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Committee on Trade

Fourth session

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Report of the Committee on Trade on its fourth session

I. Overview

1. The UNECE Committee on Trade (CT) held its fourth session on 14 and 15 June 2011. The first day featured a joint CT - United Nations Development Programme (UNDP) high-level segment to discuss Aid-for-Trade (AFT) priorities in the countries of the South Caucasus and Western Commonwealth of Independent States (CIS). The discussions were based on the findings of the UNECE trade needs assessment for Belarus, and the results of the UNDP Aid-for-Trade (AFT) reviews for Armenia, Belarus, Georgia, the Republic of Moldova and Ukraine. An entire afternoon was devoted to Belarus, where both Aft priorities and technical and procedural barriers to trade were discussed.
2. The formal business of the CT (general segment) took place on the second day.

II. Attendance

3. Representatives of the following countries participated in the session: Azerbaijan, Belarus, Bulgaria, Czech Republic, Finland, France, Hungary, Italy, Kazakhstan, Kyrgyzstan, Poland, Republic of Moldova, Russian Federation, Slovakia, Sweden, Turkey, Ukraine and the United Kingdom.
4. The European Union was also represented.
5. Representatives of the following inter-governmental organizations participated in the session: Central European Free Trade Agreement (CEFTA), European Free Trade Association (EFTA) and Inter-governmental Organization for International Carriage by Rail (OTIF).
6. Representatives of the following international organizations participated in the session: International Trade Centre (ITC), International Monetary Fund (IMF), United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP) and the World Bank.

7. The session was also attended by representatives of the following non-governmental organizations: Association des Etats Généraux des Etudiants de l'Europe and World Youth Bank Network.

III. Adoption of the agenda (agenda item 1)

<i>Document symbol</i>	<i>Title of document</i>
ECE/TRADE/C/2011/1	Annotated provisional agenda

8. The Committee adopted the agenda as proposed ([Decision 1](#)).

IV. Aid-for-Trade Priorities in the South Caucasus and Western CIS (agenda item 2)

9. A summary of the discussion at the high-level segment can be found in the annex.

10. The Committee took note of these discussions and will take into consideration the information presented when implementing its programme of work ([Decision 2](#)).

V. Focus on Belarus (agenda item 3)

11. A summary of this discussion can also be found in the annex.

12. The Committee took note of these discussions, took them into consideration during the discussion of its trade needs assessments under agenda item 5 and agreed to also do so when implementing its programme of work ([Decision 3](#)).

VI. Renewed Committee on Trade (agenda item 4)

A. Progress in the implementation of the Executive Committee recommendations adopted at the February 2010 EXCOM meeting

<i>Document symbol</i>	<i>Title of document</i>
ECE/EX/5	EXCOM recommendations concerning the Committee on Trade
ECE/TRADE/C/2011/4	Report on implementation of the EXCOM recommendations concerning the Committee on Trade
ECE/TRADE/C/2011/3	Conclusions and topics raised at the October 2010 joint seminar on Trade Facilitation: Public Private Cooperation and Legal Regulation, organized by the UNECE and IPA of EurAsEC

13. The secretariat briefed delegations on progress made in implementing the UNECE Executive Committee (EXCOM) recommendations on the work of the Committee.

14. Key deliverables that were completed included the development of a comprehensive evaluation methodology for guiding the assessment of regulatory and procedural barriers to

trade in countries with economies in transition and a first trade needs assessment focused on Belarus. The principal findings and recommendations of this assessment had been discussed during a peer review as part the high-level segment the previous day, and the study will be published, in English and Russian, taking into account the results of the peer review, before the end of 2011.

15. Pursuant to a request by the government of Belarus, the secretariat noted that it was working closely with them in preparing the detailed study on regulatory and procedural barriers to trade in Belarus, with the idea of ensuring that the study could be easily transformed into an action plan in the future. The secretariat had also started preparations for a second assessment, at the request of Kazakhstan, which would be carried out during the coming year in cooperation with the International Trade Centre (ITC). As requested by EXCOM a third needs assessment would be started in 2012, and interested countries should communicate their requests to the secretariat.

16. Other work which had taken place in response to the decisions by EXCOM included:

(a) The 2010 United Nations Special Programme for the economies of Central Asia (SPECA) AFT Ministerial Conference (see below);

(b) A joint seminar with the Inter-parliamentary Assembly of the Eurasian Economic Community (IPA EurAsEC) on trade facilitation. The seminar, held in Geneva in October 2010, which was attended by 84 representatives, including parliamentarians, government officials and representatives from the private sector and international development agencies;

(c) A joint Trade Conference in Geneva in May 2011 with the Parliamentary Assembly of the Mediterranean (PAM)¹ and the United Nations Conference on Trade and Development (UNCTAD) to support the Mediterranean region's recovery, long-term development and regional integration (17 of the 27 PAM members also being members of UNECE). The Conference was attended by 105 participants, including parliamentarians and regional trade support institutions.

17. The Committee took note of the discussion on the implementation of the Executive Committee recommendations concerning the Committee on Trade, of the progress report, and of the report on the joint seminar.

