

# GSO News Volume 3 Number 3, April 2007

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The *GSO News* is a subscription service provided by the Geneva Social Observatory. We report on developments at WHO, WTO, ILO and many other Geneva-based organizations, as well as other selected developments on global social issues. This edition's **in-depth piece** is on **Promoting Fair Trade and Labour Standards in the Post-MFA Environment**.

We hope you enjoy our service, and we invite your comments and suggestions (please send them to [gsonews@gsogeneva.ch](mailto:gsonews@gsogeneva.ch)). More information about the Geneva Social Observatory as well as archive copies of *GSO News* can be found online at [www.gsogeneva.ch](http://www.gsogeneva.ch).

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# GSO News

## 1. [Ban Ki-moon makes his first visit to Geneva](#)

United Nations Secretary-General Ban Ki-moon visited Geneva from 20-22 April, marking his first visit to the city as head of the UN. On Friday the 20<sup>th</sup>, the Secretary-General met with city and cantonal officials over a breakfast in the Old Town, held in the offices of the Zoubov Foundation. He then attended a “town hall meeting” for UN staff in the Assembly Hall at the Palais des Nations, and later in the day presided over a Chief Executives Board (CEB) meeting at the ILO offices. CEB meetings bring together the heads of the UN agencies every six months to discuss current issues.

Mr. Ban Ki-moon discussed several important issues at the UN staff meeting including pension provisions, staff rotation between duty stations and his expectations of staff. Of concern to Geneva-based staff was the plan for the mobilization of UN employees in the context of the UN Reform process. The plan envisages the increased movement of UN employees among different locations to give them more experience. Many Geneva-based staff were worried about the effects of the plan on their families; however, Mr. Ban emphasized the overall benefit that employees at the UN in general will gain from the plan. The Secretary-General also reaffirmed his stance on holding himself and the rest of the UN staff to the highest moral and ethical standards in their work, and stated that the image of the UN and of its employees is of particular concern to him.

While in Switzerland, Mr. Ban also voiced his support of former Secretary-General Kofi Annan’s plan for a humanitarian forum in Geneva, commenting that in his opinion, Geneva “may provide a good opportunity and atmosphere.” He also said that he would support “any initiative” of Mr. Annan’s and that he hopes for enthusiasm from the Swiss government in the project.

## 2. [Kofi Annan to Lead Humanitarian Forum in Geneva](#)

Former UN Secretary-General Kofi Annan and the Swiss foreign ministry have confirmed preliminary plans for the establishment of a humanitarian forum here in Geneva. The project is in its first phases, but the Swiss government has pledged its strong support of the project. Annan’s involvement with the project will be one of central importance, despite his “retirement” in Geneva. Loosely modeled after the annual World Economic Forum in Davos in that world leaders and decision-makers will be invited to discuss issues, Annan’s forum will instead focus on humanitarian topics. This comes as no surprise, as Annan enthusiastically championed the advancement of peace and the amelioration of poverty during his tenure at the UN.

Tentative plans for launching the forum are set for September of this year. The forum is expected to be housed in the Rigot villa near the Palais des Nations, which will be available at no cost to the forum, on behalf of the canton of Geneva. With the express encouragement of the Swiss government, including Swiss president Micheline Calmy-Rey, plans for the forum are bound to gain significant momentum in the coming months. The forum would only reaffirm Geneva's status as world's foremost city for international humanitarian law.

### 3. ILO Faces Policy Challenges in IT Industries

The ILO hosted a Tripartite Meeting from 16-18 April on the Production of Electronic Components for the IT Industries with the theme: *Changing Labour Force Requirements in a Global Economy*. More than 70 workers, employers and government representatives were in attendance. Both Secretary-General of the meeting Ms. Johanna Walgrave and Chairman Mr. Nakajima of Japan wished to reach a consensus with the meeting, and they both stressed the importance of the IT sector in the economy. A presentation by the Executive Secretary Mr. Paul Bailey outlined the pressing issues and recent developments in the industry. Topics discussed during the three days included how to increase adherence to standards throughout the IT supply chain; the necessity of and methods for improving the lifelong learning of employees; and developments in research and information-sharing, including a presentation on the SECTORSource database project created for the ILO by Hagen Resources International.

