



TRADE

Reducing non-tariff barriers to trade

The UNECE region includes a large number of landlocked countries and transition economies that are still struggling to integrate themselves into the world economy.

Through its Trade programme, UNECE works to improve their situation, as well as the world economy, by helping all countries to reduce non-tariff barriers to trade.

To this end, the Committee on Trade undertakes and discusses trade needs assessments while its three subsidiary bodies draw up standards and recommendations on:

- **Trade facilitation and electronic business** - The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) focuses on facilitating national and international trade transactions. It simplifies and harmonizes processes and procedures over the trade-transaction chain by developing electronic business standards and specifications.
- **Regulatory cooperation and standardization policies** - The Working Party on Regulatory Cooperation and Standardization Policies (WP.6) aims at building a shared regulatory framework and at achieving greater security for consumers and workers, better protection for the environment and reduced cost for international trade.
- **Agricultural quality standards** - The Working Party on Agricultural Quality Standards (WP.7) develops standards for agricultural produce that define minimum quality requirements in order to facilitate the trading process.



Main achievements in 2010

Committee on Trade - Country assessments

Following discussions among UNECE member States on the future direction of the Committee, in February 2010 the Executive Committee (EXCOM) asked the Committee to assess and report on the regulatory and procedural barriers to trade in three countries with economies in transition during 2010-2012.

These reports will serve as a basis for policy discussions at the Committee that should result in recommendations: to individual countries or regional groupings on how they could improve their trading environment; to countries and donors on areas where financial assistance would be most useful; and to UNECE on where it could undertake additional work.

UNECE counts many landlocked countries and transition economies that are still struggling to integrate into the world economy

In response to the EXCOM decision, a methodology was developed for trade needs assessments that is adapted to the transition economies, based on work by the World Bank. A trade needs assessment study based on this methodology was implemented in Belarus. This study takes into account an inventory of existing information and studies, and includes a section on regulatory cooperation and another on trade facilitation related obstacles. Further, the study provides conclusions and recommendations on policy as well as on practical issues related to non-tariff barriers to trade. The full study on Belarus will be completed in early 2011 and will be discussed by the Committee on Trade at its fourth session, in June 2012.

UN/CEFACT - Trade Facilitation and Electronic Business

Building upon the success of its Recommendation on Single Windows for import and export clearance, in 2010, UN/CEFACT issued three new, supporting recommendations: Recommendation 35 - Establishing a legal framework for international trade Single Window; Recommendation 34 - Data Simplification and Standardization for International Trade; and Recommendation 37 - Signed Digital Evidence Interoperability

Other recommendations were updated, including: No. 20 - Codes for units of measure used in international trade; No. 21- Codes for passengers, types of cargo, packages and packaging materials; No. 23- Freight Cost Code - FCC Harmonization of the Description of Freight Costs and Other Charges; and No. 28- Codes for types of means of transport.

Other instruments that were also updated or improved included: the Core Components Technical Specification; the Core Components Library, which contains the data structures needed to compose electronic messages; the UN/EDIFACT (United Nations Electronic Data Interchange for Administration, Commerce and Transport) Directory; the electronic Cross Industry Invoice; and other electronic messages and code lists used in international trade.



To improve information sharing and communication and to foster transparency and broader participation, the website was revamped, and now gives more detailed information on projects.

In 2010, the priority work areas were capacity building and increasing the participation of transition economies. Efforts were made to understand the trade facilitation dynamics and needs of member States, and to provide assistance in launching initiatives to address those needs. This included building awareness of international standards and recommendations, developing tools and guides to help implement them, and providing technical training.

UN/CEFACT develops electronic business standards and specifications

Two briefings on UN/CEFACT work were held in Geneva for diplomats from Permanent Missions and for technical experts from transition and developing economies.

The United Nations Network of Experts for Paperless Trade in Asia Pacific (UNNExT) is a joint UNECE/UNESCAP initiative to promote networking, policy dialogue, knowledge sharing and capacity building among developing and transition member countries of both regional commissions in order to support the implementation of trade-facilitation instruments and standards.

Under UNNExT, training packages were prepared to support the Network's capacity-building activities related to the Single Window. These included the *Business Process Analysis Guide to Simplifying Trade Documents*. Joint events organized included:

- A technical workshop on Data Harmonization for Paperless Trade (with the World Customs Organization)
- A peer review meeting on the Mongolian Master Plan for implementation of Single Window
- A regional workshop on Single Window interoperability in Azerbaijan
- An Asia Trade Facilitation Forum for knowledge-sharing on trade facilitation implementation in Kuala Lumpur (in collaboration with UNESCAP and the Asian Development Bank).

Under a joint research project funded by the European Union (ITAIDE), UNECE has helped to develop a Single Window Implementation Framework. UNNExT is now developing a customized version of this for Central Asia.

UNECE has also promoted a joint United Nations regional commission approach to trade facilitation, agreed to by the Executive Secretaries of all five commissions, so as to speak with one voice on trade facilitation, especially in the context of WTO discussions. Capacity-building initiatives through the United Nations Development Account are supporting this joint approach.

WP.6 - Regulatory cooperation and standardization policies

Risk Management: In 2010, the Working Party created a Group of Experts on Risk Management in Regulatory Systems. The Group will develop best practices and recommendations on how to use risk management tools to mitigate risks that affect society and hamper economic development.

The Group of Experts on Risk Management in Regulatory Systems will develop best practices and recommendations

The Risk Management Group will focus on the activities of technical regulators, conformity assessment bodies, market surveillance authorities, standards development organizations and business operators in order to study risk management within the following processes:

- Planning, developing and implementing technical regulations and conformity assessment procedures
- Designing and carrying out market surveillance activities
- Developing and sustaining cooperation among stakeholders throughout the life-cycle of regulations.

