  
22 work together to develop a set of policies and practices that can be drawn upon,  
23 by donors and borrowers alike, in the design of adjustment programs that ensure  
24 the protection of the most vulnerable.

1 22. We support improved exchange of information, including analysis of the  
2 cost and benefits of social safety nets, within the UN, the OECD, and in other  
3 appropriate fora on the design and implementation of social reforms.

4 23. We commit ourselves to promote effective implementation of the declaration of  
5 the International Labor Organization "On Fundamental Principles and Rights at  
6 Work" and its follow-up. We also give our full support to the negotiation now  
7 underway at the ILO on a new convention on elimination of the worst forms of child  
8 labor. We further intend to step up work with developing countries to improve their  
9 capacity to implement their obligations. We support the strengthening of the ILO's  
10 capacity to assist countries to implement core labor standards, including through the  
11 creation of a special arm to provide technical assistance for this purpose.

12 24. We also welcome the increasing cooperation between the ILO and the  
13 International Financial Institutions in promoting adequate social protection and  
14 core labor standards, and urge the International Financial Institutions to  
15 incorporate the improvement of these standards into their policy dialogue with  
16 member countries. We stress the importance of effective cooperation between the  
17 WTO and ILO regarding the connection between trade and labor policies.

## 18 VI. Improving Crisis Prevention

### 19 New Draft, Petersberg 22 May

20 25. In many countries, violent conflicts and civil wars continue to be an obstacle  
21 to making good use of the opportunities of globalisation. Effective crisis prevention  
22 and management must address the root causes of these conflicts. These causes

1 [...] include the political manipulation of ethnic tensions, economic and social  
2 inequality, the absence of democracy, the rule of law and good political and  
3 economic governments, often exacerbated by environmental degradation, [...]   
4 scarcity of resources rapid population growth and human rights violations.

5 26. In order to prevent Crisis Prevention it is necessary

6 - to enhance the capacity to recognise and address the potential for conflict  
7 at an early stage. Risks and causes of violent conflicts must be more  
8 effectively monitored and the information shared to [...] forestall them. [...]

9 - to ensure to our security, economic, environmental and development  
10 policies are coherent and conducive to prevention of violent conflict. We  
11 will, in our dialogue with other countries and international institutions work to  
12 co-ordinate our policies.

13 - to recognise the important role the United Nation plays in crisis prevention  
14 and seek to strengthen its capacity in this area.

15 - [to urge the IMF to monitor systematically military expenditures in the larger  
16 context of public expenditure patterns and the macroeconomic context for  
17 growth and development.]

18 - to encourage and support [...] the efforts of [...] regional organisations and  
19 arrangements to expand their jurisdictional and operational ability, in  
20 accordance with international law, to help control and resolve conflict in  
21 their area.

1 - to promote a free press, to establish fair electoral processes, to improve  
2 the democratic accountability and functioning of legislatures, the judicial  
3 system, the military and the police forces, and to improve human rights  
4 monitoring and advocacy [...]

## 5 **Non-proliferation, Arms Control and Disarmament**

6 27. Strengthening the international nonproliferation regime is one of our most  
7 important international priorities. We **intend** to build a broad international  
8 partnership on expanded threat reduction to address security, arms control,  
9 **decommissioning** and nonproliferation requirements **while reducing risks to**  
10 **the environment. This will build** on efforts currently being undertaken and  
11 planned by G-8 countries and others. The G8 are committed to increased  
12 resources for these purposes, and we encourage all other interested countries to  
13 join us.

14 28. We recognize the continuing need to protect and manage weapons-grade  
15 fissile material, including plutonium. In past years, G8 countries have worked on  
16 the issue of safely and effectively managing weapons-grade nuclear material no  
17 longer required for defense purposes. We affirm our intention to establish  
18 arrangements for the safe management of such fissile material. **We strongly**  
19 **support** the concrete initiatives being undertaken by G8 countries and others for  
20 scientific and technical cooperation necessary to support future large-scale  
21 disposition programs. We invite all interested countries to support projects for early  
22 implementation of large-scale programs, and urge establishment of a joint  
23 strategy. We recognize that an international approach to financing will be required

1 involving both public and private funds, and we will review potential increases in  
2 our own resource commitments prior to the next G8 summit.

3 29. We are deeply concerned about recent missile flight tests and  
4 developments in missile proliferation, such as actions by North Korea. We  
5 undertake to examine further individual and collective means of addressing this  
6 problem and reaffirm our commitment to the objectives of the Missile Technology  
7 Control Regime (MTCR).

8 30. Effective export control mechanism are essential for achieving a broad  
9 range of our arms control and nonproliferation objectives. We will continue to look  
10 for ways to strengthen these mechanisms.

11 31. [...] **One year after the nuclear tests by India and Pakistan, we**  
12 **reiterate our concerns and we reaffirm our statement from the Birmingham**  
13 **Communique. Recent missile tests have further increased tension in the**  
14 **region. We encourage both countries to follow first positive steps already**  
15 **undertaken by joining international nonproliferation and disarmament efforts and**  
16 **taking the steps set out in UN Security Council resolution 1172.**

## 17 VII. Deepening the Development Partnership

### 18 *New Draft, Petersberg 23 May*

19 32. Developing countries are essential partners in a globalized world. We are  
20 committed to working with them, especially the countries in Africa, to develop their  
21 capacity to integrate better into the global economy and to benefit from the  
22 opportunities offered by globalization.

- 1        -     We will continue to provide substantial support and assistance to  
2            developing and transition economies in support of their own efforts to open  
3            and diversify their economies, to democratize and improve governance and  
4            to protect human rights.
- 5        -     To help tackle these new development policy changes, we will strive  
6            gradually to increase the volume of official development assistance.
- 7        -     To ease future debt burdens and facilitate sustainable development, we  
8            agree to increase the share of grant-based financing in the ODA we provide  
9            to the least developed countries.
- 10       -     Non-governmental organizations also have an important role to play.
- 11       -     While international assistance and debt relief are clearly important, their  
12            positive effects depend on sound national efforts towards economic and  
13            structural reform and good governance, where the private sector and civil  
14            society are able to play productive roles.
- 15       -     We intend to step up work with developing countries and multilateral  
16            institutions to improve developing country capacity to exercise their rights  
17            and to meet their obligations in the global trading system.
- 18       -     We call on the UN and the International Financial Institutions to help  
19            developing countries mobilise sufficient means for social services and basic  
20            infrastructure and continue to support and to mainstream democratisation,  
21            good governance and the rule of law into country development strategies.

1 - We reaffirm our support for the OECD mandate to finalise a  
2 recommendation on [untying aid ] to the least developed countries. We call  
3 on OECD members to bring this effort to a successful conclusion [no later  
4 than the next summit ].

### 5 **VIII. Launching the Köln Debt Initiative**

6 33. We have decided to give a fresh boost to debt relief for developing  
7 countries. In recent years the international creditor community has introduced a  
8 number of debt relief measures for the heavily indebted poorest developing  
9 countries. Nevertheless, these countries will have little chance of sustainable  
10 development without further substantial reduction of their debt burden.

11 34. With the 1999 Köln Debt Initiative we aim to facilitate a permanent solution  
12 to the debt problems of the heavily indebted poorest countries by providing quicker  
13 and more flexible debt relief in co-operation with the IMF and the World Bank  
14 within the framework of the HIPC Initiative. Our chief objective is to ensure that no  
15 heavily indebted poor developing country which successfully implements the  
16 economic reforms agreed with the international financial institutions and takes the  
17 necessary measures to ensure effective good governance will be prevented by an  
18 intolerable burden of debt from achieving sustainable improvement in the basic  
19 social conditions of its population.

20 35. By alleviating the debt burden of the heavily indebted poorest developing  
21 countries we will afford them new scope for action to further their successful  
22 integration into the world economy.

1 36. With the 1999 Köln Debt Initiative we are sending a signal of solidarity and  
2 are demonstrating, together with the international financial institutions, our resolve  
3 to continue supporting especially the poorest developing countries in their  
4 endeavours to assert themselves in the globalisation process. We hope that debt  
5 relief will also help to reduce the risk of debt crises entailing serious social  
6 repercussions.

7 37. We therefore call for comprehensive and concrete improvements of the  
8 HIPC Initiative with the aim of providing deeper, broader and faster debt relief for  
9 poor countries. These improvements should enable them to exit from recurrent  
10 debt problems through more ambitious debt reduction targets. To accelerate the  
11 process, debt relief should be advanced, e.g. by providing enhanced interim relief  
12 in the period before agreed debt relief packages can be implemented. Debt relief  
13 should also be more front-loaded.

14 38. All debt relief provided under the HIPC Debt Initiative should be closely  
15 linked to the objectives of sustainable development, poverty reduction, health care  
16 and education. We therefore welcome the review currently being prepared by the  
17 World Bank and the IMF on how to better integrate debt relief into a strategy of  
18 poverty alleviation.

19 39. We are aware that new proposals will require additional substantial  
20 financing. While several means of financing are under consideration, credible  
21 progress in identifying additional funding possibilities is needed, and we stand  
22 ready to help with financing solutions. In this context we recognise the importance  
23 of fair burden sharing among creditors.

1 IX. Redoubling Efforts to Protect the Environment

2 New Draft, Petersberg 22 May

3 40. To support sustainable development we will step up our efforts to build  
4 coherent global and environmentally responsive framework of multilateral  
5 agreements and institutions. [...] We welcome the outcome of the G8 Environment  
6 Ministers' meeting in Schwerin and will expedite international cooperation on the  
7 establishment, general recognition and continual improvement of environmental  
8 standards and norms. We agree that environmental considerations should be  
9 taken fully into account in the new WTO negotiations .

10 41. [...] We agree to continue to support the international financial institutions  
11 making environmental considerations an integral part of their activities and we will,  
12 [...] do likewise when providing our own support. We will therefore work within the  
13 OECD to develop [...] common environmental approaches for export finance  
14 agencies, drawing on elements of the environmental guidelines developed by the  
15 World Bank and the International Finance Corporation. [We aim to complete this  
16 work by the 2001 G8 summit.]

17 42. We reaffirm that we consider climate change an extremely serious threat to  
18 sustainable development. [...] We will therefore work towards timely progress in  
19 implementing the Buenos Aires Plan of Action with a view to early entry into force  
20 of the Kyoto Protocol. In particular, we encourage decisions on the operation of  
21 the Kyoto mechanisms and on a strong and effective compliance regime. We  
22 underline the importance of taking action to reduce greenhouse gas emissions  
23 through rational and an efficient use of energy and through other cost-effective

1 means. To this end, we commit ourselves to develop and implement domestic  
2 measures including under the UN Framework Convention on Climate Change. We  
3 also agreed to exchange experience on best practices in policies and measures.  
4 We will also promote increasing global participation **of developing countries in**  
5 **limiting of reducing** greenhouse gas emissions[...]. We welcome the action  
6 already taken by developing countries and stress the need to support their efforts  
7 through financial mechanisms, the development and transfer of technology and  
8 capacity-building. We note the important role that the Clean Development  
9 Mechanism (CDM) can play in these areas. We also welcome the intention  
10 announced by some developing countries in Buenos Aires to undertake further  
11 commitments to abate their greenhouse gas emissions.

12 **X. Reaffirming Existing Commitments in the Areas of Nuclear Safety,**  
13 **Organised Crime, the Millennium Bug and Health**

14 **[New Text, NSWG:**

15 43. We renew the commitment we made at the 1996 Moscow Summit to safety  
16 first in the operation of nuclear power plants and the achievement of high safety  
17 standards world-wide. In this regard, we attach great importance to the results of  
18 the Nuclear Safety Convention peer review conference and to the IAEA  
19 conference on strengthening of nuclear safety in Eastern Europe.

20 44. We reaffirm our commitment to strengthen the co-operation in the field of  
21 nuclear safety. We welcome the concerted efforts to address the Millennium bug  
22 problem.

1 45. With regard to the Nuclear Safety Account the full and timely  
2 implementation of the grant agreements remains of great importance.]

3 46. We will sustain the momentum of international efforts to combat  
4 transnational organised crime and the threat it represents to political, financial and  
5 social stability world-wide. We commend the work of the Senior Experts Group on  
6 Transnational Organised Crime to implement its G8 remit.

7 47. We welcome the growing recognition by the international community of the  
8 damaging effects of all forms of corruption. We applaud the results and planned  
9 follow-up of the international conference on anti-corruption efforts, attended by  
10 over 80 countries including all G8 partners, and the OECD conference on anti-  
11 corruption efforts, both held in the United States in February 1999. In the context  
12 of the UN Crime Convention, we urge that acts of corruption involving public  
13 officials be made criminal offences.

14 48. Our countries have been in the forefront of efforts to successfully tackle the  
15 "millennium bug" problem, which presents a major threat to the increasingly  
16 networked global economy. We have taken the lead in tackling this problem and  
17 have worked closely together. The problem is not limited to electronic data  
18 processing systems as such but also affects the large number of microprocessors  
19 in equipment and machinery of all types ("embedded systems").

20 49. We pledge to continue and strengthen our co-operation and to share  
21 information among ourselves and with others. We call upon producers to pursue  
22 open information policies. We urge third countries to continue their millennium bug  
23 preparations and to adjust systems that may be affected, in particular in the

1 defence, transport, telecommunications, financial services, energy and  
2 environmental sectors. As system failures may occur despite intensive  
3 preparations, contingency plans must be finalised in the most sensitive areas. We  
4 shall therefore support the outcome of the G8 countries' special conference on  
5 contingency planning and crisis prevention that will take place soon.

