



ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

Committee on Trade and Investment

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Bangkok

**REPORT OF THE COMMITTEE ON TRADE AND INVESTMENT  
ON ITS FIRST SESSION**

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## **I. MATTERS CALLING FOR ACTION BY THE COMMISSION OR BROUGHT TO ITS ATTENTION**

1. The Committee adopted the following conclusions and recommendations for consideration and endorsement by the Commission.

### **A. Looking beyond the crisis: trade and investment for achieving inclusive and sustainable development**

2. The Committee concluded that trade and open markets would continue to be an important engine of growth for the region. It recommended that an enabling environment for trade and investment be established at the national and regional levels and that governments adopt appropriate policies for that purpose.

3. The Committee recommended enhanced levels of regional economic cooperation and integration to promote sustainable development and to strengthen efforts against future economic crises. In that regard, it called for the effective implementation of existing mechanisms for regional cooperation.

4. The Committee called for an enhanced and more proactive role for Asian and Pacific developing countries to promote trade and investment at the global and regional levels.

5. The Committee recommended that developing countries pursue strategies aimed at the diversification of sources of growth and of export markets and products, and promote backward linkages, establish value-added activities and pursue the development of industry clusters for that purpose.

6. The Committee recognized the importance of trade finance for promoting trade and investment and called for a more proactive role for relevant international financial institutions and mechanisms to prevent future financial crises.

### **B. Developing coherent and consistent policies for trade and investment**

7. The Committee called for maintaining a proper balance between exports and domestic demand as sources of growth to reduce risk and promote economic diversification. In order to strengthen domestic demand, countries could pursue the expansion of investment in infrastructure and energy, the provision of social protection, skills development, tourism development, and inclusive and sustainable growth.

8. The Committee agreed that trade policies should be pro-poor, contributing towards sustainable development to have a maximum impact on poverty reduction. In particular, due attention should be paid to the development of agro-industry as an important sector in promoting pro-poor trade and achieving economic diversification.

9. The Committee recommended that countries develop their supply-side capacities to benefit from trade with a focus on legal reforms, compliance with international standards and intellectual property rights, enhancing human resource development, and trade and investment facilitation. In that regard, the Committee was of the view that foreign direct investment (FDI) could play an important role in supply-side capacity-building and could be attracted through the development of export processing zones and incentives.

10. The Committee emphasized that the priority role of government with regard to trade promotion and socio-economic development was to provide stability and security for economic systems through prudential regulation. In addition, governments should make provisions for social protection in trade policies, particularly in times of crisis. However, the Committee expressed its concern regarding any policies which would result in protectionism or discrimination.

11. The Committee recommended that trade and investment policies target specific sectors to address specific problems. In particular, due attention should be paid to energy as an important aspect of trade and investment policy.

12. The Committee agreed on the need to promote coherent and consistent trade policies and other development policies at the national and regional levels. In that regard, it called for the strengthening of coordination and consultation processes to harmonize policies and regulations among concerned institutions and stakeholders at the national and regional levels. The Committee underscored the importance of strengthening effective public-private partnerships and mechanisms for public-private sector dialogue.

13. The Committee agreed on the need to adopt evidence-based trade policies and, in that regard, expressed strong support for the Asia-Pacific Research and Training Network on Trade (ARTNeT).

### **C. The role and primacy of the multilateral trading system in governing international trade**

14. The Committee emphasized the role and primacy of a fair, open, non-discriminatory, transparent and predictable multilateral trading system in governing international trade and called for a strengthening of that system. It expressed its concern regarding protectionism, which could undermine the system and delay recovery from the crisis. The Committee invited the secretariat to conduct case studies on the good practices of countries and industries that were addressing the crisis effectively.

15. The Committee called for an early conclusion of the Doha Round of multilateral trade negotiations. A successful conclusion would include a sharp reduction in trade-distorting agricultural subsidies and would duly address the concerns of developing countries, including provisions for special and differential treatment that were precise, effective and operational.

16. The Committee expressed its concern that the least developed countries continued to be marginalized in the multilateral trading system. In that regard, it proposed an early implementation of duty- and quota-free market access of products exported from the least developed countries.

17. The Committee called for the continuation and strengthening of the secretariat's technical assistance activities aimed at helping developing countries, in particular the least developed countries, to participate effectively in the multilateral trading system in close collaboration with partners at the global and regional levels, in particular the World Trade Organization (WTO) and the United Nations Conference on Trade and Development. In that regard, it expressed strong support for the WTO/ESCAP Technical Assistance Programme.

