



**Economic and Social
Council**

Distr.
GENERAL

TRADE/2005/10
11 March 2005

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND
ENTERPRISE DEVELOPMENT
Ninth session, 23 - 27 May 2005
Item 5.8 of the provisional agenda

**REPORT ON ACTIVITIES THAT SUPPORT THE OUTCOME OF
THE 2004 EXECUTIVE FORUM "COMPETING IN A CHANGING EUROPE"**

DOCUMENT FOR INFORMATION

Note by the secretariat

At its eighth session, the Committee for Trade, Industry and Enterprise Development (CTIED) requested its subsidiary bodies to take into consideration in their work the outcome of the Executive Forum "Competing in a Changing Europe", organized under the auspices of the Committee on 11 and 12 May 2004.

This paper provides an overview of the Forum and its objectives. It then summarizes the Forum's conclusions and lists relevant activities from the programme of work of the subsidiary bodies that support these conclusions

I. UNECE Executive Forum "Competing in a Changing Europe": an overview

1. In the context of the enlargement of the European Union (EU), the 2004 UNECE Executive Forum "Competing in a Changing Europe" sought to address the challenges and new opportunities faced by those neighbouring countries that are not expected, in the near future, to become members of the EU. In particular, the aims of the Forum were:

- To discuss the possibilities of enhancing economic cooperation and integration in the UNECE region
- To gain a better understanding of the perspectives EU enlargement will create for enterprises and traders

- To develop a roadmap of where different actors can obtain the support they need in responding to the changing trade environment
- To develop guidelines for future action by UNECE and other international organizations.

2. The Executive Secretary of UNECE, Mrs. Brigita Schmögnerová opened the Forum and gave a keynote address on “Promoting trade and enterprise in a changing European economy”. The first session of the Forum focused on the consequences of EU enlargement for the non-acceding countries, EU member States, regional financial institutions and other regional organizations. It also looked at the implications of enlargement for Uncle’s activities. The second session looked at the strategies that Governments and enterprises can pursue in order to respond adequately to the new opportunities and challenges confronting them in the new European trading environment. The third session addressed the role of trade facilitation and international communication technologies on the process of integration of regional markets. It also discussed the consequences of EU enlargement for the agricultural food sector and relevant policy and business responses to these challenges.

3. The presentations and discussions, as well as the conclusions of the Forum, are set out in document TRADE/2005/9.

4. Work undertaken that supports the outcome of the Forum includes preparation of a policy-oriented publication based on the Forum’s proceedings, as well specific follow-up activities by the Committee and its subsidiary bodies, which are described in the following section.

II. Activities undertaken by Committee’s subsidiary bodies

5. Based on the proceedings of the 2004 Forum, the Secretariat is preparing an analytical, forward looking publication entitled “Competing in a Changing Europe”. The publication will contain an introductory chapter and three major sections on: regional initiatives, trade facilitation and ICT, and trade in agriculture, all in the context of the changing trading environment in the UNECE region. It will also contain a summary of the two discussion sessions that took place during the Forum.

6. In addition to an analytical contribution under the form of presentations and discussions, the Forum provided concrete suggestions in a number of the Committee’s work areas and, more particularly, in the areas of:

- Government trade policies
- Trade facilitation
- Standardization and technical harmonization
- Industry and enterprise development
- Information and communication technologies.

7. Forum participants also considered it important that in all its activities, the UNECE make its best efforts to:

- Provide technical cooperation and training programmes to non-acceding countries; especially in south-eastern Europe and the Commonwealth of Independent States
- Cooperate with relevant international organizations and EU institutions to ensure better transfer of know-how through common projects.

8. The following paragraphs describe how these recommendations and suggestions were supported by the work of the Committee and its subsidiary bodies in their 2004-2005 activities.

