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ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND
ENTERPRISE DEVELOPMENT

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Item 15 (a) of the provisional agenda

**STRATEGIC DIRECTIONS FOR THE COMMITTEE FOR TRADE, INDUSTRY
AND ENTERPRISE DEVELOPMENT**

Discussion paper by the Bureau of the Committee

The Bureau presents this paper in the belief that it has become of critical importance to develop and agree upon strategic directions for the Committee. This is particularly true in the light of the almost three years that have passed since approval of the UN/ECE Plan of Action and plans which need to be made at the end of this year for the next biennium (2002-2003). In addition, the Bureau believes that there is a need to review other proposals in a larger "Committee-wide" context – including its own recommendations regarding strategic directions for that part of the work programme entitled, "Enterprise Development" (TRADE/2000/8).

Note: Within this document, we understand "policy" as referring to the definition of overall goals and programmes and activities designed to achieve them.

The Challenges

1. The primary obligation of the Committee is to ensure that it and its subsidiary bodies support the objective of the United Nations Economic Commission for Europe (UN/ECE), namely “to facilitate and strengthen the involvement of all member countries in harmonious economic relations” within the context of trade, investment and enterprise development.

2. As part of the United Nations worldwide system, the Committee is also responsible for providing regional input to work on global cross-sectoral and trade-related issues, as well as for ensuring adequate cross-regional input into its own activities that have a global impact.

3. The 1997 Plan of Action, which implemented the reform of the UN/ECE, transformed the former Committee on the Development of Trade into the Committee for Trade, Industry and Enterprise Development (see annex 4, chapter I, B.4 of the Plan of Action in annex I of the current document). The re-formed Committee was thereby given enlarged, as well as new, responsibilities. The Plan of Action also set out a twofold objective for the work of the Committee:

- (a) “to contribute to the creation of a clear, predictable and supportive environment for industrial
- (b) “to assist in the integration of all countries, in particular countries in transition, into the European and global economy”.

4. These developments have significantly altered the role of the Committee. In addition to its own programmatic functions, the Committee must now work with a larger and more diverse group of subsidiary bodies to set strategic policy and directions. It must coordinate their work, develop new activities, and identify areas of joint interest where synergies may be found through the exchange of expertise and joint activities.

5. These responsibilities for developing policy, integrating activities and developing synergies are reflected in the budget and programme of work for the 2000-2001 biennium, where all of the Committee’s activities have been included under a single UN/ECE Sub-Programme designated as: *07 Trade, Industry and Enterprise Development*.

6. The subsidiary bodies which currently report to the Committee, and with which the Committee must work in order to accomplish its objectives are the:

- ❖ United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT)
- ❖ Working Party on the Standardization of Perishable Produce and Quality Development (WP.7)
- ❖ Working Party on International Legal and Commercial Practice (WP.5)
- ❖ Working Party on Technical Harmonization and Standardization Policies (WP.6)
- ❖ Ad hoc Group of Experts on Steel
- ❖ Ad hoc Group of Experts on the Chemical Industry.

7. Further, we, the Bureau of the Committee, have suggested that the Committee consider establishing a Working Party on Sustainable Enterprise Development. This Working Party would be responsible for supervising work on enterprise development as well as the migration of some of the work currently done under the ad hoc groups of experts on steel and on the chemical industry, and for establishing a programme with a cross-sectoral emphasis.

The Overall Structure

8. The Committee may wish to consider the following as a general framework for its own responsibilities and those of its subsidiary bodies:

- (a) Committee
 - To define overall policy on trade, industry and enterprise development
 - To define strategy, having examined in depth the issues affecting the Committee's objectives
 - To allocate resources
 - To supervise its subsidiary bodies
 - To ensure input to global United Nations issues and work
 - To provide the Commission with feedback
- (b) Subsidiary bodies
 - To establish a policy framework and to formulate strategies for their areas of responsibility
 - To establish linkages in their work between the public and private sectors, as well as with other inter-governmental and non-governmental organizations
 - To provide technical and substantive guidance to those undertaking work
 - To implement their work programmes and decisions made by the Committee, where appropriate
 - To provide the Committee with feedback
- (c) Task teams, advisory groups, etc.
 - To implement programmes and directives
 - To carry out substantive activities
 - To create contact networks
 - To provide the subsidiary bodies with feedback

The Work of the Committee

In the following sections, we look more closely at the Committee's specific responsibilities and functions

Overall policy on trade, industry and enterprise development

9. In its policy-related work the Committee should:
- (a) Develop policy objectives in support of its overall objectives as outlined in the Plan of Action;
 - (b) Review periodically its policy objectives in the light of current developments and feedback from subsidiary bodies;

- (c) Make recommendations to member States or other inter-governmental organizations -- recommendations which may be based on work done directly under its auspices or by subsidiary bodies;
- (d) Develop and promote the exchange of information that would be useful to policy makers and the business community in areas under its responsibility;
- (e) Review periodically the mandates of subsidiary bodies to ensure that they best support the Committee's policy objectives;
- (f) Determine how emerging and "emergency" issues should be addressed; for example, the crisis in southeast Europe;
- (g) Review feedback from its subsidiary body on policy questions to determine when changes are necessary

