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**ECESA TRADE CLUSTER ANNUAL REPORT 2006:
WORK PROGRESS AND CHALLENGES AHEAD**

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I. TRADE CLUSTER

A. Work progress in 2006

1. The Working Group on Trade (Trade Cluster) was established as a result of the review of work programme coherence carried out by ECESA in early 2003. In that review, very few instances of duplication were found, since the departments approach issues from different perspectives and with a different scope. However, the review highlighted many examples of activities that could be made more effective through joint implementation, provision of inputs and broader dissemination of results, with a clear distribution of roles and responsibilities. It was thus decided to establish the Working Group as an instrument for further examination of concrete modalities of cooperation. The aim is to achieve *streamlining and non-duplication of work*, to improve *coherence*, identify and exploit *synergies* and promote *joint activities*, all within the respective mandates of the departments involved.

2. The members of the Trade Cluster Working Group are UNCTAD (convener), UNEP, UNDP, ECA, ECE, ECLAC, ESCAP and ESCWA.

3. The Trade Cluster met several times during 2006. UNCTAD is the convener of the ECESA Trade Cluster, consistent with its role as the focal point in the UN system for the integrated treatment of trade and development, and with a strengthened mandate arising from UNCTAD XI for ensuring development gains from the international trading system, trade negotiations and commodities.

4. The Trade Cluster undertook several joint tasks during 2006 in line with several objectives of ECESA:

- (a) To ensure a greater coherence of views within the United Nations;
- (b) To facilitate more effective participation by developing countries in global processes;
- (c) To achieve a better balance between the global and regional dimensions of development in terms of analysis, norm-setting and technical assistance.

5. To achieve those objectives, the Trade Cluster undertook three types of concrete activities. First, it facilitated the **exchange of information on the main substantive activities and priorities**, particularly in the following areas jointly identified as priorities for international trade: convergence of multilateral trade negotiations and regional integration initiatives; WTO negotiations; WTO accession; Aid for Trade; South–South cooperation; building productive capacities and strengthening trade infrastructure; and trade and sustainable development.

6. Secondly, the Trade Cluster **ensured coordination and coherence**, in particular by the following actions: (a) joint contribution to the Policy Committee decision on international trade and sustainable development; (b) review of current mandates and proposed outputs where closer collaboration was warranted; (c) joint outputs and activities in the context of the current (2006–2007) programme budget; (d) preparation for the 2008–2009 Strategic Framework for coordinated strategic planning of key results to be achieved by the Trade Cluster; and (e) consultations on the preparation of 2008–2009 draft programme budget proposals.

7. Thirdly, the Trade Cluster implemented **outputs aimed at creating synergies between global and regional perspectives**, including in terms of follow-up to the 2005 World Summit

outcome. These included trade capacity-building activities in Africa (ECA and UNCTAD); support to WTO negotiations and the implementation of the development dimension of the Doha work programme (ECLAC, ECA, ESCAP and UNCTAD); trade databases and analytical tools — TRAINS, WITS and ATPSM (UNCTAD and regional commissions); Capacity-Building Task Force for Trade, Environment and Development (UNCTAD and UNEP); technical assistance activities on competition policy (UNCTAD and ECLAC); joint workshop on mineral wealth management (UNCTAD and ECA); and trade facilitation measures (ECE, ESCAP and UNCTAD).

8. The Trade Cluster entities also held discussions with UNU-CRIS and agreed to jointly produce a publication entitled "World Report on Regional Integration". The first issue, jointly prepared in 2006 and to be published in 2007, examines multilateralism, regionalism and bilateralism in trade and investment.

9. Other examples of the joint work carried out by Trade Cluster entities are provided by the UN Development Account Projects. A project entitled "Interregional partnership for promoting trade as an engine of growth through knowledge management and taking advantage of information and communication technology" is coordinated by ECLAC with other regional commissions. Its objectives are to enhance the use of ICT in relation to trade facilitation by SMEs, to empower the Governments involved in the multilateral trade negotiations with regard to trade facilitation and to improve cooperation among the countries of the ECLAC region in relation to the implementation of new technologies and standards regarding trade facilitation and the implementation of single windows for trade, the aim being to strengthen the competitiveness of the countries in the region.

10. ESCAP started implementation of a Development Account (5th Tranche) project aimed at increasing the capacity of the SPECA countries to develop regional trade integration and facilitation policies, and increase their competitiveness in regional and global markets through modern trade facilitation techniques and better regional cooperation. ESCAP (i) published a *Traders' Manual for Mongolia*; (ii) completed a monograph entitled *Trade Facilitation in the Selected Landlocked Countries in the Asian and Pacific Region* with a view to contributing to a better understanding of the specific trade facilitation issues and conditions in selected landlocked countries of the Caucasus and Central Asian region, which will be published in early 2007; and (iii) initiated work on Traders' Manuals for Kyrgyzstan, Tajikistan and Timor-Leste. For the Greater Mekong subregion, a trade facilitation handbook was developed.

11. Under the same Development Account project, ECE has published a *Trade Facilitator Toolkit for Alignment of Trade Documents*, developed by ECE in consultation with all the other United Nations regional commissions. The toolkit can be used by Governments and trade associations to simplify their documentary requirements and develop consistent national series of trade documents. ECE also organized a three-day symposium on Single Window standards and interoperability, held in Geneva in May 2006, to promote the efficient exchange of information between trade organizations and Governments, discuss the challenges of establishing Single Window facilities, and highlight the importance of facilitating the exchange of information between the Single Windows systems through the use of international standards. A capacity-building workshop on trade facilitation, held in Moscow in October 2006 and organized jointly by ECE, the Eurasian Economic Community and ESCAP, explored the possibility of establishing and/or strengthening public-private partnerships for the implementation of trade facilitation

initiatives, such as the creation of Single Windows, the alignment of trade and transport documents with international standards and the promotion of electronic data exchange.

