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Regional cooperation initiatives under the subprogramme

Overview of the secretariat's activities in promoting regional cooperation in trade and investment, including issues for consideration by the Committee

Note by the secretariat

Summary

Trade and investment are crucial drivers of regional economic growth and can facilitate inclusive and sustainable development. Regional cooperation mechanisms can play an important role in supporting the trade and investment environment. Over the past 10 years, the secretariat has developed a number of innovative regional mechanisms and platforms for cooperation in the field of trade and investment. These achievements are outlined in a forthcoming booklet, "A Decade of Building Regional Cooperation in Trade and Investment by UN ESCAP", which is summarized here. This document also contains a number of issues in this area for consideration by the Committee.

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* E/ESCAP/CTI(3)/L.1.

I. Introduction

1. The objective of the ESCAP subprogramme on trade and investment is to promote trade, investment and the transfer of technology for inclusive and sustainable development of the Asia-Pacific region. ESCAP contributes to this goal by, amongst other things, providing a comprehensive platform for promoting regional cooperation and development of its member States.

2. This document contains a review of the secretariat's efforts to foster regional cooperation in trade and investment, and related areas. In chapter II the main regional cooperation initiatives of the subprogramme over the past decade are described. These are more comprehensively covered in the booklet "A Decade of Building Regional Cooperation in Trade and Investment by UN ESCAP". A summary of the main issues for consideration by the Committee are contained in chapter III.

II. An overview of regional cooperation mechanisms to promote trade, investment, enterprise development and technology transfer

3. Regional cooperation is a key mandate of ESCAP; it is also an important modality in achieving the objective of the subprogramme on trade and investment. Furthermore, it is a specific issue to be addressed by the Committee on Trade and Investment.¹ Over the last 10 years, the secretariat, through the Trade and Investment Division and two regional institutions — the Asian and Pacific Centre for Transfer of Technology and the Centre for Sustainable Agricultural Mechanization — has launched and implemented the various regional cooperation mechanisms and initiatives to promote trade, investment, enterprise development and technology transfer, in particular (but not exclusively) among ESCAP member countries. These mechanisms and initiatives are briefly described below.

A. Promoting evidence-based trade policy and analysis through regional cooperation

1. Asia-Pacific Research and Training Network on Trade

4. Effective trade policy can contribute to inclusive growth leading to better outcomes and improved standards of living. But good decisions depend on the availability of high-quality research and analysis. The Asia-Pacific Research and Training Network on Trade (ARTNeT), which was established in 2004, is an open regional network of leading trade research institutions across the ESCAP region. A primary objective of ARTNeT is to increase the quantity and quality of relevant trade research in the region. The activities of the Network are focused on three pillars, namely:

- (a) Producing demand-driven and home-grown research within the region;
- (b) Increasing the research capacity of the region, particularly that of least developed countries;
- (c) Disseminating knowledge and information to key stakeholders.

5. ARTNeT continues to grow; at present it has 40 member institutions, 5 core partners and 18 associate partners. ARTNeT, which now reaches a

¹ See Commission resolutions 64/1, annex II, para. 2, and 69/1, annex II, para. 2.

community of over 1,000 individual researchers, has published dozens of policy-relevant books and working papers, and trained hundreds of researchers at capacity-building workshops. Recent activities have contributed directly to improved policymaking. In Mongolia, the research by ARTNeT has been used to build more effective trade facilitation strategies and to increase coherence in its policy for accession to the Asia-Pacific Trade Agreement. The results of ARTNeT also helped India successfully adopt extended market access to least developed countries globally.

2. Asia-Pacific Trade Agreement

6. Regional trade agreements promote economic development and regional integration by lowering trade and non-trade barriers. The Asia-Pacific Trade Agreement is the oldest preferential trade agreement among developing countries in the Asia-Pacific region. ESCAP serves as the secretariat for the Agreement. Current members include Bangladesh, China, India, the Lao People's Democratic Republic, the Republic of Korea and Sri Lanka. Mongolia is expected to join the Agreement in the second half of 2013. Open for accession by all developing member countries within ESCAP, the Agreement is the only truly region-wide trading arrangement. It therefore contributes to rapidly growing intra-regional trade among the participating States.

7. A set of operational procedures for the certification and verification of the origin of goods² was adopted in October 2007, the first time such a common agreement was reached among developing countries in the region. Currently, the fourth round of tariff concession negotiations, which was launched in 2007, is scheduled to be completed by the fourth session of the Ministerial Council in October 2013. This round aims to widen the coverage of preferences and, for the first time in the history of the Agreement, will cover areas including non-tariff measures, trade facilitation, trade in services, and investment.

3. Supporting trade policy for development

8. While strictly speaking not a regional cooperation mechanism, the secretariat strengthens the capacity and skills of those involved in trade policymaking, negotiation and implementation of trade policy changes, including liberalization at the multilateral, bilateral and plurilateral levels through regional workshops, seminars and training that promote regional cooperation and the exchange of experiences among participating countries. This work is intended to improve the prospects of developing countries using trade as an instrument to reduce poverty. The secretariat's activities are demand-driven and responsive to the individual needs of ESCAP members. The work programme on trade policy includes the provision of expert advice, technical assistance and capacity-building for policymakers, negotiators and other relevant officials. Areas covered by the programme include:

- (a) Preparation and coordination of trade policy reforms;
- (b) Issues relating to the World Trade Organization (WTO);
- (c) Reciprocal as well as non-reciprocal preferential treatment for developing countries;
- (d) Opportunities and potential for enhancing intra-regional trade and subregional and regional integration.

