I. OBJECTIVES AND STRUCTURE

1. This analytical document is a contribution to the ongoing process of the UNECE reform. It is intended to serve as a basis for discussion for the Committee and its three subsidiary bodies: the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT); the Working Party on Regulatory Cooperation and Standardization Policies (WP.6); and the Working Party on Agricultural Quality Standards (WP.7). It includes a proposal for the next steps to be taken and a summary of action points (paragraph 40) for approval by the Committee.

2. The purpose of the document is to:

   - explore how to implement the UNECE reform within the trade subprogramme, and how to achieve the full potential of the Committee and its subsidiary bodies;

   - propose options for action by the Committee, the Bureau and the secretariat, in the implementation of the UNECE reform.
3. After an introductory background section, the document analyses the major issues and reviews a number of options. It then presents revised vision and mission statements for the Committee and the three subsidiary bodies. As the broader issues of direction and strategy first need to be explored by all stakeholders and decision makers before more operational measures can be defined, the document does not set out detailed proposals for any specific projects or outputs.

II. BACKGROUND

A. Present structure, mandates and outputs of the Committee and its subsidiary bodies

4. Section 5 provides the current or draft vision and mission statements for the Committee and its three subsidiary bodies (UN/CEFACT, WP.6 and WP.7).

5. The underlying objective of all three subsidiary bodies is to find ways of making the whole process of trading simpler and smoother by developing and implementing norms, standards and best practice recommendations. To do this, each subsidiary body establishes a network of cooperating public and private partners to:

   - discuss, understand and decide what tools are needed, and why;
   - develop these tools;
   - help implement them.

6. The three subsidiary bodies work independently and are largely self-sufficient. However, despite the common underlying objective, in practice their methods of work and types of output vary widely, and few synergies have been identified between their activities. This divergence, which may result from their different histories, is also reflected in the current completely different format and approach to their mandates and visions.

7. In all cases, their normative activities are interrelated with policy discussions. Normative work cannot proceed in a policy vacuum, and the technical experts need to know what broader interests are being pursued and how the normative work contributes to these. Up to now there has been no integrated discussion of this policy rationale by the Committee or at any higher level (other than in the UNECE reviews of the programmes of work and discussions that took place during the reform process). Periodic discussions have taken place in the Committee on specific policy issues, particularly those related to UN/CEFACT, and the subsidiary bodies themselves have also had policy discussions on their own work. However, in no case have these discussions taken into account interaction with other work under the Committee.

8. A policy context needs to be developed to cover the work of all three subsidiary bodies. This would enable them and the Committee to identify areas of common interest where information could be shared and joint work carried out. Such a context would increase the coherence, strength and visibility of the work. This vision, once discussed and accepted, should

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1 UN/CEFACT originated in the former Committee on the Development of Trade, WP.6 in the former Industry and Technology Committee and WP.7 in the former Committee on Agricultural Problems.
also help communicate the results of policy discussions to the appropriate people in Governments. Communications is an area where there is much room for improvement, as demonstrated by the perceptions gathered by the external review team for UNECE.

9. At the present time, the valuable normative work that is being done risks not being properly used or appreciated at the trade policy level (e.g. in the World Trade Organization). And the expert groups themselves may not be fully aware of policy priorities and constraints.

B. UNECE Reform: opinions of external evaluators and the decisions of UNECE

10. The UNECE reform (as concerns individual subprogrammes) consisted of several stages, including: ascertaining countries’ views; preparation of “findings” by an external evaluation team; and the decisions of the Commission itself as regards each subprogramme.

11. The full text of the final decisions relating to trade\(^2\) is reproduced in annex 1. Annex 2 presents the text, relevant to the Trade subprogramme, of the external evaluation report, upon which the reform was negotiated.

III. ISSUES AND OPTIONS

A. Introduction

12. The Committee on Trade and its subsidiary bodies contribute to the sustainable development of the region by supporting:

- **Simple, transparent and effective processes for global commerce** through developing and maintaining international trade facilitation instruments, especially to support international supply chains and to integrate countries into the global economy. These instruments include global standards and best practices for simplifying and automating information flows and business practices used in international trade.

- **A predictable, transparent and harmonized regulatory environment for commerce and business** through developing frameworks for regulatory convergence, promoting international standards within the regulatory environment, and identifying best practices for regulatory enforcement.