12. A workshop for non-WTO member countries of Eastern Europe, the Caucasus and Central Asia (Kyrgyzstan, Georgia, Moldova and Armenia) was held in June 2006 in Chisinau (Moldova) in order to support their participation in the WTO trade facilitation negotiations.

13. Under the same project, ESCWA organized two workshops on trade facilitation in 2006, which were targeted at trade negotiators (June 2006) and SMEs (November 2006). An Arabic-language CD-ROM on trade facilitation measures for the supply chain was launched during the November seminar.

14. Under a development account project on trade and MDGs, UNCTAD organized two workshops. One workshop was on the interface between trade, environment and MDGs. It was held in Bangkok (Thailand) and took the form of two meetings held consecutively. The first dealt with maximizing the contribution of organic agriculture to the achievement of MDGs in the Asia-Pacific region (18–19 October), and the second with liberalization of environmental goods and services and its contribution to achieving MDGs in the Asia-Pacific region (19–20 October). The first day of the first meeting coincided with the last day of an ESCAP regional workshop on the trade and environment dimensions in the food and food processing industries in Asia and the Pacific (16–18 October). UNCTAD and ESCAP participated in each other's meetings. UNCTAD also organized a regional workshop entitled "Integration of Millennium Development Goals in Trade Policy in the Commodity Sector" for African countries, held in Dakar (Senegal) from 29 May to 1 June in collaboration with the Government of Senegal and the University of Dakar. ECA participated in that workshop.

B. Challenges for 2007

15. The ECESA Trade Cluster will face several challenges for 2007.

16. One important objective that needs to be pursued during this year is the follow-up to the implementation of the Policy Committee decision on a common UN vision on international trade and sustainable development.

17. Another major objective for the Trade Cluster is to ensure a coordinated UN response and assistance to various stakeholders in the priority areas of WTO negotiations, South–South trade and Aid for Trade.

18. The Trade Cluster entities will also use the ECESA mechanism in 2007 to prepare joint event(s) that could take place during UNCTAD XII in April 2008.

19. More generally, Trade Cluster entities will try to further advance their participation in one another's intergovernmental meetings, expert groups and technical assistance activities. Furthermore, consultations will continue on how to best enhance cooperation and coordination in priority areas identified during the consultations on the 2008–2009 programme budget.

20. The Trade Cluster also agreed to contribute jointly to the next joint report with UN-CRIS on a topic related to regionalism.

21. The Trade Cluster will also explore new ways to strengthen its contribution to the other objectives set by the ECESA mechanism, in particular (i) to ensure a better interface between the

private sector and the United Nations and (ii) to develop fruitful cooperative links between non-governmental actors and the United Nations.

II. HIGHLIGHTS OF EACH TRADE CLUSTER ENTITY

22. In addition to the progress of its work and challenges faced by the ECESA Trade Cluster as a group, a number of specific highlights from each institution have particular relevance in the ECESA context, either as part of the regular exchange of information or with a view to promoting further synergies between Trade Cluster entities in 2007.

A. Progress of work in 2006

ESCAP

23. As part of the theme of managing globalization, ESCAP's implementation of the trade and investment work programme has been guided by the mandates contained in, inter alia, Commission Resolutions 60/1 and 62/6 and those issuing from the First Session of the Subcommittee on International Trade and Investment in Bangkok in 2004, and the Committee on Managing Globalization, which held its second session in Bangkok in 2005 and its third session in 2006.

24. In line with those mandates, ESCAP has sought to promote understanding and awareness of issues related to the multilateral trading system. Activities were undertaken within the broad framework of the WTO/ESCAP Technical Assistance Programme and in partnership with regional and global organizations such as ADB, the Colombo Plan, ITC, UNCTAD, WIPO and the UN regional commissions. Seminars, workshops, expert group meetings and high-level policy dialogues were organized to distil regional perspectives and forge greater common understanding among countries, and between various stakeholder interest groups, on various sectoral issues of the Doha agenda negotiations. Regarding assistance with WTO accession, the secretariat has in partnership with WTO and UNCTAD promoted regional cooperation through an informal network that promotes exchange of experiences between Governments. Furthermore, ESCAP is currently implementing an EC-funded project for Bhutan on WTO accession.

25. Increasingly, all those activities are drawing on an emerging body of expertise in research and policy analysis that is being generated from within the ESCAP region. ESCAP has contributed to this through the Asia-Pacific Research and Training Network on Trade (ARTNeT), a network that has been increasing the amount, quality and policy relevance of research. Measures on trade indicators for MDG 8 were also provided as part of the regional MDG progress reports, while a training module was designed on techniques for analysis of trade data and issues related to the design of trade performance indicators.

26. In an effort to further promote regional economic cooperation, ESCAP has sought to review and identify commonalities and promote a rationalization of the proliferating number of regional and bilateral trade agreements in the region. For that purpose, an Asia-Pacific Trade and Investment Agreements Database (APTIAD) was established, and current work focuses on the development of indicators to measure performance and allow a meaningful comparative analysis of those agreements. ESCAP has also promoted and revitalized the Bangkok Agreement as a modality for regional cooperation and integration through the organization of various national

seminars and regional expert group meetings for prospective members. The Bangkok Agreement was given a new name — the Asia-Pacific Trade Agreement (APTA) — while a third round of tariff negotiations was concluded and a set of preferential rules of origin was adopted for the first time. The Agreement came into effect on 1 September 2006, after completion of internal ratification procedures by all its members.