18. The Committee observed that the ESCAP region was home to the largest number of countries in the world not yet members of WTO and requested the secretariat to strengthen its technical assistance to those countries with a view to expediting their accession to WTO.

19. The Committee also requested the secretariat to help developing countries of the region that were already WTO members to implement their WTO commitments and to conduct a careful analysis of the difficulties they encountered in that regard.

20. The Committee emphasized the role of aid for trade tailored to the needs of individual developing countries for strengthening their supply-side capacities and helping them benefit from gains in market access. In that regard, it supported a strong role for ESCAP in coordinating and delivering aid for trade at the regional level.

#### **D. Enhancing intraregional trade and investment**

21. The Committee recommended enhanced South-South intraregional trade as an important modality for developing countries to diversify export markets. It also called for a reduction of barriers to such trade that were still relatively high.

22. The Committee concluded that, when properly formulated, regional trade agreements (RTAs) could encourage deeper levels of regional economic integration and could become the building blocks of the multilateral trading system. It also emphasized that RTAs could help landlocked countries integrate more effectively into the regional trading system. In that regard, the Committee expressed its full support to the continuous updating of the Asia-Pacific Trade and Investment Agreements Database of ESCAP, which monitored the performance of RTAs.

23. The Committee called upon the secretariat to continue and strengthen its efforts in improving connectivity in support of intraregional trade. In particular, it invited the secretariat to continue its work in designing common frameworks for the consolidation and rationalization of RTAs, including the harmonization of the rules of origin.

24. The Committee expressed its appreciation to the secretariat for its activities in support of the strengthening and expansion of the Asia-Pacific Trade Agreement (APTA), which were aimed at evolving the Agreement as a force for regional integration. In that regard, it took note of the imminent conclusion of the fourth round of tariff negotiations and the expansion of APTA into new areas of commitment.

25. The Committee noted the continued interest and efforts of Mongolia to join APTA and also noted the intention of Nepal to join APTA soon. It requested the secretariat to extend invitations to other developing countries of the region not yet members of APTA to attend the third session of the Ministerial Council, to be held in Seoul on 15 December 2009, hosted by the Government of the Republic of Korea, so that those countries could familiarize themselves with APTA proceedings.

26. The Committee noted that the mechanism of the Association of Southeast Asian Nations (ASEAN) to address the financial crisis in the region through the Chiang Mai Initiative could be a good example for financial cooperation in the Asia-Pacific region. The Committee supported the cooperation between ESCAP and ASEAN in building connectivity.

27. The Committee requested the secretariat to forge synergies and strong cooperation in trade and investment between ESCAP and other regional integration

mechanisms, such as the Eurasian Economic Community, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, the South Asian Association for Regional Cooperation and ASEAN.

#### **E. Facilitating trade and investment**

28. The Committee recognized that trade and investment facilitation was crucial for sustaining balanced growth and promoting intraregional trade. It underscored that the benefits of trade and investment facilitation measures far outweighed the cost of their implementation. In that regard, it recommended the adoption of an integrated approach that combined at-the-border and behind-the-border trade facilitation measures.

29. The Committee further recognized the strong link between trade and investment, in particular the contribution of FDI to trade development, and in that regard recommended that the enabling environment for FDI be strengthened.

30. Recognizing that trade facilitation was a responsibility which cut across many government agencies, the Committee recommended enhanced coordination and collaboration among them.

31. Highlighting the importance of regional cooperation in trade facilitation, the Committee observed that lessons could be learned from trade facilitation measures and integrated border management implemented in the Greater Mekong Subregion (GMS).

32. The Committee further called on member countries of the United Nations Special Programme for the Economies of Central Asia (SPECA) to become more actively involved in the activities of the SPECA Project Working Group on Trade.

33. Noting that the current financial crisis had highlighted the importance of effective trade finance mechanisms to cushion the impact of the crisis on exporters, the Committee recommended that such mechanisms be strengthened, in particular for small and medium-sized enterprises (SMEs).

34. The Committee appreciated the secretariat's work in capacity-building in trade facilitation, in particular in the area of the implementation of single window facilities. The Committee also noted the collaborative work of the secretariat with other international and regional organizations, and recommended that that collaboration be deepened.

35. The Committee took note of the United Nations Network of Experts for Paperless Trade in Asia and the Pacific and called on member States to actively participate in that regional platform.

#### **F. Business survival and development**

36. The Committee commended the secretariat's technical assistance activities regarding private sector development in GMS. It recommended that efforts on capacity-building for SMEs in GMS, as well as in South Asia and other subregions, be continued to enhance the competitiveness of SMEs in regional and global markets.