(a) **Government Trade Policies**

9. Forum participants noted that free trade agreements among non-EU members in the European region are an important policy option for Governments in the region. They suggested that it would be helpful if the UNECE would consider increasing its capacity-building activities in the area of bilateral, regional and multilateral trade agreements. They regarded it important that the UNECE provide expertise to Governments on how to ensure a transparent, stable and business-friendly regulatory environment and on how to facilitate structural economic reforms in transition economies

10. Following up on this first suggestion, the UNECE secretariat prepared, as background material for the 2005 session of the Committee, a study of the current status of trade integration in the CIS region, looking at: current trade flows; existing tariff and non-tariff barriers; and the experience of the CIS countries as compared with that of other regional agreements. This study also covers other important aspects of these free trade agreements, in particular, technical regulations and standards, rules of origin and commercial dispute settlement (Document TRADE/2005/17).

11. The Committee's subsidiary bodies supported transition economies with analytical work and capacity building by organizing the sectoral events and projects described in the paragraphs below.

(b) **Trade Facilitation**

12. During the Forum's discussions on trade facilitation and e-business, it was suggested that the work under the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) could be further expanded in the areas of:

- Support for less advantaged countries, especially in the implementation of trade facilitation measures related to General Agreement on Tariffs and Trade (GATT) Articles V, VII and X
- Implementation of a global paperless supply chain, including information related aspects of security for international trade.

13. In line with the first suggestion, it was decided that the Policy Segment of the Committee's annual session in 2005 would focus on "Trade Facilitation in a Wider Policy Context" to clarify and highlight:

- The scope and focus of the World Trade Organization (WTO) negotiations on trade facilitation, which aim to revise and improve GATT Articles V, VIII and X;
- ECE total approach to trade facilitation, aimed at the international supply chain. How the trade and transport facilitation standards, conventions and recommendations developed in UNECE, particularly in UN/CEFACT and in the Inland Transport Committee, can assist WTO Members in addressing operational requirements of the three GATT Articles.

14. In preparation for the Policy Segment, the UNECE secretariat has prepared a background document, which describes the relevance to countries of UNECE trade and transport facilitation standards and capacity-building tools in the WTO context.

15. In April 2005, UNECE, in cooperation with the Agency for International Trade Information and Cooperation (AITIC) will organize a half-day workshop within the WTO Public Symposium, and on the WTO premises, on the topic of "Trade Facilitation and Transition: Trade facilitation as a tool for integrating less advantaged countries, including economies in transition, within the world trade networks". The workshop will highlight:

- New methods of trade facilitation: the Single Window concept
- Link between supply-chain management and trade facilitation

- Organizational structures in support of trade facilitation
- Specific needs of transition economies regarding trade facilitation
- Capacity-building for trade facilitation.

16. In line with the second suggestion related to trade facilitation, the forthcoming UN/CEFACT Executive Forum on “Paperless Trade: Drawing a Roadmap for Efficient and Secure Supply Chains”, to be held in June, should provide an occasion for countries, enterprises and non-governmental organizations to work together to set a roadmap for the implementation of paperless trade to increase security and efficiency in international supply chains. The topics will include:

- Initiatives toward paperless trade taken by Governments and enterprises
- Core issues and latest trends in automated information exchange for security and efficiency in international supply chains
- Best practices and benefits to national trade from Single Window implementations
- Role that trade facilitation can play in simplifying and securing cross-border trade through standards and agreements.

17. It is expected that, in addition to securing a commitment by the stakeholders to a roadmap of making paperless trade a reality, the Forum will identify the main obstacles that have so far prevented the large-scale implementation of paperless trade in the global supply chain and develop a framework and plan of action on information exchange in support of supply-chain efficiency and security.

18. As part of its support to the trade facilitation efforts of countries in transition, the UNECE secretariat organized two major capacity-building events in the autumn of 2004.

19. The first was a workshop on “Trade Facilitation Implementation: Tools, Techniques and Methodologies”- in Geneva in October 2004. The purpose of the workshop was to enhance the technical and administrative knowledge and skills of trade facilitation practitioners from national trade facilitation organizations and other organizations that dealt with the facilitation of international trade. The workshop presented in-depth training in the following: document harmonization and simplification, e-business standards and codes, supply-chain efficiency and integration, the assessment of trade facilitation needs and priorities, and approaches to establishing a Single Window for the submission of trade information and documents.