6 **[Alternatively: Text discussed by Millennium Bug experts:**

7 50. There has been real progress since the Birmingham Summit in tackling the  
8 Year 2000 computer problem ("Millennium Bug"). But there is still much to do. We  
9 will maintain vigorous programmes of action to ensure our own Year 2000  
10 readiness and to minimise the eventual impact upon our countries as well as the  
11 global impacts. We urge all other Governments to do the same. In these efforts,  
12 high priority should be given to the key infrastructure sectors - energy,  
13 telecommunications, financial services and transport - as well as to the  
14 environment and public safety. Public confidence will be crucial, and will depend  
15 heavily upon transparency and openness as to the state of preparation in critical  
16 sectors. Governments, infrastructure providers, international organisations and IT  
17 suppliers will need to ensure a regular flow of reliable information to the general  
18 public. It will be important, as the date approaches, for responsible bodies to have  
19 in place contingency plans to cope with failures which may occur despite intensive  
20 preparations. Our countries will maintain their close co-operation on this as well as  
21 other aspects of the problem. A special G8 conference on contingency planning  
22 and crisis prevention will be held in September.]

1        51. We are concerned at the continuing global spread of AIDS. We reaffirm the  
2        need to continue efforts to combat AIDS and hereby pledge our support for  
3        UNAIDS. We welcome the co-ordinating and catalytic role of UNAIDS in the fight  
4        against AIDS and call upon co-sponsors and other partners to co-operate in the  
5        formulation of clear goals and strategies at both global and regional level.

6        52. We also pledge to continue our joint international efforts in the fight against  
7        malaria. In particular we will continue to support the endeavours of the World  
8        Health Organisation and its initiative "Roll Back Malaria".

## Contents

<b>Version:</b>	3
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<b>Topic</b>	<b>page</b>
World Economy	1
Strengthening the International Financial Architecture	3
Köln Debt Initiative	7
Nuclear Safety/Ukraine	9

## G 7 - Statement

1

### 2 **World Economy**

3 1. Since we met last year in Birmingham, the world economy has faced major  
4 challenges. However, we note with satisfaction the improvement in market confidence  
5 and in the prospects for growth of the world economy as a whole. Continued strong  
6 growth in the United States, important policy actions to promote recovery in Japan, the  
7 successful launch of Economic and Monetary Union in Europe, a general non-  
8 inflationary environment and progress with respect to financial and economic  
9 stabilization in East Asia as well as in Latin America, are encouraging developments.  
10 But a number of serious challenges remain.

11 2. To turn these developments into stable and sustainable economic growth, we  
12 need to pursue balanced macro-economic policies supportive to domestic demand  
13 while preserving price stability. This will contribute to achieving more balanced growth  
14 among our economies and thereby reduce external imbalances. Some of our countries,  
15 to enhance employment opportunities and reap the potential of their economies, need to  
16 reinforce macroeconomic policies with strong structural measures aimed at improving  
17 market-based incentives for all economic actors. Such structural measures will be a  
18 prerequisite for enhancing employment growth and improving the environment for  
19 investment.

20 3. More specifically:

21 - In North America, macroeconomic policy should aim at maintaining the conditions  
22 for balanced growth.

- 1 - In the euro area, it is important to pursue an appropriate mix of macroeconomic and  
2 structural policies aimed at strengthening prospects for improved growth and higher  
3 employment.
- 4 - In the United Kingdom, economic policies should continue to aim at fostering non-  
5 inflationary growth.
- 6 - In Japan it is still essential to implement stimulus measures until growth is restored  
7 and to pursue structural measures to enhance the economy's efficiency and  
8 competitiveness.
- 9 - Emerging market economies have made considerable progress, and the foundations  
10 for a renewal of growth have been established. While much remains to be done,  
11 currently improved prospects owe much to the policy action taken by these  
12 economies in conjunction with IMF and World Bank as well as bilateral assistance.  
13 They also require a supportive international environment characterized by solid  
14 aggregate G-7 domestic demand and open markets.
- 15 4. It is our conviction that an increasingly open and integrated world economy will  
16 offer expanding opportunities and shared benefits for all its members. In light of our  
17 special responsibility for the world economy, we pledge to continue close cooperation to  
18 foster world wide economic growth. Leaders in other countries also share responsibility  
19 for promoting global growth and financial stability and we urge them to pursue policies  
20 that contribute to these objectives. The international community will stand ready to  
21 support countries pursuing strong policies in the face of difficult economic challenges.

# 1 **Strengthening the International Financial Architecture**

2 5. In the increasingly integrated world economy, where policy responsibilities  
3 continue to lie mainly with sovereign states, the challenge is to promote global financial  
4 stability through enhanced international cooperation.

5 6. The financial crises of the past two years in Asia, Russia and Latin America have  
6 highlighted key weaknesses in the international financial system including [**Finance**  
7 **Sous-Sherpas to draft text**]. In our statement on the world economy of 30 October  
8 last year, we identified some steps already taken to address these problems and a  
9 number of key areas where further reform was required. Since then important progress  
10 has been made in a number of these areas. We welcome the report from our finance  
11 ministers published today setting out this progress and recommending further steps.  
12 Taken together we believe, that this represents a significant strengthening of the  
13 international financial system which will reduce the risk of financial crises and help  
14 manage future crises.

15 7. We attach particular importance to the following measures:

- 16 **I. Enhancing transparency and accountability**, to enable market  
17 participants to make informed judgements about risks and to provide  
18 greater incentives for policy-makers to implement sound policies. We call  
19 for:
- 20 - rapid development and completion of internationally – agreed codes  
21 of transparency and standards of best practice, both for the public  
22 sector and for private financial institutions. In addition, priority

1 should be given to the creation of more timely and comprehensive  
2 data on capital flows.

3 - implementation of these codes of standards, in particular through  
4 enhanced IMF surveillance and publication of the results in IMF  
5 transparency reports; [and the establishment of an international  
6 financial and policy standards accord to which countries can  
7 subscribe].

8 - enhanced transparency of the IFIs through greater release of IMF  
9 and world bank documents, and further steps to undertake internal  
10 and external evaluation of their functions.

11 **II. Strengthening financial regulation in industrialized countries, to**

12 induce creditors to act with greater discipline and encourage more prudent  
13 assessment of the risks associated with their lending. We call for concrete  
14 actions to:

15 - improve risks assessment and risks management, including through  
16 the finalization of the Basle Committees proposed revisions to its  
17 Capital Accord.

18 - address the systemic implications of highly-leveraged financial  
19 institutions, including through improved transparency.

20 - bring off-shore centers and financial institutions that operate within  
21 them into compliance with international standards of financial  
22 regulation.

1           **III. Strengthening macro economic policies and financial systems in**  
2           **emerging markets.** The recent crises have demonstrated the urgent need  
3           for emerging market borrowers to strengthen their policy framework and  
4           financial systems if they are to reap the full benefits of integration into the  
5           international financial system. In this respect, we encourage:

6           -       emerging economies to strengthen their financial systems as they  
7           pursue a prudent and orderly approach to capital account  
8           liberalization, and to reduce their reliance on short-term capital  
9           flows.

10          -       emerging economies to maintain appropriate and sustainable  
11          exchange rate regimes with a supportive policy framework. The  
12          policies of the IMF need to be focused on promoting more  
13          effectively this objective.

14          -       the IMF and World Bank to enhance their cooperation in providing  
15          advice and assistance to emerging economies on strengthening  
16          financial systems.

17          **IV. Improving crisis prevention and management, and involving the**  
18          **private sector.** We need to shape expectations so that private sector  
19          creditors know they will bear the consequences of the risks they take, and  
20          to identify ways to reduce the risk of contagion. We call for:

21          -       Support through the IMF's new Contingent Credit Line (CCL) for  
22          countries pursuing sound and sustainable policies but affected by  
23          financial market contagion.

1 - Greater use of market-based tools to involve the private sector in  
2 forestalling and managing crises, and closer cooperation between  
3 emerging market countries and their creditors.

4 - [Agreement on a new basic framework for involving the private  
5 sector in crisis resolution, which sets out in advance principles for  
6 action and a broad range of tools for engagement.]

7 **V. [New title to be drafted by Finance Sous-Sherpas].** Economic  
8 developments must bring benefits to the poorest members of society, and  
9 the most vulnerable should not bear a disproportionate burden of  
10 adjustment at times of crisis. We urge:

11 - The IMF and World Bank to increase the attention they give to  
12 social issues in the design of adjustment programs, and to develop  
13 further their cooperation in this area.

14 - The UN and the World Bank to develop and promote principles and  
15 best practices in social policies which most effectively support  
16 economic development.

17 - The IFIs to foster adequate investment in education, health and  
18 other basic social needs, even in times of crisis.

19 **VI. Strengthening and reforming the international financial institutions**  
20 **and arrangements.** This does not require new institutions, but the existing  
21 institutions to adapt their roles to meet the demands of today's global  
22 financial system. We support:

1                   -       The establishment of the new Financial Stability Forum to enhance  
2                                   international cooperation and coordination in the area of financial  
3                                   market supervision and regulation.

4                   -       [Strengthening and reform of the governance structures of the IFIs,  
5                                   by ....]

6                   -       [Establishing an ongoing mechanism for dialogue among Finance  
7                                   Ministers of systemically significant economies.]

8    8.       We believe the full implementation of these initiatives and reforms will make a  
9                   significant contribution to enhancing the stability of the world financial system. We ask  
10                  our Finance Ministers to take them forward urgently in close co-operation with other  
11                  countries, the IFIs and the private financial community.

## 12    **Köln Debt Initiative**

13   9.       One of the most critical challenges confronting the international community as we  
14                  approach the new Millennium is to ensure that heavily indebted poor countries eager to  
15                  pursuing sound policies are not crippled by the burden of debt. The Heavily Indebted  
16                  Poor Countries (HIPC) framework has made an important contribution towards this  
17                  objective. The time has come to go further. We therefore call for an expanded initiative  
18                  that will provide faster, broader and deeper debt relief. We strongly believe that this will  
19                  promote the goals of poverty reduction, sustainable development and good governance,  
20                  and should reinforce the incentives for reform and growth.

21   10.       The Köln Debt Initiative should be built on an enhanced framework for poverty  
22                  reduction, developed by the IFIs. This is critical to ensure that more resources are

1 invested in health, education and other social needs, which are essential for  
2 development.

3 11. On top of the amounts required to achieve debt sustainability, we call for full  
4 cancellation of ODA debt on a bilateral basis, through various options.

5 12. In order to provide faster and more certain debt reduction, with a greater focus on  
6 cash flow relief.

7 13. Taken together, these proposals should reduce the debt burden on highly  
8 indebted poor countries by [X; *Finance Sous-Sherpas to provide estimate*] bn US-\$ over  
9 the next [X; *Finance Sous-Sherpas to provide estimate*] years and release some [X;  
10 *Finance Sous-Sherpas to provide estimate*] US-\$ per year for extra investment in  
11 essential programs to reduce poverty.

12 14. To meet these costs we are prepared to support a number of mechanisms:

13 - To meet the IMF's costs we have agreed to mobilize Fund resources through:  
14 use of the profits on the proceeds of a cautious phased sale of up to 10 million  
15 ounces of the IMF's gold reserves; and possible use of a special resource  
16 account and premium interest income.

17 - Innovative approaches by the Mobs which maximize the use of their own  
18 resources.

19 - The costs to the IFIs will also require bilateral contributions. We have pledged  
20 substantial contributions to the existing HIPC Trust Fund. [We are prepared to  
21 consider in good faith contributions to an expanded HIPC Trust Fund.

1 - In this respect, we recognize that appropriate burden sharing is needed [to  
2 compensate for the cost borne by those creditors with most ODA loans  
3 outstanding] and should be achieved in the context of the financing of the  
4 enhanced HIPC debt initiative.

5 15. On the basis of this framework we call upon the World Bank and IMF to come  
6 forward with concrete proposals to be agreed at their next Annual Meetings. In addition,  
7 we encourage both institutions to continue their dialogue with civil society in  
8 development of the poverty reduction framework that underpins this initiative.

### 9 **Nuclear Safety/Ukraine**

10 16. We renew our commitment to the successful implementation of the Memorandum  
11 of Understanding (MoU) between the G7 and Ukraine. We welcome Ukraine's renewed  
12 firm commitment to the closure of Chernobyl on schedule by the year 2000. We reaffirm  
13 our commitment to assist Ukraine, within the context of the MoU, in mobilizing funds for  
14 energy projects to help meet its power needs. To date, projects have been agreed  
15 totaling over US\$ 746 million. In addition, in the field of nuclear safety US\$ 485 million  
16 have been granted, not including the Shelter Implementation Plan. We look to the  
17 Government of Ukraine to accelerate the fundamental reforms in the energy sector to  
18 encourage financially viable investments in power generation and distribution and in  
19 energy efficiency. We commend the steady work that has allowed Ukraine, the EBRD  
20 and EURATOM to enter into direct negotiations on loans to complete two reactors at  
21 Rivne and Khmel'nitsky. We call on the parties to take the necessary steps to provide for  
22 an early agreement on loans for safe, cost-effective, and financially and environmentally  
23 sound projects.

1 17. We note that significant progress has been made in carrying out the Shelter  
2 Implementation Plan to secure the environmental safety of the sarcophagus covering  
3 the remains of the destroyed Chernobyl reactor. To date, contributions to the Chernobyl  
4 Shelter Fund are totaling US\$ 393 million, including US\$ 50 million from Ukraine. We  
5 have agreed that the G7 will ensure the continued financing and the progress in the  
6 work under the Shelter Implementation Plan. We call upon concerned governments and  
7 private sector donors to join us in this effort. To ensure this financing, we plan to hold a  
8 pledging conference before the next summit.

## COLOGNE CHARTER

### AIMS AND AMBITIONS FOR LIFELONG LEARNING

(revised version 23 May 1999, 02.45 h.)

The challenge every country faces is how to become a learning society and to ensure that its citizens are equipped with the skills and qualifications they will need in the next century. Economies and societies are increasingly knowledge-based. Education and skills are indispensable to achieving economic success, civic responsibility and social cohesion.