37. The Committee called upon the secretariat to make further efforts in promoting regional integration through the development of regional value chains. In that regard, it recommended that the secretariat focus its capacity-building activities

for SMEs on human resources development, the transfer of technology and the enhancement of innovation capabilities with a view to promoting the effective participation of SMEs in regional value chains.

38. In particular, the Committee requested the secretariat to strengthen its analytical work on enterprise development and regional value chains through the identification of the position of SMEs in those value chains, the compilation of best practices from the region on business competitiveness, and the provision of effective tools and applications for SME development.

39. The Committee recognized that enterprises could make a significant contribution to inclusive and sustainable development through the practice of principles of corporate social responsibility. In that regard, the Committee noted that various stakeholders could play important roles in promoting and implementing the principles of corporate social responsibility.

40. The Committee took note of the proposal of the representative of the World Association for Small and Medium Enterprises to consider a joint programme between the Association and ESCAP.

41. The Committee noted the request from Indonesia to obtain support from the secretariat to extend an invitation to ESCAP member countries to attend the Asia-Pacific ministerial meeting on public-private partnership in Indonesia in 2010.

## **G. Programme planning and monitoring**

### **1. Review of the implementation of the programme of work for 2008-2009 and highlights of the proposed programme of work for 2010-2011**

42. The Committee recommended that the secretariat pay further attention to issues related to investment in its future activities.

43. The Committee noted that, in the context of trade- and investment-related work on energy and climate change, it was important to ensure that work on those issues was within the mandate of ESCAP.

44. The Committee expressed support for the United Nations Asian and Pacific Centre for Agricultural Engineering and Machinery (UNAPCAEM) and in particular expressed its appreciation for the support provided by China to that Centre. It recommended that activities undertaken by UNAPCAEM related to the promotion of cooperation for agricultural development in the Greater Tumen Subregion under its programme of work for 2010-2011 be coordinated with the activities to be undertaken within the framework of the Greater Tumen Initiative.

45. The Committee recommended that future sessions of the Asia-Pacific Business Forum be held alongside the sessions of the Commission to the extent possible.

### **2. Review of the draft strategic framework for 2012-2013**

46. The Committee expressed its support for the draft strategic framework for 2012-2013, as presented by the secretariat.<sup>1</sup>

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<sup>1</sup> E/ESCAP/CTI/7.

## **II. PROCEEDINGS**

### **A. Looking beyond the crisis: trade and investment for achieving inclusive and sustainable development**

47. The Committee deliberated on the issue of “looking beyond the crisis: trade and investment for achieving inclusive and sustainable development” in the form of a round-table discussion.

48. The Executive Secretary of ESCAP moderated the session.

49. The Chief of the Trade and Investment Division of ESCAP made a presentation on “reviewing trade and investment in the region: recent trends and crisis impact assessment”.

50. The representative of Mongolia gave a keynote address. Keynote addresses were also given by Mr. Kiat Sittheeamorn, President, Office of the Thailand Trade Representative, and by Mr. Kishore Mahbubani, Dean of the Lee Kuan Yew School of Public Policy, National University of Singapore.

51. Mr. Biswajit Dhar, Director-General of the Research and Information System for Developing Countries, New Delhi, delivered a report on the outcome of the Asia-Pacific Trade Economists' Conference on trade-led growth in times of crisis, which had been held in Bangkok on 2 and 3 November 2009 as part of the first Asia-Pacific Trade and Investment Week. The Conference had been held in celebration of the fifth anniversary of ARTNeT. The Committee took note of the report (E/ESCAP/CTI/INF/7).

52. A representative of Japan delivered a report on the outcome of the OECD/ESCAP Regional Conference on Corporate Responsibility with the theme “why responsible business conduct matters”, which had been held in Bangkok on 2 and 3 November 2009 as part of the first Asia-Pacific Trade and Investment Week. The Committee took note of the report (E/ESCAP/CTI/INF/8).

53. Representatives of the following countries made statements on behalf of their delegation: China; Lao People's Democratic Republic; Russian Federation; and Sri Lanka.

### **B. Developing coherent and consistent policies for trade and investment**

54. The Committee had before it the document entitled “Developing coherent and consistent policies for trade and investment” (E/ESCAP/CTI/1).

55. The Chief of the Trade and Investment Division of ESCAP introduced the document. The representative of the Government of Cambodia delivered a keynote address.

