The Bureau of the Committee is submitting this draft programme of work for 2004 – 2007 to the Committee for approval. The draft programme is set out in three parts. The first part, contained in the current document, introduces the programme of work and the strategic directions for the two subprogrammes under the Committee’s responsibility: namely Trade Development, and Industrial Restructuring and Enterprise Development. The second part can be found in the documents TRADE/2004/4/Add.1 and TRADE/2004/4/Add.3, which describe, in detail, the specific activities to be undertaken. The third part consists of summary tables of these specific activities and can be found in documents (TRADE/2004/4/Add.2 and TRADE/2004/4/Add.4).

Because the 2004 session of the Centre for Trade Facilitation and Electronic Business (UN/CEFACT) will be held after the Committee session, the parts of this work programme that relate to the work of UN/CEFACT are presented for information only and will be re-submitted to the Committee, with any subsequent changes, through the intersessional approval process. The Bureau also requests that: 1) the programme of work for the Subprogramme on Industrial Restructuring and Enterprise Development (comprising the Working Party on International Legal and Commercial Practice (WP.5) and the Working Party on Industry and Enterprise Development (WP.8)) be approved for the period up until the 2005 session of the Committee, and 2) that, to create a coherent and focused Subprogramme on IR&ED, during the coming year both Working Parties undertake a review of the remainder of the programme of work, together with the secretariat, in order to provide it with greater focus. The Bureau noted that 3) in this framework, the decisions and orientation of the recent WP.8 annual session could serve as a good benchmark.

Two divisions, the Trade Development and Timber Division and the Industrial Restructuring, Energy and Enterprise Development Division, service this programme of work. Information on the work under the Committee can be found on its website: [http://www.unesc.org/trade](http://www.unesc.org/trade).

Previous, related documentation: TRADE/2003/11 (Draft Programme of Work 2003-2005: Strategic Directions)
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Introduction

1. The following presents the 2004 to 2007 strategic directions for the UNECE Trade Development subprogramme. This is based upon and takes fully into account the approved mandate, strategic goals and objectives for the Committee (document TRADE/2002/17). It outlines UNECE’s market niche, mission, objectives, resources and current work in international trade, as well as how the regional commission’s trade activities integrate with those of other UN and international trade-related bodies.

Background

2. Implementing international standards and trade facilitation measures dramatically improves the trade infrastructure, competitiveness and market integration of countries and entire regions. Following many years of multilateral trade liberalization under the General Agreement on Tariffs and Trade, implementation of trade facilitation measures is now generally regarded as being more effective than tariff reduction for developing international trade.

3. UNECE plays a major role in developing and maintaining many of the norms and standards that facilitate the efficient functioning of international trade infrastructure. For instance, its UN Layout Key is the international standard for most trade documents, and is the foundation for the Single Administrative Document (SAD) for trade used within the European Union. UN/EDIFACT is the international standard for electronic data interchange (EDI). UNECE, through UN/CEFACT, is currently developing the next generation of e-business standards in collaboration with the business community. UNECE also develops internationally harmonized trade standards for agricultural produce, as well as doing extensive work on technical harmonization and standardization policies.

4. There are many trade policy issues related to trade facilitation and regional development that are not touched upon by WTO discussions, including the policies needed for implementing and enforcing WTO rules, and where the UNECE has unique expertise. UNECE provides a forum for such trade policy discussions where countries in transition can participate on an equal footing with more developed countries from Europe and North America. This is particularly useful for countries that have newly acceded to WTO or are in the process of doing so.

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1 United Nations Layout Key for Trade Documents, Guidelines for Application, 2002 (ECE/TRADE/270).

