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**Review of issues pertinent to the subsidiary structure of
the Commission, including the work of the ESCAP
regional institutions: Trade and investment**

Report of the Committee on Trade and Investment on its second session

Summary

The Committee on Trade and Investment held its second session in Bangkok from 27 to 29 July 2011. The Committee reviewed recent developments in trade and investment and related policy issues, and made a number of recommendations with regard to inclusive and sustainable trade and investment that are presented in chapter I of the present report.

The Commission may wish to review the present report, endorse the proposed recommendations and provide the secretariat with guidance regarding its future work.

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I. Matters calling for action by the Commission or brought to its attention

1. The Committee calls on the secretariat to continue its technical assistance in trade facilitation, particularly in the areas of single window and paperless trade, and in the strengthening of national institutional mechanisms for trade facilitation.

2. The Committee requests that transit facilitation be integrated within the trade facilitation programme, and that the secretariat assist in coordinating subregional cooperation initiatives in this area. The Committee also requests that the secretariat deepen its support to trade facilitation, including in agricultural products, particularly in complying with product standards.

3. The Committee supports a regional agreement on electronic trade data and document exchange. In this context, it recommends that a draft resolution on paperless trade and cross-border electronic exchange of trade data and documents be submitted for consideration by the Commission at its sixty-eighth session, in 2012.

4. The Committee supports all six recommendations put forward by the secretariat¹ to further advance intraregional trade facilitation. It recommends that the collaborative work of the secretariat with other international and regional organizations in trade facilitation continue to be deepened.

5. The Committee requests that the secretariat assist developing countries in promoting trade and investment in low-carbon goods, technologies and services through capacity-building and facilitating the sharing of knowledge, experiences and best practices among countries and stakeholders.

6. The Committee endorses the activities of the Asian and Pacific Centre for Transfer of Technology (APCTT) and the United Nations Asian and Pacific Centre for Agricultural Engineering and Machinery (UNAPCAEM) and requests that these activities be continued.

7. The Committee requests that the secretariat promote regional cooperation aimed at aiding small and medium-sized enterprises (SMEs) to integrate into global and regional value chains effectively and provide technical assistance in that regard and requests the secretariat to provide assistance that would lead to the development of appropriate mechanisms for promoting investment.

8. The Committee requests that the secretariat address the gaps in the formulation of regional trade agreements (RTAs) and the evaluation of the impact of RTAs in diverse areas (including trade in services, the reduction of sensitive lists for tariff liberalization, rules of origin issues, and non-tariff barriers and standards) through the Asia-Pacific Research and Training Network on Trade (ARTNeT).

9. The Committee requests that the secretariat continue its trade capacity-building activities (aid for trade and the promotion of South-South cooperation in this area), in particular within the framework of the World Trade Organization (WTO)/ESCAP Technical Assistance Programme. These activities should include assistance to countries in acceding to WTO.

10. The Committee further requests that the secretariat continue its support to the Asia-Pacific Trade Agreement (APTA) so as to evolve APTA as a driving force of regional integration.

11. The Committee recommends that the secretariat focus its attention on the following priority areas:

(a) Implementation of trade and transit facilitation measures, in particular single window systems and paperless trade;

(b) Assistance to developing countries of the region in expanding and benefiting from market access;

(c) Provision of a platform to discuss issues of common concern;

¹ See E/ESCAP/CTI(2)/1, para. 19.

- (d) Promotion of value chains, in particular for agricultural products;
- (e) SME development, including the promotion of good practices and, in particular, capacity-building in conforming to standards;
- (f) Investment promotion and facilitation;
- (g) Promotion of public-private dialogue;
- (h) Assistance to accession to APTA;
- (i) Overall assistance in the formulation of appropriate trade and investment policies.

12. The Committee requests that the secretariat focus its assistance on the special needs of least developed and landlocked countries.

II. Summary of proceedings

A. Capturing trade and investment opportunities in the new decade

13. The Committee's deliberations on the issue of capturing trade and investment opportunities in the new decade took the form of a panel discussion, which was moderated by the Director of the Trade and Investment Division of ESCAP.

