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## **Economic Commission for Europe**

### **Committee on Trade**

#### **Sixth session**

10-12 February 2014

Item 6 of the provisional agenda

## **Matters Arising**

### **Review of the 2005 Reform of ECE and General Assembly budget decisions**

#### **Note submitted by the secretariat**

##### *Summary*

The Economic Commission for Europe (ECE) reform was adopted in December 2005 (document E/ECE/1434/Rev.1). At the 2011 session of the Commission, member States decided to carry out a review of this 2005 reform.

The ECE Executive Committee (EXCOM) undertook the review, during which a series of consultations with all member States were held and EXCOM received reports and information from all Sectoral Committees. At its sixty-fifth session in 2013, the Commission adopted its decision A (65) on the Outcome of the review of the 2005 reform of ECE (E/ECE/1464, annex III).

This document was requested by the Bureau of the Committee in order to inform delegations of the changes in the operating environment of the Committee on Trade resulting from the review outcome. It also takes into account the impact of reductions in the human resources of the ECE Trade Subprogramme due to both the Review and reductions in the budget.

This document is for information.

The current revised version was issued after the 6<sup>th</sup> session of the Committee on Trade taking into account the comments made during the session.

## **I. Outcome of the Review of the 2005 Reform and its impact**

The text directly relevant to the Trade subprogramme from the Outcome of the Review of the 2005 Reform can be found in annex.

2. The following is a summary of the impact of the Review outcome on the Trade subprogramme:

a) UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT)

The UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT) now reports directly to the UNECE Executive Committee (EXCOM).

In addition, one P4 and one P2 post that were supporting trade facilitation capacity building were transferred from the Trade subprogramme to the Transport subprogramme effective 1 January 2014. Another P4 post working on capacity building and, in particular, on implementation guidelines and training material, will be transferred to standardization activities in 2015, when the projects the post is currently supporting finish.

The transfer of the above mentioned two posts to the Transport subprogramme will dramatically reduce the ability of the secretariat to manage extra-budgetary projects on trade facilitation. In addition, the elimination of regular budget resources for the development of guidelines and training material, will reduce the eventual number and quality of tools that the Committee can recommend to member States for the reduction of procedural and regulatory barriers to trade.

Although the Committee on Trade no longer has a supervisory role with regard to UN/CEFACT, it is essential to maintain cooperation between UN/CEFACT and other areas of work under the Committee on Trade. For example, there are important areas for cooperation between WP.6 and UN/CEFACT in reducing barriers to trade and WP.7 can make important contributions to work on improving agricultural supply chains. Therefore, UN/CEFACT will still keep the Committee on Trade informed on the latest developments in its work.

b) Working Party on Regulatory Cooperation and Standardization Policies (WP.6) and Working Party on Agricultural Quality Standards (WP.7)

The Committee was requested to strengthen the standards-setting activities under WP.6 and WP.7. In addition, standard-setting bodies were requested to improve communication and emphasize the practical and political importance of their technical outputs.

The secretariat is in the process of investigating the options available, in particular, for strengthening the resources available to WP.7 which has also been negatively affected by UN-wide budget cuts (see the section below on budget cuts).

During 2014 secretariat staff responsible for the communications of standards-setting bodies will participate in training to improve their skills in this area. In addition, after the February 2014 Committee session, the Committee's Bureau will discuss what can be done to meet these requests at the intergovernmental level.

c) Back-to-back annual meetings of the Committee on Trade and the Committee on Economic Cooperation and Integration

The Committee on Trade and the Committee on Economic Cooperation and Integration were asked to organize their annual meetings back-to-back in the same week.

As a result, the previously scheduled dates of the meetings of the two Committees for 2013 and the related reservations for rooms and interpretation were cancelled. At the

same time, it was not possible to find alternative dates during 2013 when rooms and interpretation were available in order to allow the meetings to be held back-to-back.

d) Synergies between the Committee on Trade and the Committee on Economic Cooperation

Member States further agreed that the Committee on Trade and the Committee on Economic Cooperation and Integration should further synergize their work. The secretariat was also invited to draw up a report by the summer of 2014 on whether or not to merge the two Committees.

Discussions on possible synergies will take place during the February 2014 sessions of both Committees and the secretariat has prepared a plan for the preparation of the requested report by 1 June 2014. In the implementation of this plan, the secretariat will need to receive requested input from member States in a timely manner.

e) Merger of the Divisions on Trade and on Economic Cooperation and Integration into one single Division

As requested in the Review of the Reform, the UNECE Divisions on Trade and on Economic Cooperation and Integration were merged as of 1 September 2013. As a result, some of the work previously undertaken by the Directors of these two divisions has had to be delegated to staff at the P5 level, thus reducing their time available for other work. There has not been enough time to evaluate other impacts on the work, although timely delivery may eventually be an issue due to the number of outputs that need to be reviewed by one person at the Director's level.