2 UNECE has developed, and maintains, the only international standard for Electronic Data Interchange (EDI), which is known as UN Electronic Data Interchange for Administration, Commerce and Transport or UN/EDIFACT. UN/EDIFACT is widely used in international trade and has been adopted by the European Union as well as by many individual countries such as Brazil, the Republic of Korea and Singapore. It is also the preferred EDI standard within the US Government.
5. The UNECE trade facilitation and standards work enhances the economic potential of member States by increasing market access and reducing the costs of trade. Member States have explicitly requested that this work should continue. The importance of this work is also emphasized in recent policy directives of the UN for sharing the benefits of globalisation, including the Millennium Declaration and Goals and the Monterrey Consensus. The UNECE Trade Development programme will continue to focus on these areas and will provide an open forum where all countries can participate in policy discussions and the development of new norms, standards and initiatives.

Rationale for the Programme of Work

6. The programme of work reflects the expressed needs of UNECE member States, as detailed in the UNECE revised Medium-Term Plan (to “facilitate and develop the infrastructure for international trade”) the Terms of Reference, Policy Objectives and Strategic Goals of the Committee for Trade, Industry and Enterprise Development (CTIED), as well as the Plan of Action as contained in the UNECE 1997 Annual Report, and the terms of reference of the subsidiary bodies of the Committee.

7. The programme of work is framed within the Millennium Development Goals for a global partnership for sustainable development (Millennium Development Goals 7 and 8), and the Monterrey Consensus, which states that “globalisation should be fully inclusive and equitable”. The programme also takes direction from the report by the Secretary-General on “Strengthening the United Nations”, in which he says that a proper framework of rules, norms and standards for international trade needs to be developed and implemented in order to help the international community respond effectively to the challenges posed by globalisation.

8. UNECE works to ensure that international trade is carried out as efficiently and equitably as possible, with full regard to the public interest and security, and with the active participation of civil society. The programme of work continues to focus on developing a framework of rules, norms and standards for international trade, while embracing the need for policy development and implementation of existing trade facilitation norms and standards, especially in transition economies.

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6 Subprogramme 6 – Trade development – Objective “The objective is to facilitate and develop the infrastructure for international trade in terms of trade-related norms, standards, tools and policy recommendations; to reduce the main internal and external obstacles to trade and economic cooperation in the UNECE region; and to further the integration of countries with economies in transition into the global economy.


9. UNECE cooperates with the other United Nations regional commissions, the United Nations Conference on Trade and Development (UNCTAD) and the WTO to support an open and accessible forum for intergovernmental policy deliberations on trade in goods and services. At the regional level, studies, seminars, workshops, advisory services contribute to improving economic integration in Europe. Activities are also planned to strengthen transition economies in their policies and institutions to ensure the sustainable development of trade. The business community and non-governmental organizations (NGOs) are encouraged to participate in all aspects of the subprogramme.

10. The programme of work, by supporting policy dialogue at the regional level on trade and development issues, contributes to building the Monterrey consensus, as identified at the International Conference on Financing for Development. It also supports the development and implementation of new information and communication technologies (ICT) in trade, especially through electronic business standards and procedures, and through follow-up to the World Summit on the Information Society. The programme also contributes to the Doha Development Agenda through its emphasis on measures to integrate low-income transition economies into the regional and multilateral trading system.

**UNECE’s Trade Development Market Niche, Mission and Objectives**

*Market niche*

11. UNECE’s market niche in Trade Development is clearly centred on:

- Standards development and trade facilitation - (at a global level)
- Implementation of these measures - (in member States)
- Facilitation of debate and policy development - (at the UNECE regional level)

12. UNECE’s decade-long experience in each of the above areas has placed it as a world leader in international trade facilitation, receiving strong backing from member States, international organizations and the private sector. UNECE seeks to be a driving force in creating and sustaining standards, tools and policies for international trade facilitation and regional trade development.

*Mission*

13. Within the framework of the Millennium Declaration goals of “sustainable development” and “sharing the benefits of globalization”, UNECE’s Trade Development mission is to facilitate the development of global infrastructures for trade in goods and services, both within the UNECE region and between the region and the rest of the world.

14. UNECE devotes particular attention to developing the trade infrastructure in member States and will undertake specific programmes to further the integration of economies in transition into the global economy through the implementation of policy recommendations and international norms and standards.