B. Aid for Trade in SPECA and other countries with economies in transition

<i>Document symbol</i>	<i>Title of document</i>
ECE/TRADE/C/2011/7	Report on the 2010 Aid for Trade Roadmap for SPECA Baku Ministerial Conference and its follow-up mechanism

¹ Members of PAM include: Albania, Algeria, Andorra, Bosnia-Herzegovina, Croatia, Cyprus, Egypt, France, Greece, Israel, Italy, Jordan, Lebanon, Libyan Arab Jamahiriya, Malta, Monaco, Montenegro, Morocco, Palestine, Portugal, Serbia, Slovenia, Syria, The former Yugoslav Republic of Macedonia, Tunisia and Turkey.

18. The secretariat briefed the Committee about ongoing efforts to support Aid-for-Trade (AFT) processes in SPECA². These countries stand to benefit from greater inclusion in the World Trade Organization (WTO) AFT initiative, especially since they are all landlocked, thus needing regional infrastructure to support national trade objectives, as well as being low and middle-income countries.

19. Responding to this situation, and to a parallel initiative by the government of Azerbaijan, in 2009 the UNECE launched the Aid-for-Trade Roadmap for SPECA Initiative with a “like-minded” group of countries and agencies (Azerbaijan, Kyrgyzstan, the Islamic Trade Finance Corporation, ITC, UNDP, UNECE and UNIDO). This work resulted in a series of country aid-for-trade needs assessments and a regional assessment (financed by Finland and implemented by UNDP), an expert meeting to discuss the assessments in Bishkek in March 2009 and a Ministerial Conference in Baku, in December 2010.

20. The Conference, which was supported by the Islamic Trade Finance Corporation (ITFC), ended with a Ministerial Declaration highlighting three priorities that should form the focus of national and regional trade development plans: (a) developing national supply side capacity, including productive capacity and institutional frameworks; (b) harnessing cross-border cooperation; and (c) facilitating the beneficial integration of SPECA countries into the multilateral trading system.

21. The Conference called for establishing a follow-up mechanism for supporting and monitoring implementation of the AFT action matrices presented at the Conference. This follow-up mechanism, the SPECA Regional Aid-for-Trade Implementation and Monitoring Council (SPECA AFT Council), is intended to bring representatives of countries (at vice-ministerial level) together with United Nations agencies and other development partners such as donors.

22. Among the Council's immediate tasks is aligning the national and regional matrices using a standardized format for the purposes of soliciting up-to-date information on ongoing and planned Aft projects. The Council will also identify new projects to address unmet needs. The aim is to support SPECA countries' productive capacity development and regional trade integration efforts, and to assist them in also aligning those efforts with the achievement of greater integration into international markets.

23. The representative of Azerbaijan emphasized that the Council, once established, would have an important role to play in supporting SPECA countries' national and regional Aft processes. He said that Azerbaijan had been one of the fastest growing countries in the region. However, this growth had been mainly spurred by increased exports of oil and gas, suggesting a lack of economic diversification and vulnerability to negative external shocks. As a first step, the government had adopted a strategy to develop the non-oil and gas sectors. However, more needed to be done, including building research and development capacity and establishing trade relations with new regional and international partners. He called upon UNECE members to support the SPECA Aft Roadmap as a critical element for achieving the region's development objectives.

24. The representative of the Russian Federation thanked the secretariat for preparing the report. He reiterated the support his country was giving for Aid for Trade, which was being channelled through the Russian Voluntary Contribution Fund.

² The SPECA countries are: Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

25. The representative of France expressed his country's appreciation of the secretariat's analysis of trade development challenges facing SPECA countries. He noted that integrating Afghanistan into regional and international markets and building trust among member countries posed significant political challenges. He said that his country saw in the AfT Roadmap for SPECA a vehicle for addressing that challenge, as the initiative was supported by national governments. UNECE's involvement was much appreciated as a forum for promoting best practices and contributing to confidence building.

26. The Committee took note of the discussion on the 2010 AfT Roadmap for the SPECA Baku Ministerial Conference and its follow-up mechanism and encouraged member States, as well as other partner institutions within the UN system, to support the cooperation and coordination activities outlined in the report (document ECE/TRADE/C/2011/7) ([Decision 4](#)).

VII. Trade needs assessments (agenda item 5)

A. Belarus trade needs assessment: issues arising from the high-level segment

<i>Document symbol</i>	<i>Title of document</i>
ECE/TRADE/C/2011/5	Summary of major findings: Belarus Trade needs assessment study
ECE/TRADE/C/2011/6	Belarus Trade needs assessment study (made available in the Salle)

27. The secretariat summarized the issues arising from the high-level segment on procedural and regulatory barriers to trade in Belarus. Delegations were also informed that an abridged report, summarizing the findings of the UNECE trade needs assessment for Belarus, was available on the UNECE website.

28. The report had been presented to the Belarusian National Advisory Committee in early June, and preparations were under way for publishing the final, detailed study. The secretariat was also holding discussions with that Committee to develop an action plan for implementing the recommendations emanating from the assessment.

29. The representative of Belarus reported that the assessment had set in motion a vibrant consultative process among agencies on how best to address capacity-building needs, and improve the regulatory and procedural framework governing trade. It had also provided new impetus to his government's trade liberalization efforts. He reported that the UNECE recommendations were being discussed with relevant stakeholders in Belarus in order to ensure successful implementation because Belarus wanted to achieve the greatest possible impact. He added that Belarus was optimistic about the results.