The next century will be defined by flexibility and change; more than ever there will be a demand for mobility. Today, a passport and a ticket allow people to travel anywhere in the world. [In the next century, mobility between jobs, cultures and communities will depend on education. Education will be the passport to mobility. We want all our citizens, indeed all men and women across the globe, to have the benefit of an educational passport – a passport to mobility throughout life in the Information Age.] [ **In the future, the passport to mobility will be education and lifelong learning for all men and women across the globe.**]

#### Part 1: Basic Principles

**Meeting these goals will require a renewed commitment to investment in lifelong learning**

- by Governments, investing to modernise education at all levels; **[guaranteeing education and training, with special care for underprivileged people; providing basic education free of charge; developing in co-operation with international institutions, co-operation programs in the direction of developing countries, to help them establish comprehensive, modern and efficient education systems.]**
  - by the private sector, in training existing and future employees;
- ...

- by individuals, developing their own abilities and careers.

The rewards for investing in [human capital] have never been greater and the need has never been more pressing. **It is the key to employment**, economic growth and the reduction of social and regional inequality. As we move into the next century, access to knowledge will be a **major** determinant of income and the quality of life [...]. And globalisation means that **developed and developing countries alike** stand to gain from higher standards of skills and knowledge across the world. [...]

A commitment to greater investment in [human capital] must be underpinned by **these** principles:

- first, that everyone should have access to learning, not just those who are intellectually gifted or economically privileged. **Special attention should be given to the needs of the disadvantaged;**
- second, that everyone should **be encouraged to keep on learning** throughout their lives, not just in the years of compulsory schooling;
- third, that **developing countries should be helped to establish comprehensive, modern and efficient education systems.**

## Part 2: Essential Elements

**Essential elements of a strategy for lifelong learning are: [...]**

- high quality early years **education;**
- primary school **education that enables all children to achieve good competence in reading, writing, arithmetic, and Information and Communications Technology (ICT)** and to develop **basic social [...]** skills;

- secondary education that develops the aptitudes and abilities of all students, not only those bound for higher education and professional careers, with schools responsive to the needs of labour markets;
- **vocational training which imparts skills attuned to the needs of the market and the most up-to-date technology and which opens up pathways to higher qualification;**
- higher education offering opportunities for all capable of profiting from degree-level work, with [...] access for all who can benefit, **without regard for ability to pay;**
- family-friendly systems to support adult skill acquisition, with appropriate **public or employer support** and ready opportunities for re-skilling throughout life.

**At all stages of learning emphasis should be given to the importance of creativity, entrepreneurship, democratic citizenship, including respect for rights and obligations, the value of tolerance and pluralism, and an understanding and respect for the diversity of different views and traditions.**

### Part 3: Building Blocks

Education systems have strong national characteristics, and they have a very important role in fostering cultural diversity. But there are important areas where countries share common priorities and approaches or have identified particularly effective strategies for modernising their education and training systems to raise standards at all levels. **The following are key building blocks:**

- [...] Teachers are the most vital resource in promoting modernisation and higher standards; their recruitment, training, deployment **and appropriate incentives** are critical to any successful education system;

- the **mutually supportive roles of public and private finance and the need to raise the overall level of investment for education and training [...]**;
- **modern and effective ICT networks** to support traditional methods of teaching and learning and to increase the quantity and range of education and training, for example, through distance learning;
- the **continued** development of **internationally recognised tests** to benchmark **student achievement**;

[...]

- the **promotion of the study of foreign languages to increase the understanding of different cultures and to enhance mobility in a globalised world**;
- [...] **increased attention to the establishment of targets [...]** in terms of higher standards and levels of achievement for individuals [...]
- the need to develop a culture of **entrepreneurship** in public and private sector education, not least in developing the closest R&D links between universities and companies, small and large.

*[PARTNERSHIP FOR PROGRESS]*

It is now five years since we first met together as Eight. During that time our partnership has deepened and strengthened, as we work together in support of Russia's democracy, its economic transformation and its full integration into the world economy. The time has now come to open a new chapter in this relationship through an enhanced partnership within the G8.

This partnership [the "Partnership for Progress",] will be founded on a strengthened political framework which will take forward an intensified dialogue and cooperation among Russia and its partners, focusing on the longer term social, structural and economic reform which will bring enhanced prosperity to the Russian people. It will complement Russia's relationship with the IFIs. We welcome the outline agreements recently reached with the IMF and the World Bank and look forward to their speedy conclusions, on the agreed terms, as a further important step in Russia's reform program.

We have instructed our Personal Representatives, supported by senior officials from our governments and appropriate international institutions, to meet regularly to ensure the overall continuity and cohesion of the work among the G8 to support and add momentum to Russia's efforts to bring about sustained reform. These meetings will be complemented by a continuing dialogue between our Ambassadors in Moscow and appropriate Russian interlocutors.

To support this enhanced partnership, we agree to convene joint expert groups to focus on priority areas for cooperation. Representatives of international institutions and governments, as well as non-government experts including from business, will be invited to participate as appropriate. The expert groups will be charged with working up tangible initiatives\*. We are agreed on the importance of taking full account of the social impact of economic transformation.

The enhanced partnership will be a key element in achieving our shared aim of full integration of Russia into the global economy over the next decade. To this end, we shall work together to promote progress towards Russian accession to the WTO and the OECD in accordance with pre-agreed criteria. As an important element in advancing that process we invite the OECD to consider ways in which Russia can be engaged ever more closely in its work as it moves closer to membership.

We, the Eight leaders, intend to take a close personal interest in this work and are determined to ensure the success of this partnership.

---

\*Heads may identify specific areas in Koeln.

**UNCLASSIFIED FACSIMILE****FROM THE NATIONAL SECURITY COUNCIL  
OF THE WHITE HOUSE****DATE: 17 May 1999****SENDER: JAMES B. STEINBERG****PHONE: (202) 456-9285****FAX: (202) 456-9290 23 pages, including cover****TO: CORE GROUP**

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**SUBJECT: German draft of G-8 Communique. Please pass on to others concerned as soon as possible for review and comments on suggested changes.**



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*Dear colleague*

Attached please find a first draft version of the Communiqué for the Köln Summit. The text is intended as a starting point for our plenary next weekend, and I tried to take good account of our discussions so far.

I look forward to seeing you on the Petersberg!

Sincerely yours,



## G8 Communiqué

<b>Draft Version:</b>	<b>1</b>
<b>Date:</b>	<b>Saturday, 15 May 1999</b>
<b>Word Count:</b>	<b>3635</b>

<b>Topic</b>	<b>Page</b>
I. Getting the World Economy Back on Track	2
II. Building a World Trading System that Works for Everyone	3
III. Designing Policies for More Employment	4
IV. Investing in Human Capital	5
V. Strengthening Social Safeguards	7
VI. Enhancing Capacities for Crisis Prevention	9
VII. Deepening the Development Partnership	10
VIII. Launching the Köln Debt Initiative	11
IX. Redoubling Efforts to Protect the Environment	13
X. Reaffirming Existing Commitments in the Areas of Nuclear Safety, Organized Crime, the Millennium Bug and Health	14



- 1 -

1

## G8 Communiqué

2

1. We, the Heads of State and Government of eight major democracies and the President of the Commission of the European Union, met in Köln for the 25th Economic Summit. On the threshold of the new millennium we discussed forward-looking solutions to the challenges facing our nations and the international community.

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2. Globalization, a complex process involving rapid and increasing flows of ideas, capital, technology, goods and services around the world, has already brought profound change to our polities. Greater openness and dynamism has been accompanied by a greater risk of dislocation and financial uncertainty for some workers, families and communities. At the same time, however, it has contributed to widespread improvement of living standards and unprecedented reductions in poverty. The explosion of available information and analysis as well as greater exposure to other cultures and values have also fueled the democratic impulse and the fight for human rights and basic freedoms.

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3. Globalization has opened the world to us all – both its best and its worst aspects – and cast us together as never before. The challenge is to seize the opportunities it affords for growth and employment and address its risks in order to respond to wide spread concern about lack of control over its powerful impacts. We must work to sustain and increase the benefits of globalization and ensure that its positive effects are shared by the greatest number of people all over the world. We therefore call upon political institutions, the business community, civil society

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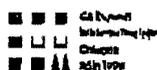
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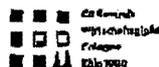
1 and the individual to meet this challenge and maximize the potential of  
2 globalization for rising prosperity and social advancement worldwide.

3 **I. Getting the World Economy Back on Track**

4 4. Since we met last year in Birmingham, the world economy has faced major  
5 challenges. However, we note with satisfaction the gradual stabilization of financial  
6 markets, which has strengthened confidence and led to a gradual turnaround in  
7 the development of the world economy as a whole. Strong growth in the United  
8 States, first signs of an incipient recovery in Japan, the successful launch of  
9 Economic and Monetary Union in Europe, and encouraging progress with respect  
10 to financial and economic stabilization in Southeast Asia and in Latin America,  
11 embedded in a generally non-inflationary environment, justify a more optimistic  
12 outlook.

13 5. To make these encouraging developments last and to turn them into stable  
14 and sustainable economic growth, we will continue to pursue balanced macro-  
15 economic policies supportive to domestic demand while maintaining price stability.  
16 This should enhance employment opportunities and reduce external imbalances.  
17 In order to better reap the potential of their economies, some of our countries need  
18 to reinforce adequate macroeconomic policies with strong structural measures  
19 aimed at improving market-based incentives for all economic actors. Such  
20 structural measures are a prerequisite for enhancing employment opportunities in  
21 the medium term.

22 6. It is our conviction that an increasingly open and integrated world economy  
23 will offer a fair share of its benefits and a growing number of economic



- 3 -

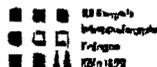
1 opportunities to all its members. We are aware of our responsibility for the world  
2 economy and pledge to coordinate our policies to foster world wide economic  
3 growth. We urge leaders in other parts of the world to take into account their  
4 responsibility for stable global growth so as to avoid undue disruptions of  
5 development. In cases where countries are unduly affected by events in the world  
6 economy, we stand ready to act to ensure adequate policy support.

## 7 II. Building a World Trading System that Works for Everyone

8 7. The world economy is still feeling the effects of the financial crises that  
9 started in Asia two years ago. Without an open world trading system the affected  
10 countries would be having much greater difficulty recovering from these crises and  
11 stabilizing their economics.

12 8. We therefore renew our strong commitment to free and open trade and call  
13 on all nations to resist protectionist pressures and open their markets further. We  
14 must make further progress in liberalizing trade. This will help to promote  
15 sustainable development and social and economic welfare worldwide.

16 9. We therefore call on all nations to start a new round of comprehensive trade  
17 negotiations at the WTO Ministerial Conference in Seattle in December 1999. This  
18 new round of trade negotiations will further improve the situation of developing  
19 countries, especially the least developed countries, and pave the way for their  
20 further integration into the world economy. In this context we reaffirm our  
21 commitment made in Birmingham last year to offer the least developed countries  
22 improved market access.



- 4 -

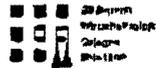
1        **III.    Designing Policies for More Employment**

2        10.    One of the most evident and urgent problems is the high level of unemploy-  
3        ment in many countries. Against the background of globalization and growing  
4        economic interdependence we reaffirm the importance of intensified international  
5        cooperation in designing adequate policies for more employment. In order to  
6        strengthen the foundations for sustainable growth and job creation, we strongly  
7        emphasize a two-tiered approach:

- 8        -        promoting structural reforms to enhance the adaptability and  
9        competitiveness of our economies and strengthen the foundations for  
10       growth;  
11       -        pursuing macroeconomic policies for stability and growth to complement  
12       structural reforms and ensure that monetary and fiscal policies are well  
13       balanced.

14       11.    We believe that these two elements should be implemented in a mutually  
15       reinforcing way in order to substantially boost employment. The greater the  
16       flexibility of our economies, the greater the likelihood that macroeconomic  
17       impulses will translate into more employment.

18       12.    We therefore strongly support the elimination of structural rigidities in labor,  
19       capital and product markets, the promotion of entrepreneurship and innovation,  
20       the formation of human capital, the reform of tax/benefit systems and development  
21       towards an innovative and knowledge-based society.



- 5 -

1 13. We also endorse the G8 Labor Ministers' conclusions at their conference in  
2 Washington last February, namely to provide employment-oriented social safety  
3 nets, to facilitate job search by offering labor market information and employment  
4 services, to promote lifelong learning and new forms of work organization and to  
5 take forward the social dialogue in all these regards. Likewise, wage  
6 developments are of major importance for our economies: They have a direct  
7 impact on labor supply and demand and affect other policy areas. Employment-  
8 oriented wage formation is thus a key element of a coherent policy for more jobs.

9 14. We commit ourselves to maintaining a stable macroeconomic framework,  
10 safeguarding sound public finances and pursuing tax policies that foster private  
11 initiative and investment.

#### 12 **IV. Investing in Human Capital**

13 15. Investments in human capital such as basic education, vocational training,  
14 academic qualifications, lifelong upgrading of skills on the job and support for the  
15 development of innovative thinking are essential in order to shape economic and  
16 technical progress. They also foster social responsibility and regional  
17 convergence.

18 16. With the Köln Charter, we underscore the importance of educational  
19 policies which are oriented towards sustainable development. We must ensure the  
20 availability of opportunities for lifelong learning which are tailored to the needs of  
21 every target group.



- 6 -

- 1        17.    In the era of globalization, education and skills are indispensable to  
2        achieving economic success, civic responsibility and social cohesion. Flexibility,  
3        mobility and the management of change will be the primary challenges for our  
4        societies in the years to come. In the next century, mobility between jobs, cultures  
5        and communities will depend on education. Education will be the passport to  
6        mobility. We want all our citizens, indeed all men and women across the globe, to  
7        have the benefit of an educational passport - a passport to mobility throughout life  
8        in the Information Age.
- 9        18.    Against this background, we appeal
- 10       -        to public authorities, together with the business community, to promote a  
11       learning culture at all levels of the education system. A common strategy  
12       should include the use of modern information technologies and distance  
13       learning. It should facilitate a smooth transition from school to work. It  
14       should cultivate entrepreneurship and make lifelong learning a reality for all.  
15       It should enable schools, universities and research organizations to  
16       establish and enlarge international networks of joint projects and  
17       student/teacher exchanges;
- 18       -        to the business community to increase investment in human capital. All  
19       companies will increase productivity by affording employees opportunities to  
20       upgrade their skills;
- 21       -        to individuals to search for appropriate opportunities to invest in their own  
22       development through continuous learning;
- ...