27. As trade facilitation has become more significant in recent years, ESCAP has carried out various related activities. Under a project entitled “Institutional Capacity Building in the International Trade and Transport for the Landlocked and Transit Countries”, ESCAP conducted five national-level workshops on trade and transport facilitation in selected landlocked countries, producing a study on national trade and transport facilitation mechanisms in the Asia-Pacific region and establishing an online database on trade and transport facilitation.

ECLAC

28. During 2006, ECLAC’s Division of International Trade and Integration centred its activities on seven areas: (i) negotiation and administration of trade agreements; (ii) Doha Round: follow-up and information dissemination; (iii) controversies associated with trade negotiations and trade agreements; (iv) subregional integration; (v) China and Latin America; (vi) trade facilitation; and (vii) innovation and competitiveness for export diversification and improvement of international insertion. In each of those areas, the Division has interacted closely with governmental agencies, private organizations and subregional integration bodies (Mercosur, Andean Community, SIECA, CARICOM, LAIA, etc.), strengthening its capacities for providing advice to stakeholders in Latin American and the Caribbean countries. In the same way, permanent contacts with WTO, OECD, the Andean Development Corporation (a regional development bank) and the Inter-American Development Bank (IDB) have been established and several joint projects with them are already under way.

29. The main objective of programmes related to trade and integration is to enhance the capacity of members and associate members to integrate into the world economy and to enable them to participate effectively in the multilateral and regional trading systems via enhanced regional cooperation and technical cooperation. Trade-related technical assistance/capacity-building (TRTA/CB) activities consist primarily in assisting members in their efforts to (i) understand WTO Agreements and their implications, including the Doha agenda negotiations and Aid for Trade discussions; (ii) facilitate trade and investment flows, including e-commerce; (iii) promote convergence between regional trade agreements and the multilateral trading system; (iv) understand the economics of international trade policy; and (v) formulate more effective policies and strategies for trade promotion, trade facilitation and supply capacity development.

30. ECLAC deploys a number of modalities and services to support its member States, including policy analysis and advocacy; enhancing partnerships; technical assistance; communication and knowledge-sharing; and supporting subregional activities.

31. Requests for assistance from member countries in the area of trade agreement implementation and administration have increased significantly. In that regard, several activities were carried out during 2006 and others are planned for 2007. Member countries found these technical assistance services very useful and quite “tailor-made”, and have requested further assistance in that area.

32. The ties with the subregional integration schemes have been intensified and a large number of meetings were held to analyse the process of RTAs' convergence with bilateral FTAs with the North and the multilateral system, with the aim of revitalizing regional integration. ECLAC also established partnerships and networking with other developing regions, and especially with Asian countries. Also, ECLAC has recently started research and technical assistance activities on innovation and competitiveness, looking at best practices in the natural-resource sectors of various regions of the world. A seminar was held in August with representatives from Australia and New Zealand, who described the institutional framework for innovation in their countries.

33. In addition, ECLAC recently completed a project with the UNDP entitled “Information Technology for Development of Small- and Medium-sized Exporters in East Asia and Latin America”, which presented a comparative study on the East Asian and Latin American IT industry, which included seven Latin American and six Asian countries.

34. Those trade-related activities are part of a sustained dissemination strategy, centred on ECLAC's flagship document “Latin America and the Caribbean in the World Economy”, which has become an important reference source for Latin American and Caribbean trade matters. Other publications, seminars, workshops, trade databases and various websites, available in Spanish and English, are also part of this dissemination strategy. In addition, a database on trade controversies, which includes not only the WTO sphere but also regional trade differences and disputes, was developed in 2006 and will be available in 2007.

ECE

35. The activities of the ECE's Trade and Timber Division in 2006 can be summarized as follows:

- Developing standards, recommendations and best practice in the areas of trade facilitation, electronic business, regulatory cooperation and standardization, and commercial agricultural quality standards, that are used daily by producers and traders across the world and form the backbone of international transactions;
- Assisting in the implementation and promotion of those standards, best practices and recommendations, globally and especially in countries with economies in transition;
- Promoting sustainable forest management in the ECE region. The programme monitors and analyses trade in forest products and organizes a number of activities on topical issues.

36. On trade facilitation and e-business, the ECE's United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) has organized capacity-building activities aimed at helping countries that are planning and implementing their Single Window initiatives. UN/CEFACT has also established a repository of Single Window implementations, containing case studies from 11 developed and developing countries that already have operational Single Windows. The first version of the UN/CEFACT core component library (CCL) was published. The CCL will form the basis for a wide range of internationally implemented data exchange standards.

37. In the ECE region, diverging product regulations and standards are a substantial impediment to trade, especially in transition economies. The Working Party on Regulatory Cooperation and Standardization Policies (WP. 6) recently developed the International Model for Technical Harmonization (Recommendation L), which comprises a set of voluntary mechanisms and principles for good regulatory practices for countries wishing to align their regulatory regimes in specific sectors or product areas. The ECE is working with both the Eurasian Economic Community and the Commonwealth of Independent States on regional agreements in the area of regulatory cooperation on the basis of Recommendation L. WP. 6 has also developed two sectoral projects based on Recommendation L (on telecommunications products and earth-moving machinery) while preliminary work is under way for a third project, on pipeline safety. In addition, the Working Party organized a number of events to promote ECE standards across the region, including a conference in the Russian Federation on standardization in the oil and gas industry (September 2006) and a workshop on “International standards in the multilateral trading system: A stakeholders' discussion” within the WTO Public Symposium, also in September 2006.

