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**ECONOMIC COMMISSION FOR EUROPE**  
COMMITTEE FOR TRADE, INDUSTRY AND  
ENTERPRISE DEVELOPMENT  
Eighth session, 10 and 14 May 2004

**ADDENDUM TO THE REPORT OF THE EIGHTH SESSION  
COMMITTEE FOR TRADE, INDUSTRY AND ENTERPRISE DEVELOPMENT  
10-14 MAY 2004**

**REPORT ON ITS INTERACTIVE POLICY DISCUSSION**

**SUMMARY**

During its Eighth session, under agenda item 5.8, the Committee for Trade, Industry and Enterprise Development held an interactive policy discussion on the question, "In promoting its objectives, what activities should the Committee for Trade, Industry and Enterprise Development give priority to". At the end of the discussion, delegates requested that the main points made during the discussion be made available to delegates for future reference. This document contains the summary of that policy discussion, as requested.

NOTE: Copies of all documents for the Eighth session of the Committee can be found at the following Internet address: <http://www.unecce.org/trade/tips/docs/ctied8/listdoc04.htm>

1. The Chair of the CTIED, Mr. Safarik-Pstrosz, quoted Mr. Günter Verheugen, member of the European Commission, who stated that the EU “has always exerted a strong pull on its neighbours even beyond the circle of countries to which we have held out prospects of membership. It is our task now to use this attraction to foster the necessary reforms in those countries, to step up our relations with them in our mutual interests and for the sake of the peoples concerned.” New EU members, such as Slovakia (which shares a border with Ukraine), “will be in a good position to help” as they have “thorough knowledge and historical experience of the region and its peoples”.

2. The CTIED Chair proposed that, as one of the outcomes of the discussion, the Committee request all CTIED subsidiary bodies to focus their work on recommendations, guidelines and best practices for both public and private actors in member States and providing guidance for implementation, especially in those ECE member States with transition economies that are not members of the European Union.

3. The Secretary of the CTIED, Ms. Virginia Cram-Martos, presented a summary of the informal participant discussion sessions organized during the Forum. She noted that the importance of standards and regulatory convergence was emphasized in both discussion sessions. During the first discussion, participants highlighted the need to accept and introduce EU standards, and looked at the costs and benefits of such measures. These issues also arose during the second discussion. In both sessions, participants expressed their concerns about the effects of EU enlargement on:

- Market access and increased competition, especially with regard to non-acceding countries;
- Adjustment pressures for non-EU countries;
- Managing change;
- The need to work with the agricultural sector;
- The need to support business and SMEs and to promote new technologies (as done by UN/CEFACT and WP.8); and
- In general, the importance of creating a more conducive business environment by simplifying and facilitating trade procedures.

4. Participants also highlighted the usefulness of public-private partnerships and adequate institutional infrastructure.

5. The CTIED then reviewed the presentations made during the four formal sessions of the Forum. Ms. Öktem, CTIED Vice-Chair and rapporteur for the Forum’s first session, made several points based on the presentations in that session:

- Regulations and standards convergence are extremely important issues;
- The issue of adjustment costs is very important for all EU members, and in particular for new members who have limited means;
- Non-acceding countries also face adjustment pressures (e.g., the costs of playing by EU rules, controlling increased smuggling, and overcoming new obstacles to trade); and
- Foreign direct investment is critical.

6. Mr. Toichubaev, CTIED Vice-Chair, was the rapporteur for the second session of the Forum, which discussed “Strategies for Trade and Business in a Changing Europe.” Both the private and public sectors contributed to the session, which included very interesting input from regional organizations such as the European Free Trade Agreement (EFTA) and GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan and the Republic of Moldova). The session focused on trade barriers, the use of traditional trade facilitation tools to diminish these trade barriers, and supporting WTO accession.

7. Mr. van Kuik, CTIED Vice-Chair and rapporteur for session 3a of the Forum, on “Integrating Regional Markets: Trade Facilitation and ICT”, highlighted the main themes of that session:

- The need for regulatory convergence;
- A renewed emphasis on basic trade facilitation;
- The need for security management standards;
- Implementation;
- The importance of standards and their development;
- Public-private partnerships.

