

1. We, the Heads of State and Government of eight major democracies and the President of the European Commission, 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.

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. We welcome the outline agreements recently reached by Russia with the IMF and the World Bank and look forward to their speedy implementation as a further important step in Russia's reform program. Once an IMF agreement is in place, we encourage the Paris Club to act expeditiously to negotiate a debt rescheduling agreement with Russia. In order to support Russia's efforts towards macroeconomic stability and sustainable growth, we encourage the Paris Club to continue to deal with the problem of the Russian debt arising from Soviet era obligations, aiming at comprehensive solutions at a later stage once Russia has established conditions that enable it to implement a more ambitious economic reform program.

7. We agreed to intensify our dialogue within the G8 structures on the longer term social, structural and economic reform in Russia. To this end, we have instructed our personal representatives to ensure the overall continuity and cohesion of the work among the G8 on this subject. Particular emphasis should be given to concrete areas of cooperation such as small business development, strengthened cooperation with regions, health, the social impact of economic transformation. We agreed to deepen our cooperation on law

impact of economic transformation. We agreed to deepen our cooperation on law enforcement, fighting organized crime and money laundering, including as they relate to capital flight.

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

8. 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.

9. 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.

10. We therefore call on all nations to launch at the WTO Ministerial Conference in Seattle in December 1999 a new round of broad-based and ambitious 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.

11. 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

12. 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;
- pursuing macroeconomic policies for stability and growth and ensure that monetary and fiscal policies are well balanced.

13. 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.

14. 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

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.

#### IV. Investing in People

15. 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.

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

17. 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.

18. 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.

#### V. Strengthening Social Safeguards

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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 welcome the adoption of the ILO Convention 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.

26. 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

27. 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 put special emphasis 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

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 untying aid to the least developed countries. We call on OECD members to bring this effort to a successful conclusion as soon as possible.

28. We reaffirm our commitment to contribute to the achievement of economic and social development in Africa, Asia and Latin America. We will review the situation in that regard every year, on the basis of reports by the IFIs and the relevant regional development banks, on the alleviation of poverty.

#### VII. Launching the Köln Debt Initiative

29. 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. In this context we also support good governance and sustainable development.

30. 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

31. 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. This should include a clarification of the relationship between both multilateral environmental agreements and key environmental principles, and WTO rules.

32. We agree to continue to support the Multilateral Development Banks 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 finance agencies. We aim to complete this work by the 2001 G8 Summit.

33. 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 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.

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

34. Strengthening the international non-proliferation regime and disarmament measures 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 for these purposes and encourage all other interested countries to join us.

35. 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.

36. 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).

37. 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.

38. 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.

#### X. Tackling Global Challenges

39. 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 address the root causes of these conflicts. These causes include 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.

40. In order to improve our ability to prevent crises, it is necessary, consistent with the principles and purposes of the UN Charter, to:

- 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

Risks and causes of violent conflicts must be more effectively monitored and the information shared to forestall them;

- 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;

- 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.

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

42. 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.

43. In light of the increasing importance of issues concerning food safety we invite the OECD Working Group on Harmonization of Regulatory Oversight of Biotechnology and the OECD Task Force for the Safety of Novel Foods and Feeds to undertake a study of the implications of biotechnology and other aspects of food safety. We invite OECD experts to discuss their findings with our personal representatives. We ask the latter to report to us by the next Summit on possible ways to improve our approach to these issues through international and other institutions, taking into account the reflections underway in other fora.

44. 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.

45. 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 and on Terrorism and urge them to continue their work, in particular for an early conclusion of the negotiations of UN conventions and protocols on organized crime. We also call for more rapid progress of negotiations on the UN Convention on the Financing of Terrorism. We ask the two expert groups to report back to us next year. We reaffirm our commitment to tackle

the drug issue, in particular through active implementation of the conclusions of the 1998 UN General Assembly Special Session on the World Drug Program. We welcome the upcoming Ministerial Meeting on Crime to be held in Moscow this fall.

46. 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.

47. 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.

48. 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 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

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