1 - to the OFCD to continue the fruitful exchange of experience in this field.

2 **V. Strengthening Social Safeguards**

3 19. As the process of globalization has gained momentum, it has exposed  
4 some individuals and societies in both industrialized and developing countries to  
5 increasing social pressure and economic risks. We therefore need to take steps to  
6 strengthen the institutional and social infrastructure that can give globalization a  
7 "human face" and ensure increasing, widely shared prosperity.

8 20. Social security systems must be put in place in order to encourage the  
9 individual to embrace global change. We recognize that in a globalized world it is  
10 of vital importance, in the light of financial constraints, to strike a constructive and  
11 sustainable balance between the solidarity of a caring society and greater  
12 personal responsibility and initiative. Social programs should be designed not to  
13 bar individuals and families - especially the poor and other vulnerable groups -  
14 from economic change but to ready them for it and give them the skills and means  
15 to drive it.

16 21. We are convinced that in those countries most seriously affected by the  
17 recent economic and financial crises, the creation of social safety nets and  
18 strengthening of existing ones are conducive to speedy, broad-based and  
19 sustainable recovery. The development of well-functioning institutions must  
20 complement the process of liberalization in order to avoid economic and social  
21 setbacks. New social programs in developing countries should be established in  
22 periods of economic growth, through a progressive reorientation of budgetary  
23 expenditure, as precautionary measures rather than direct intervention. Definition



- 8 -

1 of expenditure priorities and flexibility in the budget structure are essential to  
2 create efficient and effective social safety nets.

3 22. Our common values such as democracy, the rule of law, transparency,  
4 good governance and respect for core labor standards are likewise indispensable  
5 prerequisites for social stability.

6 23. Against this background, we pledge our support for sharing information and  
7 best practices with other industrial nations and for providing assistance to crisis-  
8 affected and other emerging economies.

9 24. We support an improved exchange of information within the OECD and in  
10 other appropriate fora on the design and implementation of social reforms. We  
11 advocate further analysis of the costs and benefits of social safety nets with  
12 particular emphasis on their significance for economic growth and social cohesion.

13 25. We commit ourselves to promote effective implementation of the declaration  
14 of the International Labor Organization "On Fundamental Principles and Rights at  
15 Work" and its follow-up.

16 26. We attach great importance to the incorporation of a wider range of social  
17 measures into all forms of crisis management and long-term development  
18 strategies, and call on the international financial institutions to take note of the  
19 "Principles of Good Practice in Social Policy" elaborated by the World Bank. Good  
20 social policy should ensure adequate access to social services, decent working  
21 conditions, and social safety nets for the vulnerable.



• 10 •

1 **VII. Deepening the Development Partnership**

2 29. Fairness, inclusion, the rule of law and democratization, combined with  
3 broad-based growth, help provide a foundation for development. We want to  
4 support developing-country efforts to engage more fully with the international  
5 community and global markets and to improve the quality of life for people in  
6 developing countries. Effective ties to the international economy and strong  
7 political and economic institutions are therefore imperative to reap the full benefits  
8 of globalization and to be resilient and flexible in the face of market fluctuations.  
9 We see developing countries as valuable allies and essential partners in achieving  
10 lasting peace and a good quality of life worldwide.

11 30. In this regard, we agree to the following:

12 - We intend to step up work with developing countries and multilateral  
13 institutions to improve developing-country capacities to exercise rights and  
14 meet obligations in the global trading system.

15 - We also call upon the WTO, the UN and the World Bank to continue their  
16 efforts begun last year to coordinate comprehensive, demand-driven  
17 technical assistance for the least developed countries.

18 - We will continue to provide substantial support and assistance to  
19 developing and transition economies in support of their own efforts to open  
20 and diversify their economies, to democratize and improve governance, to  
21 fight corruption and to enhance the rule of law.



- 11 -

- 1 - To more effectively tackle these new development policy challenges we will  
2 strive to gradually increase the volume of official development assistance.
- 3 - We recognize that international assistance and debt relief are important  
4 resources and catalysts. Their positive effects depend on sound national  
5 efforts towards economic reform and good governance, where the private  
6 sector and civil society are able to play productive roles.

#### 7 VIII. Launching the Köln Debt Initiative

- 8 31. We have decided to give a fresh boost to debt relief for developing  
9 countries. In recent years the international creditor community has introduced a  
10 number of debt relief measures for the heavily indebted poorest developing  
11 countries. Nevertheless, these countries will have little chance of sustainable  
12 development without further substantial reduction of their debt burden.
- 13 32. With the 1999 Köln Debt Initiative we aim to facilitate a permanent solution  
14 to the debt problems of the heavily indebted poorest countries by providing quicker  
15 and more flexible debt relief in cooperation with the IMF and the World Bank within  
16 the framework of the HIPC Initiative. Our chief objective is to ensure that no  
17 heavily indebted poor developing country which successfully implements the  
18 economic reforms agreed with the international financial institutions and takes the  
19 necessary measures to ensure effective good governance will be prevented by an  
20 intolerable burden of debt from achieving sustainable improvement in the basic  
21 social conditions of its population.



- 12 -

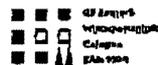
1 33. By alleviating the debt burden of the heavily indebted poorest developing  
2 countries we will afford them new scope for action to further their successful  
3 integration into the world economy.

4 34. With the 1999 Köln Debt Initiative we are sending a signal of solidarity and  
5 are demonstrating, together with the international financial institutions, our resolve  
6 to continue supporting especially the poorest developing countries in their  
7 endeavors to assert themselves in the globalization process. We hope that debt  
8 relief will also help to reduce the risk of debt crises entailing serious social  
9 repercussions.

10 35. We therefore call for comprehensive and concrete improvements of the  
11 HIPC Initiative with the aim of providing deeper, broader and faster debt relief for  
12 poor countries. These improvements should enable them to exit from recurrent  
13 debt problems through more ambitious debt reduction targets. To accelerate the  
14 process, debt relief should be advanced, e.g. by providing enhanced interim relief  
15 in the period before agreed debt relief packages can be implemented. Debt relief  
16 should also be more front-loaded.

17 36. All debt relief provided under the HIPC Debt Initiative should be closely  
18 linked to the objectives of sustainable development, poverty reduction, health care  
19 and education. We therefore welcome the review currently being prepared by the  
20 World Bank and the IMF on how to better integrate debt relief into a strategy of  
21 poverty alleviation.

22 37. We are aware that new proposals will require additional substantial  
23 financing. While several means of financing are under consideration, credible



- 13 -

1 progress in identifying additional funding possibilities is needed, and we stand  
2 ready to help with financing solutions. In this context we recognize the importance  
3 of fair burden sharing among creditors.

#### 4 IX. Redoubling Efforts to Protect the Environment

5 38. We will step up our efforts to ensure that a coherent global and  
6 environmentally responsive framework of multilateral agreements and institutions  
7 guarantees that globalization supports sustainable development. We reaffirm our  
8 commitment to sustainable development based on the three pillars of economic  
9 development, social advancement and environmental protection. We take note of  
10 the outcome of the G8 Environment Ministers' meeting in Schwerin and will  
11 expedite international cooperation on the establishment, general recognition and  
12 continual improvement of environmental standards and norms. We agree that the  
13 WTO should give due consideration to environmental requisites in its future work.

14 39. We reaffirm that we consider climate change the greatest international  
15 threat to our future prosperity. We will therefore work towards timely progress in  
16 implementing the Buenos Aires Plan of Action and urge an early entry into force of  
17 the Kyoto Protocol. In particular, we encourage decisions on the operation of the  
18 Kyoto mechanisms and a strong and comprehensive compliance regime. We  
19 underline the urgent need to exploit the potential for reductions of greenhouse gas  
20 emissions.

21 40. We commit ourselves to immediately start developing and implementing  
22 domestic measures to achieve significant reductions of greenhouse gas emissions



- 14 -

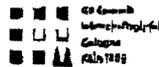
1 and to exchange experience on "best practices" in policies and measures. We will  
2 also promote increasing global participation over time in the process of  
3 establishing and strengthening qualitative commitments to limit or reduce  
4 greenhouse gas emissions. We welcome the action already taken by developing  
5 countries and will support them further, in particular through the clean  
6 development mechanism, capacity building and the development and transfer of  
7 technologies.

8 **X. Reaffirming Existing Commitments in the Areas of Nuclear Safety,**  
9 **Organized Crime, the Millennium Bug and Health**

10 41. We renew the commitment we made at the 1996 Moscow Summit to the  
11 safe operation of nuclear power plants and the achievement of high safety  
12 standards worldwide. In this regard, we attach great importance to the results of  
13 the Nuclear Safety Convention review conference and to the IAEA conference on  
14 Soviet-designed reactors.

15 42. We reaffirm our commitment to strengthen cooperation in the field of  
16 nuclear safety. With regard to the Nuclear Safety Account, we continue to attach  
17 great importance to full implementation of the grant agreements.

18 43. We will sustain the momentum of international efforts to combat  
19 transnational organized crime and the threat it represents to political, financial and  
20 social stability worldwide. We commend the work of the Senior Experts Group on  
21 Transnational Organized Crime to implement its G8 remit.

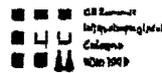


- 15 -

1 44. We welcome the growing recognition by the international community of the  
2 damaging effects of all forms of corruption. We applaud the results and planned  
3 follow-up of the international conference on anti-corruption efforts, attended by  
4 over 80 countries including all G8 partners, and the OECD conference on anti-  
5 corruption efforts, both held in the United States in February 1999. In the context  
6 of the UN Crime Convention, we urge that acts of corruption involving public  
7 officials be made criminal offenses.

8 45. Our countries have been in the forefront of efforts to successfully tackle the  
9 "millennium bug" problem, which presents a major threat to the increasingly  
10 networked global economy. We have taken the lead in tackling this problem and  
11 have worked closely together. The problem is not limited to electronic data  
12 processing systems as such but also affects the large number of microprocessors  
13 in equipment and machinery of all types ("embedded systems").

14 46. We pledge to continue and strengthen our cooperation and to share  
15 information among ourselves and with others. We call upon producers to pursue  
16 open information policies. We urge third countries to continue their millennium bug  
17 preparations and to adjust systems that may be affected, in particular in the  
18 defense, transport, telecommunications, financial services, energy and  
19 environmental sectors. As system failures may occur despite intensive  
20 preparations, contingency plans must be finalized in the most sensitive areas. We  
21 shall therefore support the outcome of the G8 countries' special conference on  
22 contingency planning and crisis prevention that will take place soon.



- 16 -

1        47.    We are concerned at the continuing global spread of AIDS. We reaffirm the  
2        need to continue efforts to combat AIDS and hereby pledge our support for  
3        UNAIDS. We welcome the coordinating and catalytic role of UNAIDS in the fight  
4        against AIDS and call upon co-sponsors and other partners to cooperate in the  
5        formulation of clear goals and strategies at both global and regional level.

6        48.    We also pledge to continue our joint international efforts in the fight against  
7        malaria. In particular we will continue to support the endeavors of the World Health  
8        Organization and its initiative "Roll Back Malaria".

## **GS CHARTER OF AIMS AND AMBITIONS FOR LIFELONG LEARNING**

The challenge every country faces is how to become a learning society and to ensure that its citizens are equipped with the skills and qualifications they will need in the next century. Economies and societies are increasingly knowledge-based. Education and skills are indispensable to achieving economic success, civic responsibility and social cohesion.

The next century will be defined by flexibility and change; more than ever there will be a demand for mobility. Today, a passport and a ticket allow people to travel anywhere in the world. In the next century, mobility between jobs, cultures and communities will depend on education. Education will be the passport to mobility. We want all our citizens, indeed all men and women across the globe, to have the benefit of an educational passport - a passport to mobility throughout life in the Information Age.

### **Part 1: Investment in Lifelong Learning**

This will require a renewed commitment to investment in human capital

- by Governments, investing to modernise education at all levels;
- by private enterprises, in training their existing and future employees;
- by individuals, developing their own abilities and careers.

The rewards for investing in human capital have never been greater and the need has never been more pressing. It is the key both to economic growth and the reduction of social and regional inequality. As we move into the next century, access to knowledge will be the main determinant of income and the quality of life in each of our countries. And globalisation means that every country stands

to gain from higher standards of skills and knowledge across the world.

Investment in human capital is no longer a zero sum game.

A commitment to greater investment in human capital must be underpinned by two principles:

- first, that everyone should have access to learning, not just those who are intellectually gifted or economically privileged;
- second, that everyone should have access to learning throughout their lives, not just in the years of compulsory schooling.

## Part 2: Key Goals

Enhanced investment in human capital must deliver:

- high quality early years provision.
- an expectation that all children of primary school age will achieve good competence in reading, writing, arithmetic, and ICT, and develop effective social and problem-solving skills.
- secondary education that develops the aptitudes and abilities of all students, not only those bound for higher education and professional careers, with schools responsive to the needs of their labour markets.
- education that cultivates creativity, entrepreneurship and democratic citizenship, including respect for rights and obligations, the value of

tolerance and pluralism, and a knowledge of, and commitment to, the democratic system.

- a respect for the diversity of different communities and cultural traditions in a rapidly globalising world.
- mass higher education offering opportunities for all capable of profiting from degree level work, with financial support to ensure access for all who can benefit.
- family-friendly systems to support adult skill acquisition, with appropriate employer support and ready opportunities for re-skilling throughout life.