30. The delegation of the Russian Federation reiterated his country's support of the UNECE trade needs assessment studies through the Russian Voluntary Contribution Fund. While noting that the needs assessments in transition economies project did not envisage any follow-up on how countries could benefit from the findings and recommendations, in the light of the Belarusian needs assessment experience, he suggested that the project be modified to reflect this aspect. He also noted that the consequences of the Customs Union between Belarus, Kazakhstan and the Russian Federation for Belarusian trade development efforts had not been adequately reflected in the abridged report, while recognizing that the project had been conceived and launched before the implementation of the Customs Union.

31. The representative of Belarus agreed with the Russian Federation's comments. He informed delegations that developments since the formation of the Customs Union had been the focus of the UNECE follow-up mission, which took place in early June 2011. He added that Belarus was working closely with UNECE to prepare an action plan, and would report on the follow-up to the plan during the Committee's annual session in 2012.

32. The Committee took note of the discussion on the Belarusian trade needs assessment and requested to have a follow-up report from Belarus at its next session on the usefulness and impact of the report, the final version of which will be published as soon as it is finalized, an abridged version already being available on the website: http://live.unece.org/fileadmin/DAM/trade/ct/ct_2011/BelarusStudy.doc and a summary in document ECE/TRADE/C/2011/5 ([Decision 5](#)).

33. The Committee expressed its gratitude to the United Nations Development Programme (UNDP) for its partnership and for its support to the first day of the Committee session, where five UNDP Aid-for-Trade studies for Armenia, Belarus, Georgia, the Republic of Moldova and Ukraine had been presented and had provided a useful and informative overview of the trade situation of those countries.

B. World Bank Trade Performance Indicators: implications for countries with economies in transition

34. The World Bank presented an overview of major trade facilitation challenges and trends emerging from its recently published 2010 Logistics Performance Index (LPI) 2010 and Doing Business Report 2011, both of which rank countries against specific indices. The LPI focuses on logistical aspects of trade (i.e. services supporting the physical movement of goods), while the Doing Business Report examines the wider business environment.

35. A recurrent theme emerging from the LPI rankings is that a country's performance was only as good as the weakest link in its logistics supply chain infrastructure. Hence the necessity of expanding the traditional trade development agenda beyond customs reform to other processes, services and infrastructure; including increased border agency coordination; improved partnerships with the private sector; and the avoidance of one-size-fits-all solutions. Several UNECE member States figured among the 25 countries that had most improved their logistics performance over the period 2007-2010. These included the Czech Republic, Kazakhstan, Poland, the Russian Federation, Tajikistan and Uzbekistan.

36. The Doing Business report showed that economies with the most vibrant trade sector allowed traders to exchange information with customs and other control agencies electronically; used risk-based assessments to limit physical inspection to only a small percentage of shipments; and allowed users to submit export/import information through electronic single window systems. These countries also had efficient ports and transportation infrastructure and allowed for pre-arrival submission of customs declarations and manifests.

37. Tajikistan and Kazakhstan featured among the top 10 performers (out of the 183 countries covered in the 2011 report) in terms of improvement to their "ease of doing business" rating. Other countries that had made important reform efforts included Armenia, Belarus, Latvia and Lithuania, all of which had improved time to import by taking major steps toward automating their clearance systems.

38. The World Bank representative also presented strategic policy guidelines from the World Bank's study on "Trade Expansion through Market Connection: The Central Asian Markets of Kazakhstan, Kyrgyzstan and Tajikistan". The study suggests that in Central Asia, where trade development is challenged by low domestic economic density and long

distances to markets, expanding trade requires connecting leading cities and their hinterlands to leading regional markets. This would allow the three countries to build on the existing potential for trade complementarity between them, as a stepping stone towards greater economic diversification.

39. The study proposes anchoring the diversification strategy for Kazakhstan, Kyrgyzstan and Tajikistan on three spatial levels — urban (leading city), area (city-hinterland), and regional (integration with regional markets) — corresponding to the 3Ds of Density, Distance and Division. Major policy actions at each level are required to unleash market forces resulting from economies of scale created through agglomeration, greater production factor mobility and lower transportation costs.

40. The representative of Azerbaijan commented that it was encouraging to learn that there was a potential for increasing non-resource-based exports in countries with economies in transition. He also saw in the concept of the three Ds a potential solution to some of the economic problems facing those countries.

41. The Committee took note of the information presented by the World Bank on its trade-related indicators and the study on trade in Kazakhstan, Kyrgyzstan and Tajikistan.

VIII. UNECE Trade Overview (agenda item 6)

<i>Document symbol</i>	<i>Title of document</i>
ECE/TRADE/C/2011/8	UNECE Trade Overview

42. The secretariat introduced a document that contained an overview of activities related to Trade but undertaken as part of other UNECE sub-programmes. This introduction was followed by a series of short presentations, as outlined below.

Transport

- close work with governments of the Euro-Asian region to develop Euro-Asian Transport Links (EATL). This initiative fosters regional cooperation by building on complementarities and promoting multi-investment initiatives
- promotion of cross-border trade by supporting member States' accession to the UNECE's 57 transport agreements and conventions. These agreements and conventions provide legal instruments for harmonizing national regulations, making border crossings less complicated, and for developing coherent infrastructure networks for road, rail and inland waterway transport
- contributions to the development of comprehensive methodologies for collecting transport statistics
- plans to develop indicators for measuring transport competitiveness.