14. The following senior officials made presentations as part of the panel: Mr. Muhammad Faruk Khan (Bangladesh); Mr. Dalrai Davaasambuu (Mongolia); Ms. Vasana Mututanont (Thailand); Mr. Chote Sophonpanich, Executive Chairman, Greenspot (Thailand), Vice Chairperson of the Business Advisory Council and Chair of the Asia-Pacific Business Forum 2011; Mr. Simon Evenett, Professor of International Trade and Economic Development, University of St. Gallen; and Mr. Wing Thye Woo, Professor of Economics, University of California, Davis.

15. Mr. Muhammad Faruk Khan noted that trade and investment were important sources of growth, in particular among countries of the region. He noted the potential for trade and investment in climate-smart goods as well as in commercial services, including those provided through the movement of natural persons. The diversification of exports, transfer of technology, infrastructure development and upgrading of standards in the agricultural sector were important for economies in the region to maintain their growth momentum. For that reason, national policies aimed at strengthening the enabling environment for the private sector and regional cooperation were required.

16. Mr. Dalrai Davaasambu observed that the dynamism of growth in the region was expected to be maintained. That offered opportunities for trade and investment in all countries, including those that were landlocked. In particular, increasing domestic consumption and improving regional connectivity by concluding regional trade agreements and developing infrastructural links were also conducive to promoting trade and investment. Important areas requiring attention were support for SMEs and the development of "soft" infrastructure. He called for a quick conclusion to the Doha Round of multilateral trade negotiations with clear benefits for landlocked economies and looked forward to the accession of Mongolia to APTA.

17. Ms. Vasana Mututanont observed that there was a need to raise awareness among businesses, in particular SMEs, of the investment opportunities generated by subregional connectivity initiatives in South-East Asia, such as the East-West Economic Corridor in the Greater Mekong Subregion and, on a wider scale, an Asian economic community. She noted that business faced challenges of various kinds, such as continued debt problems and sluggish demand in developed countries, climate change, energy shortages and an ageing society. In that context, it was recommended that economies in the region diversify their trade and investment partners globally and regionally and attract “green” investment. With reference to Thailand in particular, the focus would also be on promoting investment in the high-tech, agro-industry and hospitality sectors and promoting Thai investment overseas.

18. Mr. Wing Thye Woo noted that efforts were needed to increase regional integration, in particular intraregional trade in the context of changing international conditions. The outcome of regional integration would most likely take the form of a regional trade area rather than resembling European-style integration with a common currency. Therefore, efforts towards regional integration needed to focus on preventing future financial crises, including through the establishment of an Asian monetary fund rather than an Asian central bank. He emphasized that preventing protectionism was key to capturing trade and investment opportunities. In particular, he called for open regionalism to ensure that regional and global integration were complementary and to prevent a zero sum game. He noted that protectionism in developed countries would likely increase, however, as the economic recovery in some countries would be jobless. Unemployment in those countries was a structural problem which easy monetary policy would not be able to solve. The Asia-Pacific region should assume an important role by pursuing trade liberalization through the multilateral trading system and lower duties on manufacturing products.

19. Mr. Chote Sophonpanich briefed the Committee on the outcome of the Asia-Pacific Business Forum 2011, which had been held on 25 and 26 July 2011, and which he had chaired.

20. Mr. Simon Evenett briefed the Committee on the outcome of the ARTNeT symposium on the theme “Towards a return of industrial policy?”.

21. The Committee noted that, in order for countries to benefit from trade, policies had to be implemented to develop their productive capacities. In addition, principles of fairness and equity had to be built into the multilateral trading system and, in that regard, an early conclusion of the Doha Round was very important.

B. Facilitating intraregional trade

22. The Committee had before it the document entitled “Facilitating intraregional trade” (E/ESCAP/CTI(2)/1), which was introduced by the secretariat. A panel consisting of two persons made statements on the topic: Mr. Sok Siphana (Cambodia) and Mr. Mozibur Rahman (Bangladesh).

23. The Committee considered the following issues: (a) intraregional trade costs and facilitation performance; (b) progress in trade facilitation; (c) ESCAP activities in trade facilitation; and (d) issues for consideration by the Committee.

24. Representatives of the following countries made statements: Bangladesh; Japan; Kyrgyzstan; Mongolia; Nepal; Sri Lanka; Republic of Korea; and Russian Federation.

25. The Committee recognized the need to reduce intraregional trade costs in order to take advantage of the growing trade opportunities within the Asian and Pacific region. It emphasized the importance of trade facilitation to reduce the cost of transit, documentation, customs clearance and other non-tariff barriers, including cumbersome standards and certification requirements.