² www.unescap.org/tid/projects/mc2_oringoods.pdf.

9. Recent results of this work have included negotiation handbooks for the use of government officials and negotiators involved in making preferential trade agreements. The secretariat also provides information on preferential trade agreements through the Asia-Pacific Trade and Investment Agreements Database, which currently covers over 200 reciprocal agreements signed by ESCAP members. The secretariat's capacity-building programmes, implemented in partnership with the WTO secretariat since 1999, have raised the capacity of hundreds of government officials and negotiators, increasing their ability to design policies that ensure that trade contributes fully to inclusive growth.

B. Promoting trade facilitation through regional cooperation

1. United Nations Network of Experts for Paperless Trade in Asia and the Pacific

10. Complicated and slow customs procedures can increase the costs of trade and discourage economic activity. As of 2012, average trade costs in the ESCAP region still stood at three times the average for the member States of the Organisation for Economic Co-operation and Development. Trade facilitation measures, like electronic and paperless trade systems, including single window systems where traders can submit regulatory documents to a single entity, can therefore produce substantial benefits.

11. The United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT) is a community of knowledge and practice for experts from developing countries and transition economies involved in the implementation of electronic trade systems and trade facilitation. Established by ESCAP in 2009, it supports national, subregional and transcontinental single window, paperless trade and other trade facilitation initiatives. Activities of the network include: development of tools and guides, capacity-building, knowledge sharing, regional advisory services, and research and analysis.

12. UNNExT is continuing to achieve significant results. A total of 153 experts in the Asia-Pacific region are now registered in the expert database and about 500 government officials and private sector stakeholders from ESCAP developing member countries, particularly from least developed countries and landlocked developing countries, benefited from UNNExT capacity-building activities. For example, Mongolia's Single Window Master Plan was developed with the support of UNNExT. Supporting these efforts, in May 2012, the Commission adopted resolution 68/3 on enabling paperless trade and the cross-border recognition of electronic data and documents for inclusive and sustainable intraregional trade facilitation. Accordingly, the ESCAP secretariat is continuing to strengthen its support for trade facilitation and paperless trade.

2. Asia-Pacific Trade Facilitation Forum

13. The Asia-Pacific Trade Facilitation Forum (APTFF) has been organized by ESCAP in conjunction with the Asian Development Bank since 2009. Hosted by a different country every year, it has become the main annual open regional platform to exchange information, experiences and practices regarding trade facilitation in the Asia-Pacific region, identify priority areas for regional cooperation and integration, and learn about new tools and services that can increase the efficiency of cross-border transactions. APTFF also intends to strengthen regional cooperation and coordination of aid for trade.

14. APTFF has seen considerable success. Some two to three hundred participants from well over 30 countries, including least developed countries and landlocked developing countries, benefit every year from the forum's technical and capacity-building sessions. Over the last few years, on average about 90 per cent of the participants reported that their knowledge on trade facilitation and paperless trade increased as a result of their attendance.

3. Regional Organizations Cooperation Mechanism for Trade Facilitation

15. The Regional Organizations Cooperation Mechanism for Trade Facilitation (ROC-TF) was established after the Committee on Trade and Investment expressed its support during its second session³ for the creation of a region-wide coordination mechanism bringing together representatives of key regional organizations active in trade facilitation. The overall goal of the mechanism is to facilitate the exchange of information, identify synergies and enhance collaboration for effective implementation of trade facilitation initiatives. Major regional and international organizations are participants in the mechanism. The second annual meeting was held in Colombo in October 2012. The third annual meeting was held in Beijing on 9 September 2013.

C. Promoting business for development through regional cooperation

1. Asia-Pacific Business Forum

16. Launched in 2004 in Shanghai, China, the Asia-Pacific Business Forum is the only regional multi-stakeholder business forum in the Asia-Pacific region. The Forum brings together Governments, business leaders, academics, civil society and other stakeholders to share good practices in the area of economic integration, with a particular focus on realizing the Economic Community of the Association of Southeast Asian Nations in 2015. The Forum is structured to address the business aspects of sustainable socioeconomic development, including responsible business practices, corporate sustainability, the green economy and renewable energy, and to promote trade and investment in least developed countries and landlocked developing countries. Since its launch, the Forum has attracted over 2,000 participants from throughout the region. Over the course of almost one decade, it has been hosted in various cities, including Bangkok, Jakarta, Almaty and Kuala Lumpur. In 2013 the Forum will be held in Sydney, Australia, from 24 to 26 November 2013 on the theme of: "Connecting the Pacific to Asia".⁴

17. The Forum is organized under the overall guidance and leadership of the ESCAP Business Advisory Council. Consisting of executives and representatives of leading businesses, it has grown to almost 50 members in a wide range of industries and sectors from across the Asia-Pacific region. The ESCAP Business Advisory Council was established at the first Asia-Pacific Business Forum in Shanghai, China, in 2004, since which time it has provided substantive support and in-kind contributions to the Forum itself.⁵ Members of the ESCAP Business Advisory Council comply with and promote the principles of sustainable business and the United Nations Global Compact.