Public-public partnerships

43. UNECE work in this area began in 1997 and has evolved into a multifaceted programme of technical assistance that responds to the increased recourse to public-private partnerships (PPPs) in the region. UNECE activities work to build the required capabilities for successful PPPs, drawing on the UNECE Guidebook on Promoting Good Governance in Public-Private Partnerships. The focus is on enabling innovative, long-term, contractual arrangements for infrastructure by introducing private-sector funds and expertise into areas that are normally the responsibility of government.

44. Recent achievements include the establishment of the UNECE International PPP Centre of Excellence, as part of the UNECE secretariat in Geneva, to assist governments in implementing best practice in PPP policy. The Centre, which benefited from voluntary contributions, brings together sectoral teams of specialists to identify, develop and promote best practices. A number of governments had confirmed their intention to host sectoral Centres of Excellence, including: Germany, Greece, Netherlands, Philippines, Qatar, Republic of Korea, Romania, the Russian Federation, Saudi Arabia and Turkey.

Innovation performance reviews

45. UNECE involvement in promoting innovation policies was born out of its research work, which seeks to identify best practices in promoting innovation, based on comparative studies. The innovation performance reviews, launched in 2010, take this analysis a step further, looking into national policies and institutional arrangements that support innovation and exploring ways for strengthening them. The reviews are based on a participatory approach to ensure responsiveness and national ownership. The first review, completed in 2010, focused on Belarus. A review of Kazakhstan was started in 2011 and one of Ukraine was planned for 2012.

Energy efficiency and renewable energy

46. A key project in this area is the Financing Energy Efficiency Investments for Climate Change Mitigation (FEEI) project, which seeks to mobilize investment in self-sustaining energy efficiency and renewable energy. The project targeted 12 countries from Europe, South-East Europe and Central Asia, and was carried out within the context of a four-year implementation plan (2008-11). It involved the following activities: (a) assisting countries in securing the required financial resources through dedicated investment funds; (b) training to help establish bankable project proposals; (c) supporting institutional and policy reforms; and (d) establishing a network of energy efficiency managers. Among the key outputs was a \$250 million investment fund for financing energy investments in the 12 countries.

Statistics

47. In the trade area, UNECE was actively involved in developing international guidelines for trade statistics as well as indicators for examining in a comparable way the impact of globalization across countries.

48. Recent activities included developing a new set of globalization indicators, which would soon be published online. These indicators will allow comparable data to be developed on the globalization of trade, trade performance, growth of trade and foreign direct investment in the UNECE region. The secretariat is considering adding new indicators, such as migration flows.

49. In response to requests by member States, the secretariat would also be developing guidelines for examining global manufacturing processes, international trade in intellectual property, global service contracts and a definition of special-purpose entities.

Gender

50. Consistent with its strategic objective of promoting gender equality, the secretariat launched a series of assessments in Central Asia to ascertain constraints on the development of women's entrepreneurship, and support policy recommendations for creating entrepreneurial opportunities for women. These assessments were conducted in cooperation with the International Labour Organization and UNDP, with financial support from the governments of Finland and Sweden. The secretariat had completed the first

assessment, which focused on Tajikistan, and was conducting a similar assessment in Kazakhstan. The results of the assessments would be discussed during a subregional policy conference, to be held in Geneva on 19 September. The secretariat had also begun preparations for conducting a further assessment in Uzbekistan.

51. After the presentations, the representative of the Russian Federation said that future reviews could benefit from including an analysis of how the main issues addressed by the other sub-programmes contributed to trade development efforts in the UNECE region.

52. The Committee took note of the report on trade-related activities under other UNECE sub-programmes (ECE/TRADE/C/2011/8) and the related presentations during the session, which delegations found informative and useful. The Committee requested that the secretariat continue this practice at future sessions and devote more time to this agenda item, taking note of the proposals from the Russian Federation in future planning of Committee activities ([Decision 6](#)).

IX. Subsidiary body reports (agenda item 7)

A. Trade facilitation and electronic business

<i>Document symbol</i>	<i>Title of document</i>
ECE/TRADE/C/CEFACT/2009/28	Report of the Centre for Trade Facilitation and Electronic Business on its fifteenth session
ECE/TRADE/C/CEFACT/2010/25	Report of the Centre for Trade Facilitation and Electronic Business on its sixteenth session
ECE/TRADE/C/CEFACT/2009/17	UN/CEFACT Programme of Work 2010-2011
ECE/EX/2010/L.9	Extension of the mandate of UN/CEFACT's Permanent Groups
EXCOM/CONCLU/34	Extension of the mandate of UN/CEFACT's Permanent Groups
ECE/EX/4	Report of the 2010 UN/CEFACT Plenary session
EXCOM/CONCLU/33	The Executive Committee's recommendations concerning UN/CEFACT and progress on their implementation
EXCOM/CONCLU/39	The Executive Committee's recommendations concerning UN/CEFACT and progress on their implementation
ECE/TRADE/C/CEFACT/2010/2/ Add.1	The Executive Committee's recommendations concerning UN/CEFACT and progress on their implementation
ECE/TRADE/C/CEFACT/2010/2/ Add.2	The Executive Committee's recommendations concerning UN/CEFACT and progress on their implementation
ECE/TRADE/C/CEFACT/2010/15/Rev. 2	Committee's guidelines and procedures of 2007

53. The Chair of the United Nations Centre for Trade Facilitation and Electronic Business Forum Management Group (UN/CEFACT FMG) reported on behalf of the UN/CEFACT Chair. UN/CEFACT had held its 15th Plenary from 9 to 12 November 2009 and its 16th from 8 to 10 December 2010. He added that the Centre was in the process of implementing EXCOM recommendations, and briefed the Committee on the proposals for restructuring the Centre that would be considered at the UN/CEFACT Plenary in July 2011.