Strategy, including strategic management of the work programme and resource allocation

10. The Committee is responsible for ensuring that its work and that of its subsidiary bodies supports the policy objectives and takes best advantage of the resources available. Thus, the Committee should:

- (a) Decide upon new areas where subsidiary bodies should undertake work in support of policy objectives, which may require the in-depth review of specific issues to determine whether or not it and/or its subsidiary bodies could add value by taking action;
- (b) Agree jointly with subsidiary bodies on the strategic objectives to be pursued in support of its policy objectives.
- (c) Decide upon priorities within its work programme, based upon its policy objectives, and feedback from its subsidiary bodies and the secretariat.
- (d) Identify for itself, as well as for each subsidiary body and, where relevant, for specific areas of work, the most appropriate:
 - (i) "geographic" focus, i.e. global, regional or sub-regional or local;
 - (ii) relationship with the existing international institutional infrastructure at a global, regional, sub-regional or local level
- (e) Ensure full coordination both between subsidiary bodies and with other international organizations;
- (f) Ascertain where joint efforts between subsidiary bodies would create synergies, higher quality, and more relevant outputs;
- (g) Obtain adequate involvement by the private sector and non-governmental organizations.

Regional input to United Nations work on cross-sectoral and trade-related issues

11. The UN/ECE Plan of Action has accorded high priority to work done on cross-sectoral issues in the following areas:

- Special concern for the economies in transition

- Mainstreaming of the gender perspective
- Outlook for sustainable development
- Involvement of the business community.

12. Indeed, the UN/ECE has requested that, to the greatest extent possible, all subsidiary bodies incorporate these areas into their work programmes. The Commission also requires regular reporting on the work done.

13. Within the framework of United Nations reform, in 1998 the Economic and Social Council requested that the regional commissions act as the regional arm of the UN (GA 1998/46). Since that time, there has been an increasing demand for regional contributions to United Nations global issues and events. Therefore, periodically, the Committee is expected to provide input on these issues when they touch upon trade, industry and enterprise development, such as the impact of the information society on development.

14. So far the Committee has made a limited contribution to discussions on these cross-sectoral issues, but demands on the Committee to do so are likely to increase significantly in the future. Therefore, as a matter of policy, the Committee needs to ensure that the work of its subsidiary bodies, as well as its own work, takes into account these cross-sectoral issues whenever possible and appropriate to do so.

15. Because of the central role of trade, investment and enterprise development in the economic dimensions of the above-mentioned cross-sectoral issues, we, the Bureau, believe that the Committee could take a much more active role in this area. Specifically, we propose that the Committee take on the responsibility for drafting a paper on one of the above cross-sectoral areas for each of its sessions, beginning with sustainable development. Each of these papers would, for the topic in question:

- (a) Examine it from the perspective of trade, investment and enterprise development in the UN/ECE region;
- (b) Describe joint work and cooperation across UN/ECE divisions, United Nations regional commissions and with other United Nations bodies;
- (c) Suggest areas where further cross-sectoral or joint work might be considered.

16. The discussion on these topics would result in possible modifications to the Committee's work programme and recommendations to the Commission.

Supervision of subsidiary bodies

17. Each year, the Committee should review the work of its subsidiary bodies in order to:

- (a) Evaluate progress made;
- (b) Examine proposals for new activities that affect the work programme;
- (c) Consider any structural changes that affect resource allocations;
- (d) Approve any recommendations or proposals submitted to it or that are to be forwarded to the Commission;
- (e) Consider the impact this work may have on its policy or strategic objectives;
- (f) Provide guidance with regard to policy, strategy and input to United-Nations-wide initiatives.

Feedback to the Economic Commission for Europe

18. As a subsidiary body of the Commission, the Committee has a responsibility to:

- (a) Report on work undertaken and on the prioritization of work programme elements.

- (b) Provide when requested by the Commission input on other questions, such as operational activities and relations with the business community;
- (c) Call the Commission's attention to issues requiring decisions at the Commission or Council level.

Other Points to be Noted

19. A large part of the Committee's current work relates to norms and standards. In the larger context of the United Nations, norms and standards are means for achieving goals such as economic cooperation and integration, rather than being goals in themselves. The Council has called for a more integrated approach between policy analysis, norms and standards setting and actions to promote the implementation of these norms and standards. In our region, this is particularly relevant with regard to economies in transition. Moreover, **we can expect continuing and increased demands for operational activities** supporting the implementation of the Committee's outputs.

20. The Council has also called for stronger cooperation between the regional economic commissions, to be evidenced by special joint programmes.

21. The work of the Committee addresses the needs of a wide range of both public and private sector stakeholders. To ensure the continued relevance of the Committee's activities, any discussion on future strategy needs, therefore, to take full account of their interests.

Conclusions and Further Action

22. If the Committee agrees with the above description of its objectives and responsibilities, then, the Bureau recommends that the Committee set up a small task team to develop for the next session:

- (a) A draft set of policy objectives
- (b) Recommendations regarding related strategic objectives
- (c) Recommendations regarding any changes that should be made in the terms of reference of the Committee (see annex II of the current document)
- (d) Recommendations regarding methods for better incorporating policy and strategic discussions into the Committee's annual session and work.