- **Trade in agricultural produce supported by agreed upon, clear and easy to use commercial quality standards** that are used by Governments for regulatory purposes as well as by the private sector.

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\(^2\) This document focuses exclusively on the reformed trade subprogramme. It does not address the industry and enterprise development parts of the former Committee for Trade, Industry and Enterprise Development, which have been abolished or transferred to other parts of UNECE, and are no longer under the responsibility of the Trade and Timber Division, nor of the new Committee on Trade.
Emerging market economies, and especially those of Eastern Europe, the Caucasus, Central Asia (EECCA), and the Mediterranean, through policy analysis, advice and capacity building for trade.

13. Some of the UNECE member countries have special needs with regard to trade. The countries may, for instance, be landlocked, not WTO members, have excessive trade barriers, or may not benefit from a satisfactory regional trade policy environment (i.e. have no functioning regional trade arrangements). The rest of this section discusses how the Committee can best implement the UNECE reform and improve its work to better meet the needs of UNECE member States.

B. Finding the correct niche in the international architecture

14. Many international organizations are actively addressing complex issues related to international trade, trade facilitation and standards. There is a danger of overlap, but this can be overcome by cooperation and careful planning. The Committee on Trade and its subsidiary bodies do not duplicate the work of the World Trade Organization (WTO), the World Customs Organization (WCO), the International Organization for Standardization (ISO), the Organisation for Economic Co-operation and Development (OECD), the Food and Agriculture Organization of the United Nations (FAO) or any other bodies. For instance, UNECE participates in the Global Facilitation Partnership, where all international organizations engaged in trade facilitation work together (other participating organizations include the World Bank, WTO, WCO, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Organization (UNIDO) and the OECD). However, in agricultural standards, there are areas where the distinction of roles between UNECE, FAO/WHO Codex Alimentarius and OECD could be improved. The Committee and its subsidiary bodies should undertake a cooperative mapping to identify these links and synergies, and lay out clearly how UNECE contributes to work in other forums, and vice versa.

15. In each of its areas of work, the Committee needs to determine how to strike the appropriate balance between the global and the regional focus. Because of the international scale of its normative work, the Committee has a strong interest in cooperating with other regions to promote the use of its outputs. In evaluating what can be done outside the region, the Committee and its subsidiary bodies need, however, to ensure that extrabudgetary resources are available for this, and that the staff time required does not negatively affect the Committee’s programme of work.

C. Working with other bodies to implement the reform

16. Two recommendations in the reform require the Committee to coordinate its activities and work closely with other bodies. Each of the two carries its own challenges.

17. The first is to initiate consultations with the OECD with a view to concentrating the agricultural quality standards activities of both organizations within the UNECE. To do so, a transition plan will need to be drawn up for approval by the new UNECE Executive Committee, who should then transmit the plan to the OECD together with concrete proposals.
18. The transition plan should:

- Identify all work currently being done within the OECD Scheme
- Describe for each work area how it would be organized within the UNECE, how it would interact with current activities, and any impact on technical aspects of the work
- Propose a timeline for the transfer that will ensure continuity of the current work under both organizations
- Propose changes that might be desirable or needed in international agreements to support the transfer of the work (specifically in the OECD Scheme Agreement and the Geneva Protocol)
- Include a resource plan, indicating what could be done using UNECE regular budget resources and where extrabudgetary resources might be needed.

19. The second recommendation calls on the Committee on Inland Transport to strengthen activities related to border crossing and trade facilitation, in cooperation with the Committee on Trade, and to submit proposals to the Executive Committee. The report prepared by the secretariat in the second half of 2005 on “Areas and activities of mutual interest between the Committee for Trade, Industry and Enterprise Development and the Inland Transport Committee” (ECE/TRANS/2006/4) as well as the document on cooperation with the Inland Transport Committee prepared for this session (ECE/TRADE/C/2006/2) could form a basis for further discussions between the two committees on areas for cooperation.

D. Improving the connection between policy and normative work

20. In the past, the strategies and priorities of the subsidiary bodies were set by the participants, using technical criteria. They were often not clearly linked to higher-level trade policy objectives. Because of the detailed and complex programmes of the subsidiary bodies, the Committee has rarely been able to offer an adequate policy framework and guidance. This situation may have negative consequences for the programme as a whole, notably the risk of the very good work of the subsidiary bodies not being fully used at the policy level.