26. The Committee expressed satisfaction with the secretariat's trade facilitation activities. It also expressed continuous support for the United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT) and the annual Asia-Pacific Trade Facilitation Forum and Exhibition, which would next be held in Seoul on 4 and 5 October 2011.

27. The Committee was informed of the ESCAP *Business Process Analysis Guide to Simplify Trade Procedures*,² which had been used in Cambodia to support the development and implementation of the national rice export policy, contributing to the streamlining of rice export procedures and the tripling of the volume of exports within a year. The Committee requested that the secretariat continue developing simple and practical guides for the implementation of trade facilitation and paperless trade measures that were accessible to non-specialist practitioners and policymakers in developing countries.

28. Highlighting the need for trade and transit facilitation to be addressed in an integrated manner in order to achieve regional connectivity, the Committee requested that the secretariat help lay the groundwork for more effective cooperation among South Asian countries in addressing trade and transit facilitation issues.

29. The Committee expressed support for the creation of an Asia-wide coordination mechanism, bringing together representatives of key regional organizations active in trade facilitation, to enable the promotion of intraregional trade facilitation in general, and transit facilitation in particular.

30. The representative of Mongolia expressed appreciation to the secretariat and UNNExT for their assistance and their contribution to the development of a single window master plan, as well as the current study on trade and transit cooperation in Mongolian corridors for the advancement of subregional trade. Mongolia called for the full implementation of Commission resolution 67/1, on the Ulaanbaatar Declaration: Outcome of the High-level Asia-Pacific Policy Dialogue on the Implementation of the Almaty Programme of Action and other Development Gaps Faced by the Landlocked Developing Countries.

31. The Committee highlighted the difficulties exporters encountered in meeting the regulatory requirements of trade partner countries and suggested that common rules and standards would have to be developed and implemented to overcome those difficulties. There was a need to develop market access at the subregional level, and the Committee suggested that ESCAP promote deeper regional cooperation through trade facilitation, in particular through transit facilitation.

² United Nations publication, Sales No. E.09.II.F.21.

32. While noting that the establishment or improvement of national electronic single windows and related paperless trade and transit systems should be accelerated, the Committee highlighted the need for those systems to be interoperable and interconnected. In that regard, it emphasized the need to enable the cross-border use and recognition of electronic trade data and documents and called particularly on transit countries to adopt single window and mutual recognition of documents, as part of efforts to facilitate exports from least developed and landlocked developing countries.

33. The Committee also emphasized the need for greater coordination among all actors involved in trade, including government agencies, banks, freight forwarders, and other service providers, to further streamline trade procedures and improve trade facilitation and logistics performance.

C. Promoting trade and investment in low-carbon goods and services

34. The Committee had before it the document entitled “Promoting trade and investment in low-carbon goods and services” (E/ESCAP/CTI(2)/2), which was introduced by the secretariat.

35. A panel consisting of three persons made statements on the topic: Ms. Srirat Rastapana (Thailand); Mr. Chaiyodh Bunyagdi, Vice President, Thailand Environment Institute; and Mr. Manuel Montes, Chief, Development Strategy and Policy Analysis Unit, Department of Economic and Social Affairs, United Nations Secretariat.

36. The Committee considered the following issues: (a) trade, investment and climate change: linkages, impacts and the concerns of developing countries; (b) opportunities for trade and investment in climate-smart goods and services; (c) policies to promote trade and investment in climate-smart goods and services; and (d) regional cooperation and the role of ESCAP.

37. Representatives of the following countries made statements: Bangladesh; China; India; Iran (Islamic Republic of); Russian Federation; and Tajikistan.

38. The Committee agreed that trade and investment in low-carbon goods, services and technologies, in particular renewable energy technologies, could help countries mitigate and adapt to climate change, but it also recognized the productive capacity and technology constraints faced by developing countries in that regard. Governments could play an important role in that area by providing the necessary policy support, in particular a high-quality regulatory framework for attracting high-quality and low-carbon investment and a review of investment liberalization and protection policies.

39. In that regard, the Committee was informed of the measures that various countries had taken to promote trade and investment in low-carbon goods, services and technologies: adopting appropriate regulation; implementing green labelling schemes; applying tariff concessions on imports of low-carbon goods; providing incentives for green investment; forging partnerships between government and the industrial sector and civil society; adopting a green public procurement policy; promoting energy efficiency; and disseminating relevant information to address the low level of awareness on eco-products. Some countries were also considering national carbon trading schemes.