### Part 3: Modernisation of Education and Training Systems

Education systems have strong national characteristics and they have a very important role in fostering cultural diversity. But there are important areas where countries share common priorities and approaches or have identified particularly effective strategies for modernising their education and training systems to raise standards at all levels. We are agreed on the importance of:

- developing state of the art ICT networks to support traditional methods of teaching and learning and to increase the quantity and range of education and training, for example, through distance learning;
- [the development of world class tests to benchmark the achievement of children and young people in all countries at the ages of 9, 13 and 18;]

- **education in citizenship and the teaching of democracy to include respect for the political, civil and human rights of all people, a commitment to voting and participation in the political process, and an appreciation of the values of tolerance, pluralism and diversity;**
- **better training, rewards and professional development of teachers. Teachers are the most vital resource in promoting modernisation and higher standards: their recruitment, training and deployment are critical for any successful education system;**
- **the improvement of vocational education and career counselling;**
- **the role of private, as well as public, investment in education and training particularly in the funding of university education and the development of distance learning through ICT, so as to maximise the ability of public investment and the totality of investment.**
- **the linking of increased public investment with clear targets or "outputs" in terms of higher standards and levels of achievement for individuals and social groups.**
- **the need to develop a culture of entrepreneurship in public and private sector education, not least in developing the closest R&D links between universities and companies, small and large.**

**UNCLASSIFIED FACSIMILE**

**FROM THE NATIONAL SECURITY COUNCIL  
OF THE WHITE HOUSE**

**DATE: 15 June 1999**

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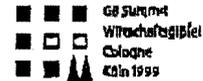
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**SUBJECT: New drafts of G-8 documents from Germans, just received.**



**PROF. DR. KLAUS GRETSCHMANN**  
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**FEDERAL CHANCELLERY**



**BONN, 15 June 1999**  
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Attached please find a fifth draft version of the Köln Communiqué. I was reassured by the remarks some of you made about our moving in the right direction. I deleted the remaining bracket on the Köln Debt Initiative, seeing that a consensus had emerged, but, for good measure, I also engineered a new one on crime and terrorism.

Otherwise, I feel that the issues before us now are matters of substance which will have to be resolved in Köln.

Let me conclude by noting that I, too, feel that we are moving forward, but until Sunday, we had better move along quickly.

I do look forward to seeing you all in Köln!

Yours ever,

p.p. *Andreas P. Katz*

**G8 Communiqué**

<b>Draft Version:</b>	5
<b>Date:</b>	June 15, 1999

<b>Topic</b>	<b>Page</b>
I. Getting the World Economy on Track for Sustained Growth	1
II. Building a World Trading System That Works for Everyone	2
III. Designing Policies for More Employment	2
IV. Investing in People	3
V. Strengthening Social Safeguards	4
VI. Deepening the Development Partnership	5
VII. Launching the Köln Debt Initiative	6
VIII. Redoubling Efforts to Protect the Environment	6
IX. Promoting Non-proliferation, Arms Control and Disarmament	7
X. Tackling Global Risks	8

## G8 SUMMIT KÖLN 1999

### COMMUNIQUE OF THE HEADS OF STATES AND GOVERNMENT

1. We, the Heads of State and Government of eight major democracies and the President of the Commission of the European Union, met in Köln for the 25th Economic Summit. On the threshold of the new millennium we discussed growing opportunities as well as forward-looking solutions to the challenges facing our nations and the international community.

2. Globalization, a complex process involving rapid and increasing flows of ideas, capital, technology, goods and services around the world, has already brought profound change to our societies. It has cast us together as never before. Greater openness and dynamism have contributed to the widespread improvement of living standards and a significant reduction in poverty. Integration has helped to create jobs by stimulating efficiency, opportunity and growth. The information revolution and greater exposure to each others' cultures and values have strengthened the democratic impulse and the fight for human rights and fundamental freedoms while spurring creativity and innovation. At the same time, however, globalization has been accompanied by a greater risk of dislocation and financial uncertainty for some workers, families and communities across the world.

3. The challenge is to seize the opportunities globalization affords while addressing its risks to respond to concerns about a lack of control over its effects. We must work to sustain and increase the benefits of globalization and ensure that its positive effects are widely shared by people all over the world. We therefore call on governments and international institutions, business and labor, civil society and the individual to work together to meet this challenge and realize the full potential of globalization for raising prosperity and promoting social progress while preserving the environment.

#### I. Getting the World Economy on Track for Sustained Growth

4. Since we met last year in Birmingham, the world economy has faced major challenges. Progress has been achieved in addressing the crisis and laying the foundations for recovery. Policy steps aimed at supporting growth in the major industrialized countries and important policy actions leading to stronger performance in some emerging markets have improved the economic outlook. A number of substantial challenges still remain. We therefore renew our commitment to pursue appropriate macroeconomic policies and structural reforms. These will contribute to more balanced growth in the world economy, thereby reducing external imbalances.

- 2 -

## II. Building a World Trading System That Works for Everyone

5. The world economy is still feeling the effects of the financial crises that started in Asia two years ago. Without an open, rules-based world trading system and the beneficial flows of goods and services it encourages, the countries affected would be having much greater difficulty recovering from these crises and stabilizing their economies.

6. The multilateral trading system incorporated in the World Trade Organization (WTO) has been key to promoting international trade and investment and to increasing economic growth, employment and social progress. We therefore renew our strong support for the WTO and our commitment to an open trade and investment environment. We call on all nations to resist protectionist pressures and to open their markets further. We encourage those states not yet members of the WTO to join it, by accepting its principles.

7. Given the WTO's vital role, we agree on the importance of improving its transparency to make it more responsive to civil society while preserving its government-to-government nature. We pledge to work for a successful ministerial meeting in Seattle in order to launch the new round. We will also seek a more effective way within the WTO for addressing the trade and environment relationship and promoting sustainable development and social and economic welfare worldwide.

8. We therefore call on all nations to launch at the WTO Ministerial Conference in Seattle in December 1999 a new round of [broad-based D, EU, F, ITA, JPN: comprehensive] negotiations with the aim of achieving substantial and manageable results. All members should have a stake in the process. We encourage all members to make proposals for progress in areas where developing countries and in particular least developed countries can make solid and substantial gains; all countries should contribute to and benefit from the new round. An effective new round of trade negotiations should help pave the way for the further integration of the developing countries into the world economy. In this context we reaffirm our commitment made in Birmingham last year to the least developed countries on improved market access. We also urge greater cooperation and policy coherence among international financial, economic, labor and environmental organizations.

9. Because trade is increasingly global, the consequences of developments in biotechnology must be dealt with at the national and international levels in all the appropriate fora. We are committed to a science-based, rules-based approach to addressing these issues.

## III. Designing Policies for More Employment

10. One of the most urgent economic problems is the high level of unemployment in many countries. We reaffirm the importance of intensified international cooperation and enhanced efforts at the national level to design the right policies for more employment. To strengthen the foundations for sustainable growth and job creation, we strongly emphasize a two-tiered approach:

- promoting structural reforms to enhance the adaptability and competitiveness of our economies and to help the long-term unemployed to return to the labor market;

- 3 -

pursuing macroeconomic policies for stability and growth to complement structural reforms and ensure that monetary and fiscal policies are well balanced.

11. The greater the adaptability of our economies, the greater the likelihood that economic growth will result in more employment. We therefore strongly support the elimination of structural rigidities in labor, capital and product markets, the promotion of entrepreneurship and innovation, investment in human capital, reform of the tax/benefit systems to strengthen economic incentives and encourage employment, and development of an innovative and knowledge-based society.

12. We also endorse the G8 Labor Ministers' conclusions at their conference in Washington last February, namely to provide social safety nets that support employment, to prevent long-term unemployment by early action, to facilitate job search by offering labor market information and employment services, to promote lifelong learning and new forms of work organization, to ensure equal access to the labor market for all workers, including job entrants and older workers, and to take forward the social dialogue. Flexibility in wages and non-wage labor costs has a major impact in responding to high unemployment.

#### IV. Investing in People

13. Basic education, vocational training, academic qualifications, lifelong upgrading of skills and knowledge for the labor market, and support for the development of innovative thinking are essential to shape economic and technical progress as we move towards a knowledge-based society. They also enrich individuals and foster civic responsibility and social inclusion.

14. In support of these goals, we agree to pursue the aims and ambitions set out in the Köln Charter.

15. Adaptability, employability and the management of change will be the primary challenges for our societies in the coming century. Mobility between jobs, cultures and communities will be essential. And the passport to mobility will be education and lifelong learning for everyone.

16. To this end, we support an increase in exchanges of teachers, administrators and students among the nations of the Eight and with other nations and invite our experts to identify the main obstacles to increased exchanges and to come forward with appropriate proposals before the next Summit. We call upon the Organization for Economic Cooperation and Development (OECD) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) to study how different countries are attempting to raise education standards, for example by looking at best practices in the recruitment, training, compensation and accountability of the teaching profession internationally. We commit ourselves to explore jointly ways to work together and through international institutions to help our own countries as well as developing nations use technology to address learning and development needs, for example, through distance learning.

- 4 -

## V. Strengthening Social Safeguards

17. As the process of globalization has gained momentum, it has brought with it important social and economic progress. At the same time, rapid change and integration has left some individuals and groups feeling unable to keep up and has resulted in some dislocation, particularly in developing countries. We therefore need to take steps to strengthen the institutional and social infrastructure that can give globalization a "human face" and ensure increasing, widely shared prosperity.

18. Social security policies, including social safety nets, must be strong enough to encourage and enable individuals to embrace global change and liberalization and to improve their chances on the labor market, while enhancing social cohesion. We recognize that faced with financial constraints, it is vital to strike a sustainable balance between social support programs and greater personal responsibility and initiative.

19. We are convinced that the countries most seriously affected by the recent economic and financial crises will sustain a speedier recovery if they create and improve the necessary social infrastructure. It is therefore particularly important to maintain investment in basic social services during times of crisis. Budgetary priorities and flexibility should enhance the quality of social infrastructure and investment.

20. Democracy, the rule of law, good governance and respect for human rights and for core labor standards are further indispensable prerequisites for social stability. The development of well-functioning and corruption-free institutions that are cost-effective, transparent and accountable to the public must complement the process of liberalization. Along with appropriate legal structures and efforts by multilateral institutions, well-designed private voluntary codes of conduct can be valuable tools in promoting high standards.

21. We call on the International Financial Institutions (IFIs) to support and monitor the development of sound social policy and infrastructure in developing countries. We commend actions already being taken in this regard. We urge the International Monetary Fund (IMF) to give more attention to this issue in designing its economic programs and to give particular priority to core budgets such as basic health, education and training to the extent possible, even during periods of fiscal consolidation. We welcome the efforts of the World Bank, in collaboration with the UN, to develop principles of good practice in social policy and their work to strengthen partnerships with borrower countries through the comprehensive development network. We invite the World Bank and the IMF to work together to develop a set of policies and practices that can be drawn upon, by donors and borrowers alike, in the design of adjustment programs that ensure the protection of the most vulnerable.

22. We support improved exchange of information, including analysis of the cost and benefits of social safety nets, within the UN, the OECD, and in other appropriate fora on the design and implementation of social reforms.

23. We commit ourselves to promote effective implementation of the International Labor Organization's (ILO) "Declaration On Fundamental Principles and Rights at Work and its Follow-up". We also give our full support to the negotiations now underway at the ILO on the elimination of the worst forms of child labor. We further intend to step up work with developing countries to improve their capacity to meet their obligations. We support the strengthening of the ILO's capacity to assist countries in implementing core labor standards.

- 5 -

24. We also welcome the increasing cooperation between the ILO and the IFIs in promoting adequate social protection and core labor standards. We urge the IFIs to incorporate these standards into their policy dialogue with member countries. In addition, we stress the importance of effective cooperation between the WTO and the ILO on the social dimensions of globalization and trade liberalization.

## VI. Deepening the Development Partnership

25. Developing countries are essential partners in a globalized world. We are committed to working with them, especially with the poorest countries, to eradicate poverty, launch effective policies for sustainable development and develop their capacity to integrate better into the global economy, thus benefiting from the opportunities offered by globalization.

- We will continue to provide substantial support and assistance to developing and transition economies in support of their own efforts to open and diversify their economies, to democratize and improve governance, and to protect human rights.
- We will strive gradually to increase the volume of official development assistance (ODA), and to focus this assistance on countries best positioned to use it effectively.
- To ease future debt burdens and facilitate sustainable development, we agree to increase the share of grant-based financing in the ODA we provide to the least developed countries.
- Non-governmental organizations also have an important role to play.
- While international assistance and debt relief are clearly important, their positive effects depend on sound national efforts towards economic and structural reform and good governance, where the private sector and civil society are able to play productive roles.
- We intend to step up work with developing countries and multilateral institutions to improve developing country capacity to exercise their rights and meet their obligations in the global trading system so as to ensure that they derive the full benefits of liberalized trade and thus contribute to global economic growth.
- We call on the UN and the IFIs to help developing countries mobilize sufficient means for social services and basic infrastructure and continue to support and to mainstream democratization, good governance and the rule of law into country development strategies.
- We reaffirm our support for the OECD mandate to finalize a recommendation on untied aid to the least developed countries. We call on OECD members to bring this effort to a successful conclusion [no later than the next Summit] [D, F, JPN, CAN: *Delete bracketed text*] [ITA, UK, US: *Remove brackets*].

- 6 -

## VII. Launching the Köln Debt Initiative

26. We have decided to give a fresh boost to debt relief to developing countries. In recent years the international creditor community has introduced a number of debt relief measures for the poorest countries. The Heavily Indebted Poor Countries (HIPC) framework has made an important contribution in this respect. Recent experience suggests that further efforts are needed to achieve a more enduring solution to the problem of unsustainable debt burdens. To this end we welcome the 1999 Köln Debt Initiative, which is designed to provide deeper, broader and faster debt relief through major changes to the HIPC framework. The central objective of this initiative is to provide a greater focus on poverty reduction by releasing resources for investment in health, education and social needs. [D: In this context we also support good governance and sustainable development.]

27. We are aware that new proposals will require additional substantial financing. While several means of financing are under consideration, credible progress in identifying additional funding possibilities is needed, and we stand ready to help with financing solutions. In this context we recognize the importance of fair burden sharing among creditors.