21. A valuable contribution that the Committee should make to its subsidiary bodies is to link their work to higher-level policy objectives. For example, by examining how the lack of norms, harmonized regulations and procedures negatively affect trade in the region. The Committee could also study the policy interrelationships between the work of its subsidiary bodies – for example by looking at the potential for regulatory harmonization, based on standards, to help trading in agricultural produce. The Committee should, therefore, select a number of such policy issues to be studied in depth as part of its biennial programme of work and to discuss them at the forums held in conjunction with its annual sessions.
E. Synergies between the subsidiary bodies

22. The specialist communities of the subsidiary bodies should work more closely together to identify the potential for synergies. The following are some suggestions:

- WP.6 could advise on the regulatory background and structure for applying the UN/CEFACT and WP.7 standards and best practice recommendations.
- UN/CEFACT could advise both WP.7 and WP.6 on the potential for improving procedures through the use of electronic tools.
- WP.7 could provide a sectoral perspective to the tools developed by UN/CEFACT.
- UN/CEFACT could develop joint projects with the Committee on Inland Transport, notably on border crossing, transit and trade-related security issues.

The Committee Bureau should develop a framework for exchanging information and identifying common areas of interest.

F. The Committee session

23. The predecessor of the Committee organized annual high-level policy forums with good speakers and large numbers of participants. However, these forums did not usually lead to specific follow-up action, or otherwise significantly influence the Committee’s programme of work. The Committee has not satisfactorily carried out its role of guiding the work of the subsidiary bodies: other than at the forums, attendance by member States at the actual Committee sessions has been poor. Matters that needed to be decided on by the Committee were usually presented in the form of complex programmes of work that the Committee only needed to “rubber-stamp”. For this reason, the overall objective of its work programme became hazy and hard to understand.³ How, therefore, could the Committee ensure that its sessions are interesting for policy and decision makers from the member States and that proper guidance is provided to the subsidiary bodies? Possible solutions could be:

- When preparing the trade-policy theme for discussion at the annual session, not only to link it to the activities of the subsidiary bodies, but also to involve the whole community (i.e. all subsidiary bodies, relevant experts, policy makers and partner organizations) in planning and organizing the event.
- Re-formatting and presenting the work programme in a simple and coherent way, focusing on a few major issues for discussion and decision, rather than systematically reviewing every item.
- Improving the Committee’s understanding of the work and objectives of the subsidiary bodies, and the subsidiary bodies’ understanding of the broader trade-policy environment: particularly by encouraging participation in each other’s meetings, at least by the Bureaux members.

³ This is partly the result of the previously confusing combination of trade with industry and enterprise development issues.
• Improving the preparatory work for the annual sessions, and better coordinating activities of the Committee and subsidiary bodies between annual sessions at the level of member States.

G. Communications

24. Communication with the general and specialist public needs to be improved. And also with other important groups, such as other international organizations, missions in Geneva and New York, specialist ministries in capitals and other parts of the UN secretariat. To improve communications, priority activities and corresponding methods should be defined, paying particular attention to the web site of the Committee.

H. Support to the less-developed countries of the UNECE and other regions

25. The UNECE has a special responsibility to help less-developed economies in the region, including countries of Eastern Europe, the Caucasus and Central Asia (EECCA), to integrate into the global economy. These countries urgently need to improve their trade infrastructure and policy. Possible activities could include:

• Building capacity for implementing the norms, standards and best practice recommendations produced by the subsidiary bodies (including: organizing workshops for users, training the trainers, developing training material and guidelines)
• Building capacity in trade facilitation infrastructure (advising and assisting countries in how to set up trade facilitation committees; advising them on border crossing and other trade facilitation issues - this work is usually done by the UNECE regional advisor, assisted by other staff)
• Reviewing trade facilitation policy and institutions, on a national or subregional level, preferably in cooperation with subregional organizations. The UNECE environmental policy review carried out by the environment and housing subprogramme can be used as an example (international review/analysis team, formal country report with peer review at a formal meeting).

