

Issue update

Selected Issues on International Financial Institutions

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The corporate responsibility to respect human rights

Detractors of Private Member's Bill C-300 (IU February 2009) draw attention to the bill's treatment of human rights. The bill establishes guidelines for Canadian extractive companies that operate overseas. These guidelines must be met by companies that receive support from Export Development Canada, the Canadian Pension Plan and Canadian embassies. The guidelines are to include provisions based on Canada's international human rights obligations.

The bill's reference to international human rights law has been met with criticism by companies, civil servants and Conservative parliamentarians. A number of these actors have referred to the work of John Ruggie, Special Representative to the UN Secretary -General on business and human rights. These critics argue that any movement on the business and human rights front is premature until such time as Mr. Ruggie concludes his work.

In fact, Mr. Ruggie presented his policy framework on this issue at the conclusion of his first UN mandate, almost two years ago. In a report to the UN Human Rights Council, he provided unequivocal guidance on the relationship between corporations and international human rights law. Mr. Ruggie clearly stated that corporations have a **responsibility to respect** human rights. His report was widely endorsed, including by the Government of Canada and the private sector.

The guidelines established under Bill C-300 achieve this objective. They do not require that companies protect human rights, which is the purview of states. Instead, they establish standards that assist companies to operate in a manner that is respectful of internationally-recognized human rights.

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Financial transaction tax debate hot and cold

Support for the Financial Transaction Tax (FTT)(IU January 2010) continues to gain support, with the European Parliament adopting a resolution this month asking the European Commission to assess its feasibility, advantages and disadvantages. Meanwhile, the Belgian government identified the FTT as an issue for discussion when it assumes the European Union Presidency in July. Former Governor of the Reserve Bank of India, YV Reddy, and former head of the Global Fund for HIV AIDS, Canadian Stephen Lewis, also support the tax.

Against this backdrop, Germany has announced plans to place a levy on banks that would raise billions of euros for bank bailouts. The US introduced a similar measure in January, and the UK may now follow suit. Canada's Finance Minister opposes both the FTT and the levy, insisting that the world's financial institutions should instead focus on ensuring that they are adequately capitalized. While many are pitching the debate between the levy and FTT as an "either/or", civil society continues to insist that while levies may pay for bank bailouts, an FTT is still necessary to cover the mounting costs of government deficits, the millennium development goals and climate change.

The Robin Hood Tax - an idea whose time has come?

<http://halifaxinitiative.org/content/press-responses-robin-hood-tax-time-has-come>

“Keeping transparency on the [G20] agenda”

The irony that a financial crisis, which was caused by a distinct lack of transparency and accountability in financial institutions and their products, has been seized upon to enhance the powers of a number of agencies that are wholly unaccountable and untransparent has not gone unnoticed. This month, Transparency International put its concerns on record in a letter to the co-Chairs of the G20 Chairs, Canadian Prime Minister Stephen Harper and South Korean President Lee Myung-Bak. The letter includes seven recommendations (see “Just the Facts”) on what the G20 should do to address this deficit in all aspects of its work.

In a related matter, the government confirmed plans this month for a meeting between civil society and the G8 Sherpas in Vancouver on April 15 and 16, but has yet to indicate whether there will be a “Civil G20”.

Haiti gets a break on debt

Following the G7 Finance Ministers' commitment in February to work to have all of Haiti's debt with the multilateral development banks (MDBs) cancelled (See IU February 2009), the Inter-American Development Bank agreed this month to cancel \$479 million Haiti owed the IDB. This constitutes the bulk of the country's external debt. Now, following the Haiti donor conference in New York, the World Bank has also agreed to cancel \$40 million in Haitian debt. Canada, for its part, contributed \$8 million to the Bank initiative using moneys from an existing debt relief trust fund. Now Haiti's debts to the IMF remain as the only outstanding major multilateral debts owed by the country. The Halifax Initiative welcomes this news, but remains concerned about the conditions attached to any new lending to the Haiti.

Notice Board - This month...