The rapidly changing nature and special needs of the IT sector was highlighted throughout the three-day meeting. Because of the frequent introduction and turnover of new technologies, especially in the electronic components industry, all sides of the meeting stressed the importance of lifelong learning in staying competitive and in protecting against job loss. Both the workers' and employers' sides asked governments to take an active role in the lifelong learning process by creating comprehensive education policies and providing incentives for employers to offer more and better quality training programs. The challenge to strong long-term relationships between customers and suppliers in light of the rapid change in the sector was also discussed. The role of adherence to standards in the supply chain as supporting these relationships was stressed, and in general all sides supported the idea of increasing adherence to these standards through pre-existing and new initiatives. These initiatives included voluntary codes of conduct such as the Global e-Sustainability Initiative and the Electronic Industry Code of Conduct, as well as International Framework Agreements (global agreements between a multinational enterprise and a sector-specific trade union).

Despite some tensions between the employers' and workers' sides about the openness of dialogue regarding electronics industry issues, the meeting maintained an atmosphere of willing cooperation and collaboration from all sides in issues of managing the needs of such a fast-paced industry. Continued social

dialogue and ILO action on sector-specific health and safety issues, helping to disseminate knowledge regarding the best practices from companies, and providing technical assistance for labour inspection purposes were all highly encouraged from the workers', employers' and governments sides. The significance of other stakeholders in the IT industry was also acknowledged, as it was understood that the reality of the industry encompasses large, medium and small enterprises, shareholders and workers' representatives, as well as customers, suppliers, and "as appropriate", NGOs.

Please see [http://www.ilo.org/public/english/bureau/inf/news/2007/it\\_sector.htm](http://www.ilo.org/public/english/bureau/inf/news/2007/it_sector.htm) for a full report on the conclusions of the meeting.

#### 4. [The Doha Round and Aid for Trade Updates](#)

##### **Progress possible by year end?**

The Doha Round has recently gained some momentum with strong campaigning from WTO Director-General Pascal Lamy and pledges from the G6 and G4 ministers to reach agreement on the trade negotiations by the end of 2007. An increased sense of urgency has been instilled on the negotiations, based on expressions of strong support from leaders and also due to Pascal Lamy's warnings of failure for the Round.

The G-6 (EU, US, Brazil, India, Australia, and Japan) negotiators met in New Delhi on 11-12 April, for the first time since being unable to reach agreements on agriculture trade policies last July. The emphasis in this meeting was once again on process and not on substance. They issued a proclamation saying that they were entering a "new phase" in discussions which would enable them to conclude the round by the close of 2007. Similarly, G-4 officials wrote in a letter to Mr. Lamy that they plan to increase activities by holding meetings in the following weeks in order to move progress along in Geneva.

Mr. Lamy seems to be doubtful himself, bluntly stating in a speech to the IMF-World Bank International Monetary and Financial Committee that resumed Doha negotiations have "not yet led to the incisive breakthrough needed in order to bring the Round to a successful conclusion by the end of this year." He urged this Committee and the World Bank Development Committee Meeting on 14 April, as well as the U.S. Chamber of Commerce on 23 April, to step up their own efforts to support the Doha negotiations. Mr. Lamy specifically asked for the support of the United States in the negotiations. The agricultural negotiations have put the U.S. in a deadlock with the EU in negotiations in the past, but Mr. Lamy directed his concerns to getting resolution on the internal bipartisan negotiations in the United States.

## **Attention for Aid for Trade**

The Aid for Trade Initiative also has received increased attention as of late, with Mr. Lamy championing the continued effort for improving the trade situation in developing countries independently of the Doha Round. A new monitoring system is being established at the WTO, with three components: global, donor, and recipient monitoring, to ensure that Aid for Trade is working as well as possible. In addition, the WTO is organizing regional reviews in Africa, Asia, and Latin America. These efforts will be carried out with the hope of producing real results from the Aid for Trade programme, to be accomplished through the help of donors and through confidence given to the WTO from recipient countries that it is actually making a difference. The Director-General has been careful to assure the international community that the WTO is not a development-driven agency, but that it will work to help economies the world over become more efficient and effective. The year's progress in the Aid for Trade Initiative will be presented in the WTO's first annual Aid for Trade event in the fall.

