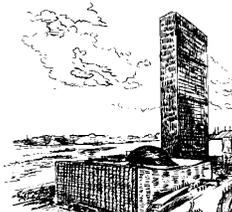


Part 6



Specialized Agencies and Other Bodies

Food and Agriculture Organization (FAO)

The Food and Agriculture Organization (FAO), established in 1945, is a UN specialized agency that provides global data and expertise on agriculture and nutrition, fisheries, forestry, and other food and agriculture-related issues. FAO is the UN system's largest autonomous agency, with headquarters in Rome, 78 country offices and 15 regional, sub-regional, and liaison offices, including one located in Washington, D.C.

FAO's highest policy-making body, the biennial General Conference, comprises all 183 FAO member countries plus the European Commission. The General Conference determines FAO policy and approves FAO's regular program of work and budget. The 31st Conference, meeting in November 1999, re-elected Director-General Jacques Diouf (Senegal) to a second six-year term through December 2005. Each biennial Conference elects a 49-member Council that meets semi-annually to make recommendations to the General Conference on budget and policy issues. The North America region, which comprises the United States and Canada, is allocated two seats on the Council and one seat each on FAO's Program, Finance, and Constitutional and Legal Matters (CCLM) Committees. The United States holds the North American seats on the Finance and Joint Staff Pension Committees through December 2003. Canada holds the North American seat on the CCLM and Program Committees through December 2003.

The United States participated at the World Food Summit: Five Years Later meeting held at FAO headquarters June 10–13, 2002, to discuss progress towards attaining the 1996 World Food Summit target of reducing the world's number of hungry and malnourished by half by 2015. The United States presented new initiatives to improve agriculture productivity as a significant contribution toward meeting that goal. U.S. Secretary of Agriculture Ann Veneman, leading the U.S. delegation, joined other ministers and heads of state and government in adopting a Declaration, "The International Alliance Against Hunger," which reiterated the goals of the 1996 World Food Summit and stated, *inter alia*, "we are committed to

study, share, and facilitate the responsible use of biotechnology in addressing development needs.” The United States entered a reservation to paragraph 10 of the Declaration concerning the “Right to Food.” (See also Part 2, World Food Summit: Five Years Later.)

In 2002, the United States and other major contributors continued to promote reforms at FAO. Their efforts ensured that a major reform issue, term limits, was placed on the 123rd Council agenda, initiating a process that is expected to lead to a revision to the FAO Basic Texts and the reinstatement of term limits for the Director–General position. On the Finance Committee, the United States actively encouraged accountable, results–based management (including sunset provisions) and efficient governance. In joint sessions of the Finance Committee with the Program Committee, the United States recalled problems encountered in implementation of FAO’s Special Program for Food Security (SPFS), and urged FAO to follow up on the recommendations of the 2002 evaluation of SPFS in order to ensure that SPFS projects were sustainable and well designed. The evaluation was undertaken both in response to the request of the Governing Bodies and to meet internal management needs. A team of nine senior external consultants undertook the evaluation. The evaluation recommended that FAO prioritize countries eligible for SPFS activities; that SPFS give greater priority to household food security; that the project design be improved in order to increase the impact and sustainability of SPFS–related activities; that, at the outset of every SPFS project, FAO explicitly design an exit strategy in terms of handing over responsibility to the recipient government; and that SPFS develop three complementary strategies, namely (a) increasing the effort devoted to food security mapping in order to facilitate the identification of food insecure areas, (b) introducing systematic, simple, and efficient monitoring systems to improve management, and (c) introducing South–South Cooperation programs.

The United States worked successfully with FAO management and with other members to put in place management reforms, such as ensuring the independence of the internal oversight function and reducing the U.S. assessment to 22 percent consistent with Helms–Biden benchmarks. These reforms made possible the payment of \$100 million in U.S. arrears to FAO in 2002.

Improving governance and streamlining the organization continued to be a top priority for the United States. FAO’s Strategic Framework 2000–2015, the first ever approved for the organization, supported these efforts by calling for more efficient use of scarce resources, providing criteria for priority setting, and specifying FAO’s areas of comparative advantage.

The United States continued to encourage the organization to hire more Americans in order to meet the desirable range of 16–22 percent for

staff, subject to geographical distribution. Throughout 2002, American representation ranged between 12–13 percent of FAO staff in posts subject to geographic distribution.

FAO fulfills an important function in providing comprehensive data for all agricultural commodities, forestry and fishery products, and related ecosystems. FAO “State of the World” compilations on food and agriculture, forests, fisheries and aquaculture, and food security represent the latest analyses on major areas within FAO’s competence. FAO also provides policy guidance, information, and technical assistance aimed at promoting food security, particularly for rural populations.

Of particular importance to the United States are the internationally recognized standards for food safety and plant health developed by the joint FAO/World Health Organization (WHO) Codex Alimentarius Commission and the Interim Commission on Phytosanitary Measures (ICPM) of the International Plant Protection Convention. The work of these bodies aims to facilitate trade and protects consumers in developed and developing countries alike. The United States worked with other countries in the FAO policy-making bodies to ensure greater financial support for the ICPM from the overall FAO budget to enable it to complete at least four phytosanitary standards a year. The United States also supported the 2002 evaluation of the FAO/WHO Codex Alimentarius Commission with a view to improving the work of Codex and assuring adequate financial support from the two agencies. The United States supported the FAO Voluntary Code of Conduct on Pesticides, which promotes safe agricultural chemical use, but the United States also expressed disappointment that the revised Code adopted by the 123rd Council did not command industry support due to concerns about data protection.

In 2002, the United States chaired the sixth session of FAO’s Commission on Genetic Resources for Food and Agriculture, which also met as the Interim Committee of the International Treaty on Plant Genetic Resources. On November 1, the United States signed the treaty, which aims to promote the conservation and sustainable use of plant genetic resources; it will enter into force once ratified or acceded to by 40 countries.

FAO’s institutional knowledge of farming and natural resources and its agricultural and livestock response capabilities in pest outbreaks, natural disasters, and other emergencies are important assets for U.S. agricultural, economic, and humanitarian interests. Important examples are the FAO programs to monitor and control desert locusts and to eradicate Rinderpest, a highly infectious viral disease that can destroy entire populations of cattle and buffalo. In the aftermath of natural disasters and other crises, FAO is the agency within the UN system that provides seeds and tools to farming communities to help re-establish devastated agricultural

production. The United States provided \$9.7 million in voluntary contributions to FAO in 2002, primarily for emergency activities in Africa and Afghanistan.

The United States played a strong leadership role in the development of four significant International Plans of Action for FAO that deal with conservation and management of sharks; widespread problems related to fishing overcapacity; mitigating the incidental catch of seabirds in long line fisheries; and deterrence, prevention, and elimination of illegal, unregulated, and unreported (IUU) fishing. In 2002, the United States contributed \$400,000 to support the Code of Conduct on IUU fishing. The United States also participated in discussions in the FAO-sponsored Reykjavik Conference on Responsible Fisheries and supported the Reykjavik Declaration, which focuses on the need for effective fisheries management to encourage responsible fisheries.

FAO is the UN Task Manager for forests and land degradation under Agenda 21, adopted at the UN Conference on Environment and Development in Rio de Janeiro in 1992. It participated in the World Summit on Sustainable Development in Johannesburg in August 2002. With a food crisis looming in southern Africa and the refusal of some countries to accept U.S. biotech-engineered food aid, the United States urged UN agencies to provide science-based information on the safety of such foods, which are consumed by Americans every day. The WHO Director-General joined the FAO Director-General in a UN statement in Johannesburg on August 27, which stated, "The consumption of foods containing Genetically Modified Organisms now being provided as food aid in southern Africa is not likely to present human health risk. Therefore, these foods may be eaten."

FAO also acts as chair of the new Collaborative Partnership on Forests that assists the UN Forum on Forests. The partnership facilitates national actions for sustainable forest management and coordinates forest related work by a number of international organizations, institutions, and treaties. The United States hosted the FAO North American Forestry Commission meeting in Kona, Hawaii, in October 2002.

FAO is co-responsible with the UN Environment Program (UNEP) for implementation of the Rotterdam Convention on Prior Informed Consent for Certain Hazardous Chemicals and Pesticides in International Trade. FAO and UNEP provide the interim Secretariat for the Convention until it enters into force, 90 days after the 50th ratification. Twenty countries ratified the Convention in 2002, bringing the total number to 37 by the end of the year.

In 2002, FAO was designated the Secretariat for the agricultural portion of the New Economic Partnership for African Development

(NEPAD), consistent with NEPAD leaders' decision to use existing mechanisms rather than create new structures. The FAO drafted the FAO/NEPAD joint Comprehensive Africa Agriculture Development Program report, which calls for investment of \$240 billion in the agriculture sector between now and 2015.

FAO is funded through contributions of its members, based on the UN regular assessment scale, and from extrabudgetary activities carried out with other international organizations, financial institutions, and bilateral donors. As of the end of 2002, it employed 3,526 staff (about 2,152 at its headquarters in Rome). FAO had 1,025 staff in posts subject to geographic distribution, of which 129, or about 13 percent, were American citizens. It has a biennial budget for the years 2002–2003 of \$651.8 million, supplemented by more than approximately \$300 million in annual extrabudgetary contributions from donor agencies and governments. The U.S. annual assessment of 22 percent amounts to \$72.5 million.

International Atomic Energy Agency (IAEA)

The International Atomic Energy Agency (IAEA), established in 1957, serves U.S. national security, counter–terrorism, and nuclear non–proliferation interests. The international safeguards system implemented by the IAEA is intended to provide assurances that nuclear materials used in peaceful nuclear programs are not diverted to military or clandestine activities by states or sub–national groups. The IAEA's work in physical protection helps ensure that nuclear material is protected in a manner consistent with internationally recognized guidelines and standards. Similarly, its work in nuclear safety provides assurance that nuclear activities are being conducted consistent with radiation protection requirements.

In 2002, there were 134 member states in the IAEA, which is headquartered in Vienna, Austria. The 35–member Board of Governors (on which the United States has a *de facto* permanent seat) is responsible for directing and overseeing the Agency's policies and program implementation. The Board meets quarterly in March, June, September, and November. The General Conference, attended by all members and held in September, carries out broad oversight of the IAEA's work by approving the recommendations and decisions of the Board. The fourth Director–General of the IAEA, Mohammed ElBaradei (Egypt) assumed office on December 1, 1997, and was elected to a second four–year term in September 2001.

In March, the Board of Governors approved the Nuclear Safety Action Plan, designed to combat nuclear terrorism in the wake of September 11, 2001. The plan seeks to coordinate activities in eight areas that include physical protection, state systems of accounting and control, control of radioactive sources, and detection of illicit trafficking of materials. In

2002, IAEA member states voluntarily contributed over \$12 million to the Nuclear Safety Action Plan, including \$8.7 million from the United States.

As a depository state and party to the Nuclear Non-Proliferation Treaty (NPT) since 1970, the United States has provided long-standing diplomatic, financial, and technical support to IAEA's safeguards mission. Under the NPT, non-nuclear weapon state (NNWS) parties are required to conclude comprehensive safeguards agreements with the IAEA. In addition, the IAEA applies safeguards to certain nuclear facilities in non-NPT states and in all five declared nuclear weapons states (United States, Russia, United Kingdom, France, and China) pursuant to their voluntary agreements with the IAEA. As of 2002, IAEA safeguards agreements with 143 states and Taiwan were in force. However, safeguards agreements with 48 NNWS parties to the NPT either had not yet been concluded or brought into force (down from 52 at the end of 2001). Inspections continued at U.S. plutonium and high enriched uranium storage facilities, following a 1993 U.S. decision to offer IAEA safeguards at facilities storing nuclear material declared excess to defense needs.