40. The Committee agreed that policies for industrial development, poverty reduction and environmental sustainability should not be mutually exclusive and that countries required policy space to address those issues, as appropriate.

41. The Committee called for cooperation mechanisms at the bilateral and regional levels for capacity-building and discussion on flexibilities in intellectual property rights protection to enable low-carbon technology to be transferred more effectively.

42. One delegation called for a balance between the liberalization of trade in “climate-smart” goods and services and the inadmissibility of discrimination against traditional goods. The same delegation noted that some low-carbon policies, such as green labels, should not be used as non-tariff barriers. One delegation supported voluntary partnerships for the promotion of market mechanisms, such as those which already existed within the framework of the Kyoto Protocol to the United Nations Framework Convention on Climate Change.³

43. The Committee did not support the secretariat’s proposal for a regional trade and investment partnership or agreement for the mitigation of and adaptation to climate change. The Committee emphasized that climate change issues should be addressed by the appropriate multilateral frameworks, such as the Kyoto Protocol under the United Nations Framework Convention on Climate Change (UNFCCC), and warned against duplication and a fragmentation of negotiations concerning the international climate change regime. The secretariat’s increasing role in that area would require an increase in its budget, and such a role could fall outside the mandated programme of work of the subprogramme on trade and investment. The secretariat explained that the proposal was meant to promote regional cooperation in trade and investment and allow all regional economies to exploit emerging market opportunities and early mover advantages in low-carbon goods, technologies and services. Nevertheless, the secretariat agreed to withdraw the recommendation.

44. The Committee noted that international trade in organic food was important but that it was constrained by stringent standards and a lack of certification capacity in many developing countries.

45. The Committee emphasized the importance of adhering to the following principles of cooperation in the area of trade and investment in low-carbon goods and services: (a) ensuring mutual benefits and duly recognizing the differing capacities of countries; (b) striking a balance on the basis of common but differentiated responsibilities; and (c) bridging the development gap through cooperation among countries in research and development, and the transfer of low-carbon technologies.

D. Transferring technology for inclusive and sustainable trade and investment

46. The Committee had before it the document entitled “Technology transfer for inclusive and sustainable trade and investment” (E/ESCAP/CTI(2)/3).

³ United Nations, *Treaty Series*, vol. 2303, No. 30822.

47. The heads of APCTT and UNAPCAEM introduced the document. Emeritus Professor Mario T. Tabucanon, Visiting Professor, United Nations University Institute of Advanced Studies (UNU-IAS), delivered a keynote address on the topic.

48. The Committee considered the following issues: (a) the current situation and developments in the region regarding technology transfer; (b) food security; (c) the management of climate change and agriculture; (d) the strengthening of SME development; (e) the promotion of the transfer and utilization of renewable energy technologies; (f) opportunities, including South-South cooperation; (g) APCTT and UNAPCAEM—responding to the pulse of the region; and (h) issues for consideration by the Committee.

49. Representatives of the following countries made statements: China; Iran (Islamic Republic of); Nepal; and Russian Federation.

50. The Committee noted that the transfer of technology was at the heart of the process of economic growth and was needed to promote inclusive and sustainable development. In that context, it was informed of the activities of APCTT which focused on the promotion of South-South cooperation in such areas as strengthening the technology transfer capacity of SMEs, strengthening national innovation systems, promoting networks of networks among research and development institutions in the region, and promoting the transfer and utilization of critical technologies, such as renewable energy technologies. The Committee was further informed of the activities of UNAPCAEM in promoting environmentally sustainable agriculture and creating a greener, more efficient mechanized agricultural value chain system. In all its activities, UNAPCAEM aimed to enhance food security and reduce greenhouse gas emissions in the agricultural sector. UNAPCAEM was also in the process of establishing an Asian and Pacific network for the testing of agricultural machinery.

51. The Committee was informed of the need to promote sustainable production and consumption, and, in that regard, of the importance of designing and transferring environmentally sustainable technologies, with a focus on SMEs and the agricultural sector. For that purpose, there was a need to establish appropriate institutions, financial mechanisms and education curricula, and to reduce trade barriers to such technologies.

