



# Economic and Social Council

Distr.: General  
13 June 2013

Original: English

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## Economic Commission for Europe

### Committee on Trade

#### Fifth session

Geneva, 18-19 June 2012

## Report of the Committee on Trade on its fifth session

### I. Overview

1. The UNECE Committee on Trade held its fifth session on 18 and 19 June 2012. The first day featured a joint Committee on Trade/International Trade Centre high-level segment to discuss increasing the participation of transition economies in international trade. The discussions were based on the findings of the UNECE-ITC joint trade needs assessment study on Kazakhstan. The formal session of the Committee (general segment) took place on the second day.

### II. Attendance

2. Representatives of the following countries participated in the session: Azerbaijan, Belarus, Bulgaria, Czech Republic, Denmark, Finland, Greece, Kazakhstan, Kyrgyzstan, Lithuania, Netherlands, Poland, Republic of Moldova, Russian Federation, Serbia, Slovakia, Spain, Sweden, Switzerland, Tajikistan, Turkey, Turkmenistan, Ukraine, United States of America,

3. The European Union was also represented.

4. Representatives of the following inter-governmental organizations participated in the session: CEN-CENELEC, Eurasian Economic Commission, Organisation for Economic Co-operation and Development,

5. Representatives of the following international organizations participated in the session: International Trade Centre (ITC), United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP).

6. Representatives of the following non-governmental organizations also attended the session: International Electrotechnical Commission (IEC), and International Organization for Standardization (ISO).

7. Representatives of the following organizations attended the session at the invitation of the secretariat: Ingénieurs du Monde, Italian Trade Development Association (ASSOCORCE) and the Joint Chamber of Commerce Switzerland-Russia, Ukraine, Kazakhstan, Kyrgyzstan, Belarus, Moldova.

### III. Adoption of the agenda (agenda item 1)

<i>Title of document</i>	<i>Document symbol</i>
Annotated provisional agenda	ECE/TRADE/C/2012/1

8. The provisional agenda was adopted with the agreed changes.

9. The Deputy Executive Secretary of UNECE opened the meeting on behalf of the Executive Secretary. He highlighted the focus of this session on the Committee's work in supporting trade as an engine for economic integration and growth in the region. In particular, he said the session would feature discussions on procedural and regulatory barriers to trade in Kazakhstan, based on the results of the UNECE-International Trade Centre joint trade needs assessment.

10. The Government of Belarus would also report on the follow-up to the UNECE's 2010-2011 trade needs assessment of that country, as well as presentations and discussions on the trade aspects of the green economy and of traceability. Both of these trade-policy issues were gaining importance, with a direct impact on economic development and competitiveness in the region.

11. He also drew the Committee's attention to the ongoing review of the 2005 UNECE reform. As part of this review, the Chair of the Committee would present its work to the Executive Committee (EXCOM) on 25 June and, in his report, would reflect the discussions of the current session.

12. Member States were continuing to hold informal consultations on the reform, organized by the Chair of EXCOM, on future priorities for UNECE and all of its subprogrammes. The results of these consultations would be reflected in the next UNECE budget submission at the end of 2012.

13. Decisions on the Committee's future work could only be made when the review was completed. Therefore, while the Committee would discuss its programme of work and strategic directions, the results of these discussions could only be preliminary recommendations. Member States would consider these recommendations during an intersessional approval process when the review was completed.

#### A. High-level Segment: Joint Committee on Trade/ International Trade Centre: How to increase the participation of transition economies in international trade?

14. The joint high-level segment featured two round tables, which brought together private- and public-sector stakeholders from transition economies. The first focused on export and import challenges in countries with economies in transition. The second focused on a peer review of the UNECE-ITC joint trade-needs-assessment study on Kazakhstan.

#### IV. Keynote speech (agenda item 2)

15. The Minister of Economic Integration and Special Representative of Kazakhstan in the World Trade Organization (WTO) accession negotiations, Ms. Zhanar Aitzhanova, opened the high-level segment. The Minister expressed her country's appreciation of the trade-needs-assessment study, noting that the Government looked forward to receiving the recommendations in order to further develop Kazakhstan's trade.

16. Kazakhstan had registered a persistent trade surplus over the past decade, reaching \$US 50 billion in 2011. It also enjoyed strong trade relations with countries and regions across the globe with: the European Union being Kazakhstan's main trading partner, accounting for 45 per cent of total trade; the Russian Federation its second largest partner, accounting for 20 per cent of total trade; followed by China; Italy; the Netherlands; and France.

17. Kazakhstan had also attracted around \$US 147 billion in foreign direct investment (FDI) since its independence, the highest figure among the Commonwealth of Independent States, measured in terms of FDI per capita.

18. Oil, oil and mineral products accounted for the bulk of Kazakhstan's exports. She said it was very important to accelerate economic diversification in order to reduce the country's economic vulnerability. Kazakhstan therefore considered it a priority to improve the business environment by simplifying trade-related procedures and regulations. Even though it ranked 59th (out of 183 countries) in the World Bank's Doing Business index, there remained room for improvement. Recently, Kazakhstan had reduced the number of business licenses and permits by 30 per cent at central and local levels, and government agencies had been instructed to make a further 30 per cent cut.

19. Kazakhstan was also active in regional integration initiatives. In 2010, the Governments of Belarus, Kazakhstan and Russian Federation had created a Customs Union, with the aim of creating a single economic space. To date, the three countries had adopted 17 agreements to ensure the free movement of goods and labour within the territory of the Union, in addition to agreements for promoting the free movement of capital and harmonizing macro-economic policies.