Since the early 1990s, the IAEA has worked on strengthening the safeguards system. A key tool for doing so is the Model Additional Protocol, approved by the Board of Governors in 1997, which requires states to provide a broader range of information and gives more access rights to Agency inspectors. Despite an increase in the number of states for which additional protocols were concluded (61 to 67) and the number of protocols in force (24 to 28) in 2002, progress remained slow. The United States signed an additional protocol in 1998, but has not yet ratified it due to routine procedural matters that take time to work through. Promoting universal adoption of the Model Additional Protocol is an important aspect of the Bush Administration's nuclear non-proliferation policy.

In 2002, the IAEA remained unable to verify the absence of undeclared nuclear material and activities in two states of proliferation concern, Iraq and North Korea (DPRK). After a four-year absence in Iraq, the IAEA resumed inspection activities on November 27, as called for in UN Security Council Resolution 1441. The IAEA worked in partnership with the UN Monitoring, Verification, and Inspection Commission (UNMOVIC) to set up a new inspection regime with enhanced authorities. However, Iraq refused to comply with the resolution's demand for immediate, active, and unconditional cooperation in verifying its disarmament.

In 2002, the United States led an initiative to streamline procedures for the export of goods into Iraq under the UN Oil-for-Food Program. This new export control system was implemented under UN Security Council Resolution 1409, adopted in May. It expedited authorization for the export and subsequent flow of all goods, except those prohibited under the arms embargo or contained on a list of dual-use (civilian and military) items.

UNMOVIC and IAEA technical experts were responsible for identifying items to include on the Goods Review List, which would then be subject to Security Council review. In December, the Security Council adopted Resolution 1454, which made procedural changes to the process and clarified UNMOVIC and IAEA responsibilities in making their evaluations.

The IAEA continued inspections to monitor the freeze of the DPRK's plutonium production facilities under the terms of the Agreed Framework. Because the DPRK continued its refusal to permit full safeguards inspections, the IAEA remained unable to verify the correctness and completeness of the DPRK's 1992 nuclear material declaration, or to provide any assurance that nuclear material had not been diverted to a weapons program. In response to DPRK's admittance in October 2002 of an active nuclear program, the IAEA Board of Governors adopted a resolution on November 29 calling on the DPRK to comply with its safeguards obligations and to resolve questions about enrichment activities. In December, the DPRK removed IAEA seals on its frozen plutonium-production facilities and expelled IAEA inspectors.

In 2002, IAEA inspections of declared Iranian nuclear-related facilities continued, on the basis of Iran's full-scope safeguards agreement with the IAEA. Iran continued in 2002 to decline to sign an additional protocol. Iran's declared facilities included the Bushehr-1 light water reactor under construction in Bushehr, the zero-power research reactor at the Tehran Nuclear Research Center, a uranium conversion plant under construction at Esfahan, and other facilities at the Esfahan Nuclear Technology Center. Iran also received significant nuclear assistance from the IAEA under the auspices of the IAEA's Technical Cooperation (TC) Fund.

In August 2002, an Iranian opposition group affiliated with the terrorist group MEK revealed to the press the existence of two clandestine Iranian nuclear-related facilities under construction: a gas centrifuge enrichment facility in Nantanz, and a heavy water production plant at Arak. As a result, IAEA Director-General ElBaradei requested to visit those facilities. Iran did not give ElBaradei permission to visit in 2002.

The IAEA continued to provide guidance, technical support, and training programs in the areas of physical protection of material and prevention of nuclear terrorism in 2002. These activities included the presentation of the 17th International Training Course on Physical Protection of Nuclear Material and Facilities, as well as a regional training course in China and national training courses in Egypt and Brazil. The United States is a primary supporter in this area, having developed the training curricula and presented the courses on behalf of the Agency. Since this training began in the 1970s, over 800 physical protection professionals from around the world had participated by the end of 2002.

Under the Agency's International Physical Protection Advisory Service (IPPAS), member states may request that a multi-national team of physical protection experts provide an assessment of the regulatory framework and implementation of the physical protection regime in that country. A strong backer of the IPPAS, the United States participated in three of the four IPPAS missions conducted in 2002. Outside of IPPAS, the United States provided technical and financial support to member states in the design and implementation of upgrades or improvement to physical protection systems.

Also in support of a strengthened international regime for the physical protection of nuclear materials and facilities, the IAEA spearheaded global efforts to develop an amendment to the Convention on the Physical Protection of Nuclear Material and Facilities. This amendment would expand the Convention's scope to address the physical protection of nuclear materials in domestic use, storage and transport, and the protection of nuclear facilities from sabotage. The United States, an active participant in these discussions, strongly supported amending the Convention.

Strengthening the global safety regime was another IAEA priority in 2002. It continued its work of recent years to improve safety practices and standards, with particular focus on Eastern Europe, the former Soviet Union, and Asia. Responding to ongoing concern about the safety of research reactors, the IAEA initiated a range of measures toward the establishment of a comprehensive, internationally accepted safety regime for these reactors. Approximately 68 countries have reactors that are either operable, closed, or under construction, and are not subject to adequate regulatory control. In this regard, the United States worked closely with the IAEA to develop a Code of Conduct on the safety of research reactors.

The United States also continued its support and participation in other IAEA nuclear safety activities in 2002. Many of these activities complemented ongoing bilateral nuclear safety assistance programs and were in support of existing Group of 7 Nuclear Safety Working Group policy and objectives. Through a \$1.5 million extrabudgetary contribution to nuclear safety activities, the United States supported ongoing programs in the IAEA's Nuclear Safety and Technical Cooperation Departments.

To combat the terrorist threat posed by improperly controlled radioactive sources, the United States, in collaboration with the IAEA, developed a Plan of Activities on the Safety and Security of Sources aimed at regaining control over existing orphan sources and preventing other sources from becoming orphaned. The United States funded the plan with \$1 million and provided a cost-free expert to support this program. In addition, the United States provided \$7 million to the IAEA to help in their trilateral work with Russia and the IAEA to recover and secure radiological sources throughout the former Soviet states.

The United States also recognized the need for a robust international response system for radiological emergencies, including procedures and hardware in place to address accidents and malicious uses of radioactive materials. The United States provided the IAEA \$260,000 to begin addressing this concern.

In 2002, the IAEA remained active in fostering international cooperation for the peaceful uses of nuclear technologies, and in transferring those technologies to developing countries. The United States contributed \$18.3 million to the IAEA Technical Cooperation Fund, demonstrating its commitment to Article IV of the Treaty on Non-Proliferation of Nuclear Weapons. In this regard, the IAEA continued its program of technical cooperation with over 90 of its 134 member states. The IAEA provides the training and equipment to seize the unique advantage of nuclear energy in many different fields, including human nutrition, agriculture, medicine, groundwater resources, insect eradication, safe management of nuclear energy facilities, and many others. Additionally, the United States contributed \$1 million for extrabudgetary resources to landmine detection and insect eradication.

Over the past four years, the IAEA has conducted a comprehensive review of its management structure and operations. The IAEA reorganized its departmental structure in 2002 to better fight the nuclear terror threat and continue its activities in accordance with the wishes of member states. Of particular importance was the introduction of “results-based programming and budgeting,” against which performance is measured at the end of the program and budget cycle accompanied by a proposed change to full biennial programming and budgeting. This was the first year of the newly installed biennial budget cycle; moreover, the 2002–2003 biennium is the first to incorporate the initial components of the results-based approach. As a result, the IAEA’s fiscal cycle is now synchronized with other UN organizations.

The total IAEA regular budget for 2002 was \$245 million, of which about \$234 million was financed from member contributions. The U.S. regular assessment is approximately 25.8 percent of the IAEA regular budget. The United States remained the largest single contributor of voluntary support to the IAEA. The U.S. extrabudgetary contribution of \$50 million in 2002 went to support the Technical Cooperation Fund, technical assistance to safeguards, cost-free experts, in-country technical projects, U.S.-hosted training courses and fellowships, nuclear safety projects, and application of safeguards on nuclear material excess to defense needs in the United States.

The IAEA spent over \$70 million in regular budget funds on activities related to nuclear verification and material security in 2002. After nearly two decades of essentially zero real or nominal growth in the IAEA regu-

lar budget, the United States advocated an increase of roughly \$30 million in the regular budget for safeguards to pay for increases in IAEA's treaty-related safeguards responsibilities.

The IAEA has become heavily reliant on voluntary contributions to support many key programs, particularly safeguards. Of all safeguards expenditures, 23.8 percent came from extrabudgetary resources. The United States has championed a move to increase the regular budget base for safeguards at the IAEA and is urging other member states to agree to such increases. In line with this U.S. initiative, in December, the IAEA requested an increase for its 2004–2005 biennial program and budget, to be adopted in 2003. The United States continued to maintain its substantial extrabudgetary contributions, providing equipment and expertise to strengthen the safeguards system and upgrade the Nuclear Safety and Technical Cooperation efforts.

The IAEA Secretariat employs over 2,200 professional and support staff. Americans hold 85 positions, or 11.5 percent, of the 725 positions that are subject to geographical distribution requirements.

International Civil Aviation Organization (ICAO)

Established in 1944 and a UN specialized agency since 1947, ICAO has fostered the safe and orderly growth of international civil aviation. It sets international standards and recommended practices for civil aviation, and provides technical assistance to enhance aviation safety and security worldwide. The U.S. public and private sectors have great interest in its work due to the U.S. leading role in civil aviation research, safety and security innovations, and aviation manufacturing and transport. ICAO has seven regional offices. St. Kitts and Nevis joined ICAO in 2002, bringing total membership to 188.

The United States has consistently been elected to the ICAO Council, which had 33 members in 2002.

ICAO held a high-level ministerial conference in February 2002 to enhance aviation security in light of September 11 threats. The ministerial conference endorsed the U.S. proposals to enhance security, including the hardening of cockpit doors, new flight crew procedures, and the establishment of a program to audit countries' compliance with ICAO security standards. The ICAO Council adopted these recommendations on March 21. ICAO conducted its first security audit in November.

At the ministerial conference, several members presented a draft resolution condemning Israel's reported destruction of Gaza International Airport. Members deferred action on the resolution until the next regular ICAO Council session, set in March 2002. The United States opposed the

draft resolution because it was unbalanced, politicized ICAO's work, concerned one of several issues subject to negotiations among the parties themselves, and was not a constructive use of the Council's time. Despite the Council's strong tradition of reaching consensus on resolutions, the United States called for a vote at the next session. The Council adopted the resolution by a vote of 24 to 2 (U.S.), with 7 abstentions.

In 2002, ICAO's Committee on Aviation Environmental Protection began work on guidelines for aircraft noise based on an ICAO resolution adopted on October 5, 2001. The United States sought this resolution, which called for an airport-by-airport balanced approach to managing noise.

The European Union (EU) decided to repeal a discriminatory noise regulation in April, in part due to a U.S. challenge in 2000, and to replace it with a directive that reflects the consensus of the 2001 Assembly resolution. Belgium, however, subsequently promulgated a decree that was inconsistent with both the ICAO resolution and the new EU directive. On June 12, 2002, the United States notified ICAO of its desire to discontinue the proceedings against all of the EU parties except Belgium. The EU wanted the complaint dropped against all 15 EU members. Council President Kotaite, who had facilitated negotiations with the EU, was unable to resolve the dispute by the end of the year.

