



ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

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**REVIEW OF ISSUES PERTINENT TO THE SUBSIDIARY STRUCTURE OF
THE COMMISSION: TRADE AND INVESTMENT**

(Agenda item 2 (b))

Draft report

1. The Commission had before it document E/ESCAP/65/2 on regional trade and investment: trends, issues and ESCAP responses and document E/ESCAP/65/3, which contained the end-of-decade report on the implementation of Commission resolution 56/1 on the Decade of Greater Mekong Subregion Development Cooperation, 2000-2009. The Commission was informed that document E/ESCAP/65/2 reviewed recent developments and trends in trade and investment and provided an overview of the main trade and investment issues in the region.
2. The Commission was informed that document E/ESCAP/65/3 reviewed various development frameworks and technical assistance programmes in the Greater Mekong Subregion, including the initiatives of the secretariat, and highlighted the key achievements made through these programmes.
3. The Commission was also informed that the first session of the Committee on Trade and Investment would be held in Bangkok from 4 to 6 November 2009 with the central theme of regional trade- and investment-led recovery from the global economic crisis.
4. One delegation, while endorsing the need for technical assistance in the area of trade and investment, pointed out that ESCAP, as the regional hub of the United Nations, should focus on the areas which could be most effectively addressed through regional cooperation and where ESCAP had a comparative advantage, including policy coordination and norm-setting and the development of viable policy options for its members and associate members. Another delegation emphasized the importance of public-private partnerships in regional projects and, in that regard, suggested that the Asia-Pacific Business Forum be organized in conjunction with the Commission session.

5. The Commission recognized the importance of trade and investment in addressing the triple crisis, alleviating poverty, and reviving economic growth and development. In that regard, the Commission emphasized the need to keep economies open and refrain from protectionist measures and the abuse of trade remedies. In particular, the Commission recognized the role of the multilateral trading system in promoting global trade and the importance of a swift and successful conclusion of the Doha Development Agenda negotiations, which would send a positive signal to business. One delegation observed that the Doha Development Agenda had entered a hiatus but had not yet failed. In order for the Agenda to be successful, the right political signals were needed, while national interests, especially those of developing countries, needed to be safeguarded. One delegation called for close regional cooperation to conclude the Agenda, while another called for the secretariat to continue its technical assistance to help countries to accede to the World Trade Organization on an equal and fair basis.

6. The Commission noted the importance of South-South regional economic cooperation and integration for crisis management and long-term economic development. One delegation noted that integration into the global market and financial system could lead to increased vulnerability to external shocks and, therefore, a common approach to address trade and investment issues was necessary. Another delegation pointed out that enhanced intraregional trade would reduce the dependence of Asian and Pacific economies on Western markets.

7. The Commission noted the unilateral initiative of India to extend duty-free access on 94 per cent of its tariff lines originating from least developed countries, which had been initiated on 13 August 2008 in fulfilment of the Ministerial Declaration of the Sixth World Trade Organization Ministerial Conference, held in Hong Kong, China, in 2005, to four least developed countries in the region. Others could also avail themselves of those benefits by submitting their letters of intent.

8. The Commission noted the view of two delegations that the conclusion of regional and bilateral trade agreements constituted an important complementary track to the multilateral trading system by promoting regional trade and by forming a buffer against external shocks. One delegation mentioned that such agreements currently constituted a quarter of its total trade. Another delegation called for increased technical and financial assistance to help countries to promote bilateral trade.

9. In that context, two delegations mentioned the revitalized Asia-Pacific Trade Agreement (APTA) as an important modality for strengthening regional economic integration and noted with appreciation the current efforts of APTA members and the secretariat to deepen commitments and expand coverage into the areas of trade facilitation, services, investment and non-tariff measures under the fourth round of negotiations under the Agreement, and to expand its membership. They called on the secretariat to continue its active support of the Agreement.

10. The Commission recognized the importance of trade facilitation in enhancing economic cooperation and competitiveness. In that context, the delegation of China acknowledged the substantial and fruitful work of ESCAP in the area of trade and investment facilitation in recent years and emphasized its willingness to work closely with ESCAP and other member countries in that area. The delegation also referred to the successful Regional Expert Group Meeting on Trade and Transport Facilitation for Export Competitiveness, which had been held in Yangzhou, China, in September 2008 and had achieved constructive results.

11. Two delegations emphasized the importance of aid for trade facilitation for developing countries of the region. Some delegations recommended that ESCAP continue to provide capacity-building and technical assistance for trade facilitation, and support regional cooperation efforts and initiatives aimed at alleviating supply-side capacity constraints for trade, particularly for small and medium-sized enterprises. Enhanced cooperation between customs authorities and other institutions connected with trade was also highlighted as an important area, along with the need for transparency in trade regulations and their enforcement.

12. Some delegations stressed the importance of trade finance facilitation, suggesting that ESCAP, in cooperation with global and regional financial institutions, should support regional cooperation to facilitate the financing of trade and investment activities, focusing in particular on those sectors most affected by the crisis and those that were directly related to sustainable and inclusive economic development, such as the food and agriculture and energy sectors.

13. The Commission recognized the importance of a competitive business environment for success in the highly competitive world of international trade. In that regard, one delegation noted the importance of regulatory mechanisms which would ensure sound business practices, prudent financial management and the prevention of anti-competitive behaviour.

14. The Commission noted with appreciation the various initiatives which had been implemented for the development of the Greater Mekong Subregion and called for those initiatives to be continued. The delegation of Japan informed the Commission that, in order to promote further exchanges between Japan and countries in the Greater Mekong Subregion, it had been decided at the Japan-Mekong Foreign Ministers' Meeting in January 2008 to celebrate the year 2009 as the Mekong-Japan Exchange Year. In that context, the delegation also informed the Commission that Japan was currently exploring the possibility of jointly organizing a seminar or workshop with ESCAP on a theme relevant to the Mekong-Japan Exchange Year.

15. The delegation of Thailand informed the Commission of its country's active participation in various initiatives related to Greater Mekong Subregion development, such as the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), the Greater Mekong Subregion programme and the Mekong-Japan Cooperation, and its role as a donor for projects in the areas of infrastructure development, training and logistics development. Thailand, along with other Greater Mekong Subregion countries, had also made concerted efforts to reduce non-physical barriers through the Greater Mekong Subregion Cross-Border Transport Agreement. Thailand also welcomed the further involvement of ESCAP in the various Greater Mekong Subregion frameworks. The delegation confirmed the readiness of Thailand to host the ACMECS Senior Officials Meeting with Development Partners in 2009, with the aim of discussing possible areas of cooperation and further assistance from development partners in development projects, and it invited ESCAP to participate in the meeting.