*Objectives*

15. In order to achieve this mission, UNECE’s trade development programme will focus on five key objectives. The numbering does not imply any particular priority, as they are all interrelated and interdependent:
Developing and maintaining effective international trade-related instruments, norms, standards and recommendations, in response to the needs of the global economy;

Reducing barriers to trade in goods and services in all countries, and UNECE member States in particular, through greater implementation of international and UNECE norms, standards, instruments and recommendations, especially in trade facilitation;

Facilitating trade policy development through providing an international platform for exchange of views, particularly for the benefit of countries with economies in transition. Examples include trade security, European integration and sustainable development;

Promoting the value and effectiveness of trade facilitation instruments and standards in trade and economic development;

Integrating UNECE’s trade activities with those of other UN and international trade-related bodies.

16. The specific work items to be undertaken in the above areas are set out in detail in document TRADE/2004/4/Add.1.

**UNECE’s Trade Development Resources**

17. A number of intergovernmental bodies and working parties direct and support the Trade Development programme:

   - Committee for Trade, Industry and Enterprise Development (CTIED)
   - United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT)
   - Working Party on Agricultural Quality Standards (WP.7)
   - Working Party on Technical Harmonization and Standardization Policies (WP.6)

18. An overview of these intergovernmental bodies and their sub-groups can be found in Annex. In addition, a more detailed description of these bodies and the focus of their work can be found in section 1.6 of document TRADE/2004/4/Add.1, which contains the programme of work for 2004-2007.

19. Within the secretariat, Trade Development work is implemented by two branches under the Trade Development and Timber Division:

20. The Trade Policy and Intergovernmental Cooperation Branch which is responsible for the intergovernmental meetings, the work on trade policy and all the work on agricultural quality standards and regulatory harmonization and standards policy.

21. The Global Trade Solutions Branch which is responsible for supporting all of the work under UN/CEFACT on trade facilitation and electronic business as well as all active extra-budgetary and technical assistance projects.
22. The work items to be implemented as part of the 2004-2007 programme of work for the Trade Development subprogramme can be found in the second part of this document, i.e. in TRADE/2004/4/Add.1

**Implementing the Trade Development Programme of Work**

23. Over 30 UNECE Recommendations guide the implementation of trade facilitation, based on best practice and agreed international procedures. Many UNECE standards have been adopted worldwide and several have become United Nations Recommendations and standards of the International Organization for Standardization (ISO).

24. The Committee has also provided an important forum for policy discussion on issues related to trade in services, trade facilitation and a wide range of issues related to economic transition.

25. UNECE work on agricultural quality standards is used widely in global trade. UNECE has developed close to 100 standards in fresh fruit and vegetables, dry and dried produce, early and ware potatoes, seed potatoes, eggs, meat and cut flowers. Many of these standards serve as the basis for European Union legislation and Codex Alimentarius standards, and are actively promoted by all member States of the Organisation for Economic Co-operation and Development (OECD).

26. UNECE also carries out extensive work on technical harmonization and standardization policies, providing a unique intergovernmental forum for debating and addressing issues related to the coordination, harmonization and conformity assessment of standards and associated accreditation issues.

27. The Trade Development and Timber Division contributes to policy-relevant cross-sectoral activities of the UNECE, including “Trade, Environment and Timber” and “Cross-border Trade and Transport Facilitation” (with the Economic and Social Commission for Asia and the Pacific (ESCAP)). It contributes to UN global initiatives, and currently in particular to the UN Information and Communications Technologies (ICT) Task Force and the World Summit on the Information Society (Tunis, 2005).

28. The Trade Development Subprogramme leads the UNECE’s Wider Europe project focussed on supporting EU accession and assisting in ensuring that EU enlargement does not result in new barriers in the region. In order to support this goal, several workshops have been organized.

29. The Division also provides focal points for UNECE regarding relations with the European Union (EU), the WTO, the Food and Agriculture Organization (FAO), ISO and the United Nations ICT Task Force.