56. The Committee deliberated on the following issues: (a) the impact of the crisis on trade and investment flows; (b) the trade and development nexus; (c) reviewing the role of government in trade and development; (d) formulating and implementing inclusive and sustainable trade policies; and (e) promoting coherence, consistency and coordination.

57. Representatives of the following countries made statements on behalf of their delegation: Afghanistan; India; Japan; Russian Federation; and Sri Lanka.

### **C. The role and primacy of the multilateral trading system in governing international trade**

58. The Committee had before it the document entitled “The role and primacy of the multilateral trading system in governing international trade” (E/ESCAP/CTI/2).

59. The Chief of the Trade and Investment Division of ESCAP introduced the document. The representative of Nepal delivered a keynote address.

60. The Committee deliberated on the following issues: (a) the role and importance of the multilateral trading system; (b) the Doha negotiations: state of play; (c) the multilateral trading system and development; and (d) the role of ESCAP in addressing those issues.

61. Representatives of the following countries made statements on behalf of their delegation: Afghanistan; Bangladesh; Cambodia; China; India; Japan; Philippines; and Russian Federation.

### **D. Enhancing intraregional trade and investment**

62. The Committee had before it the document entitled “Enhancing intraregional trade and investment” (E/ESCAP/CTI/3).

63. The Chief of the Trade and Investment Division of ESCAP introduced the document. The representative of the Lao People’s Democratic Republic delivered a keynote address.

64. The Committee deliberated on the following issues: (a) promoting South-South trade and investment in the region; (b) regional trade agreements in Asia and the Pacific; (c) making sense of the “noodle bowl”; (d) the Asia-Pacific Trade Agreement; (e) moving beyond regional trade agreements; and (f) the role of ESCAP in addressing those issues.

65. Representatives of the following countries made statements on behalf of their delegation: Afghanistan; Bangladesh; China; Indonesia; Japan; Republic of Korea; and Russian Federation.

### **E. Facilitating trade and investment**

66. The Committee had before it the document entitled “Facilitating trade and investment” (E/ESCAP/CTI/4).

67. The Chief of the Trade and Investment Division of ESCAP introduced the document. The representative of Pakistan delivered a keynote address.

68. The Committee deliberated on the following issues: (a) trade and investment facilitation in Asia and the Pacific; (b) the importance of behind-the-border business regulations; (c) trade finance; and (d) the role of ESCAP in addressing those issues.

69. Representatives of the following countries made statements on behalf of their delegation: Afghanistan; Bangladesh; Cambodia; China; Japan; and Tajikistan.

70. The representative of the World Association for Small and Medium Enterprises in Thailand made a statement.



## **F. Business survival and development**

71. The Committee had before it the document entitled “Business survival and development” (E/ESCAP/CTI/5).
72. The Chief of the Trade and Investment Division of ESCAP introduced the document. The representative of Viet Nam delivered a keynote address.
73. The Committee deliberated on the following issues: (a) the determinants of business competitiveness; (b) business sector development: trends and issues; (c) business competitiveness: challenges and opportunities; and (d) the role of ESCAP in addressing those issues.
74. Representatives of the following countries made statements on behalf of their delegation: Afghanistan; Indonesia; Japan; and Russian Federation.
75. The representative of the World Association for Small and Medium Enterprises in Thailand made a statement.

## **G. Programme planning and monitoring**

### **1. Review of the implementation of the programme of work for 2008-2009 and highlights of the proposed programme of work for 2010-2011**

76. The Committee had before it the document entitled “Programme planning and monitoring: review of the implementation of the programme of work for 2008-2009 and highlights of the proposed programme of work for 2010-2011” (E/ESCAP/CTI/6).
77. The Chief of the Trade and Investment Division of ESCAP introduced the document.
78. The Officer-in-Charge of UNAPCAEM made a presentation on the activities of the Centre implemented during the period 2008-2009.
79. Representatives of the following countries made statements on behalf of their delegation: Afghanistan; China; Iran (Islamic Republic of); and Russian Federation.

### **2. Review of the draft strategic framework for 2012-2013**

80. The Committee had before it the draft strategic framework for 2012-2013 in respect of subprogramme 2, Trade and investment (E/ESCAP/CTI/7).
81. The Chief of the Programme Management Division of ESCAP introduced the document.

## **III. ORGANIZATION**

### **A. Opening, duration and organization of the session**

82. The Committee on Trade and Investment held its first session in Bangkok from 4 to 6 November 2009.
83. The Executive Secretary of ESCAP delivered opening remarks.