20. Kazakhstan had started to reap benefits from its participation in the Union. Trade with Belarus and the Russian Federation reached \$US 25 billion in 2011, a 30 per cent increase compared to 2010. The Customs Union existed within the broader framework of the Eurasian Economic Council and its Commission.

21. Kazakhstan was progressing in its accession to the WTO, and had completed bilateral negotiations on market access for goods and services with 30 WTO Member States. Kazakhstan would also further liberalize key services, including telecommunications, and allow direct branching rights for foreign insurance companies and banks.

22. The Deputy Executive Director of ITC, Mr. Jean-Marie Paugam, noted that global patterns of trade were being fundamentally re-drawn. He highlighted five emerging trends:

- The spread of regional and cross-regional preferential trade agreements.
- The rise of new growth poles among middle-income countries, namely, Brazil, Russia, India, China and South Africa, commonly referred to as the BRICS.
- Increased fragmentation of production, as reflected in the growing share of intermediate products in global trade.

- The increasing influence of non-tariff measures as key determinants of market access.
- An increasing recognition of the need for complementary measures to ensure positive links between trade and poverty reduction.

23. He said that for countries with economies in transition, their ability to reap benefits from trade remained very much a function of their success in reducing non-tariff barriers. Because these barriers had been inflating transaction costs, they were impeding economic diversification.

24. Professor Lauri Ojala of the Turku School of Economics, Finland, delivered the keynote speech. The professor, who had developed, together with the World Bank, the Logistics Performance Index, noted that, while there was some correspondence between income level and ranking in the Index, many factors influenced the ratings. The most important of those were found in a country's "soft infrastructure", including the development of information and communication technologies and the simplification and harmonization of trade-related procedures and regulations.

25. He added that, for the bulk of transition economies, efforts to develop soft infrastructures were often complicated by the "noodle soup of donor-funded projects". Sometimes projects were not completed because new projects were launched without first completing the initiated ones. At the same time, the high turnover of civil servants and consultants has been undermining the sustainability of development efforts. Too often, he said, trade facilitation was associated with the procurement of fancy new equipment, which did not create results because the users lacked the necessary skills and/or the motivation to use the equipment.

## V. Export and import challenges in countries with economies in transition (agenda item 3)

26. A round table brought together private- and public-sector stakeholders from transition economies and their main trading partners to discuss export and import challenges in the region, and explore avenues for strengthening coordination and undertaking joint action.

27. A summary of the discussion at the high-level segment under this agenda item can be found in the annex.

## VI. Focus on Kazakhstan (agenda item 4)

<i>Title of document</i>	<i>Document symbol</i>
UNECE/ITC joint trade- needs-assessment study on Kazakhstan	ECE/TRADE/NONE/2012/1

28. The UNECE secretariat presented the key findings of its research work in Kazakhstan, which was based on the UNECE evaluation methodology. The work targeted public-sector institutions engaged in supporting trade, as well as transport and logistics service providers and included a business process analysis for the export of selected key agricultural products.

29. ITC presented the preliminary findings of their company survey, which targeted exporters and importers in leading sectors, noting that the survey was still continuing. The survey included a joint ITC-UNECE questionnaire, which targets logistics service providers and exporters and importers, with a view to ascertaining key obstacles to trade facilitation. The final study was to be issued at the end of 2012 and to feature joint, action-oriented recommendations developed in close consultation with the Kazakh National Advisory Council. This Council had been established under the leadership of the Ministry for Economic Integration to act as the UNECE-ITC counterpart throughout the needs assessment.

30. The representative of Kazakhstan thanked UNECE and ITC, noting that it would provide a welcome contribution to her country's efforts to achieve economic diversification and specialization in higher value-added goods. She reported that the recommendations emerging from the business process analysis would start to be used as a guide for improving efficiency in supply chains. She said she looked forward to receiving the final detailed recommendations from UNECE and ITC on trade facilitation and regulatory cooperation.

31. The representative of Belarus said that the UNECE-ITC needs assessment study on Kazakhstan and the UNECE Belarus study had highlighted a number of common challenges, which needed to be addressed. He added that Belarus was using UNECE Recommendations L<sup>1</sup>, and M<sup>2</sup> (developed by the Working Party on Regulatory Cooperation and Standardization Policies) to develop its standards and technical regulations, and suggested that Kazakhstan might wish to consider doing the same.

32. The representative of Eurasian Economic Commission (EEC) asked UNECE and ITC to include in the final report some general conclusions of relevance to the entire region. The representative of the Russian Federation said that his country would be using the recommendations from the study to reduce non-tariff barriers to trade with Kazakhstan. The Ambassador of the Swiss Confederation to the Republic of Kazakhstan, Mr. Nellen, said that the UNECE-ITC joint study was valuable, and accurately captured the realities of import/export and investment activities in Kazakhstan. He encouraged the government to implement the recommendations emerging from the UNECE's key findings.

33. The Committee took note of the preliminary results of that trade-needs-assessment study and the summary document (ECE/TRADE/NONE/2012/1 "UNECE/ITC joint trade needs assessment study on Kazakhstan") (Decision 1).

## VII. Trade-needs-assessment studies on economies in transition: follow-up and policy implications (agenda item 5)

<i>Title of document</i>	<i>Document symbol</i>
UNECE trade-needs-assessment study on Belarus: follow-up and policy implications	ECE/TRADE/C/2012/4
Trade Needs Assessment Study for Belarus	ECE/TRADE/403

<sup>1</sup> "International Model for Technical Harmonization"

<sup>2</sup> "Use of Market Surveillance Infrastructure as a Complementary Means to Protect Consumers and Users against Counterfeit Goods".