ICAO in 2002 approved the expansion of the scope of its Universal Safety Oversight Audit Program to include air traffic services, airports, and accident investigation, in line with U.S. objectives. This program contributes to the safety of U.S. citizens traveling abroad. Audits were conducted on personnel licensing and airworthiness of aircraft. Future audits should show if countries provide adequate oversight for these activities. When deficiencies are found, ICAO will develop remedial action plans. The country that was audited is responsible for fixing the deficiencies.

The Council on June 14 approved in principle the establishment of a war-risk insurance scheme to provide insurance beyond what is available commercially. It would be funded by premiums paid by participating airlines and backed by guarantees provided by participating countries. The program would begin once member states representing 51 percent of assessed contributions agreed to participate as guarantors of last resort. As of the end of 2002, ICAO had not received sufficient expressions of interest, nor had the United States decided whether to participate.

Regarding liability, in 1999 a convention to replace the 1929 Warsaw Convention on liability for airline accidents was opened for signature in Montreal. The Montreal Convention represented a considerable improvement by eliminating arbitrary limitations on airline liability in the event of death or bodily injury of a passenger. It also expanded in most cases the

basis for jurisdiction for claims by enabling lawsuits on behalf of U.S. accident victims abroad to be brought in the United States. As of the end of 2002, 71 countries and the European Union had signed the Convention, and 25 countries had ratified it. It enters into force 60 days after the 30th notice of ratification is received. The Montreal Convention was transmitted to the U.S. Senate for advice and consent to ratification in September 2000, but the U.S. Senate had not scheduled a hearing to ratify it in 2002.

A Preparatory Commission supervising the establishment of the international aircraft registry, as provided in the Convention on International Interest in Mobile Equipment and its Protocol on aircraft, held its first two meetings in Montreal in May and November. It established a working group, including the United States, to review the draft regulations of the registry. However, it was unable to begin the process of selecting a register because it had not received adequate voluntary contributions for the task.

The Convention and Protocol had been adopted on November 16, 2001, at a Diplomatic Conference in Cape Town, South Africa, under the joint auspices of ICAO and UNIDROIT (a non-UN organization that promotes private international law). They provide for an international registration system for aircraft that would reduce the risk associated with the sale of aircraft. The system would clarify and strengthen the rights of parties who have interest in the equipment (such as owners of the aircraft, financiers of the building of the aircraft, lien holders, etc.), and lower the cost of financing, which should allow for lower interest rates and more sales.

The United States strongly supports the Convention, but had not signed it by the end of the year. By December 31, 2002, 24 countries had signed the Convention and Protocol, but none had ratified the instruments. Only three ratifications are needed for the entry into force of the Convention and eight are needed for the entry into force of the Protocol.

ICAO held the 13th plenary session of the Technical Advisory Group on Machine Readable Travel Documents in February. The Group accepted security standards for travel documents and abolished multi-applicant and non-photo visas from the standard, as sought by the United States. The United States played a significant role by chairing the Document Content and Format and Education Working Group and the Education and Promotion Working Group, and participating actively in the New Technologies Working Group.

The ICAO Council on December 4 established the International Financial Facility for Aviation Safety (IFFAS) to provide assistance for developing countries to remedy aviation safety deficiencies identified by ICAO safety audits. The United States was concerned that ICAO was going

beyond its traditional standards-setting role into an area in which it had little expertise, and insisted that IFFAS be funded by voluntary, rather than assessed, contributions. The United States did not contribute to IFFAS in 2002.

ICAO assessments are based on both economic factors and relative importance in civil aviation, as measured by mileage flown, with a maximum rate of 25 percent. Member assessments for the 2002 ICAO budget amounted to \$49.9 million, the U.S. share consisting of 25 percent or \$12.5 million. In 2002, the U.S. Government provided \$700,000 in voluntary financial contributions and several U.S. experts to ICAO programs worked as ICAO staff, including the safety oversight and aviation security programs. U.S. citizens were under-represented at ICAO in 2002, with Americans occupying only 13 of 223 professional positions subject to equitable geographical representation. At the end of 2002, ICAO staff totaled 739.

International Fund for Agricultural Development (IFAD)

The International Fund for Agricultural Development (IFAD) was established in 1977 as a multilateral financial institution focused on promoting rural agricultural development in poorer countries. Nearly 75 percent of the world's 1.2 billion poorest people live in rural areas, largely as small-scale producers and subsistence farmers. IFAD's specific mandate is to increase their productivity and incomes, improve their nutritional levels, and help integrate them into larger markets by designing and funding innovative and appropriately scaled programs in such areas as rural institution building and micro-finance. IFAD is the only multilateral development bank (MDB) that devotes all of its resources to combating rural poverty. IFAD's specific mandate is consistent with the U.S. Government's efforts to reduce poverty and improve food security worldwide.

The Fund's highest authority is the Governing Council, on which all 162 member states (including the United States) are represented. The President, elected by the Council, is the Fund's chief executive officer. Lenart Bage (Sweden), the current President and the first President from a developed country, was elected in February 2001.

The United States is IFAD's largest shareholder, with 9.24 percent of the voting power, followed by Saudi Arabia with 5.76 percent, Germany with 4.03 percent and Japan with 4.01 percent. Since IFAD's establishment, the United States has contributed a total of \$587.7 million, 16.5 percent of cumulative contributions.

To date, IFAD has financed 600 projects in 116 countries for total commitments of approximately \$7.7 billion. These projects usually address such needs as agriculture and livestock development, micro-enter-

prise and rural finance, natural resource management, local capacity building, and gender mainstreaming.

Commitments for new projects in 2002 totaled \$405 million for 25 loans averaging approximately \$15 million each, and for 15 technical assistance grants. Examples of recent loans designed to increase growth, improve productivity, and reduce poverty through a variety of means include:

- IFAD loaned \$16 million to the Rwandan Government to maximize and diversify the income of poor farmers and develop export markets through sustainable production, and processing and marketing activities for coffee, tea, and new cash and export crops.
- IFAD loaned \$14 million to the Dominican Republic to support organizations of rural poor along the Dominican–Haitian border through a comprehensive economic and social development program.
- IFAD loaned \$12.7 million to Egypt to improve the welfare and reduce the poverty of 13,000 poor households through improved and sustainable natural resource management.
- IFAD loaned \$18.43 million to the Ugandan Government to fill gaps in the country’s rural micro–finance sector and facilitate expansion of sustainable financial services to underserved rural areas.

Over two–thirds of IFAD loan commitments are on concessional terms (40–year maturity, 10–year grace period, service charge of 0.75 per annum). The remainder of the loans is provided on either intermediate terms (a blend of concessional and market–based terms, with a maturity of 20 years), or on ordinary terms (market–based variable interest rate, and maturity of 15–18 years).

IFAD leverages its limited resources through cofinancing from borrower governments, bilateral and other multilateral donors, and nongovernmental organizations. In fact, up to 30 percent of funding for IFAD projects has been mobilized from other financing sources.

At the request of the U.S. Agency for International Development, the Treasury Department assumed lead–agency responsibility for IFAD in February 2000. The Treasury Department concluded negotiations on IFAD’s Sixth Replenishment (IFAD–6) in December 2002. The target level for donor contributions to the Sixth Replenishment was set at \$560 million. With its pledge of \$45 million, the United States was the largest contributor to IFAD–6.

At IFAD–6, the United States was successful in achieving the following key policy reform objectives consistent with the Administration’s overall goal of improving MDB performance:

- Performance–Based Allocation System: IFAD will develop and

implement a transparent performance-based system for allocating resources.

- **Results Measurement:** IFAD will further improve its processes related to measuring and quantifying the results and impact of its projects.
- **Grants:** IFAD's grant program will be raised to 10 percent of its total annual work program beginning in 2004. This compares with a cumulative historical level of 5 percent of total assistance and recent levels of about 7 percent.
- **Independent Evaluation Unit:** The agreement included key elements for structuring an independent evaluation unit. Among other elements, the unit's head will be accountable to the Executive Board, which must approve his/her appointment or termination. All evaluation reports will be provided directly to the Executive Board without clearance by management, and the head cannot be re-employed by the institution after leaving the post.
- **External Evaluation:** For the first time, an independent and external evaluation of IFAD will be initiated during 2004, which will examine all aspects of IFAD's work critical to IFAD's success.
- **Private Sector Strategy:** IFAD will develop a strategy for achieving greater involvement of the private sector in IFAD programs through co-financing and other forms of partnership consistent with IFAD's mission.
- **MDB Coordination:** The agreement broadened the scope of IFAD's partnership-building initiatives with bilateral and multilateral agencies.

International Labor Organization (ILO)

The International Labor Organization (ILO), founded in 1919 and based in Geneva, Switzerland, is the oldest UN specialized agency and the only one in which representatives of the private sector participate on an agreed basis. Representatives of workers' and employers' organizations are members of the ILO executive board, or Governing Body, and of national delegations to its supreme legislative body, the annual International Labor Conference (ILC). Juan Somavia (Chile) was elected Director-General of the International Labor Secretariat in 1998. His five-year term began in March 1999. The U.S. working relationship with the ILO in 2002 was excellent.

The ILO has 175 member states. As the Government of one of ten countries of "chief industrial importance," the United States has a permanent seat on the ILO's 56-member Governing Body. Representatives from the Department of Labor lead the U.S. delegation. In addition, an American worker (from the AFL-CIO) and an American employer (from the

U.S. Council for International Business) each have won election in 2002 to seats on the Governing Body; these terms expire in 2005. They speak and vote independently of the U.S. Government.

The ILO's mandate is to advance humane conditions of labor and social stability around the world by promoting democracy and human rights, employment and the alleviation of poverty, and protection of workers' rights, including unions independent of states. The ILO seeks to define common standards of decency applying to workers among nations involved in international trade. The ILO serves U.S. business and labor by providing a forum for participation in the development of international labor standards. It contributes to the notion of fair trade by advocating for the universal application of core labor standards, as enunciated in the ILO's Declaration on Fundamental Principles and Rights at Work (1998) as well as the 1999 Convention on the Worst Forms of Child Labor No. 182.

The ILO is an important partner in the U.S. commitment to eliminate exploitative child labor. In 2002, 19 additional countries ratified ILO Convention No. 182, bringing the total to 132 countries. In 2002, the ILO devoted much effort to implement projects to abolish child labor and to delivering services to child workers and their families.

The ILO International Program for the Elimination of Child Labor (IPEC), funded by significant voluntary contributions from the United States and other donors, achieved impressive results. In June 2001, IPEC launched a new initiative, the Time-Bound Program, to help El Salvador, Nepal, and Tanzania eliminate the worst forms of child labor, as defined in Convention 182, within a determined period of time, generally 5–10 years. The Program was further refined and expanded to an additional 10 countries during 2002. By joining with worker and employer organizations, nongovernmental organizations, and other international organizations, including the UN Children's Fund, the ILO was able to lend its expertise to effective programs that remove children from the workplace, place them in schools, and provide their families with alternative, income-generating opportunities. The U.S. voluntary contribution to IPEC totaled approximately \$45 million in 2002.

Government, labor union, and employer delegations from the United States actively participated in Governing Body sessions in March and November 2002 and one day in June following the conclusion of the International Labor Conference, and in the 90th session of the ILC in June 2002. Secretary of Labor Elaine Chao spoke to the 2002 ILC and described the Department of Labor's compliance assistance initiative to strengthen enforcement of U.S. labor laws. She recommended that the ILO consider promoting this initiative internationally as an example of best practices. She also focused on the ILO's efforts to eliminate the worst

forms of child labor and endorsed the work of the ILO's World Commission on the Social Dimension of Globalization. In 2002, the United States also negotiated with other delegations to achieve its goals and objectives in tripartite sectoral meetings focusing on Maritime Labor Standards, Public Emergency Services, Health Services, the Mining Industry, and the Declaration of Principles Concerning Multinational Enterprises and Social Policy, among others.