## II. General Assembly cuts to the 2014-2015 budget

3. In a separate process, the General Assembly communicated its decision to make budgetary reductions in the personnel of the secretariat in December 2012. Decisions about which posts to cut were made on the basis of vacant posts and posts where staff would be retiring in 2013 and 2014. As a result, three posts in the Trade subprogramme were identified for cuts.

- A General Service (secretarial) post supporting the Working Party on Regulatory Cooperation and Standardization Policies (WP.6) which will become vacant at the end of August 2014 when the incumbent retires.
- A P3 Editorial Post where the incumbent retired on 31 December 2013
- A P2 Associate Economic Affairs Officer post which was also supporting the Working Party on Regulatory Cooperation and Standardization Policies (WP.6) which was under recruitment at the time of the announced budget cuts

4. At the end of December 2013, the General Assembly decided not to cut professional posts in the regional commissions. Consequently, the P2 and P3 posts mentioned above were returned to UNECE and the secretariat is currently reviewing the next steps to be taken.

5. The already existing or expected impact of continued vacancies or eliminated posts is described below under points a through c. The secretariat will do its best to mitigate the impact of these resource reductions on the programme of work, but it is not possible to reduce human resources significantly and maintain the previous levels of work. Therefore, the Committee may wish to ask its Bureau to discuss in further detail during the coming year any adjustments that may be needed to the 2014-2015 programme of work.

a) Because it was on the list of posts to be cut, the P2 post supporting WP.6 had to be left vacant since December 2012. This has resulted in the reduction or suspension of a number of activities including: suspension of work on the market surveillance database; reduction to a minimum of activities on education and training; reduction of meetings and work on risk management in regulatory frameworks; and reduction in contributions to international and regional activities related to this area. This situation will continue until it is possible to recruit against a post for WP.6 support.

b) The P3 editorial post has only been vacant since 1 January 2014 and recruitment for this post has not yet started. The absence of a staff member on this post will, undoubtedly, make it much more difficult to implement the request in the Outcome of the Review of the Reform to improve the communications from the bodies working on standards as the post was also responsible for public information activities. In addition, during this period we expect to see a reduced level of quality in the parliamentary documents and publications, and a longer lead time will be needed in order to finalize them on time.

c) The G5 post responsible for supporting WP.6 and part of the publications work under WP.7 will become vacant from September 2014. . As this post will be abolished, its work will have to be distributed among other General Service staff. This will result in a generally reduced capacity across the entire subprogramme, and in particular for WP.6, for supporting meetings, publications and extrabudgetary projects, undoubtedly resulting also in the late delivery of outputs during peak periods.

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# ANNEX

## Relevant text from the decision on the Review of the 2005 Reform (E/ECE/1464, Annex III)

### Paragraphs 1 and 6

1. The Economic Commission for Europe (ECE) reform was adopted in December 2005 (document E/ECE/1434/Rev.1, which is reconfirmed subject to this decision). Member States decided at the 2011 Commission session to carry out a review of the reform. The modalities of the review, which were adopted by the Executive Committee (EXCOM) and finalized in July 2011,<sup>1</sup> state that: “Bearing in mind the overall objective of an improved allocation of resources within the Commission (both within the Committees and subprogrammes and between them) based on clearly defined and updated mandates, the reduction of the current overstretch, and an increased emphasis on areas in which the Commission has clear demonstrable added value, EXCOM would review the work and priorities within each of the eight subprogrammes implemented by ECE”.

6. The following priorities and activities were identified in the review process to be implemented within the existing regular budgetary and additional extrabudgetary resources under the overall guidance and decisions of the Sectoral Committees and EXCOM.

### Paragraphs 17-18

#### Trade Development Subprogramme

17. The ECE Subprogramme on Trade undertakes value added standard-setting work through Working Party 6 (Regulatory cooperation) and Working Party 7 (Agricultural quality standards) and through the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) which has a global participation and its own structure in which decision-making is centered in the Bureau and Plenary.