26. With trade having now become global, the standards and best practice recommendations that UNECE has developed are used in many other regions. This helps countries to trade under better conditions internationally, but also calls upon the Committee to encourage the participation of countries and experts from outside the region in its technical and normative work. As the region accounts for about 75 per cent of all world trade, the UNECE has a special responsibility to help the less developed countries. In view of its limited resources to do this, the Committee should:

• Confine its activities to areas in which it has comparative advantage (the activities of its three subsidiary bodies)
• Secure extrabudgetary funding (in particular for work done outside the region)
• Leverage its expertise through partnerships – for example, with the other UN regional commissions
• Ensure that secretariat time devoted to capacity building does not impact negatively on the Committee’s core programme of work and activities.
The Committee and its subsidiary bodies may wish to work together to draw up a plan for developing and supporting capacity-building activities and partnerships.

I. Improved assessment and evaluation

27. The UNECE reform plan has required the sectoral committees to provide more information about their use of resources and to try to measure their accomplishments better. In particular, it asks them to look at how to better measure the use and relevance of UNECE soft legislation tools, norms and standards.

28. The Committee has also been asked by member States, as part of the UN budgeting process, to measure its accomplishments for 2006-2007 and for 2008-2009 using the indicators approved in the strategic frameworks for 2006-2007 and 2008-2009. The Committee may wish to invite the Bureau or a special task force to develop an evaluation plan for the next three to four years.

J. Identity of the Committee

29. To ensure its long-term success, the Committee will need to define a clear identity, covering its own role and that of its subsidiary bodies, and expressed through vision and mission statements, and communication strategies.

30. Part of this will depend on the Committee clearly defining a role for itself that is separate from the roles of its subsidiary bodies. Areas where this could be defined include:

- Policy analysis related to the normative work
- Cross-sectoral work both under the Committee and with other sectoral committees
- Joint work of the Committee and subsidiary bodies in capacity building
- Promotional activities, notably by raising the profile of existing projects such as the Multiplier point network, the CD-ROM compendium of the Committee’s norms, standards and recommendations as well as the Trade Data Elements Directory.

IV. PROPOSED VISION AND MISSION STATEMENTS FOR THE COMMITTEE AND SUBSIDIARY BODIES

31. Under the UNECE reform plan, the Committee must submit a revised mandate and terms of reference to the Executive Committee for approval. It might usefully, at the same time, take this opportunity to review the visions, mission statements and mandates of the Committee and its subsidiary bodies, to make them more uniform and clarify the overall themes linking the different activities. The revised statements should make it immediately clear what the objective of the Committee is and what is its specificity when compared to other organizations.

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4 A vision expresses the long-term objective (usually a noun), a mission statement states what the body will do (usually a verb), and a mandate is a formal statement of the tasks scope and authority of a body.
32. The process of agreeing a vision and mission is in itself just as important as the end result. Everyone involved needs to have “ownership” of the concept, if it is to be implemented effectively. The preliminary proposals set out below for vision and mission statements are merely intended as starting points in a process of consensus-building. They are based on the discussions of the Extended Bureau of the Committee (consisting of the Bureau members, the chairs of its subsidiary bodies and any interested member State representatives) and on various texts from the subsidiary bodies. Terms of reference should be drafted after agreement has been reached on these statements. To ensure coherence and encourage synergies, they should all be considered together.

A. Committee on Trade

Vision (draft)

33. An open, rule-based, predictable and non-discriminatory trading system supported by: international standards; simple, transparent and effective processes; and harmonized product regulations.

Mission statement (draft)

34. To facilitate trade and trade-related economic cooperation among countries of the UNECE region and with the rest of the world. This is done through a focus on reducing barriers to trade in goods and services caused by differences in regulatory approaches and differences in the procedures, standards and documents used by governments and business for trade. Recognizing the importance of trade as a key vehicle for economic growth, the elimination of poverty, and greater regional cooperation and stability, the Committee works to be inclusive and to take account of the needs of the private sector, consumers and civil society, with special attention to the circumstances of the less-developed countries in the region.