30. Technical work is complemented by an active programme of capacity building and cooperation to support the implementation of existing trade norms and standards in the UNECE region, including eastern and central Europe, the Commonwealth of Independent States, and southeast Europe.
31. Current projects include:

- Capacity building in Trade Facilitation and Electronic Business in the Mediterranean (e-Med)
- Capacity building to Improve Trade Finance and Investment Prospects for the Sustainable Development of the Russian Timber Sector
- United Nations extensions for aligned electronic trade documents (UNeDocs)
- Development assistance for the implementation of Electronic Data Interchange (UN/EDIFACT) information technologies in selected eastern European countries
- Participation in an interregional partnership with other UN regional commissions for promoting trade through knowledge management and taking advantage of information and communication technology
- Support to the Southeast European Cooperative Initiative (SECI) and the Stability Pact for S.E. Europe
- Participation in the United Nations Special Programme for the Economies of Central Asia

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INDUSTRIAL RESTRUCTURING AND ENTERPRISE DEVELOPMENT SUBPROGRAMME
STRATEGIC DIRECTIONS
Towards a Sustainable and Modern Economy

Introduction

32. The following presents the strategic directions for Industrial Restructuring and Enterprise Development from 2004 to 2007 to be followed by the Industrial Restructuring, Energy and Enterprise Development Division (IREEDD) over the period January 2004 to December 2007.

Objectives, Accomplishments and Methods

33. In the framework of the intensified globalization, liberalization and competition across the range of industries, services included, both worldwide as well as in the UNECE region, majority of the UNECE countries have undertaken a series of measures aiming at macroeconomic and structural changes. Those changes have targeted increasing productivity and competitiveness, cost reduction and employment gains. The process seemed to be more complicated and complex than originally envisaged even in some of the most advanced economies with many issues related to economic restructuring and enterprise development still open. At the same time, the transition economies, which since the beginning of the transition process in the early 1990s, have moved, at a varying pace, from a centrally planned towards a market-based economic system, tried to follow the aforementioned pattern. The introduced changes in economic policy and structure however, resulted not only in selected output gains but also in undesirable side effects such as unemployment, creation of so-called dual economies and sometimes significant brain-drain to market economies.

34. Therefore, economic and industrial restructuring and enterprise development in the UNECE region require continuing attention including institution revision / building and an appropriate, sometimes very complex, regulatory environment. It seems obvious that countries in the UNECE region would benefit from stimulating good corporate governance, entrepreneurship and the development of small and medium-sized enterprises (SMEs), promote the use of information and communication technologies, develop new legal and commercial practices, and build partnerships between public and private sector. Furthermore, it is clear that those activities in market economies and economies in transition in the ECE region are closely interlinked and interdependent.

35. The UNECE objectives in the area of industrial restructuring and enterprise development are to assist Governments in establishing an enabling environment for the formation and evolution of private enterprise and entrepreneurial activities; to increase the competitiveness of enterprises; and to ensure the sustainability of industrial development, including knowledge-based industries region-wide, with an emphasis in some of those activities in countries with economies in transition.

36. In order to meet the objectives described in paragraph 52 of this document, the Industrial Restructuring and Enterprise Development part of the Industrial Restructuring, Energy and Enterprise Development Division will work on delivering the following concrete accomplishments:
- Enhanced policy dialogue on industrial restructuring and modernization, and investment mobilization;

- Exchange of information and experiences on ways and means for promoting investments through (i) private-public partnerships; (ii) land for development; (iii) innovation and (iv) good corporate governance;

- Implementation of policies and measures by countries in economies in transition in favour of the creation and development of small and medium-size enterprises, including women and youth entrepreneurship;

- Improved understanding and dialogue on the knowledge-based development in the UNECE region and in particular of countries with economies in transition.

