THE FUTURE OF THE COMMITTEE ON TRADE

Report by the Chairperson

Summary

At the request of the Executive Committee of the United Nations Economic Commission for Europe (EXCOM), the February 2009 annual session of the Committee on Trade (CT) is expected to take a decision on its future. The Committee will have two options before it to discuss and decide upon: (a) to revitalize and maintain the Committee; or (b) to dissolve it.

The present document was prepared by the Chairperson, at the request of the EXCOM, and summarizes these options. It draws upon the Issues Note prepared for the EXCOM September 2008 session; the discussions held at the EXCOM sessions in July and September 2008; and input from the Bureau of the Committee given during its April, June and October 2008 meetings.
I. INTRODUCTION

1. At the request of the Executive Committee of the United Nations Economic Commission for Europe (EXCOM), the February 2009 annual session of the Committee on Trade (CT) is expected to take a decision on its future. The Committee will have two options before it to discuss and decide upon: (a) to revitalize and maintain the Committee; or (b) to dissolve it.

II. BACKGROUND

2. During recent years, participation and interest in the annual sessions of the Committee on Trade (CT) has steadily decreased. Due to low and inconsistent participation within delegations, the Committee has not been able to execute its responsibilities under the mandates given to it following the 1997 and 2006 UNECE reforms (see documents E/ECE/1347 and E/ECE/1434/Rev.1 and the Committee’s Terms of Reference in Annex II).

3. One underlying cause of this problem is the structure of the CT, largely resulting from the 1997 UNECE reform (document E/ECE/1347). This reform combined four bodies that were linked by their trade orientation, but worked with completely different constituencies. As part of the 2006 reform, one of these bodies (the Working Party on Industry and Enterprise Development) was merged into the Committee on Economic Cooperation and Integration. The three remaining subsidiary bodies and their approximate constituencies are:

   (a) WP.6 - The Working Party on Regulatory Cooperation and Standardization Policies (National Standardization bodies, Ministries of Trade and Industry);

   (b) WP.7 - The Working Party on Agricultural Quality Standards (Agricultural Ministries and national agricultural inspection agencies);

   (c) UN/CEFACT - The United Nations Centre for Trade Facilitation and Electronic Business (Ministries of Trade, Government Procurement Services, Customs services and Ministries or agencies involved in implementing e-Government).

4. Effectively managing these three Subsidiary Bodies still presents a challenge for the Committee due to the diverse and technical nature of the topics. It is difficult to steer and guide their work from a policy standpoint view, in large part because it is difficult to attract policy makers at a Committee level that have an overview of all three fields of activity.

5. Special events and/or in depth discussions on one of the three areas have resulted in better attendance. However, delegates attending these events and discussions have been mainly interested in their own sphere of competence and have had little interest or competence in other Committee activities. In addition, as discussion topics have changed from one year to the next, the delegates also have changed. As a result, there is no continuity in participation.

6. Despite these negative developments at the Committee level, public and private sector representatives have continued to actively participate in the work of the three subsidiary bodies which are well attended and have been evaluated as producing valuable outputs.
7. The solutions that EXCOM has discussed for the CT cover a wide spectrum of possibilities ranging from the renewal and revitalization of the Committee to its dissolution. The members of EXCOM were open to alternative options, provided that the recommendations were substantiated and, in the case of a new mandate, the revitalized CT would add real value. The Chairperson of EXCOM requested the Chairperson of the Committee on Trade to prepare a report outlining the possible options for the Committee (based also on the CT Bureau's discussions) for submission to the February 2009 session of the CT. The Committee on Trade was requested to then decide upon its preferred option and to report back with its recommendations to the EXCOM.

III. OPTIONS FOR THE FUTURE

8. At the October 2008 meeting of the CT Extended Bureau, participants agreed to focus their discussions on only two options for the Committee.

OPTION 1: Revitalizing the Committee on Trade with a new mandate

9. Revitalizing the CT is understood to mean changing or, where appropriate, strengthening its current mandate to ensure that it provides real added value to member States and the Committee's Subsidiary Bodies. The text below provides an overview of the ways forward within this option and outlines the practical implications.

10. In summary, discussions within the CT Bureau, EXCOM and the secretariat have emphasized that only topics having broad policy implications and being linked to the specialized fields of work of the Subsidiary Bodies potentially would elevate discussions and provide a niche for the Committee. Revitalized with a realistic mandate, the CT could become a forum for important policy discussions on selected aspects of trade for all countries, but especially transition economies.