20. In November 2004, UN/CEFACT, in cooperation with the Ministry of Economic Development and Trade, State Customs Committee of the Russian Federation and Chamber of Commerce and Industry of the Russian Federation, organized a second capacity-building event, a “Workshop in Trade Facilitation”, in Moscow. The objectives of the workshop were: to review the situation and examine the relationship between market reforms and trade facilitation needs in the Russian Federation; to establish an organizational basis for trade facilitation implementation through public-private partnership; and to define concrete projects for realization, e.g. the creation of a “Single Window” for the submission of trade information or aligning trade and transport documents and electronic data exchange with international standards.

21. UN/CEFACT also continued providing analytical support in the form of publications and training materials by:

- Publishing recommendation and guidelines for the establishment of a Single Window to enhance the efficient exchange of information between trade and government
- Releasing a Russian version of the publication “Sharing the Gains of Globalization in the New Security Environment: the Challenges to Trade Facilitation”, which is expected to become one of the reference materials in trade facilitation for Russian-speaking countries

- Updating manuals and materials for trainings on trade and transport facilitation; efficient trade information systems, and the supply chain concept.

(c) Standardization and Technical Harmonization

22. Participants suggested that UNECE in its future work on standardization and technical harmonization could focus more on:

- Assistance to non-acceding countries in approximating their regulatory rules and norms with those of the EU and implementing internationally agreed standards
- Regulatory and product-related issues and trade facilitation through the use of standards.

23. In 2004, the Working Party on Regulatory Cooperation and Standardization Policies organized three major events aimed at assisting transition economies in building and improving their regulatory frameworks:

- Seminar on Regulatory Cooperation in Southeast Europe, Ljubljana, June 2004
- Round Table on Regulatory Cooperation in Southeast Europe, Geneva, November 2004
- Meeting of the UNECE Telecom Task Force, Geneva, November 2004.

24. At the Ljubljana event, members of the UNECE/SIDA “South-East Europe Regulatory Project”, representing Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Republic of Moldova, Romania, Serbia and Montenegro, Slovenia, Sweden, and the former Yugoslav Republic of Macedonia exchanged information on the current regulatory framework and priorities in their country and discussed the content of further work under the project.

25. At the Geneva round table, participants from nine countries in the region shared their views on the status and future of regulatory reforms on a national level and on perspectives for regional cooperation.

26. At the Telecom Task Force meeting, participants discussed the status of the UNECE “Telecom Initiative”, which is aimed at harmonizing technical regulations for a number of the most popular telecom products (GSM, IMT-200, Wireless LAN, Bluetooth, Personal Computers, Public Switched Telephone Network (PSTN) Modem).

27. The Working Party on Agricultural Quality Standards held an interregional seminar to promote agricultural quality standards. The seminar, entitled “Seminar on implementation of meat standards”, took place in Lithuania in October 2004. The Working Party also issued several publications and explanatory brochures for UNECE agricultural quality standards.

28. In addition, the UNECE secretariat issued the publication on the Workshop on “EU Enlargement: Regulatory Convergence in Non-Acceding Countries” held in Athens in November 2003.

(d) Industry and Enterprise Development

29. In the area of industry and enterprise development, participants in the Forum indicated that special attention should be paid to the following issues:

- Good governance, decentralization and better conditions for private public partnerships (PPPs)
- Encouraging entrepreneurship and SME development in non-acceding countries
- Ways to improve corporate governance in transition economies as a component of a better investment climate.

30. Follow-up events were organized by the Working Party on International Legal and Commercial Practice (WP.5), the Working Party on Industry and Enterprise Development (WP.8), and the Working Party on Regulatory Cooperation and Standardization Policies (WP.6).