## VIII. Redoubling Efforts to Protect the Environment

33. To underscore our commitment to sustainable development we will step up our efforts to build a coherent global and environmentally responsive framework of multilateral agreements and institutions. We support the outcome of the G8 Environment Ministers' meeting in Schwerin and will expedite international cooperation on the establishment, general recognition and continual improvement of environmental standards and norms. We agree that environmental considerations should be taken fully into account in the upcoming round of WTO negotiations. [F: The WTO should recognize the relevant provisions of multilateral environmental agreements and principles such as the precautionary principle and the polluter/payer principle.]

[33a. We support the successful conclusion of the negotiation of a workable and effective biosafety agreement. This will contribute, on the basis of scientific assessment and the precautionary principle, to the definition and implementation of a safe and trustworthy international regime.]

34. We agree to continue to support the International Financial Institutions in making environmental considerations an integral part of their activities and we will do likewise when providing our own support. We will work within the OECD towards common environmental guidelines for export [US: credit and investment insurance] finance agencies [drawing on elements of the environmental guidelines developed by the World Bank and the International Finance Corporation D, JPN, ITA, CAN: *delete*]. [We aim to complete this work by the 2001 G8 Summit.] [F, JPN: *Delete bracketed text.*] [US: *Remove brackets.*]

35. We reaffirm that we consider climate change an extremely serious threat to sustainable development. We will therefore work towards timely progress in implementing the Buenos Aires Plan of Action with a view to early entry into force of the Kyoto Protocol. In particular, we encourage decisions on the operation of the Kyoto mechanisms and on a strong and effective compliance regime. We underline the importance of taking action to reduce greenhouse gas emissions through rational and efficient use of energy and

- 7 -

through other cost-effective means. To this end, we commit ourselves to develop and implement domestic measures including under the UN Framework Convention on Climate Change. We also agreed to exchange experience on best practices. We will also promote increasing global participation of developing countries in limiting greenhouse gas emissions. We welcome the action already taken by developing countries and stress the need to support their efforts through financial mechanisms, the development and transfer of technology, and capacity-building. We note the important role that the Clean Development Mechanism (CDM) can play in these areas. We also welcome the intention announced by some developing countries in Buenos Aires to undertake further commitments to abate their greenhouse gas emissions.

### **IX. Promoting Non-proliferation, Arms Control and Disarmament**

36. Strengthening the international non-proliferation [RUS: regime] and disarmament [regime RUS: mesures] is one of our most important international priorities. We intend to build a broad international partnership on expanded threat reduction to address security, arms control, decommissioning and non-proliferation requirements while reducing risks to the environment. This will build on efforts currently being undertaken and planned by G8 countries and others. We are committed to [increased resources CAN: reviewing our resource commitments] for these purposes and encourage all other interested countries to [join us CAN: do the same.]

37. We recognize the continuing need to protect and manage weapons-grade fissile material, especially plutonium. In past years, G8 countries have worked on the issue of managing weapons-grade nuclear material no longer required for defense purposes. We affirm our intention to establish arrangements for the safe management of such fissile material. We strongly support the concrete initiatives being undertaken by G8 countries and others for scientific and technical cooperation necessary to support future large-scale disposition programs. We invite all interested countries to support projects for early implementation of large-scale programs and urge establishment of a joint strategy. We recognize that an international approach to financing will be required involving both public and private funds, and we will review potential increases in our own resource commitments prior to the next G8 Summit.

38. We are deeply concerned about recent missile flight tests and developments in missile proliferation, such as actions by North Korea. We undertake to examine further individual and collective means of addressing this problem and reaffirm our commitment to the objectives of the Missile Technology Control Regime (MTCR).

39. Effective export control mechanisms are essential for achieving a broad range of our arms control and non-proliferation objectives. We will continue to look for ways to strengthen these mechanisms. At the same time we stress the role of the Nuclear Suppliers' Group in preventing nuclear proliferation.

40. One year after the nuclear tests by India and Pakistan, we reiterate our concerns and reaffirm our statement from the Birmingham Communiqué. Recent missile tests have further increased tension in the region. We encourage both countries to follow first positive steps already undertaken by joining international non-proliferation and disarmament efforts and taking the steps set out in UN Security Council resolution 1172.

- 8 -

## X. Tackling Global Risks

41. In many countries, violent conflicts and civil wars continue to be an obstacle to making good use of the opportunities of globalization. Effective crisis prevention and management must [R: be based on the principles of the UN Charter and the norms of international law and] address the root causes of these conflicts. These causes include [R: illegitimate use of force by certain states or groups of states,] the political manipulation of ethnic tensions, economic and social inequality, and extreme poverty as well as the absence of democracy, the rule of law and good political and economic governance. They are often exacerbated by human rights violations, environmental degradation, scarcity of resources, rapid population growth and the rapid spread of diseases.

42. In order to improve our ability to prevent crises, it is necessary to:

[R: strictly abide to their obligations according to the UN Charter, resolutions of the Security Council of the UN, principles and norms of the international law;]

- enhance the capacity to recognize and address the potential for conflict at an early stage. Risks and causes of violent conflicts must be more effectively monitored and the information shared to forestall them [R: and to undertake all necessary efforts for the peaceful settlement of conflicts];
- ensure that our security, economic, environmental and development policies are properly coordinated and are conducive to the prevention of violent conflict. We will, in our dialogue with other countries and international institutions, work to coordinate our policies;
- recognize the important role the United Nations plays in crisis prevention and seek to strengthen its capacity in this area;
- monitor systematically military expenditures in the larger context of public expenditure patterns and in the macroeconomic context for growth and development;
- encourage and support the efforts of regional organizations and arrangements to expand their jurisdictional and operational ability, in accordance with international law, to help control and resolve conflict in their area;  
[R: Delete and replace by: ensure that regional organizations and arrangements undertake their activities in the field of peaceful settlement of conflicts in their respective regions strictly in accordance with the principles of the UN Charter, first of all its Chapter 7, and the norms of the international law;]
- promote a free press, establish fair electoral processes, help improve the democratic accountability and functioning of legislatures, of judicial systems and of the military and the police forces, and improve human rights monitoring and advocacy.

43. We are concerned at the continuing global spread of AIDS. We reaffirm the need to continue efforts to combat AIDS at the national and international level through a combined strategy of prevention, vaccine development and appropriate therapy. We welcome and support the coordinating and catalytic role of UNAIDS in the fight against AIDS. We call

- 9 -

on co-sponsors and other partners to cooperate in the formulation of clear goals, strategies and initiatives at both the global and regional level.

44. We also pledge to continue our national and international efforts in the fight against infectious and parasitic diseases, such as malaria, polio and tuberculosis, and their drug-resistant forms. In particular we will continue to support the endeavors of the World Health Organization and its initiatives "Roll Back Malaria" and "Stop TB". We call on governments to adopt these recommended strategies.

45. We welcome the growing recognition by the international community of the damaging effects of all forms of corruption and the coming into force of the OECD Anti-Bribery Convention in February 1999. We hope that more countries will ratify the Convention. We applaud the results and planned follow-up of the international conference on anti-corruption efforts, attended by over 80 countries including all G8 partners, and the OECD conference on anti-corruption efforts, both held in the United States in February 1999. In the context of the UN Crime Convention, we urge that acts of corruption involving public officials be made criminal offenses.

46. We will sustain the momentum of international efforts to combat transnational organized crime and the threat it represents to political, financial and social stability worldwide. We commend the work of the Senior Experts Groups on Transnational Organized Crime [to implement its G8 remit and F: and on Terrorism and urge them to continue their work, in particular for a speedy conclusion of the negotiations of UN conventions {US: and protocols} on organized crime and on the financing of terrorism. We] ask it to report back to us again next year. [F: We reaffirm our commitment to tackle the drug issue, in particular through active implementation of the conclusions of the UN special session of 1998.] We welcome the upcoming Ministerial Meeting on Crime to be held in Moscow this fall.

47. We renew the commitment we made at the 1996 Moscow Summit to safety first in the use of nuclear power and the achievement of high safety standards worldwide. In this regard, we attach great importance to the results of the Nuclear Safety Convention peer review meeting and to the International Atomic Energy Agency Conference on Strengthening Nuclear Safety in Eastern Europe.

48. We reaffirm our commitment to strengthen cooperation in the field of nuclear safety. We welcome the concerted efforts to address the Year 2000 computer problem ("Millennium Bug") in this area. With regard to the Nuclear Safety Account, we continue to attach great importance to full and timely implementation of the grant agreements.

49. There has been real progress since the Birmingham Summit in tackling the "Millennium Bug". But there is still much to do. We will maintain vigorous programs of action to ensure our own Year 2000 readiness and to minimize the potential impact on our countries and on the world as a whole. We urge all other governments to do the same. In these efforts, high priority should be given to the key infrastructure sectors - energy, telecommunications, financial services, transport and health - as well as to defense, the environment and public safety. Public confidence will be crucial and will depend heavily upon transparency and openness as to the state of preparation in critical sectors. Governments, international organizations, infrastructure providers and information technology suppliers will need to ensure a regular flow of reliable information to the general public. It will be important, as the date approaches, for responsible bodies to have in place contingency plans to cope with system failures that may occur in the most

- 10 -

sensitive areas despite intensive preparations. We urge third countries to do the same. We will maintain close cooperation among ourselves and with others on this as well as other aspects of the problem. We shall convene a special G8 conference on contingency planning later this year.

#### **Next Summit**

50. We have accepted the invitation of the Prime Minister of Japan to meet in Okinawa (Kyushu) on 21-23 July next year.

## KÖLN CHARTER

### AIMS AND AMBITIONS FOR LIFELONG LEARNING

(revised version 15 June 1999)

The challenge every country faces is how to become a learning society and to ensure that its citizens are equipped with the knowledge, skills and qualifications they will need in the next century. Economies and societies are increasingly knowledge-based. Education and skills are indispensable to achieving economic success, civic responsibility and social cohesion.

The next century will be defined by flexibility and change; more than ever there will be a demand for mobility. Today, a passport and a ticket allow people to travel anywhere in the world. In the future, the passport to mobility will be education and lifelong learning. This passport to mobility must be offered to everyone.

#### Part 1: Basic Principles

Meeting our social and economic goals will require a renewed commitment to investment in lifelong learning.

- by Governments, investing to modernize education at all levels;
- by the private sector, training existing and future employees;
- by individuals, developing their own abilities and careers.

The rewards for investing in people have never been greater and the need for it has never been more pressing. It is the key to employment, economic growth and the reduction of social and regional inequality. As we move into the next century, access to knowledge will be one of the most significant determinants of income and the quality of life. Globalization means that developed and developing countries alike stand to gain from higher standards of skills and knowledge across the world.

A commitment to greater investment in people must be underpinned by three principles:

- first, that everyone should have access to learning and training, not just those who are intellectually gifted or economically privileged, and basic education should be free of charge. Special attention should be given to the needs of the disadvantaged;
- second, that everyone should be encouraged and enabled to continue learning throughout their lives, not just in the years of compulsory schooling;
- third, that developing countries should be helped to establish comprehensive, modern and efficient education systems.

#### Part 2: Essential Elements

The essential elements of a strategy for lifelong learning and training are:

- high-quality early years education;

- 2 -

- primary education that enables all children to achieve good competence in reading, writing, arithmetic, and Information and Communications Technology (ICT) and to develop basic social skills;
- secondary education that develops the aptitudes and abilities of all students, not only those bound for higher education and professional careers, provided by schools aware of the needs of labor markets;
- vocational training that imparts skills attuned to the needs of the labor market and the most up-to-date technology and which opens up pathways to higher qualifications;
- higher education that offers opportunities for everyone capable of profiting from degree-level work, with financial support as necessary to ensure access for everyone who can benefit;
- adult skill acquisition that enjoys appropriate public or employer support, accommodates family needs and affords ready opportunities for re-skilling throughout life. This should include high-quality work-based learning systems and equipping people with the skills needed for self-generated learning.

At all stages of learning emphasis should be given to the importance of creativity, entrepreneurship and education for democratic citizenship, including respect for the political, civil and human rights of all people, the value of tolerance and pluralism, and an understanding and respect for the diversity of different communities, views and traditions.

### **Part 3: Building Blocks**

Education systems have strong national characteristics and they have a very important role in fostering cultural diversity. But there are important areas where countries share common priorities and approaches or have identified particularly effective strategies for modernizing their education and training systems to raise standards at all levels. The following are key building blocks:

- Teachers are the most vital resource in promoting modernization and higher standards; their recruitment, training, deployment and appropriate incentives are critical to any successful education system;
- the mutually supportive roles of public and private finance and the need to raise the overall level of investment in education and training;
- modern and effective ICT networks to support traditional methods of teaching and learning and to increase the quantity and range of education and training, for example, through distance learning;
- the continued development and improvement of internationally recognized tests to benchmark student achievement;
- the promotion of the study of foreign languages to increase the understanding of different cultures and enhance mobility in a globalized world;
- increased attention to the establishment of clear targets in terms of higher standards and levels of achievement;
- the need to develop a culture of entrepreneurship in public and private sector education, not least in developing the closest R&D links between universities and companies.

16 June 1999

- DRAFT G8 STATEMENT -

**PARTNERSHIP FOR PROSPERITY**

It is now five years since we first met together as Eight. During that time our partnership has deepened and strengthened, as we work together in support of Russia's democracy, its economic transformation and its full integration into the world economy. The time has now come to open a new chapter in this relationship through an enhanced partnership within the G8.

This partnership will be founded on a strengthened political framework which will take forward an intensified dialogue and cooperation among Russia and its partners, focusing on the longer term social, structural and economic reform that will bring enhanced prosperity to the Russian people. It will complement Russia's relationship with the IFIs. We welcome the outline agreements recently reached with the IMF and the World Bank and look forward to their speedy implementation, on the agreed terms, as a further important step in Russia's reform program. [US: Once an IMF agreement is in place, we encourage the Paris Club to act expeditiously to negotiate a debt rescheduling agreement with Russia.]