34. Speaking in his capacity as the Director of the Information Department, Ministry of Foreign Affairs of Belarus, Mr. Andrei Savinykh, briefed the Committee on the activities undertaken in his country as follow-up to the trade-needs-assessment study on Belarus. He explained that the Government was discussing the main elements of an action plan for implementing the recommendations and that the action plan would focus on five priority areas:

- Improving trade facilitation
- Improving coordination between agencies at the border
- Developing and optimizing the railway network
- Developing the infrastructure for standardization, quality assurance, accreditation and metrology
- Creating customer-oriented services to support trade.

35. The secretariat reported that its next needs-assessment-study would be on Tajikistan; following a request from the Government and that the study would be carried out in 2013 in cooperation with development partners.

36. The secretariat also presented a *Trade Facilitation Implementation Guide*, which it had prepared with technical support from a UN/CEFACT team of experts, and with financial support from the Swedish International Development Cooperation Agency (SIDA).

37. The Guide, which would be published online at <http://tfig.unece.org>, would help policymakers to choose appropriate trade facilitation tools and instruments to achieve their policy objectives. These included tools and instruments developed by UNECE, the World Bank, the World Customs Organization and others. It provided detailed information on these tools and instruments, explained the linkages between them, and outlined sequenced phased approaches for implementation.

38. The Committee took note of the final version of the first Trade Needs Assessment Study for Belarus (ECE/TRADE/403) and the information on ongoing preparations to develop an implementation plan by the Government of Belarus for follow-up on the recommendations made. The Committee requested the Government of Belarus to inform it of progress in implementing the plan (Decision 2).

39. The Committee took note of the continued work to implement its decision from the 2009 session to undertake three trade-needs-assessment studies, thanked the Government of Tajikistan for inviting UNECE to undertake the third trade-needs-assessment study in the country and requested the secretariat to initiate the study and report back to the Committee at its sixth session (Decision 3).

## **B. General segment**

### **VIII. The Committee on Trade strategy for the next biennium and beyond (agenda item 6)**

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<i>Title of document</i>	<i>Document symbol</i>
Committee on Trade strategy for the next biennium and beyond	ECE/TRADE/C/2012/5

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<i>Title of document</i>	<i>Document symbol</i>
Input to EXCOM 2011-2012 ECE review	ECE/TRADE/C/2012/6

40. The Chair of the Committee informed delegations that the Bureau, under his leadership, had prepared a draft strategy to guide the Committee's activities during the next biennium and beyond. He said that the draft strategy had been prepared in consultation with the bureaux of the Committee's subsidiary bodies, the secretariat and the private sector. As explained by the Deputy Executive Secretary, the Committee would report the results of the discussions under this item to EXCOM during a presentation of the Trade sub-programme on 25 June 2012. Consequently, the Bureau might need to adjust the strategy, based on the decisions and advice of EXCOM, after the completion of the review in the fourth quarter of 2012. The adjusted draft strategy could be then approved inter-sessionally.

41. He said that the draft strategy was not a plan of action. Rather, it was meant to provide a vision for guiding the Committee's activities. It set out principles for increasing efficiency; ensuring greater responsiveness to the needs of UNECE member States; and, for achieving the broadest possible participation of all stakeholders in the Committee's activities.

42. The Chair then summarized the three main components of the draft strategy as follows:

- Develop efficient cooperation mechanisms between the Committee and its subsidiary bodies to ensure mutual, substantive and value-added support.
- Build upon the national trade-needs-assessment studies to identify common problems and areas for joint action, including along trade corridors, using the UNECE evaluation methodology, which had been updated to take into account experience gained from the two existing studies.
- Capitalize on the Committee's status as a consensus-building platform for all stakeholders, including member States and representatives of non-governmental organizations and the private sector. This would include taking steps to ensure greater participation of the private sector both to obtain substantive input on existing non-tariff barriers and as a potential source of extrabudgetary resources.

43. The Bureau recognized that for fully implementing this strategy, extrabudgetary resources would have to be found.

44. The representatives of Azerbaijan, Belarus and the Russian Federation expressed their appreciation of the draft strategy. They said it offered a strategic vision for meeting the needs of member States and for contributing to the achievement of the millennium development goals (MDGs). They called upon EXCOM to take the results of this discussion into serious consideration during its review of the trade subprogramme.

45. The Russian Federation confirmed the effectiveness of activities undertaken to date. He said that the trade-needs-assessment studies were being delivered using minimal resources. He asked for special emphasis to be given to assessing the specific needs of low-income countries, and for the secretariat to provide information on avenues for further supporting UN/CEFACT libraries and information on the countries benefiting from these libraries.

46. The European Union representative emphasized the need for the Committee to offer an open, neutral, impartial and inclusive platform for all stakeholders. He recalled that the EU (EU Delegation and EU Presidency) had been invited to a bilateral meeting with the Chair of the Committee and the Director of the subprogramme in the third quarter of 2011. At that meeting, the Chair of the Committee had said that he wanted to work closely and constructively with the EU—which was an important partner in the trade area—on the question of the future of the Committee and to hold ongoing consultations.