The coming weeks and months will be crucial to the success of both the Aid for Trade Initiative and the Doha Round.

## **The Doha Round's Development Agenda**

The development component of the Doha Development Agenda was the topic of the first issue-specific dialogue with civil society organized by the World Trade Organization's secretariat on 27 April. Around 40 representatives of civil society including NGOs, business and trade associations as well as members of national trade delegations and of WTO staff took part in the off-the-record discussion. A panel made up of a WTO staff member, an ambassador and a leading NGO was chaired by a journalist to stimulate the exchange amongst participants.

The purpose of the dialogue and those to follow in the series is to promote the exchange of information between civil society, WTO members and observers and WTO staff on topics of interest to them. The series complements the regular briefings on developments in the multilateral trading system and negotiations that have been particularly encouraged under Mr. Lamy's leadership.

Issues addressed during the two-hour meeting included the relationship between trade and development and ways in which this relationship could be strengthened. Also on the agenda was how Special and Differential Treatment has helped development, the proliferation of regional and free trade agreements and the desire to bolster the multilateral trading system. Although it was agreed that development was on the agenda, concerns were expressed as to how development was defined by the different stakeholders. Also it was not always clear if the promotion of a development agenda is given any priority amongst member delegations with some seeing the WTO as a purely trade oriented institution.

## 5. Theme of UNCTAD XII Announced

"Addressing the Opportunities and Challenges of Globalization for Development". This is the theme of the next UNCTAD XII Conference taking place in Accra, Ghana from 20-25 April 2008 approved at the 41<sup>st</sup> session of UNCTAD's Trade and Development Board executive committee from 18 to 20 April. The UNCTAD global policy-setting conference is scheduled every four years with the last one being held in Sao Paolo, Brazil in 2004.

Secretary-General Supachai Panitchpakdi commenting on the theme said that, "UNCTAD XII will provide us with a timely opportunity to address the pitfalls of the process [of globalization], while preserving and enhancing the benefits, with the aim of dispelling fears and identifying measures that will allow all to reap the benefits that globalization can generate." Information about UNCTAD XII and the executive committee of the UNCTAD Trade and Development Board can be found at [www.unctad.org](http://www.unctad.org).

Four sub-themes of the Conference have also been identified as: 1) enhancing coherence at all levels for sustainable economic development and poverty reduction in global policymaking, including the contribution of regional approaches; 2) key trade and development issues and the new realities in the geography of the world economy; 3) enhancing the enabling environment at all levels to strengthen productive capacity, trade and investment: mobilizing resources and harnessing knowledge for development; and 4) strengthening UNCTAD -- enhancing its development role, impact, and institutional effectiveness. These are carefully drafted descriptions of the sub-themes but not entirely clear to someone who hasn't been involved in negotiating them. Short-hand descriptions of these sub-themes might translate into (1) promoting global policy coherence, (2) the changing geographic distribution of trade patterns, (3) capacity-building for development, and (4) UNCTAD reform.

The executive committee also reviewed reports from the 2007 annual sessions of three UNCTAD Commissions - on Investment, Technology and Related Financial Issues; on Trade in Goods and Services and Commodities; and Enterprise, Business Facilitation and Development. Members of the executive committee endorsed the continuing analytical work of the first Commission on foreign direct investment, the support coming from the second Commission on trade preferences and other trade-related assistance to developing and least developed countries, and the importance of enterprise development and support for small and medium enterprises from the third Commission. It should be noted that a proposal to abolish this last Commission will be considered at UNCTAD XII. This is one of the recommendations made by the Panel of Eminent Persons on Enhancing the Development Role and Impact of UNCTAD that submitted its report in the fall of 2006 (as reported in the October 2006 issue of *GSO News*). The Panel favoured a consolidation of UNCTAD work into two commissions, one

on trade and another on investment, but Panel members also thought a third, new commission might concentrate on something like “globalization and systemic issues”.