37. In order to deliver the described accomplishments, the UNECE intends to operate within an already established network of government officials responsible for enterprise restructuring and development within the Ministries of Economy, Trade, Industry and Finance and of the major financial and non-financial public and private corporations. Needless to say, this network needs to be strengthened. In addition, the support of various expert groups and advisory bodies will be solicited to assist Governments in dealing with key challenges such as: the removal of obstacles to domestic and foreign investment; the creation of an environment conducive to transforming the old industries into new ones, which are products of the newly emerging knowledge-based economy; the strengthening of the regulatory and institutional framework; and the consistent enforcement of property rights in the UNECE region, especially in countries with economies in transition. Finally, in the course of the work training and education of policy makers in implementing business development strategies and in creating modern institutions for promoting entrepreneurship might also be considered. If the resources available would allow, the UNECE would foster the implementation of related standards through establishing international benchmarks in such areas as: corporate governance, infrastructure financing mechanisms, property rights valuation and enforcement, and Internet-based entrepreneurship.

Rationale for the Programme of Work

38. This programme of work is needed for four main reasons:

- First, the accumulate problems with enterprise development and management in the UNECE region have now become obvious. At the same time, those urgent issues hinder an effective economic and industrial restructuring across the region and perhaps in particular in many countries with economies in transition, which would benefit from restructuring and diversifying their economies for sustained economic growth.

- Second, Governments in the UNECE region face a number of institutional, regulatory financial and social constraints in implementing effective enterprise restructuring policies. Again, countries with market economies are perhaps hardest hit. Multilateral cooperation and the other related means set out above could be an effective mean to address the issue.
Third, many Governments lack an emphasis in creating an enabling framework for enterprise development and management. The task is to foster enterprise development and in selected instances to encourage industries to develop competitive advantages particularly in innovative and knowledge-based / high-tech industries. In some situations, it could require measures and policies to support the technological upgrading of enterprises, to implement innovation policy that helps commercialization of intellectual property, to assist start-ups, creation of dynamic business-oriented development agencies, and the creation of suitable financing / credit facilities.

Fourth, the UN goals as set out in the Global mandates, namely the Millennium Development Goals, the Monterrey Consensus, and the World Summit on Sustainable Development offer a challenging vision of enterprise development in the twenty-first century. This dynamic approach emphasizes the changing roles of economic actors, public and private, along with civil society. It urges the promotion of good governance, accountability in public and private bodies, transparency, consultation with ‘stakeholders’, including employees, as well as the need in situations of scarce resources, to create innovative partnerships between governments, NGOs and the business community.

**UNECE’s Industry and Enterprise Development Intergovernmental Bodies and Resources**

**Overview**

39. The UNECE Industrial Restructuring and Enterprise Development subprogramme is carried out by two subsidiary bodies of the CTIED: the Working Party on International Legal and Commercial Practice (WP.5) and the Working Party on Industry and Enterprise Development (WP.8). Participation in these bodies is open to Governments and various elements of civil society such as the private sector (which is supposed to provide critical inputs for some of aforementioned accomplishments), nongovernmental organizations, academic communities and other interested groups.

40. The work is organized through a number of teams of specialists and advisory groups, which report to the working parties. These groups are open-ended and results-oriented arrangements, with clearly defined mandates that are given initially for two years and subsequently extended on a yearly basis.

41. The UNECE industry and enterprise development resources comprise the secretariat, incorporated into the Industrial Restructuring, Energy and Enterprise Development Division, and a network of experts who support the programme and who, on a voluntary basis, contribute to its implementation. The coordinated work of government officials and representatives of various institutions – civil society associations, academia and the private sector – ensures that the results reflect fairly the interests and aspirations of the UNECE governments above all and then, if appropriate, various other stakeholders.

**Working Party on International Legal and Commercial Practice**

42. The Working Party on International Legal and Commercial Practice (WP.5) promotes reform and capacity building in the legal, institutional and regulatory frameworks in the UNECE region with an emphasis on the transition economies. It helps countries to design and implement guidelines on best legal and commercial practices and carries out technical assistance programmes and training courses in countries at their request. The goals and objectives of these programmes follow the goals of the United
Nations Millennium Declaration on the alleviation of poverty, the UN Financing for Development Conference and the “Monterrey Consensus, and the Summit on Sustainable Development in Johannesburg. The Working Party involves the business community and civil society as much as possible in its activities. It also supports the harmonization of laws and institutions as part of European economic integration and the process of EU enlargement. Its contribution to improving the legal and regulatory frameworks promotes enterprise development and the conditions for foreign direct investment (FDI), particularly in the transition economies.