47. The Chair and the secretariat had agreed to provide full transparency on the past use of resources in the trade subprogramme to allow the EU to take informed decisions on possible future activities in this area. However, there had been no follow up to that meeting, neither with the EU nor with any of its Member States. UNECE is a member driven organization but the EU representative said that the EU was unaware of which stakeholders the Chair had consulted on the strategy. The EU and its Member States had not been consulted and could therefore neither endorse nor discuss the strategy.

48. The EU representative said that the EU and its Member States had the broad view that the standard-setting work of the two working parties (6 and 7) and of UN/CEFACT was useful. In general, the EU's position was that UNECE should focus on the areas of work in which they were at their best, namely setting standards. There was also a need to improve the allocation of resources to the standard-setting bodies to enable them to carry out this important work in a satisfactory way.

*Committee on Trade's procedures and relation with EXCOM*

49. Under this agenda item, separate discussions also took place on the Committee's procedures and on its relation with the EXCOM.

50. The EU representative said that the general position of the EU and its Member States was that the Committee should not take any decisions at this meeting, as that could prejudice the outcome of the Reform Review. There should, therefore, be no decisions taken during this session, including in particular on the strategy for the next biennium (ECE/TRADE/C/2012/5) and (ECE/TRADE/NONE/2012/2); Aid-for-Trade Roadmap (ECE/TRADE/C/2012/7) (ECE/TRADE/C/2012/8) (ECE/TRADE/C/2012/9); supporting green growth (ECE/TRADE/C/2012/10); capacity building (ECE/TRADE/C/2012/13); and the biannual evaluations (ECE/TRADE/C/2012/14) and (ECE/TRADE/C/2012/15).

51. He added that the European Union and its Member States had requested a clear overview of the past use of financial and human resources for the Trade subprogramme, as well as its concrete results. This information, as well as a list of further questions that had been sent to the secretariat during the previous week, would need to be addressed before any informed decisions on the future of the subprogramme could be made.

52. The EU representative reiterated that the EU and its Member States could not discuss the strategy given that they had never been consulted on its different elements when it was being prepared. He underlined that the UNECE was, and should remain, a member-driven organization in which the role of the secretariat and the bureaux was to actively listen to the ideas and suggestions of the representatives of Member States and, on that basis, submit those ideas for further discussions, that were likely to generate a broad consensus among the entire membership.

53. The Chair of the Committee explained that the Committee and its Bureau wanted to work constructively with the EU and that the document had been distributed to the member States, and posted on the website on 13 April 2012, within the established period allowing for consultations with capitals.

54. He stressed that the Committee did not wish to prejudice the outcome of the Review. Rather, he thought that the Committee should discuss and agree on the documents, with the understanding that the documents would then be revised in the light of the results of the Review and the decisions of EXCOM. This approach would recognize the status of EXCOM as the higher body that would take final decisions on the subprogramme's mandate and programme of work, while still allowing progress on the substantive work of the Committee and its subsidiary bodies.

55. The Chair also expressed concern that some of the questions raised by the EU representative, such as finances, fell under the jurisdiction of EXCOM rather than the Committee. The Committee focused on activities relating to eliminating non-tariff barriers to trade and on developing a vision for its work. He added that it was his view that special consultations with the EU or any other member States when developing these visions would not be aligned with the concept of a neutral process based on consensus building which treats all countries equally.

56. The representative of the Eurasian Economic Commission noted that EEC believed the activities carried out by the Committee to be useful, and that her delegation would like to discuss the future activities of the Committee. She also expressed the Commission's interest in cooperating with the Committee, noting that her delegation had already held talks with the Committee secretariat for that purpose.

57. The representatives of Azerbaijan, Belarus and the Russian Federation stated that they had already received the strategy document some months previously, and expressed concern that if the Committee were not to make decisions, this might prejudice its ongoing work and that of its subsidiary bodies.

58. They also noted that UNECE was the only multilateral platform that brought together Central Asian and other countries to discuss issues of mutual concerns. Acknowledging the need for optimizing resources, they said that this should not be to the detriment of the Committee's work and the ongoing processes.

59. The secretariat explained that the Committee's current activities were guided (a) by the December 2009 EXCOM Decision that the Committee should continue for another three years (until the end of 2012), (b) by the current programme of work of the trade subprogramme and (c) by EXCOM's decision on the continuity of the mandates until the end of the review process.

60. EXCOM delegations would need to decide on the future of the subprogramme and approve the programme of work for 2014-15, after which the Committee, at its sixth session, would need to further discuss its implementation.

61. During the present session, member States would be invited to comment on the draft programme of work for the biennium 2012-13, particularly if there was a need for adjustments, and to provide the Bureau with input on future directions. Therefore, if there was no agreement on the future work of the Committee during the current session, this did not mean the activities under the Committee would be brought to a halt because the Committee had already the approved 2012-2013 programme of work.

62. The Committee took note of the discussion and the diverging views expressed on the strategy for and the future of the Committee and requested the secretariat to reflect this discussion in the report of the session.

63. The Committee requested that EXCOM take into account the Committee's discussion as part of their review of subprogramme 6 on Trade (Decision 4).

## **IX. UNECE review and matters arising (agenda item 7)**

64. The Director of the Trade and Sustainable Land Management Division briefed the delegates on progress made in implementing the EXCOM recommendations on the Committee, as contained in document ECE/EX/2010/L.7 ("Decisions on matters relating to the Committee on Trade") of February 2010.

65. She said that in 2010 the secretariat had developed an evaluation methodology to ascertain regulatory and procedural barriers to trade in transition economies, drawing on existing methodologies by development partners. The methodology had been used for the needs assessment studies on Belarus and Kazakhstan, and would be revised in the coming year in the light of experience gained.