38. The ECE's agricultural quality standards are widely implemented in international trade and are therefore very important in the operation of the international food supply chains. The ECE has developed 85 standards for fresh fruit and vegetables, dry and dried produce, early and ware potatoes, seed potatoes, eggs, meat and cut flowers. Of those, 36 form the basis for European Union regulations, and 52 have been adopted by the Organisation for Economic Cooperation and Development and are promoted internationally through their Fruit and Vegetables Scheme. In addition, a number of Codex Alimentarius standards are based on ECE standards for fresh fruit and vegetables. In 2006, the Working Party on Agricultural Quality Standards adopted 17 new or revised standards. Additionally, a number of technical assistance activities were organized to promote the standards in the countries of the ECE region, including Slovakia, Georgia, the United Kingdom and Moldova.

39. In 2006, the timber subprogramme continued to monitor and analyse trade in forest products. Additionally, a number of activities were organized on topical issues. In October 2006, a policy forum on “Public procurement policies for wood and paper products” was held in Geneva in order to discuss options for public procurement policies to promote wood from sustainably managed forests and exclude illegally sourced and/or unsustainably grown wood and paper products. The related issue of certified wood products was the subject of a separate chapter in the *Forest Products Annual Market Review* and of a discussion paper entitled “Forest Certification: Do Governments have a Role?”, published in May 2006, as well as of discussion by the Timber Committee. At its May 2006 meeting, the Joint ECE/FAO Working Party on Forest Economics and Statistics reviewed the availability and quality of information on illegal logging and related trade, which, according to the World Bank, causes throughout the world economic damage through loss of revenues to Governments, industries and forest owners, estimated at \$15 billion annually.

ESCWA

40. During 2006, trade capacity-building activities in ESCWA addressed the following fields: (i) raising awareness of the WTO Agreements and their implications; (2) helping member States in their accession to the WTO; and (3) providing further enhancement of intraregional

trade arrangements and follow-up on the implementation of the Greater Arab Free Trade Area (GAFTA) and other trade agreements.

41. ESCWA geared its capacity-building activities towards a large number of decision makers and high-level government officials who are involved in trade negotiations, with a view to their attending all trade-related platforms. Exchange of experiences and policy formulation via many recommendations were major outcomes of several intergovernmental meetings and training workshops at ESCWA. Since Arabic is not an official language in the WTO, ESCWA has a comparative advantage in that it translates major trade-related ministerial and negotiations documents into that language and prepares Arab countries for the WTO Ministerial Conferences; the latter fact leads to common ministerial positions on the region's trade agenda. ESCWA has also organized a follow-up on the Sixth WTO Ministerial Conference (April 2006). Efforts related to the establishment of GAFTA were also dealt with. Several ESCWA publications analysed the implications of various ongoing trade negotiations for the Arab countries (WTO negotiations, EPAs, GAFTA, etc.), as well as trade facilitation issues in the Arab countries and the efforts to improve and reform trade and customs regimes and infrastructures to enhance trade facilitation.

42. ESCWA also cooperated with UNCTAD in implementing a training course to develop country decision makers (June–July 2006). The regional training course designed by UNCTAD and ESCWA on key issues on the international economic agenda was aimed at familiarizing trade negotiators and academics from a number of ESCWA members (Bahrain, Egypt, Iraq, Jordan, Lebanon, Oman, Lebanon, Palestine, Saudi Arabia and Yemen) with a wide spectrum of topical international trade and development issues and building their knowledge and skills in this area so that they can make informed decisions about their countries' participation in trade at the bilateral, regional and international levels.

ECA

43. The year 2006 witnessed a rapid increase in the number of requests addressed to the ECA for technical assistance, particularly with respect to EPA negotiations. The requests focused on national-level impact analysis of EPA implementation and also on the area of selection of sensitive products. Advisory services were therefore provided in that area to many countries. In addition to supporting specific African countries, secretariats of some regional economic communities sought technical assistance from the ECA with regard to the EPA negotiations.

44. In the efforts to foster Africa's effective integration into the global economy through WTO and EPA negotiations, the ECA held an ad hoc expert group meeting in Cairo (Egypt) on 18 and 19 September 2006. The purpose of the meeting was to present the outcome of a study on how African countries could prepare themselves for adjustment to trade reforms foreseen under EPA implementation. The experiences of North African countries and those of South Africa were presented and discussed.

45. The ECA held an ad hoc expert group meeting in Casablanca (Morocco) on mainstreaming trade into national development strategies. The meeting discussed the results of studies undertaken in selected African countries with regard to the mainstreaming of trade into national development strategies. Best practices in trade policies and national development plans were discussed.

46. In the framework of trade capacity-building to increase Africa's share of international trade through the African Trade Policy Centre (ATPC), the ECA completed numerous studies on WTO and EPA negotiations, including on diversification. It also organized a major international conference jointly with the Global Trade Analysis Project. A major ECA achievement of that conference is that it managed to sponsor a large number of African researchers and policymakers with the objective of deepening their appreciation of technical tools for trade policy analysis and formulation.

47. It is noteworthy that in all the activities mentioned above, collaboration with members of the cluster, particularly UNCTAD and UNDP, was crucial to their success and also helped as regards their effectiveness and avoidance of duplication. Synergies were also easily shared among ECESA entities.

UNDP

48. To enable trade to become a meaningful driver of development and a serious contributor to the achievement of the Millennium Development Goals (MDGs), UNDP helps to strengthen capacities in developing countries in three important areas, namely (i) the capacity to compete internationally by overcoming supply-side constraints; (ii) the capacity to negotiate, interpret and implement trade agreements in a manner that prioritizes poverty and human development concerns; and (3) the capacity to incorporate pro-poor trade policy into national development strategies.

49. The overall aim is to put human development concerns at the forefront so that trade is seen as a means to an end, and to strengthen the linkages between trade, poverty reduction and human development.