### **UNCTAD, Commission on Investment, Technology and Related Financial Issues, 8-14 March 2007**

The Commission on Investment, Technology and Related Financial Issues featured a special meeting of experts this year, on FDI, Technology and Competitiveness. Organized to honour the economist, **Sanjaya Lall**, who died unexpectedly in 2006 and who was well-known for his contributions to development economics and to the World Investment Report, the meeting gathered together such eminent development figures as Frances Stewart, Raphael Kaplinsky, Jorge Katz, and John Dunning among others. GSO interns covered this meeting, as well as the Commission meeting itself, and they have prepared the following report.

The group reviewed Lall’s contribution to development economics particularly his advocacy of active governmental involvement in industrial policies. Lall’s work on industrialization in East Asia led him to emphasize the importance of national policy space for setting enlightened industrial policies. During the discussion it was noted that considerable advances have been made in improving the investment climate in developing countries through regulatory reform and through the creation of investment promotion agencies. Therefore, developing countries seeking to attract more FDI had to have “state of the art” policy frameworks as well as promotion agencies. This conclusion was re-inforced by a recent study on competitiveness that showed how the institutional framework was more important than locational advantage (resources, capabilities, markets) in attracting FDI.

The Commission itself opened with a high level segment on new sources of FDI held jointly with the World Association of Investment Promotion Agencies. Developing countries now account for 17 percent of FDI outflows (\$133 billion in 2005). China and India are becoming major outward investors. The Prime Minister of Morocco noted that there has been much controversy over China’s growing investments in Africa. For such investment to bear fruit they must build capacity and modernize infrastructure. The Chinese Vice Minister Ms. Ma explained that China started going global in 1978. China has encouraged 8000 of its firms to actively invest abroad.

She was followed by a Chinese businessman, Victor Chu. He noted that Chinese firms were transforming themselves into reliable suppliers with global reach. China and India are marked not only by their size but also by their speed. They are, he said, elephants cruising at high speed. However, often they meet “investment” protectionism when they try to invest in the developed world such as in the case of Mittal (steel) and Dubai Ports. In his opinion the gap in cultural understanding and the rules of the game must be bridged. The west cannot

argue “openness” and then erect barriers. There must be mutual commitment to keep markets open both for capital and goods. The world needs more friendly buy-ins and less hostile takeovers. This can be achieved through strategic alliances and cross share-holdings. He closed by stating that FDI competition is fierce, instant and global. It is looking for innovative and value-added solutions.

## 6. [WHO – 60<sup>th</sup> World Health Assembly](#)

The **World Health Assembly**, the decision-making body of the World Health Organization (WHO), is scheduled to meet for its 60<sup>th</sup> annual session on 16-23 May 2007 in Geneva. As usual, delegations from each of the 193 WHO Member States will attend to determine future direction and policies of the Organization. Although the timetables have not been finalized, the preliminary agenda suggests several topics of particular interest.

One issue that is certain to receive active debate at this year’s World Health Assembly is avian and pandemic influenza. Following presentations at the 120<sup>th</sup> Executive Board’s session, experts are again scheduled to discuss the progress made in applying the revised **International Health Regulations (2005)** to avian influenza. Progress includes developing the necessary mechanisms for notification, and training workshop on emergency preparedness and response. The IHR (2005) will enter into force on 15 June 2007 as the world’s first *legally binding agreement* in the fight against public health emergencies of international concern. This stands as a major breakthrough for the WHO, since the organization traditionally asks its member states to *voluntarily* apply regulations.

Although not formally indicated on the agenda, one can also expect issues of virus sharing and vaccine distribution to enter the debates on avian influenza. Following months of stalemate with the Indonesian government, the country’s Minister of Health Siti Fadilah Supari finally announced on 27 March that the country would “immediately” resume sharing H5N1 avian influenza virus samples. Earlier this year, Indonesia withheld the sharing of virus samples from the WHO because they saw the system as unfair. As explained by Minister Supari, the vaccines produced as a result of WHO channels for research and development were seen to benefit mostly the citizens of developed countries and rarely made available to citizens in the developing countries where the samples originally came from. The announcement to resume virus sharing followed a WHO conference in Indonesia to address the issue. Subsequently, WHO convened a “Global meeting on access to H5N1 and other pandemic vaccines” in Geneva on 25 April, in an effort to further the dialogue on improving access for developing countries to potential pandemic vaccines. This issue will continue to be addressed at the World Health Assembly.