66. In carrying out the needs assessment studies, the secretariat had cooperated with other organizations and entities, such as ITC, to avoid any duplication of efforts and to create new synergies. In the weeks immediately before the session, the secretariat had also received a request from the World Bank to cooperate on future studies, as they believed UNECE had knowledge and expertise in the region from which they could benefit.

67. The secretariat had also undertaken, as requested, peer review discussions on the details of the studies and on follow-up activities with national counterparts in Belarus and in Kazakhstan as well as during the Committee's annual sessions.

68. In addition, information had been compiled on trade-related activities in some transition economies within the context of the Aid-for-Trade roadmap for SPECA Initiative. The secretariat was working with these countries to develop and keep up to date their priorities in the area of capacity-building for trade development.

69. The secretariat explained that it was exploring possibilities to expand cooperation with other agencies in order to ensure that it could proceed in a more structured manner in fulfilment of the EXCOM recommendations regarding the Review discussed by the Deputy Executive Secretary under paragraphs 11 – 13.

70. The EU representative noted that the EU and its Member States had the same position on the future of the subprogramme as the one expressed in 2008. If the normative work was to continue, the EU member States suggested allocating sufficient resources to the standard-setting bodies (working parties 6 and 7, and UN/CEFACT) so that these bodies could carry out their work in a satisfactory and efficient way.

71. Future trade-related capacity-building and technical assistance activities should be best carried out by the more qualified international actors in that area (such as WTO, ITC and UNCTAD) and such activities should be phased out at UNECE. UNECE could continue to help identifying needs and there should be a much more structured cooperation with other international actors to reap the benefits of multiplier effects and avoid duplication of activities and mandates.

72. The representative of the Russian Federation expressed his country's appreciation of the progress achieved. He noted the secretariat's high level of effectiveness in supporting Aid-for-trade processes in the SPECA region.

73. The representative of Ukraine expressed his appreciation for the secretariat's capacity-building activities, which he said had enabled his country to achieve significant progress in putting in place a Single Window for export and import procedures.

74. The Committee took note of the schedule and plan for a Review of the 2005 reform that the Executive Committee of UNECE was carrying out under the July 2011 Review Modalities, as well as of the views expressed by Members (Decision 5).

## X. Aid-for-Trade in SPECA and other countries with economies in transition (agenda item 8)

<i>Title of document</i>	<i>Document symbol</i>
Report on the Aid-for-Trade Roadmap for SPECA and the Regional Aid for Trade Implementation and Monitoring Council	ECE/TRADE/C/2012/7
Draft Aid-for-Trade Roadmap for SPECA matrices: Azerbaijan, Kazakhstan and Kyrgyzstan	ECE/TRADE/NONE/2012/5
Draft Aid-for-Trade Roadmap for SPECA matrices: Tajikistan, Turkmenistan, Uzbekistan and Regional work	ECE/TRADE/C/2012/9

75. Mr Ismail Alakbarov (Azerbaijan), Vice-Chair of the Committee, gave a presentation on the progress made in supporting the Aid-for-Trade (AfT) Roadmap for SPECA initiative, including the follow-up mechanism to the Baku Ministerial Conference of December 2010.

76. He explained that activities to date involved the establishment of a follow-up mechanism, the SPECA Regional Aid-for-Trade Implementation and Monitoring Council (SPECA AfT Council), for supporting the AfT process in SPECA countries as called for by the Baku Ministerial Declaration.

77. As of 2012, the Council, which was open to all donor agencies and development partners, brought representatives of SPECA countries together with agencies such as UNDP; the United Nations Industrial Development Organization (UNIDO); ITC; as well as the International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank Group, with the UNECE serving as Coordinator.

78. To facilitate the work of the Council, the secretariat had prepared standardized matrices, using the logical framework approach. The revised matrices would be presented to SPECA members for comments and feedback on immediate, medium-term and long-term priorities as well as on the requirements for ensuring successful implementation of their AfT national plans. In addition, views and suggestions would be collected for further developing the regional matrix.

79. Countries that had not presented their national matrices, e.g. Afghanistan, would be approached and assisted in preparing one. In consultation with SPECA countries, the Council would work on identifying national and regional priority areas that remained underfunded.

80. The delegation of the United States noted USAID's support of the initiative, and the representatives of Turkmenistan and Kyrgyzstan highlighted the effectiveness of the Council.

81. The EU representative said the report was not comprehensive and that more information was needed on the past use of resources. He also said that there should be greater coherence between projects and major actors. There should be better structured cooperation between the international actors to improve efficiency, financial and otherwise.

82. The Committee discussed the following documents (ECE/TRADE/C/2012/7 "Report on the Aid-for-Trade Roadmap for SPECA and the Regional AfT Implementation and Monitoring Council", ECE/TRADE/NONE/2012/5 "Draft Aid-for-Trade Roadmap for SPECA matrices: Azerbaijan, Kazakhstan and Kyrgyzstan", ECE/TRADE/C/2012/9 "Draft

Aid-for-Trade Roadmap for SPECA matrices: Azerbaijan, Kazakhstan and Kyrgyzstan"). It noted the request for more information and requested the secretariat to upload the two documents with matrices on the SPECA site maintained by UNECE and consult with the concerned countries in order to update them regularly (Decision 6).