54. The representative of the Netherlands indicated his country's support of UN/CEFACT. He pointed out that the new structure seemed to be complicated, and asked how it would tackle the problems in the old structure. The representative of UN/CEFACT explained that, among other benefits, the proposed new structure would speed up the approval of projects.

55. The representative of the Russian Federation expressed appreciation of UN/CEFACT's work and its members who worked on a voluntary basis. He said that in November 2010 his country had requested UN/CEFACT to prepare a document that briefly described the restructuring process, and its contribution to the implementation of EXCOM recommendations. He added that it would be useful to know more about how the Centre's work differed from that carried out under the Transport sub-programme. He also said that more needed to be done to increase the Centre's visibility, and requested the secretariat to establish an inventory of countries implementing UN/CEFACT standards and recommendations.

56. The Chair of the UN/CEFACT FMG advised that the proposals for restructuring the Centre were set out in document ECE/TRADE/C/CEFACT/2010/15/Rev.2. He also informed delegations that the Centre had held extensive discussions with the Inland Transport Committee to explore avenues for cooperation, and that these discussions were continuing. The discussions had so far suggested that it would be difficult to work jointly, since each body has its own approach to facilitating the movement of goods. The Inland Transport Committee focused on legal aspects, whereas the Centre focused on developing tools for implementation. He noted that the Inland Transport Committee used some UN/CEFACT tools for implementing its conventions (e.g. the TIR Convention).

57. For fostering the Centre's visibility, he explained that, in addition to the website, promotional activities included the publication of brochures and reference documents, such as the *Compendium of Trade Facilitation Recommendations*. The Centre was also looking into establishing its own blog with feeds to Twitter. However, this could prove expensive at a time when the Centre was already suffering from inadequate funding. The lack of resources also explained why the Centre did not have an inventory of countries implementing its standards and recommendations.

58. The representative of France said that UN/CEFACT's reform ambitions were not up to his country's expectations and that the restructuring process had taken a long time. The Missions continued to find it difficult to follow UN/CEFACT's work since this was highly technical. The same applied to agencies in capitals, especially since focal points are not technical experts and their attention is divided between competing meetings. He added that the EU did not seem to be involved, and noted that his country would appreciate receiving feedback as to the role the EU could play in the restructuring process.

59. The Chair of the UN/CEFACT FMG explained that the Centre attached great importance to exchanging views with the Missions in Geneva. UN/CEFACT had also established a transition team to facilitate consensus-building, and the team included a number of delegates who were making useful suggestions, but the time invested to dispel misunderstandings had been enormous. He explained that the reform process had been challenging because of internal resistance to change within UN/CEFACT, a problem common to all reform efforts.

60. The representative of Belarus expressed a desire to have an overview of the key areas that formed the focus of the restructuring process and that highlighted how the restructuring process addressed priorities defined under the Centre's programme of work. He also requested information about the involvement of experts from countries with economies in transition in the Centre's standard-setting processes.

61. The Chair of the UN/CEFACT FMG said that since it was a voluntary process, more experts from countries with economies in transition would be very welcome and that experts who lack the financial resources to attend in person could also participate virtually in meetings [in particular via teleconferencing].

62. The secretariat said that EXCOM had asked the secretariat to take on the leading capacity-building activities and efforts to increase the involvement of countries with economies in transition in its work. He said that the progress made in implementing the recommendations was provided in documents ECE/TRADE/C/CEFACT/2010/2/Add.1 and Add.2), pointing out that the secretariat lacked funds to implement capacity-building activities.

63. The secretariat also noted that it would be helpful, and would result in quicker response times, if it were to be mandated by the Committee to respond directly to requests for information and assistance relating to UN/CEFACT.

64. The Committee endorsed the reports of the 2009 and 2010 UN/CEFACT Plenary sessions (ECE/TRADE/C/CEFACT/2009/28 and ECE/TRADE/C/CEFACT/2010/25) ([Decision 7](#)).

65. The Committee endorsed the programme of work of UN/CEFACT for 2010-2011 (document ECE/TRADE/C/2009/17) ([Decision 8](#)).

66. The Committee noted the extension of the mandate of UN/CEFACT's permanent groups by the Executive Committee (EXCOM) in February 2010 (documents ECE/EX/2010/L.9 and EXCOM/CONCLU/34).

67. The Committee also noted the Recommendations concerning UN/CEFACT from the EXCOM meeting of March 2009 (ECE/EX/4) as well as the reports to EXCOM on the implementation of these Recommendations in December 2009 (EXCOM/CONCLU/39) and in December 2010 (ECE/TRADE/C/CEFACT/2010/2/Add. 1 and Add. 2 plus EXCOM/CONCLU/39).

68. The Committee took note of the revision of UN/CEFACT's structure, mandate, terms of reference and procedures (document ECE/TRADE/C/2009/15/Rev.2) and agreed to consider it under an inter-sessional process after receiving the assessment of the advantages and disadvantages of the proposed restructuring referred to in paragraph 29 of the report of the 2010 UN/CEFACT Plenary session (ECE/TRADE/C/CEFACT/2010/25) ([Decision 9](#)).

69. The Committee requested the secretariat to respond direct to enquiries from member States to the greatest extent possible ([Decision 10](#)).