At the March, June, and November Governing Body sessions and the June ILC, the United States focused on three important issues: 1) widespread violence against trade unionists in Colombia; 2) forced labor in Burma; and 3) the ILO's role in mitigating the social effects arising out of globalization of the economy.

In the ongoing effort to combat the widespread violence against trade unionists in Colombia, and in response to a June 2001 Governing Body directive, the November 2002 Governing Body reviewed the status of the special technical cooperation program for Colombia organized by the Director-General in 2001. The program, centered on projects financed primarily by the U.S. and Colombian Governments, seeks to protect threatened trade unionists; to encourage labor law reform; and to promote social dialogue among unions, employers organizations, and the government.

Violence against trade unionists continued unabated in 2002. The new, democratically-elected Government of Colombia was inaugurated in August 2002. In line with U.S. objectives, the Governing Body at the November session agreed that the new Government of Colombia needed time to gain control of the situation, and it authorized the Director-General to provide additional assistance to the Government's efforts by providing emergency funding to the special technical cooperation program. The Governing Body agreed to postpone further discussion on possible courses of action to mitigate the violence until the March 2003 session.

Forced labor in Burma continued to dominate discussions at major meetings in 2002. The June ILC concluded that, despite some progress at the procedural level, forced labor remains a reality in Burma and those responsible for it continue to exact it with impunity. A 1998 Commission of Inquiry into forced labor recommended that Burma eliminate forced labor in law and practice, and punish the perpetrators. The United States supported these recommendations. By midyear, none of these recommendations had been met, nor had the Burmese authorities responded to the concrete suggestions of an ILO high-level mission in 2001 that they establish an ILO presence in Rangoon (although an interim liaison officer was appointed in May 2002), appoint an ombudsperson to receive complaints of forced labor, and resolve a case of seven villagers allegedly killed for complaining about forced labor. In October 2002, a permanent ILO presence was established in Rangoon.

The November Governing Body session noted that the Government of Burma had failed to cooperate fully with the liaison officer during her first month in Rangoon and had failed to accept the Director-General's offer to develop a coherent plan of action to eliminate forced labor. The Governing Body, with U.S. support, resolved that the Government of Burma must demonstrate concrete action to abolish forced labor before it would give serious consideration to putting Burma on the ILC agenda for the purpose of lifting the special constitutional measures it imposed in 2000 to secure Burma's full implementation of ILO Convention No. 29. The Governing Body will resume the debate at the March 2003 session.

In February 2002, the Director-General appointed the World Commission on Social Dimension of Globalization comprising 25 eminent persons to address the social dimensions of globalization. The Commission, co-chaired by Finnish President Tarja Halonen and Tanzanian President Benjamin Mkapa, is an independent body composed of prominent political figures, academics, trade unionists, and business leaders. Commission members from the United States included former Secretary of Labor Ann McLaughlin Korologos, AFL-CIO President John Sweeney, and Nobel laureate Joseph Stiglitz. The Commission will assess the impact of globalization on employment, working conditions, labor standards, poverty reduction, and economic growth and development. At the first meeting in March 2002, the commissioners decided they would need 18 months to complete their work. Their report will be presented to the ILC in June 2004.

The UN Staff College, located at the ILO International Training Center in Turin, Italy, completed its fifth year of operations and became an independent institution on January 1, 2002. It continued to share the Center's premises on a cost basis for services provided while continuing to contribute to the ongoing process of system-wide UN reform by offering short, focused training in such areas as managing within existing resources.

In 2002, the Training Center continued to offer training that fostered the ILO's strategic objectives and to collaborate with the relevant technical sectors of the ILO in preparing its curricula. The training offered at the headquarters was expanded to the field, contributing to an increase in the number of participants in 2002. Also, the Center's Distance Education and Learning Technology Applications (DELTA) made computer-based training available globally in a number of areas, including collective bargaining, local employment initiatives, and business development services.

In 2002, the Center implemented methods for evaluating its program by assessing changes in participants' knowledge, skills, and attitudes. Additionally, the Center developed methods for evaluating the impact of training on participants' job performance, which provided feedback into the design of future training activities. A U.S. Department of Labor,

Bureau of Labor Statistics representative is a member of the Board of Directors of the Center. This representative takes an active part in the program and budgetary direction of the Center.

In 2002, the ILO's regular budget was approximately \$237 million. The U.S. assessment for the ILO was 84.5 million Swiss francs, or approximately US\$56 million, representing 22 percent of the ILO's regular budget funded by assessed contributions. In addition to the voluntary contributions to IPEC, in 2002 the United States also provided some \$10 million to promote the ILO's Declaration on the Fundamental Principles and Rights at Work. The ILO has 629 professional posts, 102 of which are held by American citizens (14.9 percent, up from 14.4 percent in 2001).

International Maritime Organization (IMO)

The United States strongly supports the work of the International Maritime Organization (IMO). The IMO's principal objectives are to foster international cooperation on technical matters affecting international shipping, to achieve the highest practicable standards for maritime safety, and to prevent marine pollution. The IMO develops conventions and treaties on international shipping, facilitates international maritime trade, and provides technical assistance in maritime matters to developing countries. It also develops standards and practices to protect against oil spills and pollution from hazardous and noxious cargo and ship waste, ballast, and emissions.

The Republic of Moldova and the Republic of San Marino joined IMO in 2002, bringing its total membership to 162 full members and two associate members (Hong Kong and Macao).

The IMO Council governs the IMO. The United States has always been elected to the Council, which was expanded from 32 to 40 members in 2002.

At U.S. urging, maritime security moved to the top of IMO's agenda following the September 11, 2001, terrorist attacks on the United States. Intensive efforts, including two meetings funded by the United States, culminated in a Diplomatic Conference held at IMO headquarters December 9–13, 2002, which approved amendments to the International Convention for the Safety of Life at Sea (SOLAS) to enhance maritime security. The United States proposed most of the adopted amendments, including accelerating the timetable for the installation of shipboard automatic identification systems; requiring ships and port facilities to develop and maintain security plans, and to designate security officers to ensure that the plans are implemented; requiring ships to carry documents on their recent activities and on who owns and controls them; requiring ships to have a ship-to-shore system to alert authorities to security incidents; and allowing an inspection and compliance regime to allow port states to verify that ships

comply with IMO security regulations, and to take appropriate measures in response to any deficiencies found.

At the Diplomatic Conference, an international Code for the Security of Ships and of Port Facilities (ISPS) was also adopted. This Code spells out the responsibilities of governments, ports, companies, and ships to designate security officers and develop security assessments and plans. The SOLAS amendments and the ISPS Code are expected to enter into force on July 1, 2004, in the absence of explicit objections from at least one-third of contracting states representing at least one-half of registered world tonnage.

At the October 22–28, 2002, IMO Legal Committee meeting, the United States introduced draft amendments to the 1988 Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation (SUA) and the 1988 Protocol for the Suppression of Unlawful Acts Against the Safety of Fixed Platforms Located on the Continental Shelf. The SUA Convention and its protocol are two of the 12 international conventions and protocols relating to terrorism that members are called on in UN Security Council Resolution 1373 to become parties to “as soon as possible.” As of December 2002, the United States and 77 other countries were parties to the SUA Convention, and the United States and 70 other states were parties to its protocol.

The SUA amendments were designed to facilitate, strengthen, and expand international cooperation and coordination in combating criminal activity, including terrorist acts. While there was a general consensus that the SUA Convention and Protocol needed updating, members of the Legal Committee did not agree on specific details of the U.S. proposals. The Legal Committee will continue work on the subject in order to reach agreement on amendments to be approved at a future Diplomatic Conference.

At the December 2–13 session, the IMO’s Maritime Safety Committee adopted a number of amendments to SOLAS to improve bulk carrier safety, including requiring bulk carriers to be fitted with alarms and monitoring systems to detect water ingress. The measures are expected to enter into force on July 1, 2004, under the SOLAS simplified amendment provisions.

The United States signed the International Convention on the Control of Harmful Anti-fouling Systems on Ships on December 17. The Convention, which was adopted in 2001, restricts the use of anti-fouling paints, which are intended to prevent the buildup of sea life such as algae and mollusks on ship bottoms. The paints have harmful effects on marine life and the marine environment, and can possibly enter the food chain. The Convention will enter into force 12 months after the date on which at least

25 states, representing at least 25 percent of world tonnage, have either ratified or acceded to it.

Liability limits for ship passengers and their luggage were raised and insurance to cover passengers was made compulsory in a Protocol amending the 1974 Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, adopted at a Diplomatic Conference held at IMO headquarters from October 21–November 1, 2002. The amendments will enter into force 12 months after being accepted by 10 countries. The United States is not a party to the Athens Convention because its domestic liability limits were substantially higher than those in the existing Convention. The increased liability limits and compulsory insurance coverage would, however, benefit U.S. citizen passengers.

In March 2002, significant amendments to the International Convention for the Prevention of Pollution by Ships (MARPOL) entered into force. These amendments accelerate the phase-out date for single hull tankers, with all single-hull tankers phased out by 2015. The MARPOL regime is now much more closely aligned to the U.S. phase-out schedule contained in the U.S. Oil Pollution Act of 1990 (OPA 90). The United States provided information about OPA 90 for the development of revised MARPOL regulations, although the United States did not accept the revisions because important differences remained between MARPOL and OPA 90. The sinking of the tanker *Prestige* off the coast of Spain in November 2002 brought renewed calls for more IMO action on the matter.

In October, the IMO's Marine Environment Protection Committee approved the designation of the waters in the vicinity of the Florida Keys and its offshore coral reefs as a Particularly Sensitive Sea Area (PSSA). The PSSA designation limits ship activity in a fragile ecosystem. The United States agreed to this designation even though it will have to pay monitoring and enforcement costs, because it expects savings from a reduction in accidents.

As a significant participant in international maritime trade, the United States reaps great benefits from the work of the IMO while paying only about \$1.2 million, or 4 percent, of the IMO's 19.5 million pound sterling (about US\$29.3 million) 2002 budget. Assessments are based chiefly on registered shipping tonnage; major open-registry countries (those that register vessels that do not necessarily have connection, through ownership or officers, to that particular country) are among the largest contributors. Panama, Liberia, Cyprus, and the Bahamas are some of the major open-registry states that have large IMO assessments.

At the end of 2002, the IMO had a total of 272 staff at its London headquarters and regional offices in Kenya, Ghana, and Cote d'Ivoire.

U.S. citizens held four of the 84 professional staff positions subject to geographical representation.

International Telecommunication Union (ITU)

Established in 1865 as the International Telegraph Union, the International Telecommunication Union (ITU) serves as a forum for governments and the private sector to address the operation of international telecommunication networks and services. There are presently 189 member states and over 600 private-sector members in the ITU. The ITU conducts its high-level work primarily in plenipotentiary conferences, held every four years, to which all ITU members are invited. The technical and analytical work is done in smaller groups that meet more frequently.

At the September/October 2002 Plenipotentiary Conference in Marrakesh, Morocco, ITU member states elected five senior officers (Secretary-General, Deputy Secretary-General, and the heads of the Radiocommunication, Telecommunication Standardization, and Telecommunication Development Sectors) to four-year terms. Yoshio Utsumi (Japan) was re-elected to a second term as Secretary-General.