## **XI. Trade development in countries with economies in transition: recent initiatives and impact (agenda item 9)**

<i>Title of document</i>	<i>Document symbol</i>
Supporting green growth in countries with economies in transition: recent initiatives and lessons learned	ECE/TRADE/C/2012/10

83. A roundtable was organized on supporting transition countries' efforts to pursue green growth. This was in response to a request by member States during the fourth session, that the fifth session should highlight topical issues of relevance to the region's development efforts.

84. The roundtable featured a presentation by UNEP on the preliminary findings of its recent study on the role of trade in green growth. Another presentation was made by a private company (CHAdEMO Association in Europe), during which the company, which is involved in producing chargers for battery-powered electric vehicles, reflected on best practices in creating an enabling environment for green growth, drawing on the successful experience of Estonia.

85. Both of these presenters noted that expected benefits from green growth could only be achieved if macro-economic policies and investments were complemented by concerted efforts to reduce procedural and regulatory barriers to trade. The representative of CHAdEMO placed special emphasis on creating modern ICT infrastructure and on modernizing customs administration and border-management systems.

86. The representative of Belarus expressed his appreciation of the roundtable and its holistic approach. He also said that the Committee should be actively involved in the debate on green growth, and requested UNEP to brief the Committee on the results of their study, once completed, noting that more benefits could be realized by involving UNECE.

87. The representative of the Russian Federation stated that his country would be happy to carry out a further discussion on green growth after the conclusion of the United Nations Conference on Sustainable Development (Rio+20) that was taking place in Rio de Janeiro, Brazil.

88. The EU representative concurred with the Russian Representative. He said that UNEP could be invited to provide a more detailed account of the results of its study and explore how these could be translated and made operational in the different work areas in which the UNECE was active (e.g. agricultural and food standards, water, forests), and could thus contribute to green growth.

89. The secretary to WP.6 drew attention to the special session that the Working Party had held on the contribution of standards to green growth.

90. The EU representative noted that agreement on international standards would be supportive of limiting green protectionism.

91. The Committee discussed the issue of trade and green growth, which was expected to form part of a broader discussion that probably will take place at EXCOM after the United Nations Conference on Sustainable Development. Following this discussion, the Bureau was invited to suggest, in close and ongoing consultation with all UNECE member states, suggestions and ideas for a future programme of work in the area of trade (Decision 7).

## **XII. Traceability in support of efficient, safe and secure global supply chains (agenda item 10)**

<i>Title of document</i>	<i>Document symbol</i>
Traceability in support of efficient, safe and secure global supply chains	ECE/TRADE/C/2012/11

92. Pursuant to a request by the Committee at its fourth session, to highlight best practices and work of the subsidiary bodies on topical issues and areas of particular interest to the region, a roundtable on traceability in support of efficient, safe and secure global supply chains was held.

93. Presentations were made by experts from academia and experts from the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) and the Working Party on Regulatory Cooperation and Standardization Policies (WP.6). See <http://www.unece.org/index.php?id=29210>

94. The representative of the Netherlands emphasized the work of UN/CEFACT and the important contribution that this subsidiary body could offer to improving traceability.

95. The representative of Belarus said that in Belarus, a countrywide information and technology platform had been set up to provide an “electronic passport for goods”. The system allowed products to be identified and described in accordance with international standards. For the smooth operation of this system, work was under way to identify all the participants and actors in the trade process, to create standard descriptions, using local and international classification systems, and to provide synchronization of data between participants of supply chains that on the other hand will allow ensuring product traceability in the supply chains.

96. He said Belarus was also promoting this approach at regional and international levels. To further develop the system, Belarus intended to involve international experts to study similar approaches in other countries and creating a group of experts to develop recommendations on traceability solutions for secure supply chains under the guidance of WP.6, UN/CEFACT, GS1, ISO and WCO.

97. The Committee took note of the discussion on traceability and requested the secretariat to suggest follow-up on the proposals made by the panel of experts in the light of the programme of work of the Committee and its subsidiary bodies (Decision 8).

## **XIII. Capacity-building activities (agenda item 11)**

<i>Title of document</i>	<i>Document symbol</i>
Report on capacity-building activities	ECE/TRADE/C/2012/12

<i>Title of document</i>	<i>Document symbol</i>
Cooperation with other organizations	ECE/TRADE/C/2012/13

98. A representative of the secretariat briefed the Committee on the capacity-building activities in 2011. These activities were implemented through an integrated approach, which focused on enabling State agencies to provide the required support for export-import activities throughout the international supply chain. The strength of the Committee's subsidiary bodies lay not only in developing best practice guides, standards and norms, but also in training State agencies on their implementation.

99. Such training services were delivered by the UNECE alone or in cooperation with other agencies, depending on the topic. Underlying the subsidiary bodies capacity-building activities, he noted, were the WTO rules, since the standards, norms and tools were geared to enabling and supporting the implementation of these rules.

100. The EU representative reiterated that the UNECE should focus on developing standards and recommendations. He said that capacity-building activities should be carried out by agencies who were better equipped to do so, even if the UNECE could contribute to these activities by helping to identify the needs of its members.

101. He added that there was a need to examine the relation between the joint UNECE-UNESCAP capacity-building activity UNNExT and UN/CEFACT, since UNNExT experts were paid, in contrast to UN/CEFACT experts, who offered their services free of charge.

102. He said that documents should give detailed information about the past use of resources and all activities and results (input and output), to enable members to make an informed decision on possible future activities.