52. Some delegations noted that the planned programme of work of APCTT in emerging technologies, such as nanotechnology, was useful since there was considerable interest in those areas, with some countries putting in place institutional mechanisms and allocating funds to promote the application of emerging technologies as part of their global business initiatives.

53. The Committee expressed the view that, while it appreciated the spirit in which the Governing Council of APCTT had recommended a minimum threshold of \$30,000 per year for developing countries and \$7,000 for least developed countries as institutional support for the Centre, such contributions should be voluntary.

54. One delegation recommended that APCTT should incorporate research findings on practical issues faced in the area of technology transfer into its technology transfer capacity-building work to ensure that realities and best practices were shared.

55. The Committee noted the need to consider changing the name of UNAPCAEM to bring it in line with the current needs of development in the region in accordance with the proposal made by the Executive Secretary during her meeting with the delegation of China during the sixty-seventh session of the Commission.

56. The Committee also noted that UNAPCAEM should consider the uniqueness of topography and other country-specific features when addressing agricultural technology needs. In that regard, it was informed that the establishment of the proposed Asian and Pacific network for the testing of agricultural machinery would take those matters into account.

E. Integrating small and medium-sized enterprises into the regional economy

57. The Committee had before it the document entitled “Integrating small and medium-sized enterprises into the regional economy” (E/ESCAP/CTI(2)/4).

58. The Chief of the Private Sector and Development Section of the ESCAP Trade and Investment Division introduced the document. Mr. Janaka Bandula Sugathadasa, Additional Secretary, Ministry of Industry and Commerce, Government of Sri Lanka, and Ms. Wimonkan Kosumas, Deputy Director-General, Office of Small and Medium Enterprises Promotion, Government of Thailand, made statements on the topic. Ms. Habiba Tasneem Chowdhury, Chief Coordinator, Institute of Hazrat Mohammad, briefed the Committee on the outcome of the Global Compact Local Networks/Multinational Corporations Regional Meeting: “Partnerships for Corporate Sustainability”, which had been held on 25 July 2011.

59. The Committee considered the following issues: (a) the status of the SME sector and its development; (b) the emergence of global value chains and opportunities for SMEs; (c) policies and opportunities for the development of SMEs; (d) the promotion and facilitation of intraregional foreign direct investment (FDI) flows to less developed countries; (e) the promotion of corporate social responsibility; (f) ESCAP activities in the area of SME development; and (g) issues for consideration by the Committee.

60. Delegations from the following countries made statements: Bangladesh; Japan; Mongolia; Nepal; Russian Federation; and Sri Lanka.

61. The Committee recognized the importance of SMEs to the national economy as well as the problems they faced, including those related to proper access to finance, technology, markets, skilled labour, cumbersome customs procedures, and the need to conform to standards and certification requirements. In that regard, the Committee was informed of the measures various countries in the region had implemented to help the development of SMEs.

62. In particular, the Committee called for the strengthening of financial mechanisms for SMEs, including credit rating and credit guarantee mechanisms and export credit. It also noted that the establishment of export trading houses could be considered.

63. The Committee agreed that SMEs had a responsibility to improve their own performance, while governments should provide an enabling

environment for SMEs, which should include the establishment of an appropriate legal and institutional framework and infrastructure. In addition, there was a need for better coordination among government agencies and ministries working in the area of SME development.

64. The Committee requested the secretariat to address all issues related to SME development through regional cooperation, particularly South-South cooperation, and, in particular, to provide modalities for the exchange of experiences and best practices.

65. The Committee, recognizing the importance of FDI in promoting the integration of SMEs into regional and global value chains, called for higher levels of intraregional investment and requested the secretariat to pay due attention to that issue. The delegation of Mongolia requested technical assistance from the secretariat to help it formulate a comprehensive FDI promotion strategy to reduce its economic dependence on mining.

66. The Committee agreed that SMEs also had an obligation to be socially responsible and requested the secretariat to help SMEs implement principles of corporate social responsibility, including the Global Compact.

67. The Committee expressed its appreciation to the secretariat for the effective implementation of its technical assistance activities in the area of SME development, including the preparation of a handbook on policy guidelines for SMEs. It also noted with appreciation the generous support provided by the Government of Japan to the project on capacity-building for SMEs in the Greater Mekong Subregion for their effective penetration in regional and global markets. It further noted the expectation that the project would serve as a case of best practices in promoting the participation of SMEs in regional and global value chains.