Unlike most other UN agencies, the ITU is funded by a system of contributory units (CU) rather than assessed contributions. France, Germany, Japan, and the United States, as members in the highest category of contribution, contributed 30 CU each in 2002. At the 2002 Plenipotentiary Conference, the delegates adopted a proposal to cap the value of each CU at 330,000 Swiss francs—or US\$211,987, \$25,387 higher than the value in the previous four years of zero nominal CU growth.

Under this proposal, during the first biennial budget period of the quadrennium (2004–2005), the CU will be computed at 315,000 Swiss francs. The CU may be computed at 330,000 Swiss francs for the second biennial budget of the quadrennium, unless the ITU Council decides to adjust the CU value for the second biennial budget. If the CU were to be raised for the second biennial budget, the U.S. contribution for the 2004–2005 biennial budget will be US\$12.141 million, and \$12.719 million for the 2006–2007 biennium, for a total quadrennial contribution of \$24.860 million (using the 2002 average exchange rate of Swiss francs 1.5567 = \$1.00). This represents 8.39 percent of the total contributions to the ITU.

For this reason, the United States and several other like-minded governments opposed raising the CU beyond the zero nominal growth level, arguing that governments and private-sector firms alike were in a tight financial situation. They called for better financial reporting so that more informed decisions could be made on such things as cost recovery for specific services to member states and others. The United States called for a vote on the proposal to increase the CU to prevent its adoption and to register the U.S. objection to the increase. The vote to fix the provisional

upper limit of the contributory unit at the current zero nominal growth limit of 315,000 Swiss francs was 63 (U.S.) to 56, with 4 abstentions.

A key issue at the 2002 Plenipotentiary Conference was the ITU budget, which was reduced by 10 percent when member states announced CU's fell short of ITU projections. Several member states justified their decisions to reduce the number of CU's they would pay on the lack of ITU financial reporting transparency, specifically on cost recovery for services, and a failure of the ITU to deliver services on a timely basis. Often noted in this regard was the substantial backlog in the Satellite Network Filing Office. The United States worked with the Standing Committee on Finance to find ways for the ITU to absorb this reduction in the ITU Financial Plan, with particular attention to ITU's ability to meet its core responsibilities to member states. At the end of the Plenipotentiary Conference, member states completed a Financial Plan that gave ITU management direction in how to implement the lower budget.

The 46-member ITU Council, of which the United States is a member, is elected at plenipotentiary conferences, and is comprised of representatives from five regions—the Americas, Western Europe, Eastern Europe, Africa, and Asia. The Council meets annually between plenipotentiary conferences to address management and other issues. In 2001, the Council forwarded to the UN General Assembly a proposal for a global conference on telecommunications and information, the World Summit on the Information Society (WSIS). The United States opposed such a summit as a matter of policy, to limit the proliferation of global conferences. But the United States was unsuccessful in the face of widespread member state support in the ITU and similar support in the General Assembly. The General Assembly named the ITU as the lead in preparing for the Summit. The WSIS Executive Secretariat was set up within the ITU's structure, even though WSIS' Executive Secretariat is nominally an independent body. The Summit was to be funded by voluntary contributions, which did not reach expected levels in 2002. The United States did not make a contribution.

To ensure adequate resources to hold the WSIS, in April, the ITU Council designated that ITU funds could be loaned to the WSIS Secretariat from ITU's TELECOM working capital surplus funds, to be repaid as voluntary contributions for WSIS preparations and the Summit itself came in from donor countries, private-sector companies, and nongovernmental organizations. Any excess funds contributed would be transferred to the WSIS Secretariat.

The WSIS will be held in two phases: first, in Geneva in December 2003, then in Tunis in November 2005. The first WSIS Preparatory Committee meeting was held in July 2002, with at least two more to follow in

2003. The United States is a member of the WSIS Bureau, which oversees procedural matters and coordinates the preparatory process.

From 1999–2001, the United States played a central role in ITU’s Working Group on Reform (WGR), established pursuant to Resolution 74 adopted at the 1998 Plenipotentiary Conference. The WGR focused on improving management practices, particularly financial management. It finished its work and presented its findings in 2001. The Council adopted some recommendations immediately, and forwarded others to the 2002 Plenipotentiary Conference for action, including modifications to the ITU Constitution and Convention. At the 2002 Plenipotentiary Conference, the ITU membership opted to keep its basic structure intact, but recognized the need for streamlining and rationalizing and reduced the ITU’s budget.

The United States believed that substantial improvement was needed in ITU financial management, including the quality and level of detail in its budget proposals, accounting practices, and reports to member states. Of particular concern was the continued and growing use of cost recovery for core ITU services such as the processing of Satellite Network Filings (required to avoid frequency interference among communications satellites in geostationary orbits).

Thus, the United States, supported by a significant number of like-minded governments, called for a Group of Specialists to be formed to review the ITU’s management and financial practices. This group, chaired by the United States and to begin meeting in January 2003, will report its initial findings to the ITU Council in May 2003. Management and financial practices bear directly on all current and proposed cost recovery activities. The United States opposed expanding the use of cost recovery until ITU could demonstrate that its fees correspond to identifiable and audit-able costs.

The United States has interest in all areas of ITU endeavor. The U.S. private sector is notably engaged in the T Sector, and these standardization activities of the ITU are indispensable to U.S. Government and commercial interests to ensure world-wide compatibility and interoperability of global networks. However, it is the R Sector’s World Radiocommunication Conferences (WRCs), treaty-level meetings that occur every two to three years, that are most immediately central to U.S. national interests and U.S. membership in the ITU. These conferences allocate scarce resources, such as frequency bands and orbital slots, to member states, which in turn make decisions with respect to their use for radio and other services, by government and private industry (primarily in telecommunications). The WRC last met in 2000, in Istanbul, Turkey, and will next meet in Geneva in June/July 2003.

The D Sector, too, provides opportunities for U.S. participation, both from the government and the private sector, as it focuses on telecommunications in the developing world. In March 2002, the ITU held its quadrennial World Telecommunication Development Conference in Istanbul. The Conference produced a four-year Action Plan that will guide the work of the D Sector membership, and of the ITU Development Bureau leadership and staff. This Conference provided an opportunity for developed and developing countries to work together to improve telecommunications and boost economic growth in developing, and especially least developed, countries. The Sector hoped to offset the 10 percent ITU budget reduction by increasing private-sector participation in, and funding for, national and regional workshops to build public-private partnerships aimed at developing infrastructure and improving teledensity.

The United States urged that sustainable development of telecommunication infrastructure and delivery of the benefits of information technology to developing nations would be best achieved through free market mechanisms operating in an environment of transparent and accountable national governance. The United States argued that private investment, the largest source of financing for development, would be attracted most to those developing countries that foster free markets, democratic institutions, and transparent and predictable regulatory regimes.

For 2002, out of 333 ITU personnel positions subject to geographic distribution, Americans occupied 16, or 4.8 percent of the total.

UN Educational, Scientific, and Cultural Organization (UNESCO)

The UN Educational, Scientific, and Cultural Organization (UNESCO) was established in 1945 with the primary objective of contributing to international peace and security by promoting collaboration among nations in education, science, culture, and communications. As penned by American poet Archibald MacLeish in UNESCO's constitution, "since wars begin in the minds of men it is in the mind of men that peace must be constructed."

UNESCO'S key programs seek to promote the free flow of ideas; expansion of education; understanding of democratic principles; exchange of scientific knowledge; and promotion of cross cultural understanding. UNESCO also implements programs designed to protect the cultural and natural heritage of humankind. In 2002, UNESCO launched the first free newspaper in Afghanistan, *The Kabul Weekly*. In Afghanistan, UNESCO also trained journalists, provided aid to the ministries of Education, Higher Education, and Information and Culture, and formed the High Commission for Education. In the Middle East, UNESCO launched an International Center for Synchrotron Light for Experimental Science and

Applications. The project was designed to promote basic sciences in the region, facilitate training, and forge a new relationship between science and society, while creating cooperation across borders and between peoples.

UNESCO is headquartered in Paris, France, and it pursues activities in most of its 188 member states (as of December 2002) and through 57 field offices in collaboration with National Commissions. The United States withdrew from UNESCO in 1984 citing problems with trends in UNESCO's policies, ideological bias, opposition to media freedom from state influence, and management. Since then the United States has maintained an Observer presence, which in 2002 was staffed with one American Foreign Service Officer and two locally engaged staff.

On September 12, 2002, President Bush announced to the UN General Assembly that the United States would rejoin UNESCO as "a symbol of our commitment to human dignity... This organization has been reformed and America will participate fully in its mission to advance human rights and tolerance and learning." For the U.S. Observer Mission to UNESCO, the final quarter of 2002 was therefore dedicated to planning the U.S. return and assessing the administrative and policy concerns for a successful return on October 1, 2003.

Until President Bush's announcement, the overall goal of U.S. participation in UNESCO's activities during 2002 was to work, in a manner consistent with Observer status, to protect and promote U.S. interests. As a non-member state, the United States paid no assessed contribution in fiscal year 2002, but provided approximately \$1.25 million in extrabudgetary contributions to select UNESCO programs. These funds served to finance activities of the World Heritage Center, the International Oceanographic Commission, the International Hydrological Program, and selected activities to promote conservation, science, cultural preservation, good management, and education for HIV/AIDS prevention.

U.S. representatives attended as observers the 164th and 165th sessions of UNESCO's Executive Board, the 35th Session of the Executive Council of the Intergovernmental Oceanographic Commission, the 26th session of the World Heritage Committee, and a number of other UNESCO meetings on education, science, and culture. In addition, U.S. representatives attended the final consultation on the elaboration of the Recommendation on Multilingualism in Cyberspace, where acceptable language was negotiated. Discussions regarding an international instrument designed to preserve "intangible cultural heritage" made little progress, given a lack of agreement regarding the definition of intangible cultural heritage and the type of instrument desired for its protection.

Advances were made in the Executive Board meetings towards defining a new UNESCO strategy for human rights, reviewing a draft recommendation on genetic data collection, as well as refining the ongoing reforms of the organization and its governing bodies. In the area of science and communications, the United States supported the International Oceanographic Commission clarification of its mandate in relation to the advisory body on the law of the sea, while the International Program for the Development of Communication advanced the draft Recommendation on Multilingualism in Cyberspace at its last intergovernmental meeting.

The 30th anniversary of the World Heritage Convention was marked by a series of thematic meetings in Italy in November 2002, which the U.S. Observer attended, to discuss aspects of the convention that may need refinement—notably, geographic representation on the list of world heritage sites and the enhancement of the convention’s implementation. Participants at the June 2002 World Heritage Committee meeting in Budapest decided to hold an extraordinary session of the committee in March 2003. The purpose will be to put to rest a number of these outstanding issues through the revision of the operational guidelines and the rules of procedure.

Regarding the eventual U.S. return to this organization, at the October 2002 Executive Board meeting, Director-General Koichiro Matsuura (Japan) stated that the U.S. assessment would be 22 percent. UNESCO’s 2002–2003 biennium budget is \$544 million. As an Observer, the United States was not entitled to any staff positions based on geographic distribution in 2002, yet American citizens occupied 20 (or 1.1 percent) of UNESCO’s 1,856 positions.

Universal Postal Union (UPU)

The Universal Postal Union (UPU), with headquarters in Bern, Switzerland, exists to facilitate international communications through the efficient operation of postal services across national borders. The United States has been a member of the UPU since its founding (as the General Postal Union) in 1874. The UPU has 189 member states. Thomas E. Leavey (United States) is the Director-General. Currently, he is the only American elected head of a UN system agency.