103. The representative of the secretariat said that its increased activities in capacity-building had been in response to the EXCOM recommendation to UN/CEFACT in 2009, which had specifically requested these. EXCOM had reviewed, and supported the activities in its subsequent review of progress made in implementing its recommendations. He added that UNNExT focused on implementing trade facilitation instruments developed by UN/CEFACT and other bodies. He clarified that UNNExT experts were voluntary, and were not paid. He added that several UNNExT experts also participated in the work of UN/CEFACT, and vice versa.

104. The Committee heard a presentation on capacity-building activities undertaken by the secretariat and took note of the request from member States for further information, and a strategic and structured view on cooperation with other organizations in the area of capacity-building to realize expected multiplier effects from combined efforts, and requested further reports on this issue (Decision 9).

#### **XIV. Joint UNECE/ITC trade-needs-assessment study on Kazakhstan: issues arising from the joint high-level segment discussions (agenda item 12)**

105. The secretariat reported that the UNECE would be developing detailed recommendations in consultation with the Kazakh National Advisory Committee. ITC would also do the same once its surveying process had been completed. The results would be issued in a joint publication, with an integrated analysis, joint recommendations

reflecting on common problems and areas for joint action, and areas that needed to be brought to the attention of the Committee's subsidiary bodies.

106. The Committee took note of the recommendations made in the discussion on the Trade Needs Assessment Study on Kazakhstan and requested the secretariat to complete the study and issue the results in a publication by the end of 2012 (Decision 10).

## **XV. Programme of work of the Committee on Trade and reports of its subsidiary bodies (agenda item 13)**

<i>Title of document</i>	<i>Document symbol</i>
Biennial evaluation plan for the Trade Subprogramme for the biennium 2012-2013	ECE/TRADE/C/2012/14
Biennial evaluation report for the biennium 2010-2011	ECE/TRADE/C/2012/15
Report of the Working Party on Regulatory Cooperation and Standardization Policies on its twenty-first session	ECE/TRADE/C/WP.6/2011/21
Report of the Working Party on Agricultural Quality Standards on its sixty-seventh session	ECE/TRADE/C/WP.7/2011/2
Report of the Centre for Trade Facilitation and Electronic Business on its eighteenth session	ECE/TRADE/C/CEFACT/2012/12
UN/CEFACT structure, mandate, terms of reference and procedures	ECE/TRADE/C/CEFACT/2010/15/Rev.3
Draft Strategic Framework 2014 - 2015: Sub programme 6: Trade	ECE/TRADE/NONE/2012/2

107. The Chair UN/CEFACT reported on UN/CEFACT activities. He explained that pursuant to EXCOM Recommendations, a new organizational structure had been approved by the UN/CEFACT Plenary in July 2011, as contained in document ECE/TRADE/C/CEFACT/2012/9.

108. On behalf of the Chair of the Working Party on Regulatory Cooperation and Standardization Policies, the secretary reported on recent achievements under the three main areas of work: regulatory cooperation; market surveillance; and the management of risks in regulatory frameworks. She informed delegations about a forthcoming publication on Risk Management in Regulatory Systems. Of particular relevance to the Committee, a Workshop on the use of Traceability as a tool for managing risks had been held as part of the 2011 session, and another on education on standards-related issues would be held as part of the 2012 session. The secretariat called for strengthened cooperation on these topics between the Committee and the subsidiary bodies.

109. The secretariat presented the activities of the Working Party on Agricultural Quality Standards (WP.7) since the last session of the Committee. In addition to adopting new

standards, WP.7 had organized training activities in more than 20 countries, and had published explanatory brochures in English, French and Russian.

110. The EU representative said that WP.6 and WP.7 were providing a very good balance between input and output and worked in an efficient manner. Similar statements were made by other delegations, including Belarus and EEC. The representative of EU also stressed the necessity of enhancing the visibility of the work of the three standard-setting bodies.

111. The representative of the Russian Federation expressed his country's appreciation for the work of WP.6, WP.7 and UN/CEFACT. He noted that the subsidiary bodies could be assessed in terms of the extent to which their norms, standards and recommendations were actually implemented by member States. However, as the implementation of UN/CEFACT recommendations was voluntary and not a formal requirement, it would be difficult to assess this subsidiary bodies against that criterion.

112. The representative of the EU requested the secretariat to provide detailed information on its activities and the past use of resources, as this would allow member States to take informed decisions the Committee's future activities. He added that the Committee should reflect on the secretariat support to UN/CEFACT, and requested further detailed information on the tasks carried out by the secretariat, information on UN/CEFACT outreach and capacity-building activities and how they related to UNNExT and UNESCAP activities.

113. The representative of Azerbaijan noted that capacity-building activities of UNECE were very important for enabling the successful implementation of economic integration efforts in the region.

114. The Committee took note of the reports of WP.6, WP. 7 and UN/CEFACT and requested that the working parties take into account the recommendations made by the Committee pending any decisions to be made regarding their work as part of the EXCOM review.

115. The Committee also took note of the revised UN/CEFACT structure as reflected in document ECE/TRADE/C/CEFACT/2010/15/Rev.3. The Committee supported the proposal made by some member States to improve transparency and accountability on the activities under the subprogramme (Decision 11).

116. The Committee was informed of the transmission by the secretariat to UN headquarters in New York of the biennial evaluation plan for the Trade subprogramme for 2012-2013(ECE/TRADE/C/2012/14) and the biennial evaluation report for 2010-2011(ECE/TRADE/C/2012/15) (Decision 12).

## **XVI. Other business (agenda item 14)**

117. The Committee decided to hold its sixth session in June 2013 and requested that the Bureau, together with the secretariat, and in close and ongoing consultation with UNECE member States, set the date, organize the session and inform delegations accordingly (Decision 13).