50. As part of its work over the last few years, UNDP has both played the role of trust fund manager and lead for the capacity development window of the Integrated Framework for Trade-Related Technical Assistance for Least Developed Countries. In addition to both beneficiary and donor member States, this programme has involved cooperation with the six agencies involved, which include UNCTAD and ITC (among UN agencies). UNDP has also been implementing regional trade, poverty reduction and human development programmes in the Asia-Pacific region and Africa, in collaboration in part with ESCAP (Asia-Pacific) and UNCTAD and ECA (Africa). It has also collaborated on a global intellectual property and access to HIV/AIDS drugs project with the WHO and UNAIDS.

UNEP

51. During 2006, UNEP undertook a number of activities, jointly with or of relevance to the other ECESA Trade Cluster entities, in a number of areas: interlinkages between trade and environment; sustainable trade and poverty reduction; the Integrated Assessment of Trade-related Policies and Biological Diversity in the Agricultural Sector; and fisheries subsidies.

52. Thus, UNEP in collaboration with the International Institute for Sustainable Development developed a handbook to foster understanding of the interlinkages between the environment and trade and to enable Governments to develop practical approaches to integrating policies in those two sectors. The handbook is a practical reference tool for policymakers and practitioners. The experiences and results of projects in nine countries (Brazil, Chile, Colombia, Czech Republic,

Indonesia, Kenya, Lebanon, Russian Federation and Uganda) on promoting sustainable trade and poverty reduction through integrated assessment and planning are synthesized in the publication entitled *Sustainable Trade and Poverty Reduction: New Approaches to Integrated Policy Making at the National Level*. The Governments and national research institutes in six countries (Cameroon, Jamaica, Madagascar, Mauritius, Papua New Guinea and Uganda) decided to participate in a two-year capacity-building process to assess the economic, social and environmental impacts of trade liberalization in the agricultural sector with a particular focus on biodiversity. UNEP, in collaboration with ICTSD and WWF, organized two workshops on WTO negotiations on fishing subsidies in April and May 2006. In addition, it has published a study on the impact of trade liberalization on the fishing sector in Mauritania.

53. Under the UNEP–UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF) and the UNEP–UNCTAD CBTF Initiative on Organic Agriculture One several activities were carried out in East Africa. A major objective of those activities was the regional harmonization of organic agriculture standards throughout the East African Community. The final draft of East African organic agricultural standards (EAOS) is in the final stages of formal approval. As part of this process, several background studies on organic agriculture in East Africa were published. As part of several ongoing country projects, the UNEP–UNCTAD CBTF organized national multi-stakeholder workshops in Nairobi, Dar es Salam and Kampala to brief stakeholders on the progress made and to solicit their feedback on the findings of the assessment, as well as a subregional workshop in Arusha (March 2006) to present the preliminary findings of background studies and integrated assessment projects.

54. The UNEP–UNCTAD CBTF carried out other activities regarding organic agriculture in India (January 2006) and participated in several international forums (the sixth meeting of the International Task Force on Harmonisation of OA Standards, Stockholm, October 2006; and the IFOAM Workshop on Trading Opportunities for Organic Wild Harvest, Bosnia, May 2006).

55. The UNEP–UNCTAD CBTF, together with the secretariat of the Convention on International Trade in Endangered Species (CITES), initiated a two-year process to enable Governments to review national wildlife trade policies against socio-economic and conservation criteria. Four countries will participate in that process. The Economics and Trade Branch and the CITES secretariat are supporting the initiative in collaboration with the Graduate Institute of Development Studies in Geneva.

UNCTAD

56. In 2006, UNCTAD continued the implementation of its trade-related mandates contained in the São Paulo Consensus, which marked a paradigm shift in emphasizing the qualitative integration of developing countries, especially the LDCs, African countries and countries with special developmental needs, into the international trading system. The specific trade mandates are part of the overarching theme of “assuring development gains from the international trading system and trade negotiations”. This comprehensive mandate is carried out through UNCTAD's three pillars of work, namely consensus-building, research and policy analysis, and technical assistance. In the delivery of its output, UNCTAD's Trade Division cooperates with other United Nations organizations, including ECESA entities, and the academic and private sectors, as well as civil society. Its capacity-building programmes benefit from financial support from developed countries and donor institutions. This close cooperation between UNCTAD, developing

countries, donors and other partners has proved effective in exchanging knowledge and expertise and in developing networks for delivering trade and trade-related capacity-building assistance, undertaking research and policy analyses, and facilitating intergovernmental deliberations.

57. In 2006 UNCTAD had a trade-related output of approximately 450 items (intergovernmental meetings, expert group meetings, publications, advisory services, training courses, seminars, field projects, etc.). It made a positive and constructive contribution to the effective integration of developing countries into the international trading system. It was instrumental in assisting and developing trade and trade-related human, institutional and regulatory capacities of individual developing countries and countries with economies in transition, and their regional organizations. UNCTAD's consensus-building and analytical activities in respect of international trade and trade negotiations play an important supportive role in enhancing the development dimension of international trade, the international trading system and trade negotiations, and in contributing to the implementation of the MDGs and the outcomes of major UN conferences.

58. As a result of these activities, UNCTAD further strengthened its role in international trade and the trading system. It helped clarify the development dimension of the Doha negotiations, including in respect of achieving the MDGs, following the Sixth WTO Ministerial Conference. It helped countries in the process of acceding to the WTO and those dealing with post-accession changes. UNCTAD organized, with the Commonwealth Secretariat, an international conference on Aid for Trade in March 2006 and has continued to provide assistance in operationalizing this initiative. It promoted further South-South trade and economic cooperation through various initiatives, including supporting the advanced negotiations on the GSTP. UNCTAD helped to define a distinct trade and development agenda for the international community through its strengthened analytical, statistical and information bases and tools for trade and trade-related decision-making, at the national, regional and international levels. It assisted in deepening understanding of the relationship between trade and a number of cross-cutting issues such as commodity production and poverty reduction, commodity exchanges, energy and minerals trade, trade and environment, and trade and competition. Furthermore, it continued to pursue the creation of a competition culture worldwide, including through innovative voluntary peer reviews of competition policy and implementation of competition policy and consumer protection laws. As a result, UNCTAD is seen by the international community as the principal international organization active in competition law and policy and consumer protection issues. It is also at the forefront of international debates on trade and environment issues, in particular on environmental goods and services, the implications for developing countries' market access of environmental and related health requirements, organic agriculture, trade and investment in biodiversity-based products, biofuels, and so forth.

