

market mechanisms. These are:

- i) information problems, which can often cause markets to produce less effective or unfavourable environmental outcomes;
- ii) existing measures and institutions, which can encourage individuals to behave in environmentally damaging ways; and
- iii) balancing competing objectives (social, environmental and economic).

An initial response strategy may therefore be to address information problems directly and to review existing measures which may be barriers. For example, prior to possible adoption of a system of emission charges, countries should examine existing subsidies and tax incentives on energy and other relevant greenhouse gas producing sectors.

\* With respect to institutional mechanisms for providing financial co-operation and assistance to developing countries, a two track approach was considered:

- i) one track built on work underway or planned in existing institutions. Bilateral donors could further integrate and reinforce the environmental components of their assistance programmes and develop cofinancing arrangements with multilateral institutions while ensuring that this does not impose inappropriate environmental conditions.

- ii) parallel to this track the possibility of new mechanisms and facilities was considered. Some developing and industrialized countries suggested that new mechanisms directly related to a future climate convention and protocols that might be agreed upon, such as a new international fund, were required.

\* Governments should undertake now:

- o accelerated and co-ordinated research programmes to reduce scientific and socioeconomic uncertainties with a view towards improving the basis for response strategies and measures;
- o review of planning in the fields of energy, industry, transportation, urban areas, coastal zones and resource use and management;
- o encouragement of beneficial behavioral and structural (e.g. transportation and housing infrastructure) changes;
- o expansion of the global ocean observing and monitoring systems.

It should be noted that no detailed assessments have been made as of yet of the economic costs and benefits, technological feasibility or market potential of the underlying policy assumptions.

#### 4. PARTICIPATION OF DEVELOPING COUNTRIES

It is obvious that the impact on and the participation by the developing countries in the further