

32. We encourage the new States to adopt sound economic policies, above all by bringing down budget deficits and inflation. Working with the IMF can bring experience to this task and lend credibility to the efforts being made. Macroeconomic stabilisation should not be delayed. It will only succeed if at the same time the building blocks of a market economy are also put into place, through privatisation, land reform, measures to promote investment and competition and appropriate social safeguards for the population.

33. Creditworthiness and the establishment of a dependable legal framework are essential if private investors are to be attracted. The creditworthiness of the new States will in particular be assessed by the way in which they discharge their financial obligations.

34. Private capital and entrepreneurial commitment must play a decisive and increasing part in economic reconstruction. We urge the new States to develop an efficient private business sector, in particular the body of small and medium-sized private companies which is indispensable for a market-economy.

35. Rapid progress is particularly urgent and attainable in two sectors: agriculture and energy. These sectors are of decisive importance in improving the supply situation and increasing foreign exchange revenue. Trade and industry in our countries are prepared to cooperate. Valuable time has already been lost because barriers to investment remain in place. For energy, we note the importance of the European Energy Charter for encouraging production and ensuring the security of supply. We urge rapid conclusion of the preparatory work.

36. All Summit participants have shown solidarity in a critical situation by providing extensive food aid, credits and medical assistance. They also have committed technical assistance. A broad inflow of know-how and experience to the new States is needed to help them realise their own potential. Both private and public sectors can contribute to this. What is needed most of all is concrete advice on the spot and practical assistance. The emphasis should be on projects selected for their value as a model or their strategic importance for the reform process. Partnerships and management assistance at corporate level can be particularly effective.

37. We stress the need for the further opening of international markets to products from the new States. Most-favoured-nation treatment should be applied to trade with the new States and consideration given to further preferential access. The new States should not impede reconstruction by setting up barriers to trade between themselves. It is in their own interest to cooperate on economic and monetary policy.

38. We want to help the new States to preserve their highly-developed scientific and technological skills and to make use of them in building up their economies. We call upon industry and science in the industrial countries to promote cooperation and exchange with the new States. By establishing International Science and Technology Centres we are helping to redirect the expertise of scientists and engineers who have sensitive knowledge in the manufacture of weapons of mass destruction towards peaceful purposes. We will continue our efforts to enable highly-qualified civil scientists to remain in the new States and to promote research cooperation with western industrial countries.

39. We welcome the membership of the new States in the international financial institutions. This will allow them to work out economic reform programmes in collaboration with these institutions and on this basis to make use of their substantial financial resources. Disbursements of these funds should be linked to progress in implementing reforms.

40. We support the phased strategy of cooperation between the Russian Government and the IMF. This will allow the IMF to disburse a first credit tranche in support of the most urgent stabilisation measures within the next few weeks while continuing to negotiate a comprehensive reform programme with Russia. This will pave the way for the full utilisation of the \$24 billion support package announced in April. Out of this, \$6 billion earmarked for a rouble stabilisation fund will be released when the necessary macro-economic conditions are in place.

41. We suggest that country consultative groups should be set up for the new States, when appropriate, in order to foster close cooperation among the States concerned, international institutions and partners. The task of these groups would be to encourage structural reforms and to coordinate technical assistance.