The Group will build on the outcome of the 2009 UNECE Conference on Risk Management, the results of preliminary survey of the needs of stakeholders and a model developed to use risk management tools when designing regulatory systems.

Market surveillance and conformity assessment: Throughout the world, low-quality goods are proliferating, generally in breach of technical regulations and intellectual property rights, and they are being sold at a price that excludes fair competition. These products can pose serious threats to human health and safety as well as generate pollution and environmental degradation.

The policy response of countries to this phenomenon is to strengthen market surveillance: i.e. public authorities act in cooperation with industry to ensure that dangerous and non-compliant goods are removed from the market and the workplace. UNECE's goal is a shared body of best practice in planning and carrying out market surveillance actions worldwide.

In 2010, UNECE further developed a guidance document for market surveillance authorities and produced the second draft of a common terminology for market surveillance.

Capacity building: In 2010 the Working Party organized a session on, "Overcoming Barriers to Trade: Market Surveillance", during the "CEFTA Week", which is held annually by the secretariat to the Central European Free Trade Agreement.

WP.7 - Agricultural quality standards

In partnership with governmental organizations and the private sector, the secretariat organized promotional, capacity building and training workshops in various regions of the world. These outreach events help partners in developing countries and countries in transition to train growers, traders and inspectors and to set up the legal and technical infrastructure needed for the practical application of UNECE agricultural quality standards.

The Working Party on Agricultural Quality Standards adopted the following new and revised texts: 49 new and revised standards for fresh fruit and vegetables (there was such a large number due to alignment with the revised 2010 Standard Layout); 6 standards/recommendations for dry and dried produce; 2 standards for eggs and egg products and 1 standard for seed potatoes. It also revised the list of diseases and pests.

It issued the first UNECE explanatory brochure, on sweet peppers, in English, French and Russian as a United Nations sales publication.

Progress was made in drawing up a Memorandum of Understanding with the OECD Scheme for the Application of International Standards for Fruit and Vegetables. This Memorandum relates to cooperation in developing explanatory material for UNECE agricultural quality standards.



Challenges for 2011

Committee on Trade

In 2011 the Committee will need to incorporate the lessons learned from its first trade needs assessment of regulatory and procedural barriers to trade, finalize its second needs assessment and begin the third. Further cooperation with UNDP and other organizations to present and discuss trade-related studies within the Committee on Trade will also be developed.

UN/CEFACT - Trade facilitation and electronic business

In 2011, UN/CEFACT will continue responding in a participatory manner to the trade facilitation and electronic business needs of member States and stakeholders. To be able to do this more efficiently and effectively, the Bureau has submitted proposals to the sixteenth Plenary to revise the UN/CEFACT structure, mandate, terms of reference and procedures. The implementation of approved changes will thus be one of the major challenges of 2011.

The Single Window has become a key catalyst for the adoption and implementation of trade facilitation measures in transition and developing economies. It has also greatly increased the need for regional and interregional collaboration. As a result, 2011 should see a further increase in the use of UN/CEFACT standards for activities such as data harmonization and data modeling. The growing interest of countries in creating a Single Window is also leading to wider implementation of the entire suite of UN/CEFACT trade facilitation instruments. The imminent addition of Recommendations 6 (Annex), 34 and 37 to the existing single window Recommendations 33 and 35 should greatly boost this process.

To address challenges and opportunities in this area, UNECE will continue to develop its standards and recommendations. It will also carry out capacity-building, especially in transition economies and promote the use of UN/CEFACT instruments in these countries, as well as increased participation of experts from these countries in UN/CEFACT's work.

Several publications will be released during the year, including a Core Components Technical Specification Guide and issue, as Internet publications, an enlarged UN/CEFACT Schema Library and Core Components Library. Work will also continue on "Implementation packages" for standards, as well as an online repository of UN/CEFACT standards and recommendations. Focus will be put on increasing the number of documents available in all three official languages.

The Single Window has become a key catalyst for the adoption and implementation of trade facilitation measures in transition and developing economies



Strengthening market surveillance is key to ensuring that dangerous and non-compliant goods are removed from the market and the workplace

A trade facilitation implementation guide and related capacity-building materials will be developed in 2011. In addition seminars will be organized on Data Harmonization, Single Window (including a regional workshop in Central Asia), trade facilitation and other issues. Activities will be undertaken to strengthen existing collaboration with ESCAP, but also collaboration with all other United Nations regional commissions on trade facilitation and Single Windows for export and import, thus supporting, on a global level, a smooth, electronic flow of trade information that mirrors the flow of goods along the international supply chain. This will involve adopting and adapting components of UNNEXt for a wider United Nations regional commission approach. An international symposium on Single Window and Cross Border Data Exchange will also be organized in 2011.

WP.6 - Regulatory cooperation and standardization policies

A major challenge for the Working Party will be to raise extrabudgetary funds for implementing the results achieved in 2010, in particular to sustain the activities of the Group of Experts on Risk Management, to further develop the various sectoral initiatives and to undertake capacity building activities.

During 2011 an online database will also be implemented to encourage greater cooperation between market surveillance authorities in the UNECE region, and worldwide, by providing information on the sectors they are responsible for, their legislative mandate and contact details.

WP.7 - Agricultural quality standards

Demand remains high for UNECE agricultural quality standards, as well as for related capacity building and technical assistance. To meet this demand the Working Party and the secretariat will continue their promotional and capacity building programme, with the financial support of the United Nations Development Account and the Voluntary Russian Contribution Fund.



The Working Party will also be asked to produce more explanatory material for the interpretation and application of its standards. The secretariat will issue publications on several meat standards in the three official languages. The most important challenge for this work area will be to meet increased user demands and maintain the high quality of the outputs within existing resources.

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