We have instructed our Personal Representatives, supported by senior officials from our governments with input as needed from appropriate international institutions, to meet regularly to ensure the overall continuity and cohesion of the work among the G8 to support and add momentum to Russia's efforts to bring about sustained reform. These meetings will be complemented by a continuing dialogue between our Ambassadors in Moscow and appropriate Russian interlocutors.

To support this enhanced partnership, we have instructed our Personal Representatives to study the necessity of convening joint expert groups to focus on concrete areas for cooperation. These can include priority areas such as health, small business development and strengthening cooperation with the regions. We agree on the importance of taking full account of the social impact of economic transformation.

[We are also going to establish cooperation on the legal aspects of capital flight and "asset stripping". F, US: delete] [US: We pledge to step up our law enforcement cooperation and other efforts to combat international organized crime and corruption, both of which have profoundly negative effects on the prospects for economic prosperity and the development of healthy civil societies.]

The enhanced partnership will be a key element in achieving our shared aim of full integration of Russia into the global economy. To this end, we shall work together to promote progress towards Russian accession to the WTO and the OECD in accordance with the established criteria. As an important element in advancing that process we invite the OECD to consider concrete steps to engage Russia ever more closely in its work as it moves towards eventual accession.

We, the G8 leaders, intend to take a close personal interest in this work and are determined to ensure the success of this partnership.

# facsimile message

date: 3/15/99

to: Tanya Martin, The White House

fax #: 202-456-7028

phone #: 202-456-5228

company: Domestic Policy Council

re: G-8 Summit

from: Kent Pekel

# pages: 3

comments:

*davis audio visual, inc.*

DL # 611

to Bridget,  
cc: to Rick w/ explanation

Wilce

6-8 key pts.

If he goes over to brief  
Steinberg....

Our proposal ~~is~~ <sup>was</sup> tried, as <sup>the</sup> Nsc requested -  
to take into account as many of <sup>the</sup> other countries'  
suggestions as we found relevant to the President's  
education agenda.

That said, ~~less~~ is definitely worse. Considering that  
we're talking about a single 1/2 hour discussion ~~from the 2 page~~  
briefing memo I prepared, here at the ~~key~~  
points, ~~we~~ <sup>I think</sup> ~~you~~ <sup>we</sup> should ~~tell~~ <sup>ask</sup> Steinberg ~~up for~~ to talk about

(A) To ~~create~~ ~~the~~ ~~broader~~ ~~context~~ ~~for~~ ~~the~~ ~~heads~~ ~~discussion~~ ~~of~~ ~~specific~~ ~~programs~~ ~~+~~ ~~policies~~, they should begin <sup>with</sup> a fairly conceptual discussion  
of the skills + abilities <sup>session</sup> citizens will need for success in  
the 21st century. ~~Our~~ ~~meeting~~ ~~last~~ U.S. proposal suggests  
this should include not just requisite skills for success  
in the ~~workplace~~ <sup>information-age job market</sup> but also the <sup>principals +</sup> ~~values~~ for democratic  
citizenship. ~~as a higher # of~~ ~~general~~ ~~specific~~

(B) Having established this broader conceptual framework, the  
leaders should then consider strategies for <sup>equipping</sup> all  
citizens w/ the skills for success they'll need in the 21st  
century. Of the ~~specific~~ ideas that we + others have put  
on the table, ~~that~~ I think Steinberg should focus on  
~~the~~ ~~particular~~, ~~we~~ ~~would~~ ~~allow~~ ~~the~~ ~~President~~ ~~to~~ ~~highlight~~

~~an area of relative D.S.~~

① Establishing <sup>or</sup> raising academic standards for primary <sup>secondary</sup> schools <sup>by OECD + other rel. orgs.</sup> <sup>measures</sup> <sup>effort</sup> to dev. valid comparative intl. <sup>measures</sup> of student achievement

Summit outcome: ~~Call~~ <sup>call</sup> for expanded ~~effort~~ <sup>measures</sup> of student achievement

② Strengthening the teaching profession for the 21st century

Summit outcome: Expanded teacher exchange among the Eight

③ Using educational technology to improve student performance, including the Internet + distance learning

Summit outcome: Call for cooperation among the Eight in ~~improving~~ <sup>improving</sup> use of ed. tech. and agreement to work together + through intl. institutions to ~~help~~ <sup>help</sup> developing nations ~~utilize~~ <sup>put</sup> educational technology to work in addressing their own pressing educational needs.

These 3 subjects would allow the President to highlight <sup>both</sup> areas in which his Admin. has already established a record of success and also areas on which his current legislative efforts are focused.

Schooling:

Summit outcome call for conf. & expm

Playa  
ph room 3807

## Revised outline of G-8 Education Proposal

**General approach:** The human capital theme at Cologne should be explicitly linked to the summit's central focus on building a new financial architecture for the 21<sup>st</sup> century. The Leaders should agree that the economic superstructure they are working to construct will only be stable and sound if it rests on a foundation of increasingly well-educated and well-trained populations in their respective nations and in the other countries of the world. They should note that continuous investment in human capital is essential to stimulating sustainable economic growth and reducing social and economic inequality. The Leaders should collectively commit to work within their respective countries to prepare all of their citizens for the opportunities and challenges of an increasingly global, knowledge-based economy. They should also commit to work together more closely to address the human capital challenges they have in common.

At Cologne, the Leaders should focus their discussion of these issues on two of the most important institutional "builders" of human capital: systems of public education and private industry.

**I. Education systems:** the Leaders should agree that the years of primary and secondary education are a society's best opportunity to develop the capacity for lifelong learning in all of its citizens, and should highlight three important challenges that all of their nations face in meeting that goal:

### **A. Educating all students for success in the information age**

1. Leaders agree that: (a) economic success for individuals and nations is increasingly tied to acquisition of higher-level knowledge and skills, (b) reducing disparities in educational access and achievement among elements of their respective societies is an urgent priority for all G-8 countries, and (c) education systems must undertake the changes necessary to better prepare students for the challenges of a knowledge-based, increasingly global economy
2. Leaders discuss: (a) ways their governments are working at the national level to help their countries' education systems more effectively educate all students for the demands of the information age. The Leaders should focus in particular on (b) efforts to create or reform education standards and ways of measuring student achievement against those standards, and (c) effective or innovative strategies for helping students from low income or other high need groups meet those standards
3. Leaders commit to:

### **B. Strengthening the teaching profession**

1. Leaders agree that: teachers are among the essential "builders" of human capital and, to varying degrees, all of the Eight face the increasingly difficult challenge of attracting sufficient numbers of talented people into

*Handwritten notes:*  
- econ success  
- educ for thriving  
- citizenry  
- democracy

the teaching profession and keeping them there at a time when the same abilities that make them good teachers are often in high demand throughout private industry.

2. Leaders discuss: varying approaches to a number of critical issues, among them teacher recruitment, training, compensation, and continuing professional education.
3. Leaders commit to: increase support in each of their countries for teacher exchange (note: in U.S. vehicles are USIA programs and ED Summer Seminars Abroad)

→ Good (done)

### **C. Improving access to and preparation for higher education**

1. Leaders agree that: in developed countries today, completion of post-secondary education provides a greater boost to future earnings than any other degree of educational attainment. Partly as a result of this earnings premium, college-going rates have significantly increased in many developed nations since 1990. During the same timeframe, the cost of higher education has gone up as well.
2. Leaders discuss: strategies for improving access to and preparation for higher education, particularly among traditionally excluded groups
3. Leaders commit to:

**II. Private Enterprises:** the Leaders should agree that the private sector is an essential contributor to human capital development, and should focus their discussion on three important areas in which public-private cooperation toward that end can be increased or improved:

#### **A. Increasing private sector support for early childhood, primary and secondary education**

1. Leaders agree that: (a) business can be a powerful and positive force for educational improvement and reform, and (b) the private sector should view engagement in efforts to improve primary and secondary education as an investment in the workers and customers of the future
2. Leaders discuss: (a) effective strategies for increasing business support for educational improvement at all levels. (b) The Leaders should highlight the development and use of educational technology to improve teaching and learning as a particularly promising avenue for public-private cooperation. They should note that distance learning technologies, multimedia software applications and low-cost, portable hardware being developed by private sector firms in a number of G-8 nations are particularly promising vehicles for improving the delivery of educational services to traditionally underserved populations, especially in geographically remote areas.
3. Leaders commit to: make cooperation with each other and the private sector in the field of educational technology a theme of their engagement with developing countries. More specifically, they should commit to work

together through the World Bank and other international institutions and in cooperation with the private sector to help developing countries put educational technology to work in addressing their own pressing educational needs.

**B. Improving the transition from school to work**

1. Leaders agree that: offering young people — particularly those who do not go on to higher education — routes for a successful transition from school to work is an increasingly important priority
2. Leaders discuss: apprenticeship programs and other strategies for facilitating successful transitions from upper secondary school to stable employment
3. Leaders commit to:

**C. Improving worker training**

1. Leaders agree that: the workplace is an increasingly important and often effective venue for providing employees with new skills or updating existing ones.
2. Leaders discuss: effective strategies for improving training of both employed and displaced workers, including through partnerships between business, government and labor.
3. Leaders commit to:

**III. Format:** to increase public attention, the education discussion at Cologne should:

- A. Be open to the press
- B. Include an exchange with an international panel of experts and/or practitioners on one or more of the subjects that the Leaders will be discussing. Possibilities include education researchers, teachers, students and CEO's.



UNITED STATES DEPARTMENT OF EDUCATION

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FAX COVER SHEET

TO:

Tanya Martin

ORGANIZATION: \_\_\_\_\_

PHONE: \_\_\_\_\_

FAX: \_\_\_\_\_

456 - 7028

FROM:

Kent Petrel

COMMENTS:

I also e-mailed this. -Kent

TOTAL PAGES (Including Cover): \_\_\_\_\_



Rick:

This still needs to be blessed by Mike Smith and Bruce Reed, which will hopefully happen this afternoon. I'm shooting it to you as a down payment and so you can start thinking about the edits you'll want to make from an NSC perspective, but obviously hold off on sending it out — hopefully just until the end of the day.

What is the address of your colleague with the external e-mail account so I can e-mail this to you when it's in final?

Talk to you soon (I hope),

Kent

**U.S. Comments on Proposals for Human Capital Discussion  
at G-8 Heads of Government Meeting in Cologne**

**June, 1999**

The United States strongly endorses the inclusion of investment in human capital as a theme of the G-8 summit in Cologne. We believe that the Leaders' discussion of human capital should be explicitly linked to the summit's central focus on building a new financial architecture for the 21<sup>st</sup> century. Toward that end, we propose that the Leaders agree that the economic superstructure they are working to construct will only be sound if it rests on a foundation of well-educated and well-trained populations in their respective nations and in the other countries of the world. The Leaders could note that for nations, continuous investment in human capital is essential to stimulating sustainable economic growth and reducing social and economic inequality. Similarly, they could note that for individuals, educational attainment is an increasingly powerful determinant of income and quality of life.

The United States believes that the Leaders' discussion of these issues will be most productive if it is organized around a unifying theme. We suggest that theme could be preparing citizens for success in the information age. A useful starting point for a session devoted to that theme could be a brief initial discussion of the essential skills that all adults will need to thrive in the knowledge-based societies of the twenty-first century. The Leaders could then turn to effective strategies for helping all citizens master and continually update those skills throughout the continuum of lifelong learning.

**I. Defining the Skills for Success in the Information Age**

All of the nations of the G-8 face the challenge of educating students for life in a global economy and an information society that are, in many respects, still emerging. A critical element of meeting that challenge is defining the knowledge and skills that will be the keys to high quality employment in the future. The Leaders of the G-8 could advance that effort by outlining the core skills that their countries have designated as priorities for the next century. While the purpose of this inquiry would not be to negotiate a comprehensive consensus statement on the skills for success in the information age, the

final communiqué could usefully highlight points on which there is particularly strong agreement.

This discussion of essential skills for the future would allow the Leaders to exchange ideas on a number of common concerns, including the need for entrepreneurship as outlined in the German and UK proposals. The Leaders might also agree, to suggest a few further examples, on the importance of preparing students to work cooperatively in groups with persons of diverse backgrounds, and on the need to provide students with advanced skills in mathematics and literacy and with the ability to use personal computers.

The future peace, prosperity and stability of an increasingly interdependent world will, of course, depend on more than effectively preparing citizens for success in the labor market. To highlight the "non-economic" importance of investment in human capital, the United States also proposes that the Leaders should discuss ideas and values that will form the foundations of democratic citizenship in the 21<sup>st</sup> century. Among them might be: respect for the political, civil, and human rights of all people, a commitment to voting and participation in the political process, and an appreciation for the values of tolerance, pluralism and diversity.

#### Building Human Capital in the Information Age

The Leaders could turn from this initial discussion of the skills for success in the information age to an exchange of ideas on strategies for helping all citizens master and continually update those skills throughout their lives. The United States proposes that the Leaders focus their discussion of effective policies for investing in human capital on three broad areas: primary and secondary education, higher education and the private sector.

#### ⇒ PRIMARY AND SECONDARY EDUCATION

The United States strongly endorses the UK proposal for a discussion of investment in modernization of education and raising standards, including consideration of efforts to raise the level of basic skills and effective ways of measuring student

achievement against rigorous academic standards. The United States also endorses the emphasis contained in both the German and UK papers on developing strategies for helping individuals from low income or other high need groups to improve their educational performance. The Leaders could call on the OECD to continue and expand its effort to develop high quality comparative international measures of student achievement.

The United States believes that the Leaders' discussion of the modernization of education should also include a focus on strengthening the teaching profession for the 21<sup>st</sup> century. The Leaders could usefully consider varying approaches to a number of critical issues, among them teacher recruitment, training, compensation, and professional development. To illustrate their commitment to helping teachers prepare students for life in an increasingly interdependent world, the Leaders could commit to increase support for exchanges of teachers among the nations of the Eight.

Finally, the United States believes that the Leaders' discussion of the modernization of primary and secondary education should also highlight the use of educational technology — particularly distance learning technologies, multimedia software applications and low-cost, portable hardware — as promising tools for improving teaching and learning. The Leaders could consider effective policies for closing the "digital divide" among elements of their populations with and without access to the Internet and other important technological resources. Internationally, the Leaders could commit to consider ways to work together and through international institutions to help developing countries utilize educational technology in addressing their own pressing educational needs.