11. While duplication with work in other international organizations must be avoided, there appears to be a niche for the UN/ECE at a level between the global negotiations on trade rules within the WTO; the global discussions in sectoral trade and transport organizations like WCO, IMO, ICAO for example; and the situation on the ground in member States. A new mandate for the CT could, therefore, provide:

(a) A forum that focuses on policy discussions on:

   (i) Barriers to regional trade integration for transition economies, based on analysis of existing practices in areas related to the work of its subsidiary bodies. These discussions would look at practices in specific areas such as trade facilitation, regulatory cooperation and standardization. Such focused discussions could be useful for member States in developing policy options. This approach would require: (i) strengthening the work on recommendations; (ii) greater involvement by member States who would need to provide more information on their national situations; and, (iii) perhaps some extra-budgetary funding. Outputs from this work could include specific policy recommendations to member States, other international organizations (such as ISO, ITC, UNDP, and WTO) and the Subsidiary Bodies. The CT could then
become a forum for focusing on improving concrete situations within the regional trade environment;

(ii) Standardization work, which has a major impact on trade. Specific topics (e.g. logistical barriers to trade) with narrow focus but broad implications could potentially attract member States’ attention. This would mean strengthening the drafting of specific and topical recommendations and looking from a more distant stance at their overall implications in a greater trade context. The CT would become a forum for cross-sectoral policy discussions of a non-technical nature on broad policy aspects of trade facilitation, trade standards, regulation-setting, or implementation activities.

(b) **An independent and substantial programme of work** as the CT can only add value if it adds substance, and has its own consistent and specific programme of work. Such a programme of work could build on more global initiatives, such as the Aid for trade process, to attract a wider interest. It could include in its work the trade policy aspects of trade facilitation and the implementation of trade facilitation tools, especially in transition economies, and thus attract a different level of decision-makers and representatives;

(c) **A focus on the needs and priorities of transition economies** by providing governments, especially from transition economies, with a unique platform where their needs for the development, promotion and implementation of trade standards and best practices can be surveyed and discussed. This would allow them to define priorities for the future and help guide the subsidiary bodies. Through an analysis of problems and gaps (on the regional, sub-regional and even country level), substantiated by studies on the situation in individual sub-regions and countries, problems could be addressed in a more pragmatic manner. A forum like a CT could thus help to connect the different sub-regions and ensure that policies foster the smooth flow of trade through best practices in standards, procedures and regulations.

**Advantages and Disadvantages**

12. Keeping the Committee on Trade would provide a focal point for the current and future discussions of trade-related issues that are of particular interest to the region, and especially to transition economies. The focus, proposed above, on analysis of the existing trade environment, coupled with analysis and recommendations to member States, international organizations and Subsidiary Bodies could provide a catalyst for improving the regional trade environment.

13. In order to succeed, the revitalization of the Committee would require a renewed commitment on the part of member States, in particular to provide information on their national trading environments and to identify national partners for working with the Committee.

**Resource implications**

14. There are only limited resources available for supporting the Committee. Currently, the staff members servicing the CT is reduced to one P-5 (part-time for administration, management and substantive input), one P-3 (full-time for research, parliamentary documentation and support to the CT Bureau and meetings), one P2 (part time for publications and promotion) and one G5 (part-time for administration, documentation and meeting support). If it is decided to give the CT an enlarged and more independent work programme requiring substantive work (e.g. in the area...
of studies and analysis), then, depending upon the number of studies and analyses undertaken each year, the allocation of resources within the Division may need to be reconsidered and/or extra-budgetary resources may need to be obtained.

**OPTION 2: Abolishing the Committee on Trade and finding alternative arrangements for its three Subsidiary Bodies**

15. If governments agree that little value can be added by the Committee on Trade to justify its continuation, the alternative would be its dissolution. However, eliminating the current Committee structure would by no means entail the dissolution or discontinuation of the Subsidiary Bodies, whose work is highly appreciated by member States and whose meetings are well attended.

16. The rationale for dissolving the Committee on Trade is the following:

   (a) The Committee’s Subsidiary Bodies are very specialized and advanced in their different fields. Similar expertise does not exist at the level of the Committee, and it is unlikely that this situation will change for the reasons described in the Background. This has resulted in the Committee having no stable constituency of its own and being unable to provide effective guidance and oversight to its Subsidiary Bodies.

   (b) Dissolving the CT might (i) help the Subsidiary Bodies to take advantage of synergies with other sectors of UNECE (innovation, competitiveness, regulatory policies, transport facilitation, etc.); (ii) broaden their approaches to include more policy and practical implementation issues; and (iii) allow them to benefit from a very limited re-allocation of resources.