F. Moving multilateral and regional trade and investment cooperation forward

68. The Committee had before it the document entitled “Moving multilateral and regional trade and investment cooperation forward” (E/ESCAP/CTI(2)/5).

69. The Director of the ESCAP Trade and Investment Division introduced the document. A panel consisting of three persons made statements on the topic: Ms. Indira Murthy Bhattiprolu, Director, Department of Commerce, Ministry of Commerce and Industry, Government of India; Mr. Robert R. Teh, Counsellor, Economic Research and Statistics Division, World Trade Organization; and Mr. Simon Evenett, Professor of International Trade and Economic Development, University of St. Gallen.

70. The Committee considered the following issues: (a) the proliferation of regional trade agreements; (b) regional investment cooperation; (c) the future of the multilateral trading system; (d) the role of ESCAP in addressing relevant issues; and (e) issues for consideration by the Committee.

71. Delegations from the following countries made statements: Bangladesh; China; India; Japan; Mongolia; Nepal; Pakistan; Republic of Korea; and Russian Federation.

72. The Committee noted the view that the Asia-Pacific region was a global leader in concluding RTAs but that the contribution of those agreements to intraregional exports was limited and utilization of the preferences under those agreements remained low due to complex rules of origin and/or thin margins of preferences in many RTAs. Furthermore, their impacts were diminished as a result of tariff reductions under unilateral or multilateral liberalization initiatives.

73. The Committee noted, however, that although RTAs could be complementary to the multilateral trading system, there was scope for some degree of consolidation. The Committee also noted that the coverage of RTAs often extended beyond trade in goods to such areas as trade in services, competition, trade facilitation and investment, and that they increasingly addressed behind-the-border obstacles to trade and enabled the upgrading of regulatory institutions. A transparency mechanism for RTAs existed under WTO to promote the coherence of RTAs with the multilateral trading system. RTAs could also help the region pursue regional integration and increase intraregional trade. In that regard, the Committee, while recognizing that tariffs had already been significantly reduced for many products, agreed that RTAs should focus on the removal or reduction of non-tariff barriers and trade facilitation measures, liberalization in trade in services, and investment, as well as other areas in which action would complement efforts under the multilateral trading system. In all those areas, technical assistance was required for least developed countries.

74. The Committee noted that work on the strengthening and deepening of RTAs should not result in WTO-plus provisions which could harm developing countries, in particular in the area of intellectual property rights protection.

75. The Committee commended the secretariat for having revitalized APTA and requested that it continue its support to APTA. The Committee noted that APTA was the largest RTA in the region by population and had members from across the region, including the most dynamic emerging economies in the region, and that APTA could therefore be a driving force for regional integration with membership expansion. In that regard, the delegation of the Republic of Korea recommended that all ESCAP members join APTA and called on all members of APTA to extend benefits to non-member countries for that purpose. The Committee looked forward to an early conclusion of the fourth round under APTA and noted with interest the current process of accession of Mongolia to APTA. The delegation of Mongolia expressed its appreciation to the secretariat for providing technical assistance in its accession process.

76. The Committee, while recognizing the formidable obstacles to concluding the Doha Development Agenda⁴ and probable delays in implementing the final package if agreement were ever reached, reaffirmed the primacy of the multilateral trading system and the importance of concluding a comprehensive package of commitments which would benefit all developing countries and countries with economies in transition sooner rather than later. Existing commitments under the multilateral trading system needed to be maintained. The Committee also called for the full integration of least developed countries and other disadvantaged economies into the multilateral trading system. In that regard, it expressed concern over the slow progress of negotiations and the apparent disengagement of

⁴ See A/C.2/56/7, annex.

leading countries in the world from the system. The Committee called for a continued commitment to the Doha negotiations and looked forward to the accession of the Russian Federation to WTO.

77. The Committee emphasized the importance of capacity-building in trade and, in that regard, it called on the secretariat to increase aid for trade to help developing countries benefit from the multilateral trading system and bolster South-South cooperation. In that context, it noted with appreciation the generous support provided by Japan on aid for trade, totalling \$12 billion in the period 2009-2011.

G. Consideration of the future focus of the subprogramme

78. The Committee considered the future focus of the subprogramme on trade and investment. The Director of the Trade and Investment Division introduced the topic.