B. Challenges ahead in 2007

ESCAP

59. There are a number of trade and investment policy challenges for the ESCAP region in 2007. The first of these is the need to keep the development dimension of the Doha negotiations high on the agenda, while at the same time facilitating the accession to WTO of those ESCAP members that have applied for membership on development-friendly terms. The second

challenge is the need to rationalize the current entanglement of bilateral trade agreements. Their conflicting rules have raised concerns with regard to the costs that this increased policy opacity is imposing on businesses conducting trade. Thus, smoothing and facilitating these trade flows through measures that go beyond tariff liberalization represent a challenge of increasing importance. The need to increase policy transparency through the dissemination of timely, accurate and policy-relevant trade information is a concomitant challenge.

60. Given this increasingly complex trading environment, ESCAP expects to see an increase in requests from members and associate members for more technical assistance and capacity-building programmes. Subject to the availability of funds, ESCAP, in partnership with UNCTAD and other trade-related international and regional organizations, intends to respond to the challenges by establishing and/or strengthening region-wide platforms. That includes the following:

(a) Providing a regional consultative process involving multi-stakeholder interests in the Doha agenda negotiations, including WTO accession issues, to promote common understandings;

(b) Analysis and monitoring of regional and bilateral trade agreements with a view to promoting a more rational and cost-effective approach to their negotiation and implementation;

(c) Strengthening the Asia-Pacific Trade Agreement as the only region-wide preferential trade agreement that is open to all developing members and associate members of ESCAP. This will include the likely launch of a fourth round of tariff liberalization negotiations and expansion of membership;

(d) Networking of trade facilitation bodies in the region for the sharing of information, experiences and best practices. This could be a virtual or a physical network and could begin at the subregional level. The network in itself could serve as a catalyst for the establishment of national trade facilitation bodies where they do not exist or for the strengthening of existing ones. ESCAP will draw on the research output generated by ARTNeT, a regional network of trade research institutions serviced by ESCAP.

61. Furthermore, Central Asian economies in transition will receive special attention through the SPECA programme jointly implemented by ESCAP and ECE. The second session of the PWG-Trade is scheduled to be held in October 2007. The major challenge is to identify resources for the implementation of projects and to strengthen coordination with other technical assistance programmes in Central Asia, in particular ADB/CAREC.

ECLAC

62. ECLAC will support member States in developing trade strategies and policies oriented towards overcoming restrictions on supply, strengthening export capacity and quality through trade diversification with products with greater value-added and knowledge content, and promoting productive links between export sectors and the rest of the economy, especially small and medium-sized enterprises, with use being made of the opportunities and advantages offered by the new information and communication technologies.

63. The Latin American and Caribbean Governments have been actively involved in negotiating a network of bilateral agreements for preferential liberalization with countries both outside and inside the region. Those agreements have generated centripetal and centrifugal forces which tend respectively to unify and fragment the process of regional integration. Some of the main concerns about these agreements relate to their compatibility with multilateral commitments and the extension of and increase in the concessions granted, which could go beyond those agreed in the context of the WTO. Thus, the disciplines affecting the areas of interest to the industrialized countries tend to be considered outside the scope of WTO, while the issues that affect the Latin American and Caribbean States are frequently referred to the multilateral negotiations forum. Multilateral negotiations cannot be simply replaced in that way by a combination of bilateral and plurilateral negotiations. There is a need to establish a process of mutual complementarity and strengthening with regard to the trends of liberalization and regulation. ECLAC's challenge is to assist member countries in that difficult task.

64. Efforts to promote the building of consensus on the parameters of the development dimensions of the WTO from the regional perspective will be continued, and particular attention will be given to the restrictions facing the countries of the region in relation to receiving all the benefits of the multilateral trade system and other related arrangements.

65. The countries of the region have to bear high logistical costs on account of the weakness of their transport infrastructure, the lower level of development of logistics and transport services, and their slow and costly bureaucratic procedures for handling exports and imports. In that connection, the region urgently needs to establish clear measures and rules to facilitate business and trade activity, including the modernization of customs procedures, and harmonization of and compliance with standards. ECLAC will provide member countries with policy analysis and technical cooperation on trade facilitation and other regulatory measures to be applied at the interregional, subregional, bilateral and national levels.

66. The foregoing requires that a number of tasks be undertaken in connection with the following:

(a) The creation of spaces for communication, discussion and consensus-building at the national and subregional levels on the subject of systemic competitiveness and other priority items on the development agenda, with emphasis on solutions to supply-side constraints relating to export diversification/promotion and innovation and technological advancement of the export sectors;

(b) Technical cooperation for the countries of the region in order to strengthen their institutional, human and supply capacities for negotiation and implementation of multilateral and regional trade agreements, including monitoring of compliance;

(c) The search for more enhanced trade and investment relations with the Asia-Pacific region, including FTAs between the two regions; and

(d) The carrying out of studies and technical assistance to promote convergence between regional and multilateral trade integration.