B. United Nations Centre for Trade Facilitation and Electronic Business

Vision (approved)

35. Simple, transparent and effective processes for global commerce.

Mission statement (approved)

36. The United Nations, through its Centre for Trade Facilitation and Electronic Business (UN/CEFACT), supports activities dedicated to improving the ability of business, trade and administrative organizations, from developed, developing and transitional economies, to exchange products and relevant services effectively. Its principal focus is on facilitating national and international transactions, through the simplification and harmonisation of processes, procedures and information flows, and so contributing to the growth of global commerce.


C. Working Party on Regulatory Cooperation and Standardisation Policy

Vision (draft)

37. A predictable, transparent and harmonized regulatory environment for commerce and business both nationally and globally.

Mission

Under preparation

D. Working Party on Agricultural Quality Standards

Vision

Under preparation, as the format of the Geneva Protocol does not yet include this type of statement

Mission (draft)

38. To promote trade in agricultural produce supported by agreed upon, clear and easy-to-use commercial quality standards.

V. NEXT STEPS AND ACTION POINTS

Next Steps

39. Once the Committee has discussed this document, the Bureau foresees as the next steps the following:

- Approval by the Committee of the action points
- Submission of the document to the Executive Committee
- Implementation of the action points
- Review of the document and of implementation of the action points at the Committee’s second session in 2007

Action Points for the Committee, Bureau and secretariat

40. A summary of this document’s action points is:

i. Undertake a cooperative mapping both at the level of the Committee and that of its subsidiary bodies to identify links and synergies with partner organizations and to lay out clearly how UNECE contributes to work in other forums, and vice versa.

ii. Initiate consultations with the OECD with a view to concentrating the agricultural quality standards activities of both organizations within the UNECE. Draw up a transition plan for approval by the Executive Committee.
iii. Strengthen cooperation with the Committee on Inland Transport in border crossing and trade facilitation. Submit proposals to the Executive Committee.

iv. Select policy issues to be studied in depth as part of the Committee’s biennial programme of work and to be discussed at the forums held in conjunction with the annual sessions.

v. Develop a framework for exchanging information and identifying common areas of interest among the Committee’s subsidiary bodies (the Bureau).

vi. Define priority activities and corresponding methods to improve communications, paying particular attention to the web site of the Committee.

vii. Draw up a plan for developing and supporting capacity building activities and partnerships (the Committee and subsidiary bodies).

viii. Develop an evaluation plan for the next three to four years, based on the expected accomplishments and indicators from the strategic frameworks 2006-2007 and 2008-2009.

ix. Clearly define a role for itself that is separate from the roles of its subsidiary bodies (the Committee).
Annex I

DECISIONS FROM THE WORK PLAN ON ECE REFORM (E/ECE/1434/Rev.1)

a. Decisions referring to the Commission as a whole, but affecting the Committee

“The United Nations Economic Commission for Europe (UNECE) as a multilateral platform facilitates greater economic integration and cooperation among its fifty-five Member States and promotes sustainable development and economic prosperity through:

- policy dialogue,
- negotiation of international legal instruments,
- development of regulations and norms,
- exchange and application of best practices as well as economic and technical expertise,
- technical cooperation for countries with economies in transition.”

b. Decisions referring to all Sectoral Committees, including the Committee on Trade

i. ensure coherence of their work programmes with the overall objectives of the ECE;
ii. develop intersectoral activities, coordinate work with other sub-programmes, improve horizontal communication;
iii. cooperate and coordinate work with other international organizations;
iv. provide technical assistance to transition economies;
v. involve private sector and NGOs;
vi. prepare their work programmes in such a way as to facilitate the identification of outputs, resource allocation, assessment and performance evaluation;

vii. revise the Terms of Reference for approval by the Commission.

c. Decisions referring directly to the Committee on Trade

i. “The Committee on Inland Transport shall strengthen activities in the fields of border crossing and trade facilitation in cooperation with the Committee on Trade and submit proposals thereon to the Executive Committee” (para. 35).
ii. “Activities in the field of Trade Facilitation shall continue and focus on supporting the development of standards carried out by the UN/CEFACT” (para. 54).
iii. “The Committee on Trade shall review the programme on Regulatory Cooperation and Standardization Policies” (para. 55).
iv. “The activities in the field of agricultural quality standards shall be strengthened. Consultations shall be initiated with the OECD in order to concentrate the activities of the two organizations within the ECE” (para. 56).
v. “The Sectoral Committee is renamed as: "Committee on Trade"” (para. 57).
vi. “The Subprogramme is renamed as: "Trade Subprogramme"” (para. 58).
Annex II
RELEVANT EXTRACTS FROM THE EXTERNAL EVALUATION

C. Findings (Trade) paras 225-234

1. The UNECE’s Trade Development Programme can claim some of the clearest successes the organization has enjoyed so far by producing norms and standards. Indeed, many sectors of the global trade in agricultural products use UN/ECE quality standards and UN/EDIFACT is said to be used in different applications by national administrations and the private sector in several countries, for example by banks exchanging information and making mutual transactions (SWIFT).