17. Eliminating the current Committee would require the re-organization of reporting mechanisms and could even result in the creation of a new sectoral Committee. However, changes in the reporting of these inter-governmental bodies would not necessarily have an impact on their location within the secretariat.

18. The following options take into account that having all three Subsidiary Bodies report to EXCOM directly is not a viable solution. Possible options, therefore, include:

   (a) The Working Party on Agricultural Quality Standards reporting directly to EXCOM or, potentially, being made into an independent Committee. The creation of an Agricultural Quality Standards Committee with higher-level participation from the relevant ministries would enhance the guidance of technical experts and provide strategic direction. The rationale for the creation of an independent Agricultural Quality Standards Committee is mainly rooted in: (i) the direct reference in EU directives to UN/ECE standards; (ii) the four intergovernmental bodies (the Specialized Sections) that report to WP.7; (iii) the shift of OECD’s work on agricultural standards to the UNECE; and (iv) the homogenous nature of its constituency (Agricultural ministries);

   (b) The Working Party on Regulatory Cooperation and Standardization Policies would report to the Committee on Economic Cooperation and Integration. This could be justified on the basis of the importance of regulatory and standardization issues for the business environment and technology transfer;
(c) UN/CEFACT could report directly to EXCOM or could be elevated to the level of a Committee. These two options are based on the large constituency of UN/CEFACT, the importance of its programme of work and the nature of its work which makes it difficult to place it under a “larger umbrella” within the UNECE. A third alternative would be for UN/CEFACT to report to the Committee on Economic Cooperation and Integration; however, that Committee would have the same problem as the Committee on Trade in providing effective guidance since its current constituency also does not correspond to the government ministries and agencies that participate in (or are knowledgeable about) the work of UN/CEFACT.

19. Regardless of the reporting structure adopted, if the CT were to be dissolved, UN/CEFACT would become the principal “Trade” intergovernmental body within the UNECE. In this context, its plenary sessions would need to take on a larger policy perspective with more emphasis on the “Trade Facilitation” part of its name and related policy recommendations.

Advantages and Disadvantages

20. Eliminating the Committee on Trade would also eliminate the only intergovernmental forum within the UNECE for current and future trade issues of interest to member States as well as the focal point for coordination on these issues with other UN bodies. Distributing the reporting function to other Committees and/or EXCOM would increase the burden on these entities. However, it could also strengthen the review, guidance and oversight mechanisms and could create a rationale for delegates to exercise these functions more efficiently in a more coherent setting than that provided by the current Committee on Trade.

Resource implications

21. As outlined above, the dissolution of the CT could be managed without the need for additional resources. Indeed, it would free up some resources that could be used to reinforce some weak areas in the current Trade Sub-programme and allow current subsidiary bodies to look more at policy issues and implementation work, taking into account the specific needs and priorities of transition economies.

IV. THE WAY FORWARD – RECOMMENDATION TO EXCOM

22. The EXCOM has requested that the Committee on Trade make a clear recommendation with regard to its future at its February 2009 session. This paper has been prepared in order to support these discussions by providing information on available options, although the Committee may decide to modify or further develop these. The recommended way forward will be conveyed to the EXCOM for further consideration.
ANNEX I

Organigramme of the Committee on Trade

- United Nations Centre for Trade Facilitation and Electronic Business
  UN/CEFACT

- Working Party on Regulatory Cooperation and Standardization Policies
  WP.6

- Working Party on Agricultural Quality Standards
  WP.7

- Forum Management Group (FMG)
- International Trade and Business Processes Group (TBG)
- Applied Technologies Group (ATG)
- Information Content Management Group (ICG)

- Ad hoc Team of Specialists on Standardization and Regulatory Techniques ("START" Team)
- Advisory Group on Market Surveillance ("MARS" Group)

- Specialized Section on Standardization of Fresh Fruit and Vegetables (WP.7/GE.1)
- Specialized Section on Standardization of Dry and Dried Produce (Fruit) (WP.7/GE.2)
- Specialized Section on Standardization of Seed Potatoes (WP.7/GE.6)
ANNEX II

Terms of reference of the Committee on Trade

I. VISION

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

II. MISSION STATEMENT

2. The Committee on Trade develops and promotes international norms and standards, effective procedures and best practices to facilitate the movement of goods and services. It also promotes the convergence or harmonization of regulatory environments. In its work, it takes into account the needs of Governments, the private sector, consumers and civil society. It contributes to the integration and sustainable development of the UNECE region.