31. The Working Party on International Legal and Commercial Practice continued its support to the UNECE Private-Public Partnership Alliance (PPP Alliance), established to increase the capacity of Governments to promote successful PPPs. The PPP Alliance, in cooperation with UN-Habitat, organized a seminar at the Second World Urban Forum for Sustainable Development, in Barcelona, Spain, on 13 and 14 September 2004. The meeting looked at practical ways and concrete cases where PPPs were being implemented for urban renewal and sustainable development. In addition, the PPP Alliance held a meeting at the PPPs Canada conference (24 November 2004) where a consultation between the Alliance and leading Canadian Companies took place in Toronto, Canada. The PPP Alliance continues its work on PPP guidelines. In addition, monitoring of the extent to which these guidelines are being put into practice should take place after the guidelines are published.

32. The Working Party on Industry and Enterprise Development (WP.8) organized three major events, which dealt respectively with private public partnerships, SME development and corporate governance. At the Joint UNECE/Organization for Security and Co-operation in Europe (OSCE) Forum "Public-Private Co-operation in Industrial Restructuring" in Kazakhstan in November 2004, participants addressed some of the major issues of public-private cooperation in the course of industrial restructuring in the UNECE region, focusing on its regional and local aspects.

33. The UNECE Forum on Entrepreneurship held in February in Geneva 2005 contributed to identifying and reviewing the most important entrepreneurship issues in the region, as well as evaluating and reflecting upon improving the governmental policies related to entrepreneurship and regulatory settings for this key economic activity. A Round Table on Corporate Governance held in February 2005 in Geneva assessed the current state of corporate governance in the region and provided initial policy guidance both to Governments of member States and the corporate sector on key corporate governance issues. The Round Table also contributed to the creation of a core group of experts from Governments and the private sector.

34. The Working Party on Regulatory Cooperation and Standardization Policies also contributed in this area by cooperating with Working Party 8 in organizing a Workshop on Best Practices for National Quality Award Schemes, in Geneva, in November 2004. The purpose of this event was to draw the attention of policy makers to quality assurance schemes as an important tool for increasing the quality of goods and services at the local level and for improving the competitiveness, in export markets, of indigenous industrial and service enterprises and small and medium-sized enterprises (SMEs).

(e) Information and Communication Technologies

35. Regarding Information and Communication Technologies, the Forum participants pointed towards the following priority areas of action:

- Implementation of Information and Communication Technologies (ICT) in the UNECE region
- Enhanced governmental support to the emerging knowledge-based economy

36. UN/CEFACT continued its support to the United Nations electronic trade Documents (UNeDocs) project. This is a project that develops and implements solutions for efficient trade document systems based on international trade standards and technologies that are accessible to traders from SMEs and developing countries. It is expected that a new working group on UNeDocs will be launched on the UN/CEFACT Forum in Kuala Lumpur in March 2005 in order to further expand work in this area.

37. Under Working Party 8 two main events addressed the issue of ICT for development in the UNECE Region:

- Seminar on “Fostering Internet Enterprise Development by Governments and by Large Companies through Subcontracting”, in Brussels in October 2004;
- Seminar on “The Regulatory Framework for Internet-based Entrepreneurship”, in Geneva in February 2005.

38. The first seminar was attended by representatives of Governments, businesses, academia and intergovernmental organizations. Participants discussed the role of Governments in Internet enterprise development incentives for the adoption of ICTs by consumers and citizens, the impact of international outsourcing in the ICT industry on developed market economy countries and on emerging market economy countries, the future of the ICT services industry in industrialized countries, and emerging market opportunities for countries of Eastern Europe and the CIS.

39. The second seminar discussed the e-Business Repository Project. The project aims at strengthening trust in and sustainability of e-business in the UNECE region, with particular emphasis on the transition countries. It will consist in organizing and presenting reliable and official business data, which already exist through country-specific company registration, in such a way that they can be posted and accessed on the Internet by using low-cost software (e.g. web services or application interfaces). The project will add value and contribute to fostering the development of e-business in the region. It will also be instrumental to the development of SMEs and business-to-government transactions.

40. Finally, Working Party 8 continued its work on assessing the readiness of eastern Europe and the CIS region for the knowledge-based economy. These assessments, initially focusing on ICTs, were initiated by UNECE in 2002. Fourteen national reports have been published and two further reports will be published in 2005.

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