79. In particular, the Committee considered the proposals for the implementation of the programme of work for the period 2012-2013 and took note of the proposals for inputs to the strategic framework for the period 2014-2015 in the context of the programmatic approach adopted by the Executive Secretary of ESCAP.

80. Delegations from the following countries made statements: India; Iran (Islamic Republic of); Kazakhstan; Nepal; Pakistan; and Russian Federation.

81. The delegation of Kazakhstan expressed its interest in participating in the secretariat's programmes in trade and investment.

82. The delegation of Nepal requested that the secretariat help least developed and landlocked countries to conduct analyses on key export and import products; introduce single windows and paperless trade and the promotion of public-private sector dialogue on the implementation of trade and transit facilitation measures; provide a platform to discuss issues of common concern, paying particular attention to least developed and landlocked countries; promote value chains for agricultural and forestry products, including under initiatives such as "one village one product" programmes; and disseminate information and provide capacity-building assistance on the certification of organic foods and sanitary and phytosanitary standards, accession to APTA and overall assistance in the formulation of appropriate trade and investment policies.

83. The delegation of India stated that India had never imposed non-tariff barriers on other countries and requested that the secretariat inform countries of the standards that were being followed by countries. It further informed the Committee of the trade and investment facilitation measures India was implementing.

84. The delegation of the Islamic Republic of Iran requested that a detailed overview of the planned activities of the subprogramme on trade and investment be provided for future sessions of the Committee to enable the Committee to provide proper guidance.

85. The delegation of Pakistan requested that the secretariat disseminate information on technical barriers to trade in the region and develop a capacity-building programme in that area. In addition, the delegation requested that the secretariat assist countries in the area of trade

negotiations, including in drafting model agreements, as well as in “one village one product” projects, and in SME development.

H. Consideration of draft resolutions for submission to the Commission at its sixty-eighth session

86. Member States were invited to discuss and review ideas to be considered in draft resolutions on trade and investment, technology transfer and agricultural machinery and engineering in the Asia-Pacific region that could be proposed to the Commission at its sixty-eighth session for further deliberation.

87. In introducing the agenda item, the Director of the Trade and Investment Division informed the Committee that the subprogramme on trade and investment required a renewed mandate, as the current mandate, provided by resolution 62/6 on managing globalization through strengthened regional cooperation in trade and investment, had been adopted by the Commission at its sixty-second session in 2006.

88. The delegation of the Republic of Korea referred to its request made under agenda item 5 for a draft resolution on paperless trade and the cross-border electronic exchange of trade data and documents for consideration by member States at the Commission session to be held in 2012.

89. No resolutions were submitted for discussion by the Committee.

I. Dates, venue and provisional agenda for the third session of the Committee

90. The Committee was invited to deliberate on the dates, venue and provisional agenda for the third session of the Committee, which was scheduled to be held in 2013. In the absence of any decision, the secretariat would in due course make its proposal for consideration by ACPR.

J. Other matters

91. No other matters were discussed.

K. Adoption of the report

92. The Committee adopted the report on its second session on 29 July 2011.

III. Organization of the session

A. Opening, duration and organization

93. The Committee on Trade and Investment held its second session in Bangkok from 27 to 29 July 2011.

94. The Executive Secretary of ESCAP delivered a welcoming address in which she presented the main findings of the *Asia-Pacific Trade and Investment Report 2011*.⁵ She noted that trade and FDI flows to the region had recovered, although FDI remained concentrated in a selected number of economies. She expressed the concern that least developed and selected

⁵ United Nations publication, Sales No. E.11.II.F.8.

landlocked economies continued to be marginalized and faced complex trade rules and other non-tariff barriers. She highlighted three areas of opportunity for the region in trade and investment: expansion of intraregional trade and investment, in general, and of trade in commercial services and trade and investment in climate-smart goods, services and technologies, in particular. In order to capture those opportunities, there was a need to create a conducive business and investment climate, strengthen and consolidate regional trade agreements along a common format, reduce tariff costs by eliminating behind-the-border obstacles to trade, the specialization and diversification of production, and increased attention to the development of SMEs through the adoption and implementation of a systematic and integrated policy framework. The Executive Secretary also stated the importance of a successful conclusion of the Doha Round of multilateral trade negotiations. She concluded her statement by highlighting the activities of the secretariat in the area of trade and investment, including the activities of APCTT and UNAPCAEM.