2. However, success in the past does not automatically imply future success.

3. As mentioned above, UNECE activities on trade facilitation and its relations with other international organizations in this field, particularly with the WTO, inspired many Member Countries to comment. The annual session of the UNECE in 2004 already warned against duplicating work by the WTO in the field of trade facilitation.

4. Besides the WTO and the UNECE, there are many other international organizations active in trade facilitation. The World Bank is currently trying to coordinate trade facilitation policy discussions and activities in the Bank’s Member States through the Global Facilitation Partnership for Transportation and Trade (GFP). The GFP focuses on economic development and trade facilitation; electronic commerce and business; trade liberalization and facilitation; and trade logistics and facilitation. The Bank is actively promoting partnership agreements between different organizations in order to coordinate trade facilitation. UNECE is a member of the GFP.

5. Within UN system, the UNTF (United Nations Trade Facilitation Network), of which UN/CEFACT is a member, works to coordinate the activities of separate organizations. The WCO improves customs procedures and processes and works together with the WTO and UNCTAD in the area of trade facilitation. It has also developed tools to analyze Member Countries’ needs in the field. The International Monetary Fund (IMF) also advises governments on how to simplify trade procedures, trade liberalization, border controls and more.

6. In the context of WTO trade facilitation negotiations, the roles of the WTO and the UNECE complement each other in principle: the UNECE provides tools for implementation of eventual future agreements. It should be noted, however, that at the current stage of negotiations, the WTO does not benefit directly from the UNECE’s expertise and services. The UNECE, furthermore, is not the sole provider of trade facilitation tools for possible future agreements. On the contrary, it has to convince its potential “clientele” of its products’ superiority and necessity. Its UN status certainly has advantages, but at the same time, many developing countries tend to shun tools developed by European organizations, regarding them as too advanced and expensive.

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5 The recommendations made in that report were superseded by the decisions in the final Work Plan on ECE Reform: E/ECE/1434/Rev.1.
Many WTO countries see the WCO as the source of expertise in technical matters connected to trade facilitation. Indeed, the WCO has also many more Member Countries than the UNECE and is it seen as a truly global multilateral organization. The UNECE’s relevance is limited by its regional role.

7. UNCTAD is also active in trade facilitation and it has observer status in the negotiations group. Developing countries seem to feel more comfortable working with UNCTAD than the UNECE in trade facilitation issues. OECD, for its part, has the capacity to analyze trade facilitation as a trade policy issue, and the results of its work are widely available. The UNECE does not seem to be considered the optimal partner or adviser for transition countries when it comes to policy analysis and enhancing policy dialogue in trade facilitation issues; this is partly because it does not have observer status in the negotiations group.

8. It is likewise difficult to see a role for the UNECE in the area of technical assistance in trade facilitation. Indeed, technical assistance activities in various aspects of trade facilitation are already carried out by the World Bank, the WCO, the EU, the WTO and a wide array of bilateral actors. In comparison to these organizations, the UNECE does not have the capacity or the resources to make a real difference.

9. This last point leads to the core issue of the relevance of UNECE programmes, of Trade Development Programme as well as the other ones: it is understandable that UNECE pursue the development of tools and services that are helpful for trade facilitation, for example, and promote the use of these tools in Member States and beyond. But (to use the expression of one Member State representative): “Scarce resources should not be used by trying to produce something that is then hoped to be used. They should be allocated to functions where the demand is already there, in which UNECE has undisputed competitive advantage or in which no other party is already active.”

10. The evaluation team hence recommends that the UNECE Trade Development Programme should focus on roles in which it has clear competitive advantage. The team is of the view that this condition is not currently filled in all the parts of the Sub-programme.