

**Sustainable News – 30<sup>th</sup> November, 2016.**

### **The changing face of world trade**

TRADE has changed a lot in the last 25 years. Indeed, we are still struggling to understand why trade growth was so rapid before the 2008 crisis, and has been relatively sluggish since. Richard Baldwin's new book "The Great Convergence: Information Technology and the New Globalization" But the book is so important that it is worth looking again at some of its insights.

The first is that we tend to think of competitiveness of individual states (particularly in an era of populist nationalism) - the US is competing against China and Germany. But goods are no longer assembled entirely within the bounds of one factory in one country. Instead, many goods are assembled in "global value chains" in which products are designed in one country, but made from parts built in several countries and assembled in another country. As Mr Baldwin writes

*The contours of industrial competitiveness are now increasingly defined by the outlines of international production networks rather than the boundaries of nations.*

In the past, this didn't happen. Manufacturers couldn't be sure of the quality of parts they would receive, But the IT revolution has made it much easier to outsource and to co-ordinate complex activities at a distance. Some knowhow has shifted in the process from the developed to the developing world. German workers no longer the only beneficiaries of German technological advances; German firms can exploit improved German technology by combining it with Polish labour.

This has important implications for both the developing and for the developed world. In the 1960s and 1970s, emerging markets that wanted to jump-start their development tried to build everything from scratch; the utilities to power the steel plants to supply the bodies for the car factories. To do so, they shut out imports with the help of high tariffs. This seemed to work for a while but only because shifting workers from farms to factories makes them more productive. In most cases, however, the industries never achieved the economies of scale needed to make them internationally competitive. Consumers ended up paying high prices for inferior products. But nowadays, developing nations don't have to create entire industries. As Mr Baldwin writes

*When a developing nation joins an international supply chain, it can free-ride on other nations' industrial bases.*

To get into the global value chain, developing nations need to accept foreign investment. In this world, tariffs make no sense; taxing an imported component only raises the cost (and reduces the competitiveness) when it is re-exported. Old theories of the best way to develop an economy look out-of-date.

But developed economies need to think about this too. So many emerging markets pursued the old approach (known as the industrial substitution model) that the world is dogged with overcapacity in industries like steel and cars. Jobs are simply not going to return in those industries, which are no longer as profitable as they were. The money that is to be made is not in making stuff, but in the services related to stuff; the design of a car or a smartphone, the software that makes them operate. Those are the jobs developed nations should be chasing.

Alas, they are not the jobs that everyone can do. As Mr Baldwin writes

*The tendency is towards a spatial sorting of skill-intensive industries to high-wage nations and labour intensive industries to low wage nations.*

How to deal with the inequality that results? The answer, surely, is a strong welfare state and redistributive taxation to compensate the losers (and a commitment to education and training to reduce the number of losers). Globalisation is

an inevitability in a world of modern communications that cannot be un-invented. But it will not be possible to combine globalisation with a small-state approach.

## UN and Sustainable Transport

25 November 2016 – The first-ever global conference on sustainable transport takes place this weekend in Turkmenistan, bringing together representatives from the United Nations, governments, the private sector and civil society to set new directions for global transport efforts.

“Without doubt, unsustainable transport brings numerous challenges. For example, the transport sector is responsible for about one quarter of greenhouse gas emissions. Also, more than 1.25 million are killed annually in road traffic accidents – sadly to say that 90 per cent [of these] happen in developing countries,” the UN Under-Secretary-General for Economic and Social Affairs, [Wu Hongbo](#), said today at a press briefing in the Turkmen capital of Ashgabat, ahead of the start of the [Global Sustainable Transport Conference](#) there tomorrow.

“Sustainable transport, on the other hand, helps create the infrastructure on which we can build a sustainable future – it provides access to trade, jobs, markets, education, health care and other services that improve people’s lives,” Mr. Wu added. “It also empowers women, persons with disabilities, and other vulnerable people. The conference in Ashgabat is an opportunity for mutual learning and knowledge exchange on implementing sustainable transport.”

According to the UN Department of Economic and Social Affairs ([DESA](#)), which Mr. Wu heads and is organizing the event, sustainable transport and mobility are crucial for sustainable development, with adequate transport infrastructure and affordable transport services still lacking globally, and with serious negative impacts on public health and well-being, living conditions and climate change.

The furthering of sustainable transport and the establishment of affordable, economically viable, socially acceptable and environmentally sound transport systems is expected to be a key part of discussions at the conference, which will also be attended by UN [Secretary-General](#) Ban Ki-moon.

*Speaking at a flag-raising ceremony in Turkmenistan’s capital, Ashgabat, the UN Under-Secretary-General for Economic and Social Affairs, Wu Hongbo, stresses how sustainable transport and mobility are crucial for sustainable development, with adequate transport infrastructure and affordable transport services still lacking globally. Credit: UN News Centre*

In his remarks to the media today, Mr. Wu said the linkage between sustainable transport and implementation of the so-called Sustainable Development Goals ([SDGs](#)) – a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda – will be explored in the discussions.

Each SDG has specific targets to be achieved over the next 15 years, and while sustainable transport is not represented by a standalone SDG, it is essential to achieving most of them and has been mainstreamed across several [SDGs](#) and targets, especially those related to food security, health, energy, infrastructure and cities and human settlements, according to DESA.

The Global Sustainable Transport Conference has its foundations in the outcome document of the UN Conference on Sustainable Development ([Rio+20](#)), held in the Brazilian city of Rio de Janeiro in 2012. The document – a result of intergovernmental discussions on a range of sustainable development issues – stresses that transportation and mobility are central to sustainable development.

All modes of transport – road, rail, aviation, ferry, and maritime – will be addressed at the Ashgabat gathering, including in both developed and developing countries, as well as in landlocked and transit countries. The concerns of developing countries, including least-developed countries, landlocked developing countries and small island developing states, will receive particular focus.

The issues in focus at the conference were recently highlighted in Quito, Ecuador, during the UN Conference on Housing and Sustainable Urban Development ([Habitat III](#)), which culminated in the adoption of a New Urban Agenda, with strong elements of sustainable transport.

While no outcome document is expected at the conclusion of the Ashgabat conference, the [Secretary-General](#) has encouraged all UN Member States and other stakeholders to [register](#) commitments and partnerships for sustainable transport, through the conference website.

Already, commitments to make transport more sustainable have been registered from governments and private partners from a number of countries, including the United States, India, Pakistan, Bangladesh, Australia, and Asia and Pacific Ocean countries.

### **HIV Guinea**

Guinea has opened its first medical centre for the free treatment of HIV patients who are in an advanced state of their illness, BBC Afrique reports.

The centre in Conakry, the capital, will also serve as an Aids training and research facility.

According to UNAids estimates from last year, Guinea which has a 1.6% prevalence rate of the disease, recording about 120,000 people infected with the HIV virus.

In 2015, the disease killed 4,600 people in the country.

The Director of the new Centre noted " Our medical system had many difficulties when it came to providing quality care to people living with HIV, to people infected with opportunist diseases. This centre has been created as a [response to that]."

The new centre will have specialists to provide a quality service, our correspondent says.