B. Regulatory cooperation and standardization policies

70. The Chair of the Working Party on Regulatory Cooperation and Standardization Policies (WP.6) provided an overview of the Working Party's activities since the third session of the Committee. WP.6 continued to support regulatory cooperation using the UNECE "International Model" for Technical Harmonization, commonly referred to as Recommendation L. The model, he explained, provided a voluntary framework for facilitating the harmonization of horizontal (i.e. across-the-board) and sector- or product-

specific technical regulations. Achievements in this area included: the publication of a common regulatory framework for Equipment Used in Environments with Explosive Atmospheres; the preparation for discussion of a new sectoral initiative on Medical Equipment; and the organization of training seminars in China, India, the Republic of Korea and the Russian Federation.

71. In market surveillance, recent achievements included the launching of an online database of market surveillance authorities (<http://unece.unog.ch/WP6/wp6.aspx>). A glossary of common terminology (in English, French and Russian) was also being finalized, and a new recommendation on increasing the effectiveness of market surveillance policies was being developed.

72. WP.6 activities in the area of risk management were strengthened with the creation of a dedicated group of experts. The group comprised standards bodies, regulatory authorities, conformity assessment bodies, market surveillance authorities, academia, NGOs and businesses. It serviced monthly webinars, and was currently working on developing recommendations on the following: (a) when to regulate and when to use alternative tools; (b) the choice of conformity assessment depending on risk; and (c) market surveillance actions.

73. The Chair of WP.6 told delegations that the WP.6 2011 annual session, from 31 October to 2 November, would feature a workshop on "Traceability: a tool for managing risks". He also said that WP.6 was developing a recommendation on risks management in regulatory systems and another on crisis management.

74. He noted that building on these achievements was made difficult by the lack of extra budgetary resources to finance technical assistance activities. At the same time, the secretariat of the working party had lost almost 40 per cent of its human resources as a result of the recent wave of United Nations budget cuts, to be implemented at the beginning of 2012. He called upon the secretariat to ensure efficient resource allocation within the Division for Trade and Sustainable Land Management, so that WP.6 could fulfil its mandate.

75. The secretariat reported that the 3 per cent budget cuts were made based on posts that were empty at the time that the request for cuts was made in 2011 and that the allocation of those cuts would be reviewed by the EXCOM during 2011-12 as part of an overall review of all UNECE activities.

76. The representatives of France and the Russian Federation, noting that their countries appreciated the work of WP.6, expressed concern over this decision. The delegate of the Russian Federation further noted that an important indicator for assessing the effectiveness of subsidiary bodies was the demand for their services and the implementation of their recommendations. He suggested that the secretariat prepare a review of the implementation status of these recommendations as well as the establishment of a special group to monitor the implementation of the different recommendations emerging from the Committee and its various subsidiary bodies.

77. The Committee endorsed the reports of the 2009 and 2010 sessions of WP.6 (ECE/TRADE/C/WP.6/2009/19 and ECE/TRADE/C/WP.6/2010/20) ([Decision 11](#)).

78. The Committee endorsed the terms of reference of the Group of Experts on Risk Management in Regulatory Systems as found in the annex to document ECE/TRADE/C/WP.6/2010/2 ([Decision 12](#)), for submission to EXCOM.

79. The Committee took note of the statements from delegations regarding the future allocation of resources to the work of WP.6.

C. Commercial agricultural quality standards (agenda item 7 (c))

80. The secretariat presented the activities of the Working Party on Agricultural Quality Standards (WP.7) since the last session of the Committee. WP.7 had adopted 59 new or revised texts of standards or recommendations (8 new and 51 revised). The secretariat had also published the first explanatory brochure for sweet peppers in English, Russian and French, and was preparing an explanatory brochure for pineapples.

81. WP.7 had also continued to promote UNECE standards actively worldwide, funded by the United Nations Development Account and the Russian Voluntary Contribution Fund. Over the period of four years, ending in 2011, WP.7 organized 25 international workshops, seminars and training courses on four continents. Recent activities involved the launching of a project to modernize the system of seed potato production and certification in the Russian Federation and other CIS countries.

82. Key challenges included:

- adopting a new "Geneva Agreement" to establish an international framework for guiding work on agricultural quality standards. The new Agreement would replace the 1985 Geneva Protocol, which had become obsolete
- continuing to develop new standards and update existing ones in response to the rapidly changing markets conditions
- continuing to develop explanatory brochures and other interpretative material
- finding ways to work more closely with the Organisation for Economic Co-operation and Development (OECD) and with the Codex Alimentarius Committee on Fresh Fruits and Vegetables
- continuing global promotion of standards, capacity-building and training
- involving more countries in UNECE standard-setting activities.

83. The Committee endorsed the reports of the 2009 and 2010 sessions of WP.7 (ECE/TRADE/C/WP.7/2009/24 and ECE/TRADE/C/WP.7/2010/16) ([Decision 13](#)).

X. Review of capacity-building activities (agenda item 8)

84. The secretariat provided an overview of its capacity-building activities in trade facilitation. These included support for the implementation of UN/CEFACT and other UNECE trade facilitation standards as well as for enhanced participation of transition economies in the work on developing standards. The secretariat was also working on an integrated capacity-building programme and support strategy for 2011-2012 that fully incorporated the work of the Global Trade Solutions Section and the Regional Advisor on Trade Facilitation.