43. At the beginning of 2004, the Working Party had under its auspices the following three advisory groups:

- Public-Private Partnership Alliance
- Real Estate Advisory Group (REAG)
- Advisory Group on the Implementation of Intellectual Property Rights for Investment,

while previously active, the Advisory Group on Arbitration and Dispute Resolution is currently dormant.

Working Party on Industry and Enterprise Development

44. The mission of the Working Party on Industry and Enterprise Development (WP.8) is to promote entrepreneurship, enterprise development and management, industrial restructuring and a sustainable business environment in the region. It organizes the exchange of relevant information and experience, helps to promote best practice in innovation and the development of knowledge-based industries, studies the relevant economic, technical and regulatory issues, and makes recommendations for government action.

61. The Working Party supervises the teams of specialists set up to implement certain activities on an ad hoc basis. It cooperates with other bodies of the Commission, other intergovernmental and non-governmental institutions and the business community.

45. At the beginning of 2004, the Working Party had under its auspices the following teams of specialists:

- Team of Specialists on Industrial Restructuring
- Team of Specialists on Chemical Industry Sustainable Economic and Ecological Development (CHEMISEED)
- Team of Specialists on Quality Management Systems
- Team of Specialists on Entrepreneurship in Poverty Alleviation
- Team of Specialists on Women’s Entrepreneurship
- Team of Specialist on Internet Enterprise Development

Strategic Directions for 2004-2007

46. The strategic directions for UNECE’s industrial restructuring and enterprise development subprogramme cover three clusters of activities: (a) industrial development, (b) knowledge-based economy and (c) enterprise development.
47. Thus, the activities planned for 2004-2007 are thus divided into the following main areas:

A. Industrial Development
   • industrial restructuring and industrial policy
   • factors and conditions of competitiveness
   • sustainable industrial development
   • corporate governance
   • corporate social responsibility

B. Knowledge-based Economy (KBE)
   • innovation and technology policies
   • ICT policy and regulatory framework
   • assessment of conditions and readiness of countries for KBE development
   • strategies for KBE development
   • commercialization of intellectual property rights and their use for economic development

C Enterprise Development
   ▪ legal and policy framework, and support measures for entrepreneurship and SMEs
   ▪ best practices of enterprise development in ECE region
   ▪ women entrepreneurship
   ▪ youth entrepreneurship
   ▪ management systems and practices for SMEs.

48. With regard to the previous paragraph and to individual programme areas, the WP. 8 Bureau has recommended to the Working Party:

- to discontinue the mandate of the Team of Specialists on Chemiseed, while maintaining the support of UNECE to the Seminars on soil decontamination organized by Intersol; the organization of such seminars would become an ad hoc activity of the Working Party with limited participation by the secretariat;

- to cluster the activities of the Team of Specialists on Quality Management Systems under the WP. 6 (Working Party on Technical Harmonization Policy), which is better placed than the WP. 8 to host those activities;

- to refocus the activities under the “Emerging knowledge-based economy” sub-programme. Its emphasis should move from the development of technical standards relating to Internet-based entrepreneurship (as for example in the area of on-line dispute resolution) to the promotion of capacity building for knowledge-based economy and the related Government policy.
49. UNECE enjoys well-structured cooperation and coordination with numerous international organizations both within and outside the United Nations system. However, during 2004-2007, particular attention will be given to strengthening its constituency including the cooperation with the International Chamber of Commerce (ICC), United Nations Industrial Development Organization (UNIDO), the International Telecommunication Union (ITU), the European Bank for Restructuring and Development (EBRD) and selected sub-regional groupings such as Commonwealth of Independent States (CIS), to develop and benefit from synergies in the different approaches of these organizations to industry and enterprise development in the UNECE region. The business community in particular and selected non-governmental organizations will be encouraged to participate in all aspects of the programme.

50. Cooperation with other organizations will be further strengthened over the planning period