18. On the basis of the above:

(a) The subprogramme should continue implementing its standard-setting mandates and strengthen its standard-setting activities in Working Parties 6 and 7 under the overall guidance of the Committee, and in UN/CEFACT under the overall guidance of EXCOM.<sup>1</sup> Capacity building and technical assistance activities to help countries in the region to implement standards developed under the subprogramme may be decided by EXCOM, if they are financed from extrabudgetary resources, demand-driven, results oriented, time limited and closely coordinated with other international actors, such as the World Trade Organization (WTO), United Nations Conference on Trade and Development (UNCTAD) and International Trade Centre (ITC);

(b) Standard-setting bodies should improve communication and emphasize the practical and political importance of their technical outputs (e.g. in terms of facilitating trade, improving the quality of food, making harbours in the world work efficiently, etc.);

<sup>1</sup> At the end of 2014 EXCOM may decide, after evaluation, whether it is desirable for UN/CEFACT to report to the Committee on Trade.

(c) In allocating regular budgetary resources, due regard should be given to the needs of the subprogramme and the Trade and Economic Cooperation Division so that they can continue to do their work and service the subsidiary bodies in an efficient way in the future.

Paragraph 31(b), (c), and (g)

31. In the framework of the Reform Review process, member States

(b) Identified three posts presently allocated to the Global Trade Solutions Section of the Trade Division, and used for capacity-building activities (two P4 posts and one P2 post), and agreed that two of these could, after completion of their present activities and at the latest by January 2014, be transferred to the Transport Division, to be used primarily to service Working Party 29, whereas the remaining post should be reallocated internally in the Division to servicing the standard-setting activities;

31. In the framework of the Reform Review process, member States:

(c) Agreed to merge, by January 2014, the Divisions on Trade and on Economic Cooperation and Integration into one single Division on Trade and Economic Cooperation. This synergy would free one D1 post and a G post which could, possibly after a re-naming, be reallocated to those activities in the organization that suffer from an overstretched use of their current resources and which should help respond to budget cuts imposed from Headquarters in New York. Member States encourage the secretariat to identify other personnel and resource efficiencies that could result from this merger. The merger should not negatively affect the output of the work programme of the merged divisions;

(g) Agreed that the Trade Committee and the Committee on Economic Cooperation and Integration will, from 2013 onwards, organize their two-day annual meetings, back to back, in the same week. Member States agree in principle that both Committees should further synergize their work. The secretariat is invited to draw up a report by the summer of 2014 so as to allow EXCOM to take a decision, before 1 December 2014, on whether or not to merge the two Committees.

## **Relevant text from the Chair's Conclusions from the Meeting of the Executive Committee on 6 February 2014**

Item 9 – Implementation of the outcome of the Review of the 2005 ECE reform with regard to the Committee on Trade and the Committee on Economic Cooperation and Integration (Informal documents 2014/3/Rev.1 and 2014/6)

21. The Chair recalled the understanding reached during informal consultations on 30 January 2014 concerning the Committee on Trade and the Committee on Economic Cooperation and Integration, as contained in document 2014/6. He also called the attention of EXCOM to the informal document 2014/3/Rev.1 which outlines the process in implementing the review outcome with regard to the two Committees.

22. As regards elections of the Bureaux, the representative of the EU and its Member States recalled points 7 and 8 of the Guidelines on Procedures and Practices for ECE bodies and suggested that an election procedure be applied horizontally throughout ECE, whereby the secretariat will: (i) send out a communication, sufficiently in advance of elections, inviting Member States to nominate candidates (accompanied by CVs and motivation letters) with a closing date that is at least 3 weeks before the planned day of the election, and (ii) circulate candidatures (with CVs and motivation letters), at least 2 weeks before the planned election, to Geneva representations, thus allowing for consultations among members.

23. As for the CECI rules of procedure, the representative of the EU and its Member States suggested that the document be brought in line with the Guidelines on Procedures and Practices for ECE Bodies and be taken up at EXCOM in view of its horizontal nature. He further stated that the EU and its member States would like to receive concrete ideas from the secretariat and the two bureaux on how the synergies between the two Committees might take shape, as already decided by the ECE Commission in April 2013.

24. The Chair concluded that the EXCOM confirmed the understanding reached, namely that (i) the Committee on Trade and the Committee on Economic Cooperation and Integration may meet – on an exceptional basis – during the week of 10 February 2014 in accordance with Commission Decision A (65) and that consultations on revised mandates/terms of reference will have to be undertaken after those meetings; and (ii) paragraph 31g of Commission Decision A (65) provides that the secretariat will draw up a report by the summer of 2014 so as to allow EXCOM to take a decision, before 1 December 2014, on whether or not to merge the two Committees.