During 2002, U.S. delegations attended the annual meetings of the 40-member Postal Operations Council (POC) in April, and the 41-member Council of Administration in November, both at UPU headquarters in Bern, as well as the UPU’s 2002 Strategy Conference held in Geneva in October. The U.S. Postal Service (USPS) also participated in numerous UPU working groups during the year, sharing U.S. expertise on issues such as postal security (including anthrax detection and handling of potentially dangerous mail), postal development, quality of service, express

mail, direct marketing, and financing arrangements, including UPU “terminal dues” (the process by which one country pays another for the delivery of mail).

Pursuant to 1998 legislation giving the Department of State primary responsibility for U.S. policy with respect to the UPU, State representatives headed the U.S. delegation to the Strategy Conference and the annual meeting of the Council of Administration, and participated in numerous other UPU meetings. Officers of U.S. Postal Service and the U.S. Postal Rate Commission were part of the U.S. delegations. The Department of State also included representatives of private-sector mailers and express carriers on U.S. delegations in an effort to increase their exposure to and participation in the work of the UPU.

As in the past, the United States was the only country to broaden its delegations in this way. It was expected that at future meetings, U.S. private-sector stakeholders would take advantage of the new opportunities to participate directly in UPU meetings rather than as members of a government delegation and sit behind their own placards. In contrast, under Department of State rules, private-sector advisors on U.S. delegations may not speak or negotiate.

U.S. Postal Service and Department of State officers participated in a meeting of the Consultative and Executive Council of the Postal Union of the Americas, Spain and Portugal (PUASP), held in March 2002 at PUASP headquarters in Montevideo, Uruguay. Both agencies also sent representatives to a meeting of the Caribbean Postal Union, held in Georgetown, Guyana, in July 2002. At both meetings, the U.S. delegation provided explanations of the studies of terminal dues and Extra-Territorial Offices of Exchange (ETOE), which are being pursued within the UPU. The delegation also urged these two postal unions to open their doors to private-sector stakeholders in the manner that UPU had done.

UPU reported that more than 720 individuals, including 50 private-sector postal stakeholders, attended the UPU Strategy Conference in Geneva in October. The Strategy Conference provided a forum for presentations on future directions of international postal operations, including the continued dynamism of the postal and delivery sectors. Deputy U.S. Postmaster General John Nolan told the conference of changes being made to transform USPS into a more effective organization, and he described efforts that USPS had made to deal with the problem of anthrax found in the mail. In a post-mortem review of the conference held by the Council of Administration the following week, the U.S. delegation acknowledged wide-spread praise of the meeting but expressed concern that too many speakers had been crowded into the short three-day time frame, that there had been too little opportunity for audience participation, and that the presentations seemed to have been skewed toward high-tech-

nology developments that were basically irrelevant to postal realities in most developing countries. The U.S. delegation urged that UPU decision-makers think hard before repeating another such event between the 2004 and 2008 UPU Congresses.

The major procedural event of the year was the initiation of the practice of private-sector participation in UPU meetings. In 2001, the UPU Council of Administration had decided to open up the UPU governing body meetings to representatives of the private sector—the express carriers, mailers, postal equipment manufacturers, trade unions, and other postal stakeholders. This opening of the UPU had been promoted by U.S. delegations in reform discussions conducted since 1999. This new policy went into effect at the meeting of the Postal Operations Council in April 2002, when members of the private-sector Advisory Group, including representatives of air courier companies and mass mailers, were seated for the first time with member-country delegates and permitted to speak. Members of the Advisory Group were also invited to the Strategy Conference and the meeting of the Council of Administration, and were welcomed at many of the UPU project teams and working groups.

U.S. representatives played a major role in meetings of the Advisory Group and its steering committee during the year, including leading the negotiations for a set of rules of procedure for the new Consultative Committee, which will serve as the permanent replacement for the Advisory Group, once approved by the UPU Congress in 2004. The Council of Administration approved these rules. Although there was some disappointment that more private-sector agencies did not take advantage of the new openings for participation in UPU meetings, U.S. officials continued to encourage all interested parties in the private sector to utilize this new opportunity for private organizations to become more familiar with UPU operations and to offer their advice.

In the POC, the Council of Administration, and in numerous project teams and working groups, the United States continued to promote greater attention in the UPU to the dynamic changes in the global postal market, including the growing roles of electronic mail, the Internet, the express carriers, and the growing alliances between public and private postal operators and between the posts of different countries.

The main substantive issue addressed during 2002 was the system of terminal dues payments between the postal systems of industrialized countries for delivery of international mail. The UPU Congress in 1999 had established a system of payments covering the years 2001–2003. However, it had asked the POC to determine the system for payments between industrialized countries for 2004 and 2005, and to develop proposals for a global system, covering all countries, from 2006 and onward.

A Terminal Dues Action Group (TDAG), created by the POC, had studied these issues since the 1999 Congress and presented to the POC in April 2002 a set of options for the system to be used by industrialized countries in 2004 and 2005. Over a two-week period, more than 50 hours of formal discussions were held, marked by animated debate and numerous rounds of secret-ballot votes. The ultimate decision was to leave the system for 2004 and 2005 basically unchanged from that of 2001–2003. Under this system, one industrialized country pays another industrialized country rates based on 60 per cent of the domestic postage rate for the recipient country. TDAG considered proposals for raising that percentage, as well as for changing the base against which the percentage is applied, in order to better cover costs in the recipient countries, but these were defeated. The POC did approve, however, a “quality of service link,” to be introduced in industrialized countries in 2005. This will allow recipient countries to receive a higher rate of terminal dues if they participate and if they meet approved delivery targets.

Countries were sharply divided on the terminal dues rates. Representatives of what some considered “high-cost” countries argued that they were not being fairly compensated for mail delivery under the existing system, and that their mailers of outbound international mail were being forced to subsidize the costs of delivery of inbound international mail. In contrast, lower-cost countries argued strongly against any increase, saying that their costs already were covered by the current system, that mail volume was declining because of the growing use of email and other electronic substitutes, and that higher costs would drive mailers away from the posts. A number of developing countries said they feared that if the POC approved a system of higher rates, that system would also be applied to developing countries beginning in 2006 and they would be unable to afford to send international mail.

The United States position, determined by the Department of State after consultation with U.S. postal stakeholders, was that it was important for terminal dues to increase and more closely approximate actual costs. However, the United States believed that a gradual increase was most likely to attract the votes of the developing countries and was also more fair to the extensive U.S. mailing industry, which already was paying outbound postal rates that basically covered costs and would have to pay substantially more under a sharp increase in terminal dues. Accordingly, the United States favored an increase, but a gradual one.

In the decision process, a favorable vote of 21 of the 40 members of the POC was required to establish the system for 2004 and 2005, but 25 of the 40 POC members were from developing countries, and most of them opposed any increase. Thus, after multiple secret-ballot votes, both the sharp increase and the gradual increase were rejected, and the Terminal

Dues Action Group turned its attention to development of the global system that will be presented to the UPU Congress in 2004 for implementation in 2006.

In other substantive action, the two UPU Councils studied and discussed:

- the growing phenomenon of Extra-Territorial Offices of Exchange (ETOE), in which a postal administration of one country establishes a mail exchange office in another country in order to compete with the host country's postal service. Instead of paying full domestic postage, some ETOEs seek the benefit of lower UPU terminal dues rates, although the UPU rates were intended for use only in mail dispatches from the ETOE's home country to meet universal service obligations and not for mail from an exchange office located elsewhere;
- Article 43 of the UPU Convention, which addresses the practice of "ABA remail," in which mailers in one country (A) send bulk mail to another country (B) for posting back to their own country (A) for the purpose of utilizing the lower UPU terminal dues rates applicable to mail coming from Country B;
- UPU negotiations with the World Customs Organization over revisions to two postal customs declaration forms. The objective was to develop new forms that would permit more thorough customs analysis of mail but not impede or complicate the flow of international mail;
- UPU relations with the World Trade Organization (WTO), in particular the relationship between the UPU terminal dues system and WTO's General Agreement on Trade in Services; and
- growing concern about security of the post, including the anthrax mailings in the United States, and the need to protect the post and its customers.

The Council of Administration in November discussed a number of administrative and financial issues and approved, with U.S. support, a new budget for 2003–2004 at the same level as the budget for the preceding biennium. This "zero nominal growth" two-year budget is for 71.4 million Swiss francs over two years, or about US\$48 million. The budget is divided among UPU member countries not by a scale of assessment, as in most other UN system agencies, but according to "contribution units" that each country volunteers to pay. The United States pays 50 contribution units, which amounts to approximately 5.7 percent of the UPU budget. The cost to the United States is about \$1.3 million per year, paid by the Department of State. There are no U.S. arrears to UPU. In addition, the U.S. Postal Service made extrabudgetary contributions to UPU in 2002

amounting to \$361,500, including the salary of a postal security consultant seconded to the UPU staff.

The UPU staff operating under the regular budget is comprised of 58 professionals. At the end of 2002, four (6.9 percent) of these professionals were American citizens, including the UPU Director–General, the chef de cabinet, and the director of economic and regulatory affairs. Two other Americans are employed with extrabudgetary resources.

During the year, the Department of State continued to broaden the amount of information about UPU made available to the public. Reports on the results of UPU meetings were published on the Department of State website. Also published were advance notices of public briefings offered by the Department of State and reports on those briefings. The Department convened a public briefing in June 2002 to provide explanation of the decisions of the Postal Operations Council.

World Health Organization (WHO) and Other International Health Organizations

The World Health Organization (WHO), based in Geneva, was established in 1948 with the objective of “the attainment by all peoples of the highest possible level of health.” In 2002, WHO worked to achieve this goal in close partnership with its 192 member states and two associate members, hundreds of intergovernmental agencies and nongovernmental organizations, and over 1,000 leading health–related institutions designated as “WHO collaborating centers.”

During 2002, the United States sent representatives to meetings of the World Health Assembly, the WHO Executive Board, regional committees for the Americas, the Western Pacific, Africa, and Europe, and the Governing Council of the International Agency for Research on Cancer. The United States also participated in meetings of the management committees of WHO’s major voluntarily funded programs: the intergovernmental negotiation body on a Framework Convention on Tobacco Control, and the governing body of the Joint UN Program on HIV/AIDS (UNAIDS), which is cosponsored by WHO and seven other agencies.

Under Director–General Gro Harlem Brundtland (Norway), WHO continued an advocacy approach on specific health issues. She emphasized that health should be at the center of the development agenda, a point supported by the work of the WHO Commission on Macroeconomics and Health, which made the case for promoting the health of the poor at global and community levels to bridge the poverty gap. Dr. Brundtland also emphasized that WHO advocacy and authority on health issues must be rooted in scientific evidence and that collecting and providing such evidence should be WHO’s core tasks.

In August 2002, Dr. Brundtland announced she would not seek a second term after her term expires in July 2003. WHO member states, including the United States, praised the Director-General for her accomplishments, for elevating health as a major international policy concern, for raising the profile of WHO internationally, and for innovative approaches and partnerships to tackle specific health issues. Nine candidates, none from the United States, had been put forward to succeed her as Director-General when the nomination period closed in November.

WHO committed itself to supporting the new Global Fund to Fight AIDS, Tuberculosis, and Malaria, in particular by advising countries in preparation of proposals to submit to the Fund. An agreement with the Global Fund was signed whereby WHO will provide administrative services to the Fund.