- ☰ **French President Sarkozy** hopes to discuss developing a **new global monetary system next year** when he chairs the **G20**. At the heart of the problem is the US dollar-dominated international currency reserve-system, and the accumulation of extensive foreign exchange reserves by some emerging market economies (China) and excessive consumption by others (the United States), leading to large and unsustainable global imbalances. **Proposals for a new system** have been touted by Action Aid International, Third World Network, UNCTAD and the UN Stiglitz Commission since last spring.
- ☰ **Minister Flaherty** announced in the budget that he will **freeze official development assistance (ODA) at 2010 levels in 2011**, abandoning the previous government's commitment to increase ODA by 8% per year. The Canadian Council for International Co-operation **deplored the move**. http://www.ccic.ca/_files/en/media/oped_2010-03-13_ts_shameful_retreat.pdf
- ☰ **Unions across Africa** launched a **major initiative** targeting Canadian embassies and **pushing for Canada, as Chair, to ensure the G8 meets its commitment to universal access to HIV prevention, treatment, care and support**. The initiative came after the Executive Director of UNAIDS made a similar appeal at an AIDS conference in Vancouver.
- ☰ 93 per cent of **voters rejected a deal** that Reykjavik had negotiated with Britain and the Netherlands to **reimburse \$5.3 billion to Dutch and British depositors in Icelandic banks**. The monies were lost when Iceland's banking system collapsed in 2008.
- ☰ The **US Export-Import Bank** ramped up financing for renewable energy as it introduced a **new carbon policy** that requires the export credit agency to impose new reviews of large fossil fuel projects. The move is part of a 2009 settlement resolving a lawsuit involving Friends of the Earth, Greenpeace and several cities. (See IU Notice Board, February 2009)
- ☰ The government released its **annual report to parliament** on Canadian activities at the **Bretton Woods Institutions**. The Report is **heavy on information regard the resources** the government committed to keep the multilateral development banks alive, but **light on discussion** regarding the types of deep-rooted (and necessary) **reforms** the institutions have made to be so well rewarded. <http://www.fin.gc.ca/bretwood/bretwd09-eng.asp>

New Publications this month

- “Bringing Human Rights to Bear in Times of Crisis”, International Network on Economic, Social and Cultural Rights, et al., March 2010, http://www.escr-net.org/usr_doc/HRResponsestoEconCrisis_Final.pdf
- “The MDGs at 10”, UN Millennium Campaign. New web site ahead of the high level summit on September 20-22 on the Millennium Development Goals. <http://www.un-ngls.org/spip.php?page=mdg2010>

Upcoming Events

- G20 Finance Ministers' meeting, April 23, Washington.
- World Bank and IMF Spring Meetings, April 24-25, Washington.
- Parliamentary Roundtables on the G8-G20 Agenda, April 20, 26 and 27, Ottawa. For more info see <http://halifaxinitiative.org/content/parliamentary-roundtables-registration-form>

Transparency International recommendations for the G20

In the letter from former Canadian public servant and Transparency International (TI) Chair, Huguette Labelle, and Geo Sung-Kim, member of the International Board and Chairperson of TI Korea, to the Heads of State of South Korea and Canada, Transparency International makes the following seven recommendations to address G20 transparency and accountability. The on-line letter provides more details under each heading.

- 1) Economic stimulus and corporate rescue spending should be transparent and accountable.
- 2) Corporate beneficiaries of government rescue packages, economic stimulus funds or multilateral lending facilities should publicly report on the use of received funds and implement anti-corruption programmes.
- 3) The work and structures of the institutions tasked with corrective measures should be fully transparent.
- 4) Action should be taken to prevent illicit financial flows and to address non-cooperative financial centres.
- 5) Improved regulation on financial risks, as promised in late 2008, should be implemented in a transparent and accountable manner.
- 6) Financing of “green stimulus components” must be transparent.
- 7) Governments receiving support from the International Monetary Fund (IMF), Multilateral Development Banks and export credit agencies should have embraced the United Nations Convention against Corruption (UNCAC) and be committed to its successful implementation.

Letter to Korea President Lee Myung-bak and Canada PM Stephen Harper as G20 co-chairs of 2010
<http://www.transparency.org/content/download/50343/805526/version/1/file/Letter+to+HE+Harper+and+HE+Myung-bak+2010.pdf>