ECE

67. Completing an international transaction requires a number of different procedures, and traders typically supply different sets of data to each business counterpart when buying, shipping and paying for their goods. During the coming year, UN/CEFACT plans to launch an innovative and system-wide initiative with a range of key intergovernmental organizations and business associations to achieve “end-to-end interoperability” between the buyer and the seller in international trade transactions. On the basis of one data submission, computer systems will be able to automatically generate the data needed for all commercial, transport, regulatory (including customs) and financial procedures required for the completion of an international transaction. The results of this work will help traders, trade intermediaries (such as banks and transport companies) and government administrations to significantly streamline and improve their data exchange systems.

68. The UNECE Working Party on Agricultural Quality Standards will pursue its ongoing work in 2007, developing and updating UNECE agricultural quality standards and promoting their application through seminars and workshops throughout the UNECE region. A number of training activities are scheduled in 2007, including two workshops on fruit, vegetables and meat standards in the south of Italy, a seminar on meat standards in Mongolia and a workshop on seed potatoes which will be held back to back with the Russian Potato Congress, to be held in Moscow in August 2007.

69. The protection of intellectual property rights and the proliferation of counterfeit goods are a challenge facing all the countries of the UNECE region. Counterfeit goods can be life-threatening — for example, adulterated or contaminated foods, hazardous toys, substandard electrical products and shoddy car or aircraft parts. The UNECE Advisory Group on Market Surveillance (“MARS” Group) has drafted a proposal about how Governments can enlist those authorities charged with enforcing product safety in the fight against counterfeit and pirated goods, so that they complement the efforts of customs, police and intellectual property agencies. The “MARS” Group’s proposal will be submitted for final consideration and approval as a new UNECE Recommendation in November 2007. The draft recommendation has already been presented to the CIS parliament, where it was decided to recommend national parliamentary committees in the CIS to use its provisions in drafting national legislation. A joint UNECE–CIS event to discuss experiences in market surveillance and counterfeit goods is planned for 2007.

70. In the framework of climate change and energy security discussions, wood has gained greater attention as a carbon-neutral energy source to replace non-renewable energy sources. Policy and decision makers in the energy sector are promoting the use of renewable biomass energies, including wood. This, combined with rising energy prices, is leading to an increase in wood demand and to questions about the impacts of increased wood mobilization on sustainable forest management and on “traditional” wood-using industries. To discuss that topical issue, the UNECE organized in January 2007 a workshop on the theme “Can Europe’s forests satisfy the increasing demand for raw material and energy under sustainable forest management?”. Also, it has launched a joint wood energy inquiry with FAO, the International Energy Agency and the European Commission to collect information on wood energy supply and use.

ESCWA

71. The work of the ECESA Trade Cluster proved to be a beneficial exercise for ESCWA in 2006. The Cluster adopted lines of work for all entities to guide their programming of future activities on the basis of clear priorities, in addition to identifying joint outputs to which individual entities can contribute, such as the UN Joint Annual Report on Trade. ESCWA benefited from the Trade Cluster consultations on the proposed activities in its 2008–2009 work programme on trade and made room for those activities in both the proposed work plan and the budget. In 2007 ESCWA planned activities in line with priority areas identified by the Trade Cluster, such as trade facilitation, South–South cooperation and convergence of regional and multilateral trade agreements. In 2008 and 2009 ESCWA plans to undertake further activities to assess the relationship between multilateralism and regionalism in the conduct of trade policy in the ESCWA region, and the means to improve South–South cooperation through research-based activities and seminars.

72. A major lesson learned pertaining to the work of the ECESA Trade Cluster is that enhanced coordination leads to better planning and cooperation among the group's entities in implementing the identified priorities. Experience has shown that lack of clear coordination may lead to conflict of work and duplication and redundancy. The current level of coordination resulted in successful implementation of several joint activities in 2006. It also proved that participation of the entities in the group in each other's activities led to more successful events as it enabled them to share their experiences and knowledge gained from work in different regions and platforms. ESCWA attributed the success of many of its seminars and workshops during 2006 to this improved participation by members of the Trade Cluster.

73. In 2006 political instability in the region proved once again to be a disruptive factor regarding the planning and implementation of activities, particularly in the ESCWA region, which represents the core of the Middle East region. This is one external factor that will remain a challenge for ESCWA in 2007. Three ESCWA member countries are still experiencing war and political instability, with a significant impact on trade and investment prospects in the whole region. Such a situation also causes a shifting of member countries' priorities towards security issues, at the expense of policies targeting trade development and integration.

ECA

74. ECA foresees major challenges in 2007 for African countries in EPA negotiations, the Doha Round, national trade policies and the Aid for Trade agenda. In that regard, the activities will focus on how to ensure positive outcomes and benefit for African countries in line with the Secretary-General's policy decision on trade and sustainable development. Advisory services for trade policy promotion and international negotiations will therefore remain crucial activities in 2007.

75. In order to deal with the challenges foreseen, in the context of trade capacity-building to increase Africa's share of international trade through the ATPC, a number of outputs targeted at helping African countries will be undertaken:

- The Cotonou Agreement provides for the EPA negotiations to be concluded by 31 December 2007. However, if that is to happen, outstanding issues for African subregions will need to be

understood and tackled. For that reason, the ECA will complete a study reviewing the EPA negotiations in each of the African subregions and organize a forum in which more substantive discussions on the review results will take place.

- The diversification theme and its relation to global trade reforms will be revisited by the ECA and will be the basis of policy discussions at the Conference of African Ministers of Finance.
- On sustainable trade policy analysis and formulation, the ECA hopes to continue to provide training for African countries on technical tools for economic policy analysis. The NEPAD secretariat and the regional commissions are also seen as key partners in the enhancing of capacity.

76. Close collaboration will be continued with other members of the Cluster, and the discussions on the results of the EPA review will already be benefiting from UNCTAD and UNDP participation.