Other topics to be discussed include:

- Malaria and proposal for establishment of Malaria Day

- Prevention and control of non-communicable diseases: progress on implementing the WHO global strategy
- Progress in the rational use of medicines
- Health technologies
- Public health, innovation, and intellectual property: progress made by the Intergovernmental working group

The annotated agenda and documents for the 60<sup>th</sup> session of the World Health Assembly can be downloaded from the WHO website at [www.who.int](http://www.who.int).

## 7. [Priorities of New Global Fund Chief](#)

**Dr. Michel Kazatchkine** took office as Executive Director of the **Global Fund to Fight Aids, Tuberculosis and Malaria** on 23 April. In the years before coming to the Global Fund, Dr. Kazatchkine has fought the HIV/AIDS epidemic as a clinician, teacher, and basic clinical investigator and is internationally known for his willingness to work with national and international NGOs on issues of health and development. He is a widely published author and has over 600 research papers circulating to date.

Most recently, Dr. Kazatchkine served as France's global HIV/AIDS and communicable diseases ambassador. Previous positions as Chair of the World Health Organization's Strategic and Technical Advisory Committee on HIV/AIDS and as a member of the WHO's Scientific and Technical Advisory Group on tuberculosis have taught Dr. Kazatchkine to make use of synergies between HIV/AIDS and TB programming.

Despite his daunting task to tackle global HIV/AIDS, TB and malaria, Dr. Kazatchkine assumes his new role at the Global Fund with refreshing energy and full optimism. He believes, for example, that it is "within our grasp to stop the spread of the AIDS pandemic in Asia and Eastern Europe before it reaches levels experienced in Africa." Other goals include quadrupling annual donations to \$8 million by 2010, developing stronger ties with organizations fighting these disease, and committing to "full accountability and transparency" of Fund operations. He also hopes to concentrate on building stronger and more trusting relationships between the Global Fund and the full range of governments, NGOs, private sector, foundations and others concerned about working together to fight AIDS, TB and malaria.

Biography: [www.theglobalfund.org/en/about/secretariat/biography\\_kazatchkine/](http://www.theglobalfund.org/en/about/secretariat/biography_kazatchkine/)

Boston Globe Article:

[www.boston.com/news/nation/washington/articles/2007/04/22/world\\_health\\_fund\\_has\\_new\\_director\\_new\\_challenges/?page=2](http://www.boston.com/news/nation/washington/articles/2007/04/22/world_health_fund_has_new_director_new_challenges/?page=2).

## 8. [Africa Malaria Day 25 April 2007](#)

**Africa Malaria Day** has been celebrated by the African nations each year on 25 April since the Abuja Declaration in 2000 as a reminder of their united commitment to combat their continent's Malaria epidemic. Under the slogan "Free Africa from Malaria NOW!" events across the continent hope to emphasize the urgency of the situation which has claimed thousands of lives and hindered African development. This year, specific focus has been placed on the importance of partnerships in reversing the progression of malaria

President Bush named 25 April this year as the first national Malaria Awareness Day in the USA (see [www.fightingmalaria.gov/news/enews/index.html](http://www.fightingmalaria.gov/news/enews/index.html)). The event, part of the President's Malaria Initiative (PMI) launched in 2005, was marked with speeches by the President and Mrs. Bush in the Rose Garden at the White House attended by prominent figures in the field of malaria including Admiral Timothy Ziemer, the US Malaria Coordinator. The President remarked that "Defeating malaria is going to be a challenge, but it's not going to require a miracle. That's what I'm here to tell you. It's going to require a smart and sustained campaign." He went further to outline a four step plan to combat malaria: the distribution of insecticide-treated bed nets; use of insecticide spray indoors; provision of anti-malaria medicine for pregnant women; and delivery of effective drugs to those living with the disease. Mrs. Bush took the opportunity to announce a new project to provide half a million bed nets to Zambia through the PMI and the President's Emergency Plan for Africa

























identified ways to build collaborative working partnerships between stakeholders for on-going collaboration in a future programme.