III. TERMS OF REFERENCE

3. The Committee on Trade (hereinafter the “Committee”), acting within the framework of the policies of the United Nations, is entrusted with the implementation of the Trade Sub-programme of the United Nations Economic Commission for Europe. It shall facilitate trade and trade-related economic cooperation among countries of the UNECE region and globally.

4. The activities of the Committee and of its subsidiary bodies are primarily of a technical nature and complement policy-related work undertaken by other international bodies.

5. In particular, the Committee shall:

   (a) Develop recommendations, norms, standards and other instruments for trade facilitation, electronic business, regulatory cooperation and trade in agricultural produce;
   (b) Provide a multilateral platform to discuss the policy impact of its work;
   (c) Assist Governments with the practical application of UNECE recommendations, norms and standards, and particularly those in South-Eastern and Eastern Europe, the Caucasus and Central Asia;
   (d) Help small and medium-sized enterprises integrate into international supply chains by developing global standards and best practices for the simplification and automation of information flows, procedures, processes and business practices used in international trade;
   (e) Review regularly its programme of work, and that of its subsidiary bodies, to ensure coherence of its activities with the overall objectives of the UNECE and develop synergies and joint projects both among its subsidiary bodies and with other UNECE sub-programmes;
   (f) Coordinate its work with other United Nations regional commissions and with international organizations, especially: the United Nations Conference on Trade and Development (UNCTAD), Food and Agriculture Organization of the United Nations (FAO), the World Trade Organization (WTO), the Organization for International Standardization (ISO), the
World Customs Organization (WCO), the Organisation for Economic Co-operation and Development (OECD), the Bank for International Settlements (BIS), the World Bank and the International Chamber of Commerce (ICC);

(g) Contribute to the implementation of the Millennium Development Goals.
ANNEX III

Terms of reference of the Working Party on Agricultural Quality Standards (WP.7)

1. The Working Party on Agricultural Quality Standards (hereinafter referred to as WP.7), acting within the framework of the policies of the United Nations and the United Nations Economic Commission for Europe (UNECE), and subject to the general supervision of the UNECE Committee on Trade, is entrusted with the implementation of the work under the UNECE Trade Subprogramme covering agricultural quality standards. The activities of WP.7 and its specialized sections are primarily of a technical nature and complement policy-related work undertaken by other international bodies.

2. The overall aim of its work is to:
   (a) Facilitate fair trade, prevent technical barriers to trade and provide a common trading language;
   (b) Promote sustainable production of quality agricultural produce;
   (c) Define minimum quality to keep unsatisfactory produce out of the market;
   (d) Create market transparency for producers, traders and consumers.

3. In view of the global character of commercial agricultural quality standards, any member of the United Nations or of one of its specialized agencies can participate, on an equal footing, in the activities of WP.7 and its specialized sections. Any country desiring to participate in the work of WP.7 shall notify the Executive Secretary of the UNECE, indicating the national focal point for this work and the institution responsible for quality control and a contact person.

4. The Working Party may invite representatives of non-governmental organizations and of private sector enterprises to participate, in a consultative capacity and in compliance with the respective UN rules and practices, in its consideration of any matter of particular concern to these organizations and enterprises.

5. The Working Party shall:
   (a) Draw up internationally agreed commercial quality standards for agricultural produce based on existing national standards and industry and trade practices for: fresh fruit and vegetables (including early and ware potatoes); dry and dried produce; seed potatoes; meat; eggs; and cut flowers. The Working Party may develop standards for other agricultural products, as it considers necessary, subject to the availability of resources;
   (b) Harmonize the application of its standards internationally by developing and disseminating interpretative and explanatory material;
   (c) Revise and amend existing standards to adapt them to changing production, trading and marketing conditions;
(d) Cooperate with the WTO secretariat to ensure that the standard-setting process is consistent with WTO rules;

(e) Cooperate with other standard-setting bodies, particularly with the Codex Alimentarius Commission, to avoid duplication of work and divergence in standards;

(f) Undertake research activities relevant to the development, implementation and promotion of its standards;

(g) Monitor the application of the standards through reports from public administrations and the private sector;

(h) Promote the standards and assist Governments with their practical application by organizing seminars, workshops and training courses;

(i) Define and promote uniform quality-control procedures and the use of the model quality conformity certificate. Cooperate with governmental, inter-governmental and other organizations implementing standards to achieve uniformity of inspection methods and comparability of results.

(j) Carry out voluntary peer reviews of national quality-control systems.

(k) Convene meetings of heads of national quality control services.

(l) Develop the framework for and promote mutual recognition of inspections by countries.

(m) Promote communication between governmental, inter-governmental and other organisations implementing the standards and carrying out controls to make trading simpler, smoother and more convenient for traders.