The 2002 World Health Assembly gave extended attention to HIV/AIDS and the new Global Fund, as well as to WHO's role in helping to achieve health-related Millennium Development Goals. The United States worked closely on a resolution proposed by Brazil on "Ensuring accessibility of essential medicines," and amended contentious provisions referring to differential pricing and the impact of trade agreements on drug access. The Assembly adopted the resolution by consensus. U.S. differences with WHO emerged on the inherent premises of WHO work in the area of prescription drug access, particularly on how WHO addresses intellectual property rights and the relationship between access and trade agreements. The Assembly reviewed WHO activities to significantly accelerate work on HIV/AIDS.

The United States succeeded in having the Assembly adopt a resolution by consensus authorizing the retention of declared smallpox virus stocks in the United States and Russia for research to develop vaccines and drug tools that would protect against the possible deliberate use of the virus by terrorists. The Assembly also adopted a resolution on bioterrorism that focused on strengthening WHO's global surveillance of infectious diseases, water quality, and food safety activities, and improving the guidance WHO gives on public health measures to deal with deliberate use of infectious agents.

The presence of Secretary of Health and Human Services (HHS) Tommy Thompson at a ministerial-level Assembly roundtable on "Risks to Health" reflected the emphasis accorded to the issue in 2002. At the ministerial in May, the Assembly adopted substantive resolutions on mental health; patient safety; aging and health; dengue fever; and diet, physical activity, and health, among others.

The United States worked with WHO in 2002 in support of a process underway to revise the International Health Regulations, and stressed that

eventual revisions will need to carefully balance the need to provide maximum protection against the spread of diseases with minimum interference with world trade.

A resolution, entitled “The need for increased representation of developing countries in the Secretariat and in Advisory Panels and Committee,” was forced through the World Health Assembly by vote in 2002. Sponsored by a relatively small group of developing countries, it sought to change the basis and criteria on which appointments to the Secretariat are made. The United States worked with a number of countries in opposing the resolution as inconsistent with the WHO Constitution, and with WHO’s reputation for professional and scientific expertise. Though divisive, the resolution did not appear to lead to any significant changes in WHO staff appointments.

As has happened each year since 1997, the 2002 Assembly took no action on a proposal to add an agenda item to discuss the possibility of observer status for Taiwan, put forward by several countries that have diplomatic relations with Taiwan. In the lead up to the Assembly, Taiwan increased its lobbying of WHO member states for support of its bid for this status. HHS Secretary Thompson expressed the U.S. Government’s support for Taiwan’s observer status in a speech at a private–sector reception.

Although there is no provision in the WHO Constitution or the Assembly’s Rules of Procedures regarding the conferring of observer status, it is understood that observers can be admitted only if a majority of the members present and voting at the Assembly approve the proposal. In 2002, the General Committee debated the issue and ultimately recommended against inclusion of this new agenda item. In the Assembly plenary, under a previously agreed scenario aimed at avoiding a one–sided vote, several states spoke on each side of the issue, after which the Assembly president said it appeared the plenary had agreed with the recommendation that there would be no new agenda item. There was no vote.

The Assembly took up the long–standing agenda item on “Health conditions of, and assistance to, the Arab population in the occupied Arab territories, including Palestine.” A number of Arab states introduced a resolution focusing on very harsh condemnation of Israel. Spain, on behalf of European Union (EU) countries, sought to amend the draft, but the Palestinian negotiators ultimately rejected any changes. The United States called for a roll–call vote on the resolution because the text was loaded with tendentious language. The Assembly adopted the resolution by a vote of 48 to 8 (U.S.), with 69 abstentions (including EU member states). A large number of countries chose to be absent, and the resolution was adopted by a considerably narrower margin of victory than in the past.

The United States stated that the resolution followed a pattern of blaming Israel harshly for Palestinian health problems, while ignoring that Israelis have suffered as a result of Palestinian actions. Moreover, the resolution further inflamed emotions and judgment on questions that Israelis and Palestinians had to negotiate between them. After the vote, a number of countries stated their regret that such political issues were being put before the Assembly.

Negotiations continued during 2002 on a Framework Convention on Tobacco Control (FCTC) scheduled for completion by 2003. The United States was active at sessions of the Intergovernmental Negotiating Body in March and October. In July, the U.S. Bureau of Alcohol, Tobacco, and Firearms (ATF) sponsored a meeting at UN Headquarters in New York on tobacco smuggling to consider best practices for law enforcement, tax, and customs authorities to better counter the illicit tobacco trade. The results of the ATF conference were the basis for continuing negotiations in October, during which real progress was made on the FCTC text. The Convention would be opened for signatures at the World Health Assembly in May 2003.

With regard to WHO's financial report for 2000–2001, the organization noted some positive trends: the increased rate of collection of assessed and extrabudgetary contributions, improved program implementation, increased focus on monitoring and evaluation, and a reduction in internal borrowing. Overall, the External Auditor gave WHO high marks on its financial report for 2000–2001.

In 2002, the United States provided \$93.6 million to the WHO regular budget, reflecting the first year of a reduced U.S. assessment from 25 percent to 22 percent. In 2002, the U.S. Agency for International Development (USAID), HHS, and the Department of State provided approximately \$61.3 million to WHO in extrabudgetary resources.

The United States also continued working with WHO on various management issues to facilitate payment of arrears under the Helms–Biden legislation. The Secretary certified that the legislative conditions for management reform had been met, which would enable the United States to pay WHO \$33.4 million in arrears in 2003.

Among WHO staff, there were more American citizens in professional posts than citizens of any other country. In 2002, WHO had 1,272 posts subject to geographic distribution with U.S. citizens in 159 posts, or 12.5 percent. However, U.S. citizens remained underrepresented. At year's end, Americans held the senior posts of Executive Director of the communicable diseases cluster, Legal Counsel, Director of Internal Audit and Oversight, and Director of the Division of Personnel. The total WHO staff

on fixed-term or career service appointments was 3,632. In addition, there were 4,590 staff on short-term contracts.

Pan American Health Organization (PAHO)

In related international health matters, the Pan American Health Organization (PAHO) celebrated its centennial in 2002. Formed in 1902 as the Pan American Sanitary Bureau, PAHO is the world's oldest intergovernmental health organization. The culminating event was an Anniversary symposium and a commemoration gala on December 2 at the Willard Hotel in Washington, D.C., in the same ballroom and on the very day as 100 years prior. UN Secretary-General Kofi Annan was the keynote speaker.

PAHO's quadrennial Pan American Sanitary Conference convened at PAHO headquarters in Washington, D.C., on September 23–27. U.S. officials, including HHS Secretary Thompson, were active in that meeting, as they had been in meetings of the PAHO Executive Committee in June and the Subcommittee on Planning and Programming in March. The Conference elected Dr. Mirta Roses (Argentina), Associate Director of PAHO, as PAHO's new Director, with a five-year term commencing in February 2003.

The conference discussed and adopted resolutions on pressing health issues, including HIV/AIDS, vaccines and immunization, chronic diseases, childhood illness, maternal health, and other issues. Representatives of all 38 PAHO member states participated, mostly at the ministerial level. The PAHO strategic plan for 2003–2007, a fundamental planning tool for technical cooperation, was adopted. Member states agreed that PAHO must have flexibility to take into account the vision of the new Director.

The conference reviewed the status of the HIV/AIDS epidemic in the Americas and improvements in prevention and control. Brazil proposed that PAHO begin feasibility studies on the creation of a center for generic drugs. The United States worked to scale back the proposal. Conference participants agreed that PAHO would explore mechanisms to build national capacity for the quality control of generic drugs.

Also considered at the conference was Argentina's six years in arrears and its non-compliance with the payment plan it agreed to follow in 2000—making it the only country in the region in such a position. Although Argentina's vote was already suspended, the majority of countries supported restoring its voting privileges, in part out of recognition of the country's economic crisis. The United States noted that PAHO members had extended repeated grace to Argentina in recent years and it was time to abide by PAHO's Constitution. With few supporters for that position, the United States did not press the matter to a vote.

The United States pays 59.44 percent of the PAHO budget, based on the scale of the Organization of American States, with adjustments for membership. The U.S. assessment for 2002 was \$55.9 million. In 2002, PAHO had a total staff of 924, of which 470 were professional posts. Of those, 77 were U.S. citizens, or 16.4 percent.

International Agency for Research on Cancer (IARC)

The Governing Council of the International Agency for Research on Cancer (IARC), a subsidiary of WHO with 15 member states, met at IARC headquarters in Lyon, France, on May 9–10. The Council discussed IARC's program of work in cancer prevention, its collaborative research efforts (the U.S. National Cancer Institute is a major partner), and its medium-term strategic vision. IARC works with networks of cancer registries to provide data on cancer prevalence, incidence, survival, and mortality. It also focuses on the causes of human cancer, such as life-style factors, chronic infections, and exposures.

IARC Director, Dr. Paul Kleihues (Germany), is serving his second five-year term as Director, which is to expire at the end of 2003. Under the Governing Council's auspices, a formal search committee was formed in 2002 to identify candidates for a new IARC Director, and to make recommendations on terms and conditions of service. The United States is a member of the search committee.

The IARC financial report for 2000–2001 showed a total program implementation rate of 99.7 percent. Dr. Kleihues reported that 94 percent of payments were received in the year assessed, and that \$17.5 million in extrabudgetary funds for specified research activities had been received, an increase of 23 percent over the previous biennium. IARC has a total staff of 133, of which there are 49 professional posts. Of those, four are held by U.S. citizens, or 8.2 percent.

Joint UN Program on HIV/AIDS (UNAIDS)

The Joint UN Program on HIV/AIDS (UNAIDS) began formal operations on January 1, 1996. Cosponsors are WHO, the UN Development Program, the UN Office on Drugs and Crime, the UN Children's Fund, the UN Population Fund, the UN Educational, Scientific, and Cultural Organization, the International Labor Organization, and the World Bank. UNAIDS also has cooperation agreements with the Food and Agriculture Organization and the UN High Commissioner for Refugees. UNAIDS works in countries dealing with the HIV/AIDS epidemic, primarily through its country-coordination theme groups that seek to mobilize all sectors to address AIDS.

Dr. Peter Piot (Belgium), Executive Director of UNAIDS, reported in December that there were 42 million people living with HIV/AIDS world-

wide. During 2002, there were 5 million new HIV infections and 3.1 million deaths.

In 2002, UNAIDS worked to support the first year of operations of the new Global Fund to Fight AIDS, Tuberculosis, and Malaria. Along with WHO, UNAIDS serves as an *ex officio* member of the Board of the Fund. UNAIDS worked particularly at the country level to advise countries, where requested, in the preparation of proposals for funding by the Global Fund.

The UNAIDS Program Coordinating Board (PCB) has 22 member states, as well as the eight UNAIDS cosponsors, and five nongovernmental organizations.

The PCB met from May 29–31 in Geneva. It stressed that the Declaration of Commitment put forth by the 2001 UN General Assembly Special Session on HIV/AIDS, with its time-specific and measurable targets, should guide the response to the epidemic at global, national, and community levels. It emphasized the need for mobilization of far greater amounts of funding from all sources, for strengthening human resources capacity to scale-up HIV/AIDS activities in countries, and for integrating HIV/AIDS programs into broader poverty reduction and development initiatives.

The PCB reviewed the final report on a five-year evaluation of UNAIDS, undertaken to examine whether UNAIDS had met expectations since 1996 in increasing attention to issues associated with the spread of HIV. It made recommendations on strategic changes in UNAIDS role, especially improving its country offices, and strengthening interagency collaboration in response to the challenge.