#### ⇒ HIGHER EDUCATION

While the United States believes that the importance of universities in promoting dynamic economies would be a useful topic for discussion at Cologne, we also believe that the Leaders' consideration of higher education should not concentrate exclusively on the role of universities as centers of research and the training of highly qualified

personnel. We suggest an additional focus on the importance of improving access to higher education for all citizens, particularly for those from traditionally excluded groups.

In the nations of the G-8 and in other developed countries today, completion of post-secondary education provides a greater boost to future earnings than any other degree of educational attainment. By the time they are in their 30s and 40s, for example, university-level graduates in OECD countries earn 30-80 percent more than their fellow citizens whose highest degree is a high school diploma or its equivalent. Partly as a result of this earnings premium, college-going rates have significantly increased in many developed nations since 1990. During the same timeframe, the cost of higher education has gone up as well. At Cologne, the leaders could usefully consider ways to increase participation in higher education in an era of rising costs.

#### ⇒ THE PRIVATE SECTOR

The United States strongly supports the proposal outlined in the German discussion paper for consideration of the vital role that private enterprises play as investors in human capital. We agree that the workplace training is an increasingly important and often very effective means of providing employees with new skills or helping them to update existing ones. Accordingly, we propose that the Leaders also discuss effective strategies for promoting high-quality training for both employed and displaced workers, including through partnerships between business, government and labor.

The United States suggests that the Leaders should also discuss private sector engagement in efforts to improve primary, secondary, and higher education. The Leaders could highlight ways that the business community has been a positive force for school reform in their respective countries and could encourage the private sector to view support for education as an investment in the knowledge and skills of the workers and customers of the future.

### Proposed outcomes

- ⇒ A declaration of the importance of investment in education and human capital
- ⇒ A joint statement highlighting a number of commonly agreed-upon skills for economic success and values for democratic citizenship in the emerging interdependent, information-driven global economy
- ⇒ An invitation to the OECD to continue and expand its effort to develop high quality comparative international measures of student achievement
- ⇒ A commitment to increase support for teacher exchange among the nations of the Eight
- ⇒ A commitment to consider ways to work together and with international institutions to help developing countries utilize educational technology in addressing their own pressing educational needs

### Format

To increase public attention to the critical concerns that the Leaders will be addressing in their discussion of human capital at Cologne, the United States proposes that the session be at least in part open to the press. We also suggest that the session could feature an exchange with an international panel of experts and practitioners on one of more of the subjects that the Leaders will be discussing. Possibilities include education researchers, teachers, students, and CEO's.

**UNCLASSIFIED FACSIMILE**

**FROM THE NATIONAL SECURITY COUNCIL  
OF THE WHITE HOUSE**

**DATE: 4 March 1999**

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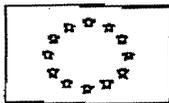
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**SUBJECT: EC discussion paper on education and training.**



**EUROPEAN COMMISSION**  
Cabinet du Président

Brussels, 4 March, 1999

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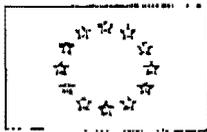
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**EUROPEAN COMMISSION**

Cabinet of the President

Head of Cabinet

Brussels, 4 March 1999

Dear Klaus,

Please find attached a short Commission reflection paper on education and training. I hope that you will find this useful in stimulating further thoughts on this issue at our meeting on 19/20 March.

I am looking forward to seeing you then.

As usual, I am copying this letter to G8 Sherpa colleagues.

Yours sincerely,

  
Jean Cloos

Prof. Dr. Klaus Gretschmann  
Personal Representative of the  
Federal Chancellor for the  
World Economic Summit Office  
Bonn.

## G-8

**Education and training: reflection document****European Commission**

We welcome the Presidency initiative to put education and training on the agenda of the Köln Summit. Heads could usefully exchange experiences and discuss best practices regarding

- the links between education, training, research and innovation;
- how to organise and finance for a lifelong learning society;
- the role of education and training in promoting employability;
- the relationship between education and active citizenship;
- and the application of Information Technology to education.

The following pages aim at providing some food for thought on these subjects and make some suggestions for possible Summit messages.

*Education and training in a global context*

The globalisation process reaches far beyond the economic domain and includes a more widespread and accelerated circulation of ideas as well as people across frontiers and continents.

The resulting widening of intellectual horizons is potentially very enriching in terms of personal development and fulfilment, but it can lead to culture shock, to a fragmentation of cultural and ethical frameworks and to introversion and rejection of change. Education, and more specifically media education, therefore has a major role to play in helping people understand and cope with a world which is far more vast, yet more immediately accessible than that experienced by earlier generations, and changing at an increasingly rapid rate. Above all, education must help them learn to deal critically with the mass of information and influences to which they are exposed.

Inside the EU, co-operation in the fields of education, training and youth has added an international dimension to formal and informal education systems allowing to reach unprecedented numbers of individuals. Nevertheless, much more needs to be done to promote a dynamic culture of education and training in order to ensure continuing growth and job creation and to promote stable democratic societies and intercultural communication.

*Education and training – an outdated dichotomy*

Education and training can be defined as the dynamic process by which individuals acquire knowledge and skills – with education developing broader human and intellectual capacities and training the more job-related skills. The two are so complementary as to form a natural continuum, but responsibility for them is divided in many national systems. Moreover there is often a certain degree of mutual wariness between the world of education and the world of business.

The needs of the economy have to be articulated in a way which does not meet with rejection from the world of education, and the defenders of traditional educational values have to recognise that calls for greater relevance in educational content, or for the development of self-reliance and entrepreneurship among young people, are not a threat to those values. European industry (the European Round Table) has repeatedly stressed that what it expects of the

education system is the development of well-rounded individuals with social and communication competencies which enable and encourage them to acquire and update the more directly job-related skills. Promoting employability does not threaten educational values.

### *Lifelong learning*

The idea of lifelong learning is not new, but it received a new impulse in the EU with the European Year of Lifelong Learning, 1996. The term can be interpreted in different ways: in the EU context it is taken in its widest sense, covering not only adult education and continuing vocational training, but a holistic approach which recognises that the foundations for LLL are laid at the school and even pre-school levels, and embraces learning through all successive stages of life up to and including the growing post-retirement phase in which "recreational learning" can be an important factor for active ageing.

Adopting a lifelong learning approach means recognising that there has been a departure from the traditional virtually watertight division of life into the three successive stages of education, work and retirement. This departure is reflected both in the individual's expectations and in the capacity of delivery systems to cater for learners of different ages and at different standards of attainment: education and training systems need to be more flexible and more diversified. This greater flexibility and diversity will make it easier for individuals who have left the traditional educational path at an early stage to re-enter, giving them a second and subsequent chances in life. Social equity demands that those who follow such non-linear educational paths should not be penalised by comparison with those who follow more traditional paths.

However countries choose to organise and finance their systems for the provision and governance of education and training, all constituent parts of these systems must learn to see themselves as serving a lifelong learning process centred on the individual learner, and individuals must learn to take control of their own learning paths. Whatever the mechanisms chosen, some form of lifelong learning credit must replace the traditional approach whereby those who leave the "linear progression" model at any stage after compulsory education can only re-enter it at their own expense.

### *Competitiveness and new bases for competitive advantage*

Developed economies have to fight harder to maintain their position in the face of the trend towards relocation of manufacturing activity to lower-cost economies, and a natural course for them to pursue is to capitalise on and reorient the knowledge and skill bases which they have accumulated, specialising in high-skill and high-productivity activities. On the other hand, countries which are not rich in natural resources can create their own resource endowment by conscious, carefully-designed policies of investment in education and training.

There is therefore new scope for an increasingly positive-sum game in the new global environment, based on investment in the knowledge chain and of potential benefit to both rich and poor countries provided they adopt appropriate policies.

### *The knowledge-based society*

For Europe, given its particular industrial and social history, there is no realistic alternative: its future competitiveness and the maintenance of employment and living standards is dependent on a coherent strategy based on knowledge. But knowledge is evolving so fast and its volume growing at such a rate that each individual will have to build up his own capital of knowledge

and develop the ability and will to update it constantly. The foundations for this new approach to learning will have to be laid by giving each individual a broad base of knowledge and polyvalent analytical skills. The interlinking of the fields of education, training, research and innovation is what distinguishes the "knowledge-based society".

### *Who pays, who gains?*

The individual, the firm and society at large are all stakeholders in the education and training of the individual, and the funding and remuneration of investment in education and training need to reflect this reality. This issue is particularly relevant to investment in training in SMEs, which are increasingly important centres of innovation but face particular difficulties associated both with releasing staff time for formal training and with securing a return on the investment given mobility of labour.

It is estimated that 80 per cent of skill acquisition in SMEs occurs "on the job", but large and small firms alike, as well as their workforces, have much to gain by consciously organising work in such a way as to make it a learning experience, facilitating the acquisition of "meta-skills" not dependent on a specific technology.

More needs to be done to ensure that training is perceived as an investment rather than as a cost. In this connection, the Commission has advocated (in its 1995 White Paper "Teaching and learning - towards the learning Society") an equal treatment of capital investment and investment in training in both taxation systems and company accounts. Existing models of collective financing of training on a sectoral or regional basis can also be developed and adapted.

### *Citizenship*

Our understanding of the notion of citizenship has been evolving in recent years, helped along in part by the emergence of the concept of European citizenship as something additional to rather than as a substitute for citizenship of a Member State.

In this perspective, citizenship means more than belonging to a nation state. Citizenship may entail identification with different levels. The nation state is only one point of reference, others being the subnational regional level or a common social and cultural area going beyond the national level. The EU concept of "Learning for active citizenship" (or the Council of Europe's corresponding term "Education for democratic citizenship") encourages such a broader-based understanding of citizenship and promotes the participation of the individual in civil society at a number of levels and his understanding of cultural diversity. One way of doing this is through programmes that facilitate youth exchanges between several countries, familiarising participants with local youth projects in other regions and thereby promoting active citizenship at local level.

The concept is relevant to Eastern and Western countries alike, as the issues to be addressed range from stabilisation of democracy in a pluralist society to coping with alienation in areas of industrial decline and high unemployment, both of these issues being of considerable interest to the newer democracies as well as to those countries which have long embraced the market economy. A responsible attitude to man's physical environment is also promoted through the notion of "environmental citizenship".

### *Informal learning environments and validation of skills*

The decline in acceptance of authority, while it can be a positive development in terms of active citizenship, brings with it an increased rejection of traditional educational approaches, if not of school altogether, especially where employment prospects are poor. Mass access to education at ever-higher levels is also a very welcome development, but brings with it not only problems of financing but also an increased risk of failure or drop-out.

A range of informal or semi-formal education systems, including adult education as well as youth organisations and voluntary service provide parallel opportunities for non-standard educational experiences, including peer education and mentoring. The working environment, as mentioned above, is another major source for the informal acquisition of skills.

This greater flexibility in acquiring knowledge elicits the question of new ways of validating skills, irrespective of whether or not they were acquired via a paper qualification. Formal certification systems can be usefully complemented by self-testing systems. One possibility would be 'personal skills cards' which would provide a record of what the holder knows in terms of fundamental (languages, maths, law, informatics, economics, etc.) or technical or vocational (accounting, finance, etc.) knowledge. A young person having no paper qualification could thus apply for a job on the basis of his card which attests to his ability in terms of written skills, language proficiency, word processing. Such a scheme would allow an immediate assessment of people's qualifications throughout their lives, in contrast to diplomas which lose their value as years go by, at an ever increasing pace.

### *Information technology*

In a few short years, the application of IT to education has progressed from being a subset of the relatively specialised area of open and distance learning to become a resource of virtually universal application whose potential is widely recognised though far from full realisation. This can be attributed in part to the adoption of the internet by the academic community and the relatively easy access to knowledge which it provides, but the computer literacy of young people acquired partly through recreational use adds a new dimension. While the emphasis has heretofore been mainly on the technology, there is much to be gained from the development of worthwhile educational content. With this objective in mind, the Commission, for instance, helped to set up a foundation to bring together IT firms and software providers with those who can articulate the demand of education. This foundation is but one of the results of the action plan "Learning in the information society" which the EU has been implementing in recent years.

As familiarity with the technology becomes more widespread, there will be growth generally in downstream content-related employment opportunities. The information society is already the most dynamic sector in the EU economy, accounting for more than 5 per cent of GDP and creating one in every four net new jobs. Employment opportunities need to be more actively highlighted not only in the IT sector proper, but in the content industry which can offer new economies of scale and niche markets which exploit its worldwide coverage. Even allowing for some job losses and shifts to alternative work, the information society points overall to a net gain in employment, and an existing shortage of IT skills has already emerged as a constraint on growth potential. It is thus evident that the education and training system has to become more open to the information society if society is to reap the potential benefits accruing from it.

*Suggestions for Summit messages*

- The Summit could emphasise that learning yields benefits for the individual, for the firm and for society, and urge governments and the social partners to include provision for all types of learning in collective bargaining agreements. They could also encourage the organisation of learning opportunities on a local or where appropriate a sectoral basis, as a way of answering concerns about one firm free-riding on the efforts put in by others or "poaching" of higher-skilled workers.
- The Summit could draw attention to the mutual dependence between the educational system and business, and encourage a constructive dialogue between these two sectors. In particular, they could stress that personal qualities such as creativity and initiative are in fact shared objectives, and invite the business sector to provide opportunities for meaningful work experience for students at all stages of their education.
- The Summit could encourage governments to stimulate active citizenship, for instance by offering young people the opportunity to serve, on a voluntary basis, in the different layers of society in order to give them meaningful experience which can help them make the transition to working life.
- The Summit could call for co-operation between the education system and the business community in order to stimulate entrepreneurship in young people as a key element in personal development, for instance by setting up simulation games or allowing them to gain practical experience of enterprise creation through "mini-companies" and similar initiatives.