## **XVII. Adoption of decisions (agenda item 15)**

118. The Committee requested the secretariat to prepare a draft report on the fifth session and submit it to UNECE member States for comments and inter-sessional approval.

119. The EU representative said that if the understanding were that the decisions would only be preliminary recommendations, on which member States could make their observations, the EU would be glad to move forward.

120. The Committee approved the preliminary recommendations during the intersessional approval and requested the secretariat to distribute them to member States as Decisions and place them on the Committee's website.

## **Annex: Summary of round-table discussions**

### **Export and import challenges in countries with economies in transition**

1. The Ambassador of Switzerland to Kazakhstan and Tajikistan, Mr. Stephen Nellen, said that import/export and investment activities in Kazakhstan were particularly challenged by the following:

- Inconsistent and outdated legal framework
- Lack of developed dispute settlement mechanisms
- Restrictive work permits system
- Local content requirements
- Red tape
- Lack of adequately trained human capital
- Narrow range of available banking and insurance services.

2. These challenges provided the focus of development efforts. Most notable was the comprehensive dialogue that the government had launched with foreign investors in early 2012 to improve the investment climate. This dialogue was facilitated by a council, which brought together high-level members (deputy prime ministers, ministers and high officials) with foreign investors.

3. Mr. Jeremy Strauss, Senior Economic Policy Specialist at the United States Agency for International Development (USAID), said that time was of the essence, as it could take 5 to 10 years to bring complex trade-facilitation projects to their successful conclusion. Of equal importance was to allow for the broadest possible participation of the private sector, as this was critical for ensuring responsiveness.

4. The establishment of knowledge dissemination mechanisms, such as help desks, was yet another critical success factor. Otherwise, businesses and traders would not be able to comply with and reap the benefit of new procedures. He also highlighted the necessity of establishing cooperation mechanisms between border-control agencies, particularly for Single Window arrangements, to create a community of national experts capable of maintaining these modern systems in the long run.

5. Ms. Natalia Yacheistova, Deputy Director of the Department of Trade Policy at the Eurasian Economic Commission (EEC), provided a detailed overview of the EEC mandate, organizational structure and objectives. She explained that these structures and objectives were meant to bring about a balanced approach to trade development by achieving deep integration; capitalizing on the vast market offered by the Customs Union members (Belarus, Kazakhstan and the Russian Federation); and exploiting their export potential, particularly in the energy sector. EEC was also meant to serve as an entry point for other Commonwealth of Independent States (CIS) countries wishing to integrate into regional and global markets. She also noted the growth rates achieved by Belarus, Kazakhstan and the Russian Federation since the establishment of the Customs Union in 2010.

6. Mr. Alexander Elinson, General Director of NIPK Electron Co (based in Saint-Petersburg, Russian Federation), said that the Customs Union would bring significant benefits to the private sector. He said that its code covered all trade-related procedures and regulations, thus offering a comprehensive framework for guiding trade facilitation in the

subregion. In the case of the Russian Federation, more needed to be done to align trade documents to the standards and best practices of the Customs Union. Customs clearance in the Russian Federation was complicated by red tape, heavy documentary requirements (which differ by mode of transport) and the requirement for presenting hard copies of customs declarations even though the Russian Federation had already adopted e-declarations.

7. The business sector and the State were cooperating to improve the customs climate and a roadmap had been adopted to reduce time and the costs of exporting. Among the key targets set by this roadmap are to reduce the time required for completing export procedures to one working week by 2020, as it usually takes 36 days to complete these procedures.

8. Mr. Joern Rieken, Aid-for-Trade Team Leader, United Nations Development Programme (UNDP) regional office for Europe and CIS, said that trade development needs to be within an inclusive agenda. The emphasis should be on enabling the poor to benefit from trade and on assisting companies, and especially small and medium-sized enterprises (SMEs), to improve their competitiveness. This could be done through sectorally and regionally focused strategies that targeted supply-side bottlenecks at all levels.

9. He said UNDP helped countries to work towards these objectives through setting up business development centres, virtual information portals on regional and international markets, vocational training centres, SME networks, environment friendly production, and co-financed innovation.

10. The representative of Belarus noted the timely and appropriate nature of the discussions on export and import challenges facing transition economies, and stressed the importance of taking into account the discrepancy in these economies' development trajectories. Not all countries had been able to achieve the desired growth levels, and fewer had succeeded in achieving economic diversification. He said the Committee on Trade had an important role to play in providing a forum for exploring joint action within the United Nations system.

11. The representative of the Russian Federation said that thanks to UNECE, transition economies were now able to participate in developing internationally recognized standards, norms and rules in the area of trade facilitation, drawing on successful experiences and on UNECE's 50 years of expertise.

12. UNECE had proven its ability to provide pertinent recommendations to address the emerging challenges facing transition countries. He also expressed his appreciation of the exchange of experience between UNECE and EEC.

13. The representative of the Organisation for Economic Co-operation and Development (OECD) expressed her organization's interest in cooperating with the International Trade Centre and UNECE in order to involve the private sector through sectoral working groups that bring together representatives of the private sector and state agencies. She said that the OECD had started working in Central Asia and the Balkans in 2008 to help these countries improve their export competitiveness.

14. She said the UNECE's experience in trade facilitation would bring much benefit to the work of OECD. Yet another area for mutual collaboration could be supporting the green economy, as environmentally friendly goods could provide a new growth pole for the region.