The UNAIDS Budget for 2002–2003 is \$190 million, which includes the AIDS budgets of its cosponsor UN agencies (except for the World Bank). The UNAIDS Secretariat has a budget of \$55 million. The United States continued to be UNAIDS' major donor, providing about 26 percent of its annual all-voluntary budget, primarily through the U.S. Agency for International Development. In 2002, UNAIDS had a total staff of 177, of which 126 were professionals. Of those, 10 posts, including that of Deputy Executive Director, were held by U.S. citizens, or 7.9 percent.

World Intellectual Property Organization (WIPO)

The World Intellectual Property Organization (WIPO) promotes the protection of intellectual property rights throughout the world through cooperation among member states. Established by the WIPO Convention in 1967, it became a specialized agency of the United Nations in 1974. WIPO is headquartered in Geneva, Switzerland, and operates several

offices around the world, including in New York, Washington, D.C., and Brussels, Belgium. There are 179 members of the WIPO Convention.

WIPO administers various treaties that deal with the legal and administrative aspects of intellectual property, which includes industrial property and copyrights. The two principal treaties are the Paris and Berne Conventions (with 164 and 150 members, respectively). WIPO also administers 20 multilateral “unions” (the treaty administering organs).

At the WIPO General Assembly meeting in September 2002, more than 100 member states expressed support for re-election in 2003 of the Director-General Kamil Idris (Sudan) for a second term. Group B, including the United States, withheld formal support at that time, since nominations were open until December. The Assembly adopted an accelerated procedure to complete the election process several months in advance of the September 2003 WIPO General Assembly. A 1998 amendment of the WIPO Convention limiting the Director-General to two consecutive six-year terms has not yet come into force. Though a major proponent of the amendment, the United States has not yet ratified it.

The General Assembly of WIPO Unions, of which the United States is a member, was held in Geneva from September 23–October 1, 2002. The General Assembly authorized the Director-General to move forward with the process of streamlining and simplifying WIPO’s governance and constitutional structure to reinforce the transparency, efficiency, and effectiveness of the organization. These changes included the abolition of the WIPO Conference, the formal adoption of a system based on a single (“unitary”) budgetary contribution to WIPO, instead of individual government contributions to each of the treaty unions to which they belong, and changes in contribution classes. The relevant WIPO-administered treaties are to be amended to make provision for holding ordinary sessions of the WIPO Assembly annually, rather than biennially. Currently, the Assembly meets each year, in alternating ordinary and extraordinary sessions.

The inaugural sessions of the WIPO Copyright Treaty (WCT) Assembly and the WIPO Performances and Phonograms Treaty (WPPT) Assembly took place in 2002 following the entry into force of the WCT on March 6 and the WPPT on May 20. These treaties address protection of intellectual property in the digital world. At their first meeting, the Assemblies unanimously adopted decisions relating to their rules of procedure, election of officers, and future work.

WIPO members decided to consolidate the organization’s work on enforcement of intellectual property rights into a single Advisory Committee on Enforcement that will cover both industrial property and copyright and related rights. The mandate of the Committee’s work is technical assistance and coordination, to focus on broad-based cooperation with rel-

evant organizations as well as the private sector. It will also undertake public education initiatives, and national and regional technical assistance programs. The United States supported formation of this committee, and agreed that its agenda should focus on outreach and training.

The Assembly of the Patent Cooperation Treaty (PCT) Union approved a number of measures designed to further streamline and simplify the international patent application filing system under the treaty, which facilitates the process of obtaining patents in up to 118 countries. The United States supports these measures since the treaty facilitates and extends international protection of intellectual property. These measures include an enhanced international search and preliminary examination system, the introduction of a new system of designating countries in which patents are sought, and a fee reduction for international applications filed in electronic form. WIPO member states also noted progress in PCT automation projects, which are expected to generate lower costs for applicants and more efficient services. The United States expressed its concern about the cost and duration of the automation projects, since they had been in process for several years and should have concluded.

The 2002 WIPO Assembly approved the Program Performance Report for the 2000–2001 biennium. This report informed member states of WIPO's achievements against criteria established in the program and budget. For the first time, WIPO admitted four national nongovernmental organizations as observers, including the American Intellectual Property Law Association. The United States, which supports broad participation of all stakeholders in appropriate activities of international organizations, welcomed this move.

The Assembly also approved the continuation of construction of a new administrative building in Geneva, to begin in early 2003 at the location of its current headquarters. Expanded premises would enable WIPO leadership to consolidate staff now working in rented space in nine buildings into a single, multi-building complex.

The 2001 Assembly, concerned over a report on cost estimate overruns on construction to expand WIPO's office building and meeting center, had commissioned WIPO's external auditors (the Swiss Federal Audit Agency) to conduct a full technical evaluation of the project. The audit was to focus on WIPO's management and financial justification for the proposed new meeting facilities. The External Auditor reported to the 2002 WIPO Assembly that inadequate initial planning and costing had led to a doubling of the original 1998 estimates. The Assembly instructed the WIPO Secretariat to adjust the plan to provide a maximum number of workplaces and to incorporate extensive technical adjustments suggested by the auditor. The Assembly then authorized the start of construction, which is likely to last until 2007. The United States, which originally

called for this audit at the 2001 WIPO Assembly to explain how costs could have been so poorly estimated, welcomed the report and called for WIPO to report regularly to members on construction progress and costs.

Oversight of WIPO's financial and budgetary issues is conducted by the Program and Budget Committee, to which the United States belongs. Historically, WIPO has consistently run a revenue surplus from patent and trademark filing fees. The United States has advocated and has obtained regular reductions of filing fees since 1996, making them more affordable, especially for small and medium-sized enterprises and individuals, consistent with the costs of processing applications, and less likely to lead to accumulated but unnecessary cash reserves.

Fees for services generate approximately 90 percent of WIPO's budget. WIPO member states have required the Secretariat to consolidate all budgets for the 2002–2003 biennium, to provide clearer tracking of financial flows. The 2001 Assembly approved a new 2002–2003 WIPO biennial budget that keeps member state assessments at existing levels. The proposed 2002–2003 budget increased by 19.9 percent over the revised 2000–2001 level, primarily due to projected increases in PCT filing volumes.

This increase prompted the United States once again to call for better methods to project more accurately the expected filing volumes and revenue. Accurate identification of costs should help justify continued decreases in filing fees. The U.S. share of the assessed WIPO budget is 6.59 percent, or \$897,000 (at an average 2002 exchange rate of 1.4709 Swiss francs = USD 1.000). The U.S. assessed contribution represents less than 1 percent of WIPO's total revenue. Approximately 34 percent of WIPO's revenue comes from filing fees paid by U.S. nationals, the largest group of WIPO supporters.

In 2002, out of 334 posts subject to geographic distribution, 21 were filled by Americans, or 6.3 percent.

World Meteorological Organization (WMO)

The World Meteorological Organization (WMO) facilitates international cooperation in making meteorological, hydrological, and other related observations by promoting the standardization, quality control, and rapid exchange of meteorological observations and uniform publication of observations and statistics. It promotes flood forecasting and climate studies, and encourages research and training in various meteorological sciences to further the application of meteorology to aviation, shipping, hydrology, and agriculture.

The WMO membership comprises 179 countries, including the United States, and six member territories, all of which maintain their own meteorological services. The six WMO regional groups meet every four years to

coordinate operational meteorological and hydrological activities within their region, and to examine questions referred to them by the Executive Council. The WMO Secretariat is based in Geneva, and serves as the administrative, documentation, and information center for the organization. It had 262 employees at the end of 2002, of which nine were Americans out of the 120 professional-level staff subject to geographical distribution. The Secretariat is headed by Secretary-General G.O.P. Obasi (Nigeria), whose current four-year term expires at the end of 2003.

The World Meteorological Congress (Cg), which is the supreme body of the WMO, meets every four years. It determines policies, approves the program and budget, and adopts regulations. The next WMO Congress will meet in Geneva in May 2003.

The WMO's Executive Council meets annually to prepare studies and recommendations for the WMO Cg, to supervise the implementation of Cg resolutions and regulations, to approve implementation of the budget, and to advise members on technical matters. It is comprised of 36 members, including the President and three Vice-Presidents. The Executive Council members are generally the heads of their national meteorological services. Directors of the U.S. National Weather Service have always been members of the Executive Council. It receives budget recommendations from the WMO Financial Advisory Committee, which is chaired by the WMO President and is made up of the eight selected member countries (usually the largest contributors, including the United States) and the presidents of the six WMO regional associations.

The Executive Council met June 11–21, 2002, in Geneva, and included private-sector representation. It was unable to reach a consensus on a 2004–2007 quadrennial budget and consequently recommended that the Secretary-General prepare budgets in the Swiss franc (SFr) 248.8–258.8 million range (US\$160–166 million at 2002 exchange rates) to present to the May 2003 Cg. The U.S. delegation had advocated for a zero nominal growth budget of SFr 248.8 million. (That represents zero nominal growth in assessments; zero nominal growth in expenditures would be SFr 252.3 million, the difference reflecting savings in the WMO headquarters building fund.)

The WMO's programs include the World Weather Watch, climate forecasting, atmospheric research, environmental monitoring, meteorological applications, hydrological monitoring, flood forecasting, education and training, and technical cooperation. The United States uses the World Weather Watch Program, as well as the Voluntary Cooperation Program (VCP) and the Global Climate Observing System (GCOS) to help it forecast the weather.

The World Weather Watch provides real-time worldwide weather data through the member-operated Global Telecommunication System. Observing platforms include four polar-orbiting and five geostationary satellites, about 10,000 land-based observation sites, approximately 7,000 ship stations, and 300 moored and drifting buoys carrying automatic weather stations.

The VCP supports member countries' implementation of WMO Scientific and Technical Programs. It provides, *inter alia*, equipment and services, including training, or financial contributions made on a voluntary basis by member countries. It has assisted developing countries undertake observations and may be an important vehicle in the future to help construct an integrated global observing system.

The GCOS was established in 1992 to ensure that the observations and information needed to address climate-related issues are obtained and made available to all potential users. It is intended to be a long-term, user-driven operational system capable of providing the comprehensive observations required for monitoring the climate system; for detecting and attributing climate change; for assessing the impacts of climate variability and change; and for supporting research toward improved understanding, modeling, and prediction of the climate system. GCOS is particularly important in light of the President's commitment to enhance and expand the global climate observing systems in order to reduce uncertainties related to global climate change.

The WMO has eight technical commissions: (1) Aeronautical Meteorology, (2) Agricultural Meteorology, (3) Atmospheric Sciences, (4) Basic Systems, (5) Climate, (6) Hydrology, (7) Instruments and Methods of Observation, and, (8) Oceanography and Marine Meteorology. The latter is a joint commission with the UN Educational, Scientific, and Cultural Organization Intergovernmental Oceanographic Commission. The commissions meet quadrennially, and in one case (Basic Systems) biennially. The Aeronautical Meteorology commission met September 16–20, 2002 in Montreal in conjunction with the Meteorology Division of the International Civil Aviation Organization. The Agricultural Meteorology, Atmospheric Sciences, Basic Systems, and the Instruments and Methods of Observation Commissions also met in 2002. To meet U.S. needs for data to predict the weather, including for specific purposes such as agriculture and aviation, the United States sent representatives to the commission meetings.

The WMO does not prepare annual budgets, but its spending in 2002 was roughly US\$27 million, or one-quarter of the 2000–2003 quadrennial budget of SFr 248.8 million (\$147 million at 2002 exchange rates). The U.S. assessment is 21.56 percent, making the annual U.S. assessment

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about \$8 million. The United States also contributed \$2 million in 2002 to WMO's Voluntary Cooperation Program.