85. This capacity-building work was supported by the EXCOM recommendations regarding UN/CEFACT made in 2009. Funding came primarily from the Economic and Social Council development projects and was delivered in partnership with other regional commissions. A detailed account of these capacity-building activities is provided in document ECE/TRADE/CEFACT/2010/2/Add.2, with annex B.1 covering support for the participation of transition economies and annex B.3 listing capacity-building activities.

86. The Regional Advisor gave a presentation on his activities since the Committee's last session. Major projects and initiatives supported by the Regional Advisor included:

- the publication of three studies on the readiness of the Russian Federation for implementing a Single Window (SW), and public-private cooperation for trade facilitation, which was supported by the Russian voluntary contribution
- a mission to Bishkek as a follow-up to the UNECE technical assistance project for supporting trade integration in Central Asia, completed in 2009 with funds from the United Nations Development Account. The Regional Advisor had held talks with officials from Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan on the implementation of Single Windows in their countries to help assess their countries' further capacity-building needs
- under the UNECE initiative on trade facilitation, the Single Window and data harmonization, a regional conference for Southeast European countries in Durrës, Albania in September 2010
- support for the SPECA Project Working Group on Trade, which would be holding its annual meeting in Ashgabat in November 2011
- support for the Aid-for-Trade Roadmap for SPECA.

87. The representative of the Russian Federation expressed his country's appreciation of the Single Window project, completed in April 2011, and noted that the three studies would be used to support work on a Single Window in the Russian Federation. He also expressed his country's interest in continuing to collaborate with the UNECE in this area in the context of the Customs Union, as per the Memorandum of Understanding between the Secretariat of the Commission of the Customs Union and UNECE, signed on 7 April 2011.

88. The representative of Kazakhstan supported the Russian Federation's proposal to continue collaboration with the UNECE in implementing Single Window arrangements within the context of the Customs Union. The representative of Ukraine referred to a possible pilot project for implementing a Single Window project in Odessa, and requested the secretariat's assistance in this.

89. The representative of the Netherlands said that there were several EU funded projects for implementing the Single Window in the UNECE region in response to increased demand from the private sector. He also added that the Netherlands would be implementing such a project, with support from EU and the private sector.

90. The representative of Azerbaijan agreed with Kazakhstan, the Russian Federation and Ukraine on the importance of collaborating with the UNECE for implementing Single Window arrangements in the region. He said that his country had been implementing a Single Window since January 2010, and requested the secretariat to consider creating a database of best practices on the implementation of Single Window in the region.

91. The Committee noted the report on capacity-building and implementation activities (ECE/TRADE/C/2011/10) and the proposals from delegations.

XI. Programme of work (agenda item 9)

92. The Russian Federation suggested that a review be made of the timing between the meetings of the Committee and its subsidiary bodies to facilitate the attendance of delegations.

93. The Committee approved its programme of work for 2012-2013, as contained in document ECE/TRADE/C/2011/2, noting comments from delegations. It pointed out that the programme was aligned with the UNECE 2012-2013 budget submission for Trade ([Decision 14](#)).

94. The Committee approved the changes to the programme of work for 2010-2011, as required by EXCOM recommendations, and as contained in document ECE/TRADE/C/2011/12 ([Decision 15](#)).

95. The Committee endorsed the biennial evaluation plan for the Trade Sub-Programme for 2010-2011(ECE/TRADE/C/2011/9) ([Decision 16](#)).

96. The Committee approved the biennial evaluation report for 2008-2009, as contained in document ECE/TRADE/C/2011/11 ([Decision 17](#)).

XII. Election of officers (agenda item 10)

97. The Committee agreed to hold the elections for a new Chair and four vice-chairs at the beginning of the general segment rather than at the end (as stipulated in the Committee's rules of procedure, contained in document ECE/TRADE/C/2011/13).

98. The Committee elected the following members to its Bureau for a period of two years, as Chair, Mr. Andrei Savinykh (Belarus), and as vice-chairs: Mr. Ismayil Alakbarov (Azerbaijan); Mr. Georgi Stoev (Bulgaria); Ms. Erika Kőszegi (Hungary); and Mr. Yao-Hua Tan (Netherlands) ([Decision 18](#)).

XIII. Other business (agenda item 11)

99. The Committee agreed to consider for adoption under an intercessional process its revised guidelines and rules of procedure, as contained in document ECE/TRADE/C/2011/26 ([Decision 19](#)).

100. The Committee took note of a request to reflect the implications of the Customs Union of Belarus, Kazakhstan and the Russian Federation in the UNECE needs assessment studies.

101. The Committee also took note of issues raised during the Committee's discussions under item 10 (b). For example, issues related to the mutual recognition of certificates and documents used in international trade, and requested its subsidiary bodies to look into these issues ([Decision 20](#)).

102. The Committee decided to refer the timing of its fifth session to the Bureau for discussion and decision ([Decision 21](#)).

103. The Committee took note of the presentation on the joint Trade Conference organized by the United Nations Trade and Productive Capacity Cluster and the Parliamentary Assembly of the Mediterranean and coordinated by UNECE, and encouraged the secretariat to continue working with other organizations to promote the work of the Committee and its subsidiary bodies.

XIV. Adoption of decisions (agenda item 12)

104. The Committee approved its decisions and asked the secretariat to produce the final report of the session according to the Committee's procedures as found in document ECE/TRADE/C/2007/15 ([Decision 22](#)).