³ E/ESCAP/CTI(2)/6, para. 29.

⁴ <http://apbf.unescap.org>.

⁵ <http://ebac.unescap.org>.

2. Sustainable Business Network

18. The Sustainable Business Network (SBN) was set up by the ESCAP Business Advisory Council to promote the active engagement of the business sector in addressing the issues of sustainable and inclusive development. SBN also acts as a dialogue partner with Governments in representing the voice of the business sector on development issues and promotes the sharing of knowledge and experiences across borders. A key focus area of the SBN includes highlighting the need for businesses:

(a) To adopt responsible and sustainable business practices based on existing global corporate social responsibility instruments;

(b) To adopt monitoring and evaluation procedures for implementing these practices and to duly report on progress;

(c) To engage actively in social and impact investments or, at a minimum, consider the environmental and social impacts of their investment decisions.

D. Promoting technology transfer and agricultural mechanization through regional cooperation

1. Renewable Energy Technology Bank (RET-Bank)

19. The Asian and Pacific Centre for Transfer of Technology (APCTT) has established an institutional cooperation mechanism known as the Renewable Energy Cooperation-Network for the Asia-Pacific (RECAP) that has been set up in accordance with Commission resolution 64/3 on promoting renewables for energy security and sustainable development in Asia and the Pacific. To date, 15 member countries have joined RECAP.

20. The primary objective of RECAP is to facilitate technology transfer cooperation in the area of renewable energy. To this end, APCTT has developed an online repository, the Renewable Energy Technology Bank (RET-Bank),⁶ of tested and proven renewable energy technologies, initially in the areas of solar, biomass, wind, mini-hydropower and geothermal energy. At present, the RET-Bank has about 60 renewable energy technologies with pro-poor applications ready for commercial transfer.

2. Regional Network for Strengthening R&D Management Capacity in New and Emerging Areas of Technology

21. Nanotechnology is an exciting growth sector in the Asia-Pacific region. APCTT has initiated a regional network to strengthen capacity in research and development management, with an initial focus on the nanotechnology industry. Following a meeting of experts in 2011, with the participation of eight member countries, APCTT initiated work to develop a “Manual on critical issues in nanotechnology R&D management: an Asia-Pacific perspective”. The manual will cover:

(a) Nanosafety, standardization, and certification;

(b) Protection and valuation of intellectual property;

(c) The commercialization of research and development results;

(d) Case studies on the development and commercialization of nanotechnology-based value-added products from the Asia-Pacific region.

⁶ <http://recap.apctt.org/RET.php>.

22. APCTT is also designing and developing a regional information website for research and development management, complete with databases focusing on nanotechnology. In 2013, APCTT plans to organize three national workshops for strengthening research and development management capacity based on the manual's findings.

3. Asian and Pacific network for testing of agricultural machinery

23. Agriculture remains a vital sector for jobs and livelihoods. Regional cooperation can help ensure that farmers have improved access to the machinery needed to increase production. Led by the Centre for Sustainable Agricultural Mechanization (CSAM), the proposed Asian and Pacific network for testing of agricultural machinery (ANTAM) will be an open regional network composed of the national testing stations of agricultural machinery in each of the participating countries, together with research institutes, associations of agricultural machinery manufacturers and farmers' organizations. ANTAM will aim to promote the harmonization and adoption of region-wide testing codes and procedures for agricultural machinery, and hence mutual recognition of testing results, thereby contributing to sustainable agricultural mechanization in the region. A total of 15 countries have joined the Technical Working Group, and are involved in developing a detailed action plan.

24. ANTAM is scheduled to be launched officially in November 2013 during the Third Asia-Pacific Trade and Investment Week. The primary functions of ANTAM will be:

- (a) To conduct capacity-building activities through technical training programmes;
- (b) To promote technology transfer and innovation, information dissemination and exchange of best practices;
- (c) To develop regional standard testing codes and procedures;
- (d) To develop databases, conduct research, issue publications and offer policy recommendations on sustainable agricultural mechanization and agricultural machinery testing.

III. Issues for consideration by the Committee

25. The Committee may wish to consider the following issues:

- (a) Assessing the achievements of regional cooperation mechanisms and initiatives established under the ESCAP trade and investment subprogramme and the desirability of their continuation;
- (b) Changing patterns of regional trade and investment and the need for existing mechanisms and platforms to adapt, expand and/or deepen their areas of focus to address emerging issues of importance;
- (c) Modalities for enhancing the impact of existing mechanisms including: (i) expanding participation to countries not currently participating in particular initiatives; (ii) broadening the array of stakeholders participating in forums and dialogues; and (iii) enhancing the reach and visibility of ongoing efforts;
- (d) The role of member States in forging and supporting further regional cooperation and enhancing existing mechanisms.