23. The agreed policy objectives coming out of the 2001 session would then be submitted to the Committee's subsidiary bodies for them to consider when developing supporting strategic objectives to be submitted to the Committee's session in 2002 and which would be reflected in their work programmes.

24. The composition of the above-mentioned task team should be broad enough to reflect the aims and aspirations of all member Governments, the European Community and the Committee's most active partner organizations.

25. In the light of all of the above, the Committee may also wish to examine its own composition and how it might be changed, or enhanced, to meet the outlined challenges and responsibilities.

Annex I

UN/ECE PLAN OF ACTION

(E/ECE/1355, Annex IV)

(4) Trade, Industry and Enterprise Development

The work in this area has a twofold objectives: (i) to contribute to the creation of a clear, predictable and supportive environment of industrial and enterprise activities; (ii) to assist in the integration of all countries, in particular countries in transition, into the European and global economy. In order to serve these objectives, three following main directions of work will be further development:

- (a) trade promotion, trade-related standards and the legal framework for promoting trade and investment, including commercial contract practices;
- (b) trade facilitation through internationally agreed standards and regulations developed by the Centre for Facilitation of Procedures and Practices for Administration, Commerce and Transport (CEFACT) as well as through standardization policies and modern trade techniques, especially UN/EDIFACT;
- (c) the development of enterprise, including the promotion of small and medium scale enterprises, particularly in countries in transition.

The industry and enterprise development dimensions will lead to fostering activities which are at the interface of government and private sector responsibilities for ensuring an efficient and well-functioning market economy. This approach cuts across all types of activities as they relate to trade and investment, including in the field of industry which, in line with principle (6) of part A above, calls for cooperative relationships between governments and enterprises. In order to better reflect this cross-sectoral approach in the field of trade, the existing Committee will be renamed for Committee for trade, Industry and Enterprise Development.

The programme of work will benefit from the inclusion of issues and activities regarding the steel and chemical industries which were previously dealt with under the aegis of sectoral Working Parties. Taking into account both the priorities identified by the latter and the resource base now allocated to these activities, a number of programme elements could be retained, grouped around clusters of issues, for example: (i) collection of information about market trends and prospects; (ii) promotion of sustainable development; and (iii) policies of privatization and restructuring. These three cross-sectoral issues are relevant for other key sectors of industry which are also adapting to an increasingly integrated market-economy at the regional and global levels and they are directly related to the promotion of business, trade and investment. It is therefore expected that activities in steel and chemicals will contribute to and benefit from, interaction with the other activities carried out within the framework of the Committee. In order to organize this interaction, the latter is requested to establish two Groups of Experts of the nature described in Chapter III.A.2 below, one on Steel, the other on Chemicals, for a two-year period; it is also requested to ensure that a member of each Bureau of the two former Working Parties join the Bureau of the Committee. In each case, the representative will

consult all the other members of the Bureau of the former Working Party in order to make proposals for the preparation of the work programme of the Ad Hoc Group of Experts. This structure will make it possible to retain the existing valuable networks of experts, to define a clearly delineated programme of work and to maintain the extra-budgetary resources made available to this work by the private industry. It will in particular provide a framework for organizing, in cooperation with the newly established Unit, activities focused on industrial restructuring in transition economies.

Finally, in line with the directions of work outlined above, the Working Party on Standardization of Perishable Produce and Quality Development and the Working Party on Technical Harmonization and Standardization Policies will, from now on, report to the Committee for Trade, Industry and Enterprise Development.

Annex II

**REVISED TERMS OF REFERENCE OF THE COMMITTEE ON THE
DEVELOPMENT OF TRADE**

approved by the fortieth session of the Committee
on the Development of Trade, December 1991

The Committee, acting as a consultative body, shall serve as a forum for discussion and exchange of views on recent and prospective trends, policies and problems affecting trade within the ECE region;

The Committee shall study, consult on and submit recommendations on practical measures that will result in facilitation, expansion and diversification of trade among the countries of the ECE region and also between them and countries outside this region;

The Committee shall draw the attention of the appropriate subsidiary bodies of the ECE to problems which are of importance to trade within the ECE region and shall collaborate as may be necessary with these bodies in expanding such trade as well as promoting trade through investment and industrial co-operation;

The Committee shall endeavour to contribute to the transition of Central and East European trading systems to market economy principles and methods and their integration into the world trading system, including the involvement, where appropriate, of representative of the business community. The Committee shall also consider specific problems of countries in the ECE region which are developing from the economic point of view;

The Committee shall, whenever necessary, approach the various Specialized Agencies of the United Nations with request for assistance in achieving its task, in accordance with the agreements between the United Nations and the agencies;

The Committee shall review regularly the current and future activities of its subsidiary bodies and shall keep itself informed of the relevant work done and planned by other United Nations bodies and by other institutions and international organizations. It shall take appropriate steps to co-ordinate its activities with respect to these bodies in order to avoid duplication and to ensure the maximum effectiveness of its work.