Annex

Joint UNECE Committee on Trade and United Nations Development Programme High-level Segment (14 June 2011)

Achievements and Challenges for Trade and Development in the South Caucasus and Western Commonwealth of Independent States

1. The joint UNECE Committee on Trade (CT) –United Nations Development Programme (UNDP) high-level segment brought together representatives of public- and private-sector institutions to discuss Aid-for-trade (AfT) priorities in the South Caucasus and Western Commonwealth of Independent States (CIS) countries. The discussions built on the findings of the UNECE trade needs assessment for Belarus, and the results of the UNDP Aid-for-Trade (AfT) reviews for Armenia, Belarus, Georgia, Republic of Moldova and Ukraine.
2. The event was organized in response to the Executive Committee's (EXCOM) recommendations, whereby the Committee was called upon to provide "a forum for discussing procedural and regulatory issues in transition economies in their trade among themselves and with the rest of ECE region".
3. In his opening remarks, the UNECE Executive-Secretary, Mr. Ján Kubiš, said that the high-level segment was particularly timely, coming at a time of continuing uncertainty in the global economy, where many UNECE economies were yet to return to pre-financial-crisis growth levels. The region was seeing public spending cuts; a substantial rise in fuel prices; and the cost of food was rising due to drought in parts of Europe and floods in the United States.
4. This was especially so for UNECE low- and middle-income countries, he added, noting that 18 UNECE member countries qualified for official development assistance. For these countries, economic development through increased integration was a major need that hadn't yet found adequate international support.
5. The Committee, with its renewed mandate and focus, was helping these low- and middle-income countries—primarily countries with economies in transition—to reduce technical and procedural barriers to trade so as to participate more fully in regional and international trade. Central to this renewed focus was identifying the specific trade development needs of these countries through demand-driven needs assessments of procedural and regulatory barriers to trade.
6. These assessments build on the work of the Committee's three subsidiary bodies, which are involved in developing standards and best practice recommendations in: trade facilitation, regulatory cooperation and agricultural quality standards. The assessments are carried out in coordination with other relevant international organizations for optimum results.
7. Ms. Cécile Molinier, Director of the UNDP Office in Geneva, said that trade could play a fundamental role in human development. Increasing exports provided new opportunities for enterprises to expand their production and create more and better jobs, with a positive impact on poverty and human development indicators.
8. Yet the relationship between trade, economic growth and sustainable human development was far from being automatic. Economic growth, fuelled by trade, can be a way to ensure human development if an inclusive and enabling human-development-centred trade framework were to be established. Gains from trade needed to benefit also

the lower-income section of the population, either directly or through government intervention. This could occur through expanded economic activity leading to higher employment and incomes or through redistribution via the tax – social benefits system. All of these are likely to enhance the level of human development.

9. She added that in developing trade, special emphasis should be placed on ensuring the cross-fertilization of trade with various other themes, since trade is only one element of human development. She said that trade, for instance, was closely linked with private-sector development, rural development, infrastructure, enabling legislation, etc. All of these aspects reinforced each other and, if they were to have a positive impact, their development needed to be considered in a holistic way.

10. It was within this human-development-centric approach, she explained, that UNDP supported trade-related capacity development in countries with economies in transition, including through the “Wider Europe: Aid for Trade for Central Asia, South Caucasus and Western CIS” project.

11. The countries reviewed³ attach great importance to trade as a vehicle for achieving economic diversification. All of the countries have open economies, and are members of the World Trade Organization, with the exception of Belarus, which is in the process of accession. Recent trade-development efforts feature a new wave of regional agreements moving towards achieving greater integration with global markets. All of the countries have signed, or are currently negotiating trade agreements with the European Union. In Belarus, efforts to increase trade with the EU are paralleled by efforts to capitalize on trade relations with strategic, historical trading partners within the context of the country's Customs Union with Kazakhstan and the Russian Federation.

12. The discussions highlighted a number of supply-side bottlenecks that undermine these countries' ability to strategically integrate their economies into regional and global value chains. These challenges relate to:

- the lack of adequate infrastructure and logistics services
- cumbersome and time-consuming export-import procedures
- poor capacities (in hardware, software and trained staff) in metrology, standardization, testing, quality assurance, accreditation and certification
- paucity of labour skills
- poor productive capacities
- the lack of resources to finance trade-development efforts. All of the countries under review are among the least-served by Aid-for-Trade funds.

13. For many of these countries, the impact of these constraints is compounded by the small size of their domestic markets, which sets limits to the possibility of achieving economies of scale. In some countries (Armenia, Belarus and the Republic of Moldova) other constraints are compounded by their being landlocked, with the consequent further increased transaction costs for traders.

14. Policy recommendations made during the high-level segment highlighted regional integration as a key element in addressing these needs. Supported by appropriate policies and institutions, regional integration would enable individual countries to achieve or increase economies of scale, reduce transaction costs, and improve product quality. Regional integration also provides countries with a forum for mobilizing a regional

3 Armenia, Belarus, Georgia, Republic of Moldova and Ukraine.

constituency for supporting national reform efforts. The challenge is to create dynamic synergies between national and regional development efforts, and plan trade reform in a manner that also allows for increased integration into international markets.

15. In terms of sectors, participants pointed out agriculture as well as information and communications technology as priority sectors. The former supports the poorest segments of the population, while the latter supports the structural transformation of these countries' economies toward greater specialization in activities with a high value-added.