UNDP

77. UNDP is keen to implement its 2007 work plan in a manner that is consistent with the recommendations of the UN High-Level Panel on Coherence. Ensuring the complementarity of the programmes will be a key challenge for all Trade Cluster agencies in 2007 and beyond. In that context, UNDP is willing to coordinate its activities even further with members of the ECESA Cluster on Trade. UNDP will undertake a number of key new initiatives in 2007, which are described below.

- *Regional Programme on Trade, Economic Governance and Human Development for the Arab States Region.* The aim of this programme is to help Arab countries formulate appropriate policy responses to the challenges of globalization, taking fully into consideration their sustainable human development and poverty reduction goals. It is also intended to enhance the capacities of Arab countries to set out their development concerns and priorities in ongoing and emerging multilateral and regional trade negotiations, and subsequently, to enable them to play a more active role in the shaping of the global trading system. To achieve those objectives and maximize the impact of the proposed programme, partnerships with regional and multilateral institutions such as ESCWA, and specialized UN agencies such as UNCTAD, will be sought for specific activities.
- *Conference on Systemic Commodity Issues.* The objective of this joint UNDP/UNCTAD/CFC global event is to address, inter alia, the question of financing of commodity-based development. The event, being aimed at promoting understanding and awareness of the commodities problematique among Governments, international organizations, civil society and the private sector, and at encouraging a global strategy and policy options for commodities (including in capacity-building), is thus fully embedded in the internationally agreed pillar (MDG 8) for scaling up support for the achievement of MDGs in the areas of aid, debt and trade.
- *Landlocked Developing Countries Trade Initiative.* The aim of this event, in collaboration with UNOHRLLS and UNCTAD, is to support LLDC efforts to further pursue their

particular concerns and consolidate their capacity to participate effectively in trade negotiations — particularly in the context of the WTO — in line with their national priorities. In addition, the event is expected to enhance the capacity of LLDCs to effectively coordinate their work with a view to working out strategic approaches for their future actions with respect to trade negotiations and trade capacity development in pursuit of the Asunción Platform for the Doha Round, including through greater international recognition and support and technical assistance.

- *Support to the ACP Group on Trade Facilitation Needs Assessment.* The aim of this project is to foster trade in some of the poorest African and Pacific countries in the ACP Group and promote an understanding of trade facilitation needs assessments among various stakeholders, including Governments, civil society and the private sector. As those needs are addressed ACP countries will be able to increase their capacity to trade, foster economic growth and reduce poverty, consistent with MDG 8. In partnership with UNCTAD and the ACP secretariat, UNDP's role will be limited to providing support for upstream capacity needs assessments with other agencies and partners providing follow-up through downstream policy reforms, technical assistance and investment projects.

78. UNDP is already collaborating extensively with a number of ECESA members. In addition to collaborating on the projects identified, UNDP will collaborate with the FAO on a regional project in Southern Africa. It will also be taking stock of its work on trade and development with a view to consolidating it in the corporate Strategic Plan for 2008–2011, which will be finalized in 2007.

UNEP

79. Several forthcoming activities are a priority for UNEP in 2007. Firstly, the continuation of the activities and projects mentioned above will be a major task. In that regard, efforts to further strengthen collaboration and partnerships with other UN agencies working on the relevant issues would be an advantage. Secondly, a few activities should be highlighted. In February, within the framework the 24th meeting of the Governing Council, a Global Ministerial Environmental Forum on Globalization and the Environment and United Nations Reform will take place (5–9 February 2007). The outcome of that high-level event may have implications for UNEP's work. Another important event in 2007 is the Joint WTO–UNEP High-Level Roundtable on Globalization and Environment: Ensuring Coherence Between the Trade and Environment Regimes, which will take place on 5 February 2007 in Nairobi.

UNCTAD

80. During 2007 a number of areas will assume increased importance in UNCTAD's work on international trade in goods and services, and commodities. In line with the recommendations of the Mid-term Review of UNCTAD XI on the implementation of the São Paulo mandates on "assuring development gains from the international trading system and trade negotiations" in 2007 UNCTAD will emphasize, inter alia:

- Commodity issues, including the linkages between the extractive sectors and the rest of the economy, and their integration into national, regional and international development and poverty reduction strategies; and resolution of the trade and development problems associated with commodity dependence;
- Trade negotiations, issues, capacities and WTO accession and its follow-up, as well as services development and trade negotiations, with particular emphasis on the strengthening of country ownership and capacity-building in preparing and conducting trade negotiations;
- Strengthening the participation of developing countries in new and dynamic sectors of world trade;
- The programme on non-tariff barriers (NTBs), including support for the Group of Eminent Persons on Non-Tariff Barriers established by the Secretary-General of UNCTAD;
- Cross-cutting issues of trade, poverty, sustainable employment creation, gender, matters pertaining to movement of natural persons, and adjustment to trade reform;
- Trade, environment and development issues, the BioTrade Initiative and related partnerships, and the Biofuels Initiative;
- South–South trade;
- Aid for Trade;
- Trade capacity-building and trade analytical tools and databases.

81. Major actions will be taken to address NTBs and advance the Aid for Trade initiative. Energy issues, including biofuels, will become more prominent and UNCTAD will enhance its contributions in this area. Further efforts will be made to strengthen the capacities of developing countries to address important issues at the interface of trade, environment and development and take advantage of emerging opportunities for trade and sustainable development. UNCTAD will continue to coordinate UN-wide work on international trade and the trading system by convening the ECESA working group on trade, and following up on the Policy Committee’s decision on international trade and sustainable development.

82. In all the above areas, UNCTAD will continue to cooperate closely with ECESA Trade Cluster members and other international organizations, within their respective mandates.

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