## **1. Trade options**

The first general topic of concern was trade options. Participants asserted that the reinstatement of quotas is not an acceptable option, and that 100% implementation of duty- and quota-free market access for LDCs is overdue. The participants also discussed preferential tariff rates, which, while temporary, are a high priority for those countries that are benefiting from the preferences. It was recommended that the phasing out of these preferential tariff rates should be carried out with long transitional periods so that adjustment can be facilitated. In the meantime, it was suggested that both the Generalized System of Preferences and programmes in support of socially responsible practices could provide positive incentives for core labour standards. Participants also asserted that south-south trade should be promoted and that more data should be obtained on the topic.

Enhanced flexibility in the rules of origin for the inputs that are used for export-oriented production of apparel was identified as a critical trade policy issue. This practice, of restricting the sourcing of inputs by requiring, for example, that all components be sourced in the US for processing of apparel exports back to the US, has significantly affected the preferences for selected developing countries in regional and bilateral agreements. The participants agreed that rules of origin are not only policy issues, but are sensitive political issues as well; this is especially true in the case of preferential arrangements with the United States. For future progress, it was recommended that the positive experiences of Canada, the EU, AGOA, and the US-Jordan arrangements concerning the rules of origin need to be widely replicated. Although the preferences to countries that are affected by the rules of origin requirements are likely to be phased out eventually, they do have an important role in this transitional period.

## **2. Technical Assistance**

The WTO's Aid for Trade programme was a major topic discussed during the exploratory dialogue. Despite support for Aid for Trade, concern was expressed over how well it will be funded, how much funding will be diverted from other essential development assistance, and how well the program will be integrated into national trade policy and practice. Another concern about funding is the potential loss of revenue from customs duties in developing countries where this is a major source of revenue. The participants decided that Aid for Trade needs to look beyond trade promotion, facilitation, and capacity-building of trade policy-makers; it should seek both to enhance workers' welfare and stability as well as processes for wider stakeholder consultation. The role of manufacturers in helping to improve labour standards in their supply chains and to finance labour inspections was raised.

Adjustment was discussed as being an essential yet often neglected ingredient of Aid for Trade. One view was that eventually markets and enterprises will sort out which countries will survive in textile and clothing trade, and the rest will have to adjust to changes. The issue of who will do this and how it will be done is a major one for stakeholders, all of whom should be consulted as to the process. It was agreed that special attention needs to be given to the adjustment process in informal sectors, especially those in which women are predominant.

Finally on this point, participants in the exploratory dialogue observed that there needs to be more collaboration among providers of technical assistance, such as the ITC, ILO, UNCTAD, the WTO, bilateral donors, and IFIs. Incredibly, very little collaboration occurs as of now, even in the area of understanding about each organization's respective mandates and the work that each does. The discussion made clear the need for developing more mutually supportive collaboration, as seen in the ILO-IFC joint project. The need for "home grown and home owned" trade adjustment planning and activity was asserted, reiterating that it must be a product of discussion and dialogue from those most affected by the changes.

### **3. Core labour standards in enhanced market access**

Participants engaged in a lively discussion about the role of flexibility in labour standards. There was a general consensus on the need for more consideration of coordination for promoting and raising core labour standards through incentives in trade agreements. The participants also agreed that the labour policies created in response to the liberalization of trade need to be owned by those most affected by the liberalization. While contentions still affect much of the debate and dialogue on formal linkages between labour standards and the WTO, the recent ILO-WTO study on trade and employment suggests that core labour standards can help – and do not necessarily hurt – competitiveness. It was unclear, however, whether the negative approach of using trade sanctions is effective. Participants noted that this was an area where impact assessments would be useful. Finally, the participants discussed the serious costs of *not* strengthening core labour standards; for example, the presence of children in factories rather than in schools diminishes prospects for the sustainable development of human resources. It was recounted in conclusion that "development rests on the back of education, and not vice versa."

The GSO and FES report provides a more complete account of this exploratory dialogue, and readers are encouraged to check their websites at [www.gsogeneva.ch](http://www.gsogeneva.ch) and [www.fes-geneva.org](http://www.fes-geneva.org). The GSO looks forward to working with FES and others in developing a cooperative programme that builds on the suggestions that have been made by participants in this exploratory phase.