8. Ms. Baricicova was the rapporteur for the final session of the Forum, which discussed “Integrating Regional Markets: Promoting Competitive, Sustainable Agriculture and International Food Supply Chains”. Speakers in that session discussed the economic effects of EU enlargement, such as trade creation and trade diversion, the creation of new markets and the training of agricultural quality inspectors. Speakers noted the importance of agricultural standards, which serve as a common trade language, and of educating consumers on the usefulness of standards. Traceability and food safety, and the tools for achieving them, are other important issues related to agricultural quality. Finally, the session addressed the importance of quality management systems, best agricultural practices, and consumer satisfaction.

9. The Director of the Trade Development and Timber Division noted that one of the most prominent themes of the Forum discussions was the value added to subsidiary bodies’ work when they reach beyond their usual networks. The Multiplier Points network is an important aspect of this outreach, but the CTIED should encourage its subsidiary bodies to go beyond their traditional contacts to other economic operators. This could add value to subsidiary bodies’ activities, especially in non-acceding countries.

10. The Chair asked delegates to comment on the following questions:

- What areas of its work should the CTIED focus on developing and how?
- Who should do it? (Subsidiary bodies, the Secretariat, the Regional Advisors, member States?)

11. The CTIED noted the Forum’s conclusions and asked its subsidiary bodies and working parties to take them into account for their current and future activities, keeping in mind already agreed priorities and the programme of work.

12. The Chairman of WP.7, Mr. David Priester (United States of America), made the following observations: that the creation of new markets for countries requires education and assistance in implementing quality requirements and that the agricultural standards developed by WP.7 were important tools, providing a common trading language. He also saw a great deal of value-added in reaching beyond the public sector to the business community in order to ensure that competitiveness and economic growth are discussed in the context of the work of the Committee and its subsidiary bodies.

13. The United States of America expressed a desire to see the CTIED focus on the core issues of standards and regulatory convergence and harmonization, and not on issues such as youth unemployment, which are being addressed by other competent organizations. The CTIED's work in the area of standards and regulatory convergence is highly valued.

14. The Netherlands agreed, adding that the CTIED should build on its strengths by focussing on the implementation of its standards, in addition to their development.

15. Belarus supported these comments, adding that while policy discussions were important, the CTIED should address some of the very concrete issues crucial for developing businesses and economies in the non-EU countries such as: trade documents, custom duties, and new and old trade barriers. Other organizations (e.g., WTO, ITC) are working on some aspects of these issues, and the CTIED should work together with them to provide a common platform for the exchange of experiences and for building capacity for SME development.

16. Georgia noted that it was close to the bottom of the "development list" in Europe, and that the most important issue for Georgia is SME development and actions to be taken to ensure more competitive products.

17. Armenia noted that the Forum presentation by Professor Matthews on the, "Implications of enlargement for agricultural trade" had been from an EU perspective, and did not reflect the point of view of non-acceding countries, which is that it is important to discontinue policies that prevent the access of their products to EU agricultural markets.

18. The Chair commented on the importance of technical assistance provided by the CTIED, which has been recognized by other organizations including the EU. It is crucial to support the implementation of the CTIED's work. Resources are needed to increase the CTIED's presence in countries through workshops, seminars and the establishment of local advisory bodies for ministries. The CTIED currently only has one Regional Advisor and a very limited travel budget. Member States need to assist in providing the necessary resources for implementing the CTIED's know-how. The implementation of its standards is a chronic issue that requires follow-up by the Committee.

19. The Director of the Trade Development and Timber Division agreed, noting that more member States needed to follow the example of those who are currently supporting implementation activities, such as the Czech Republic (supporting the Czech project), Switzerland (the UNeDocs project), and the Netherlands (assisting with the implementation of trade facilitation standards). Such assistance is a relatively small investment for member States with a high value-added.

20. The Secretary to the CTIED gave an example of the Secretariat's efforts to improve the effectiveness of the CTIED's work: a three-day workshop was held in the Republic of Moldova, which included informal consultations with the private and public sector, presentations by international experts, a round-table discussion and a follow-up action plan. Current resources enabled the Secretariat to organize only one such event per year, but additional funds would enhance the quality of such a workshop by enabling a consultant to be hired to elaborate a preliminary questionnaire, process the results and assist with the workshops and their follow-up.