95. Mr. Sarath Amunugama, Senior Minister for International Monetary Cooperation, Government of Sri Lanka, and Chair of the sixty-seventh session of the Commission, delivered an opening address. In his address, he noted that Asia and the Pacific had become the driver of global growth. Some countries in the region, however, continued to lag behind. Opportunities and challenges in investment and productivity needed to be identified to allow those countries to adopt the right policies. As developed countries were facing economic problems, new markets had to be found. Competitive advantages had to be created beyond low labour costs. In particular, connectivity and infrastructure had to be improved.

96. Mr. Muhammad Faruk Khan, Minister of Commerce of Bangladesh, delivered an opening address in which he observed that the countries of the region had largely recovered from the crisis, led by domestic demand growth and trade and investment. The region had been the most dynamic growth region in the world in the last decade. His country, Bangladesh, had also been able to maintain high export growth as a result of government policy support for export promotion, despite the fact that least developed countries had faced constraints as a result of the lack of trade reforms envisaged under WTO and continued to face protectionism in both developed and developing countries. In that context, he called for meaningful market access for least developed countries in the Doha Development Agenda and enhanced regional cooperation.

97. Mr. Yanyong Phuangrach, Permanent Secretary, Ministry of Commerce of Thailand, delivered an inaugural address in which he observed that trade and investment in the region continued to be affected by problems related to natural disasters and globalization but that there were also opportunities. In particular, the region had internal strength as evidenced by dynamic growth in various countries. The region was very diverse and had many populous countries. To capture the opportunities, however, SMEs had to be actively supported and domestic markets had to be strengthened to increase intraregional trade. There was also scope to develop agriculture, build a green economy, and improve regional connectivity and cooperation. In that regard, the Association of Southeast Asian Nations (ASEAN) Economic Community, scheduled to be implemented in 2015, was an important step forward in promoting intraregional trade and investment. It would create challenges and opportunities and would force member countries to improve competitiveness.

98. The Executive Secretary of ESCAP officially launched the *Asia-Pacific Trade and Investment Report 2011*.⁶

B. Attendance

99. Representatives of the following members and associate members of ESCAP attended the session: Australia; Bangladesh; Bhutan; Brunei Darussalam; Cambodia; China; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Kyrgyzstan; Lao People's Democratic Republic; Malaysia; Mongolia; Myanmar; Nepal; Pakistan; Papua New Guinea; Philippines; Republic of Korea; Russian Federation; Sri Lanka; Tajikistan; Thailand; and Macao, China.

100. The session was also attended by representatives of the following States: Czech Republic and South Africa.

101. Representatives of the following offices of the specialized agencies and related organizations attended: International Telecommunication Union (ITU); United Nations Industrial Development Organization (UNIDO); World Health Organization (WHO); and World Intellectual Property Organization (WIPO).

102. The following intergovernmental and non-governmental organizations were represented: European Union; and World Association of Small and Medium Enterprises (WASME).

103. A total number of 19 panellists and 15 observers also attended.

C. Election of officers

104. The following officers were elected:

Chair:	Mr. Mozibur Rahman (Bangladesh)
Vice-chair:	Ms. Lucita Piamontes Reyes (Philippines)
Rapporteur:	Mr. Alex Kerangpuna (Papua New Guinea)

D. Agenda

105. The Committee adopted the following agenda:

1. Opening of the session.
2. Election of the Bureau.
3. Adoption of the agenda.
4. Capturing trade and investment opportunities in the new decade.
5. Facilitating intraregional trade.
6. Promoting trade and investment in low-carbon goods and services.
7. Transferring technology for inclusive and sustainable trade and investment.
8. Integrating small and medium-sized enterprises into the regional economy.

⁶ See note 5.

9. Moving multilateral and regional trade and investment cooperation forward.
10. Consideration of the future focus of the subprogramme.
11. Consideration of draft resolutions for submission to the Commission at its sixty-eighth session.
12. Dates, venue and provisional agenda for the third session of the Committee.
13. Other matters.
14. Adoption of the report.

Annex I

List of documents

Document symbol	Document title	Agenda item
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E/ESCAP/CTI(2)/INF/6	Report on the Global Compact Local Networks/Transnational Corporations Regional Meeting: Partnerships for Corporate Sustainability, Bangkok, 25 July 2011	8