6. The Working Party defines its working procedures and those of its specialized sections.

7. These terms of reference can be amended by the Working Party as necessary, subject to approval by the Committee on Trade and the Executive Committee of the UNECE.

8. The Working Party is a standing body whose mandate and extension shall be reviewed every five years by the Committee on Trade and the Executive Committee of the UNECE.
ANNEX IV

Terms of reference of the Working Party on Regulatory Cooperation and Standardization Policies (WP.6)

1. The Working Party:

(a) Serves as a forum for the exchange of information on developments and experiences in the areas of technical regulations, standardization, conformity assessment and related activities at the national, regional and international levels, with the goal of contributing to the establishment of an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system;

(b) Determines priorities for international standardization activities with a view to:

(i) Promoting a global policy based on sustainable development principles in selected domains such as public health and safety, environmental protection, energy efficiency, consumer protection and new technologies;

(ii) Preventing, reducing or eliminating technical barriers to trade;

(c) Analyzes problems of an international and regional nature and experiences in solving them. Prepares recommendations aimed at facilitating international trade through the harmonization of national policies and the promotion of best practices based on good governance principles with respect to technical regulations, standardization, conformity assessment and related activities such as quality and environment management, consumer protection and market surveillance;

(d) Acts as a Forum for reflection on such topics as may be referred to it by the Economic Commission for Europe, the Committee for Trade, Industry and Enterprise Development, member Governments and/or concerned international and regional organizations. Cooperates with the private sector, non-governmental organizations and civil society in general on issues contributing to the realization of its goals and programmes;

(e) Maintains, when appropriate through special coordinators, liaison with governmental and non-governmental organizations concerned with technical regulations, standardization and related activities. Cooperates with other UNECE subsidiary bodies on cross-sectoral matters;

(f) Organizes seminars and workshops at the international, regional and national levels on the implementation of internationally agreed principles of technical regulation, standardization and related activities. Provides advice and assistance to countries with economies in transition to facilitate their market reforms and integration into the world economy;

(g) Arranges, upon request, for the provision of technical assistance to member Governments with a view to implementing agreed UNECE recommendations on regulatory cooperation and standardization policies;

(h) Creates projects and establishes, when necessary, ad hoc groups of experts to address specific problems and concerns identified by the Working Party. Supervises, together with the secretariat, trust funds established for the implementation of concrete projects and undertakes other activities as requested and mandated by member States.
ANNEX V

Mission Statement and Mandate of the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT)¹

I. MISSION STATEMENT

1. 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 contribute to the growth of global commerce. This is achieved by:

   (a) Analysing and understanding the key elements of international processes, procedures and transactions and working for the elimination of constraints;

   (b) Developing methods to facilitate processes, procedures and transactions, including the relevant use of information technologies;

   (c) Promoting both the use of these methods, and associated best practices, through channels such as government, industry and service associations;

   (d) Coordinating its work with other international organizations such as the World Trade Organization (WTO), the World Customs Organization (WCO), the Organization for Economic Co-operation and Development (OECD), the United Nations Commission on International Trade Law (UNCITRAL) and the United Nations Conference on Trade and Development (UNCTAD), notably in the context of a Memorandum of Understanding for a Global Facilitation Partnership for Transport and Trade;

   (e) Securing coherence in the development of Standards and Recommendations by cooperating with other interested parties, including international, intergovernmental and nongovernmental organizations. In particular, for UN/CEFACT Standards, this coherence is accomplished by cooperating with the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the International Telecommunication Union (ITU) and selected non-governmental organizations (NGOs) in the context of the ISO/IEC/ITU/UNECE Memorandum of Understanding (MoU). These relationships were established in recognition that UN/CEFACT work has broad application in the areas beyond global commerce and that interoperability of applications and their ability to support multi-lingual environments, are key objectives.

¹ For lack of space, the following only contains the Mission statement and the mandate of UN/CEFACT. The full text of the terms of reference can be found in document TRADE/R.650/Rev.4 25 April 2005.
II. MANDATE

2. Trade facilitation mechanisms, other commercial and governmental business processes and electronic business standards are vital factors in the development of world trade and, therefore, central to the remit of the United Nations Economic Commission for Europe (UNECE). The UNECE, which acts as the focal point within the United Nations for these matters, established UN/CEFACT with the mandate to achieve improved worldwide coordination and cooperation in these areas. The Centre is mandated to develop and undertake a programme of work of global relevance that meets current and future demands as required by its mission.

3. The Centre reports to the Committee for Trade, Industry and Enterprise Development and, if requested, presents reports on its activities directly to the UNECE.