21. Switzerland praised the UNECE for having developed a strategy for technical cooperation. It supported the CTIED's continued work in developing and updating norms and standards, and warned against starting new activities that might be impossible to adequately support.

22. The Chair of WP.6, Christer Arvius (Sweden) commented that implementation was a continuous process, starting with harmonization via deregulation and then introducing changes in technical regulations based on new approaches, especially using the International Model for Regulatory Harmonization. The WP.6 Chair noted that there was a division of labour between WTO, which deals with tariffs and quotas, and UNECE, which can contribute to opening up market access and through trade facilitation. In a sense, WTO is less ambitious, because it only seeks to diminish “unnecessary” barriers to trade.

23. He added that he thought the CTIED should work harder to cooperate with the private sector. The UNECE seeks to help enterprises simplify their trade transactions, and therefore the private sector might be willing to provide funding for these activities. For example, WP.6 cooperates with industry and then government for the implementation of the International Model.

24. The Black Sea Economic Cooperation noted that EU enlargement was not only transforming the EU, but also relations inside of other regional organizations, such as his, which would now include EU member States and EU “neighbours”, where before they did not, and that the consequences of these changes also needed to be looked at.

25. The European Commission then made several comments.

- The EU’s neighbourhood policy mentions opening its markets and contains a recommendation to include Armenia, Azerbaijan and Georgia in this policy.
- UNECE’s involvement in the SECI initiative (where it had greatly contributed to the setting up of national trade facilitation organizations) is one avenue for contributing to implementation. Regional Advisors are another tool.
- Trade in agriculture should be treated in the proper forum, such as the WTO or bilateral negotiations. UNECE has competence in facilitating trade and standards used in trade rather than in a particular area of trade.
- UNECE lacks a regional field presence. The EC would like cooperation to develop between UNECE and OSCE, which has economic and environmental officers in its regional and national offices. A resource-neutral solution is needed, but perhaps UNECE could offer its expertise in exchange for this regional presence.
- A consortium between member governments or other organizations to fund UNECE activities is another possibility. UNECE’s potential for working with the big donors (EC, World Bank, and the European Bank for Reconstruction and Development) is probably limited to joint projects with other organizations, because these donors’ programmes are broader than the scope of UNECE’s work. UNECE should work more with other UN agencies, especially those that are funded by the large donors (e.g., the UN Development Programme - UNDP and the UN Office on Drugs and Crime - UNODC).

26. The Chair agreed that the CTIED should not develop new initiatives beyond its core activities, and should to try to focus already existing activities. He requested that member States identify domestic structures that could coordinate their country’s positions in the CTIED session with those positions taken by the country in subsidiary bodies in order to ensure a consistent approach and avoid contradictions within the positions taken by the same country in different, related bodies.

27. With regard to the comment of the WP.6 Chair, the CTIED Chair agreed that the CTIED should focus on both the development and the implementation of standards. With regard to cooperation with the private sector, domestic platforms provided excellent opportunities to involve all stakeholders (e.g., national trade facilitation organizations).

28. In response to the EC's intervention, the Chair agreed that a more active UNECE presence throughout the region is crucial and that funds are needed to form consortiums for this purpose. Good organization in support of UNECE activities within member States is also important.

### **Conclusion/Decisions**

29. At the end of this open discussion session, the Committee for Trade, Industry and Enterprise Development made the following decisions, which are also recorded in its main report (ECE/TRADE/340):

30. The Committee requested its subsidiary bodies to take into consideration in their work the results from the Forum discussions and the Rapporteurs' conclusions from the Forum sessions. The Committee requested that the Secretariat and the Bureau provide to the Committee's subsidiary bodies a summary from the discussion concerning the main directions to follow in considering development, implementation and capacity building issues related to their work.

31. The Committee requested the Bureau and its subsidiary bodies to pay particular attention to issues related to implementation and to be involved in the fundraising process in cooperation with the Secretariat and member States.

32. The Committee requested the Secretariat to brief, in writing, the member States' missions on the main conclusions and results from the Forum and the discussion under this agenda item. The purpose of the Forum discussions was not to come to a consensus, so the inclusion of any point of view does not reflect agreement or disagreement by the Forum or UNECE.

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