84. Mr. Kasit Piromya, Minister of Foreign Affairs of Thailand, delivered the inaugural address.

85. The Secretary-General of the United Nations Conference on Trade and Development delivered a special keynote address on Asia-led recovery from the economic crisis.

### **B. Attendance**

86. The session was attended by representatives of the following members of ESCAP: Afghanistan; Bangladesh; Bhutan; Cambodia; China; India; Indonesia; Iran (Islamic Republic of); Japan; Lao People's Democratic Republic; Mongolia; Nepal; Pakistan; Philippines; Republic of Korea; Russian Federation; Sri Lanka; Tajikistan, Thailand; Timor-Leste; Vanuatu; and Viet Nam. The session was also attended by representatives of the following associate member of ESCAP: Macao, China.

87. Representatives of the United Nations Development Programme attended.

88. Representatives of the following specialized agencies and related organizations attended: Food and Agriculture Organization of the United Nations; United Nations Industrial Development Organization; and Universal Postal Union.

89. The following intergovernmental organizations were represented: Asian Development Bank; Asian-Pacific Postal Union; Asian Reinsurance Corporation; and Organisation for Economic Co-operation and Development.

90. The following non-governmental organizations were represented: International Development Research Centre; and World Association for Small and Medium Enterprises.

91. A total of 27 observers also attended the Committee session.

### **C. Election of officers**

92. The following officers were elected:

|                   |                                       |
|-------------------|---------------------------------------|
| Chairperson:      | Mr. Feroz Ahmed (Bangladesh)          |
| Vice-Chairperson: | Mr. Abdul Wassay Haqiqi (Afghanistan) |
| Rapporteur:       | Mr. Sangay Wangdi (Bhutan)            |

### **D. Agenda**

93. The Committee adopted the following agenda:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Looking beyond the crisis: trade and investment for achieving inclusive and sustainable development.

5. Developing coherent and consistent policies for trade and investment.
6. The role and primacy of the multilateral trading system in governing international trade.
7. Enhancing intraregional trade and investment.
8. Facilitating trade and investment.
9. Business survival and development.
10. Programme planning and monitoring:
  - (a) Review of the implementation of the programme of work for 2008-2009 and highlights of the proposed programme of work for 2010-2011;
  - (b) Review of the draft strategic framework for 2012-2013.
11. Date, venue and provisional agenda for the second session of the Committee.
12. Other matters.
13. Adoption of the report.

#### **E. Other matters**

94. No other matters were discussed.

#### **F. Adoption of the report**

95. The Committee adopted the report on its first session on 6 November 2009.

*Annex*

**LIST OF DOCUMENTS**

| <i>Document symbol</i>         | <i>Document title</i>   | <i>Agenda item</i> |
|--------------------------------|---|--------------------|
| <i>General series</i>          |   |                    |
| E/ESCAP/CTI/1                  | Developing coherent and consistent policies for trade and investment  | 5                  |
| E/ESCAP/CTI/2                  | The role and primacy of the multilateral trading system in governing international trade  | 6                  |
| E/ESCAP/CTI/3                  | Enhancing intraregional trade and investment  | 7                  |
| E/ESCAP/CTI/4                  | Facilitating trade and investment   | 8                  |
| E/ESCAP/CTI/5                  | Business survival and development   | 9                  |
| E/ESCAP/CTI/6                  | Programme planning and monitoring: review of the implementation of the programme of work for 2008-2009 and highlights of the proposed programme of work for 2010-2011 | 10(a)              |
| E/ESCAP/CTI/7                  | Programme planning and monitoring: review of the draft strategic framework for 2012-2013  | 10(b)              |
| <i>Limited series</i>          |   |                    |
| E/ESCAP/CTI/L.1                | Provisional agenda  | 3                  |
| E/ESCAP/CTI/L.2                | Annotated provisional agenda  | 3                  |
| E/ESCAP/CTI/L.3                | Draft report of the Committee on Trade and Investment   | 13                 |
| <i>Information series</i>      |   |                    |
| E/ESCAP/CTI/INF/1              | Tentative programme   |                    |
| E/ESCAP/CTI/INF/2<br>and Rev.1 | List of participants  |                    |
| E/ESCAP/CTI/INF/3              | Information note for participants   |                    |
| E/ESCAP/CTI/INF/7              | First Asia-Pacific Trade and Investment Week: Asia-Pacific Trade Economists' Conference—Summary   |                    |
| E/ESCAP/CTI/INF/8              | First Asia-Pacific Trade and Investment Week: OECD/ESCAP Regional Conference On Corporate Responsibility—Summary  |                    |

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