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### Global initiatives with implications for the subprogramme

## Global initiatives with implications for the subprogramme

### Note by the secretariat

#### Summary

The work of the secretariat in trade and investment does not take place in isolation but needs to be linked to global initiatives and mandates arising from General Assembly resolutions, as well as outcome documents and programmes of action resulting from major global United Nations conferences. In the present document, the secretariat reviews various global mandates on their relevance for the formulation and implementation of the ESCAP subprogramme on trade and investment and calls for a specific mandate to strengthen the subprogramme and its contribution to the implementation of relevant General Assembly resolutions, global outcome documents and programmes of action.

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## I. Introduction

1. In the field of trade and investment, ESCAP needs to contribute to global and other regional initiatives to ensure synergies and avoid duplication. While often reference is made to regional and intraregional trade and investment for analytical purposes, it is in practice difficult to envisage such trade in isolation of global trade and investment. In the present document, the secretariat explores recent global initiatives and outcomes of major conferences that have implications for the implementation of the subprogramme on trade and investment. These include recent developments in the formulation of the development agenda beyond 2015, including: (a) the outcome of the United Nations Conference on Sustainable Development; (b) General Assembly and Economic and Social Council resolutions; (c) developments in the multilateral trading system; and (d) global initiatives targeting subgroups of disadvantaged countries: (i) the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries;<sup>1</sup> (ii) the Programme of Action for the Least Developed Countries for the Decade 2011-2020;<sup>2</sup> and (iii) the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States.<sup>3</sup>

## II. The development agenda beyond 2015

### A. Outcome of the United Nations Conference on Sustainable Development

2. The outcome of the United Nations Conference on Sustainable Development, "The future we want", was adopted on 22 June 2012. Subsequently endorsed by the General Assembly in its resolution 66/288, the document constitutes an important and the most recent global consensus on the way forward to achieve sustainable development with its economic, social and environmental dimensions. As trade and investment are essential for achieving sustainable development, the document provides the secretariat with guidance for its future work.

<sup>1</sup> *Report of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty, Kazakhstan, 28 and 29 August 2003 (A/CONF.202/3), annex I.*

<sup>2</sup> *Report of the Fourth United Nations Conference on the Least Developed Countries, Istanbul, Turkey, 9-13 May 2011 (A/CONF.219/7) (United Nations publication, Sales No. 11.II.A.1), Chap. II.*

<sup>3</sup> *Report of the International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, Port Louis, Mauritius, 10-14 January 2005 (United Nations publication, Sales No. E.05.II.A.4 and corrigendum), chap. I, resolution 1, annex II.*

3. The role of trade is addressed towards the end of the document under “means of implementation”. In particular, in paragraph 281, countries recognized that international trade is an engine for development and sustained economic growth and the role of meaningful trade liberalization in that regard.

4. Indirectly, however, the importance of trade and investment and related aspects are recognized.<sup>4</sup> The document makes particular reference to the role of the private sector in achieving sustainable development. In paragraph 46, countries “recognize that the active participation of the private sector can contribute to the achievement of sustainable development”. Countries “support national regulatory and policy frameworks that enable business and industry to advance sustainable development initiatives, taking into account the importance of corporate social responsibility” and “call upon the private sector to engage in responsible business practices, such as those promoted by the United Nations Global Compact”. In paragraph 268, part of “means of implementation”, countries again recognize the importance of a socially and environmentally responsible private sector for development and encourage public and private initiatives to foster a dynamic and well-functioning business sector, and to facilitate entrepreneurship and innovation, including among women, the poor and the vulnerable”.

5. The document is also strong on the role of technology. The important contribution of the scientific and technological community to sustainable development is recognized in paragraph 48. In paragraph 52, countries recognize the importance of sustainable agricultural production. In paragraph 58, capacity-building and technology transfer are recognized as important principles of a “green” economy. In paragraph 72, countries “recognize the critical role of technology as well as the importance of promoting innovation, in particular in developing countries. A whole section B under “means of implementation” deals with the importance of environmentally sound technology, technology research, development and transfer for achieving sustainable development. In paragraph 273, countries “request relevant United Nations agencies to identify options for a facilitation mechanism that promotes the development, transfer and dissemination of clean and environmentally sound technologies by, inter alia, assessing the technology needs of developing countries, options to address those needs and capacity-building”.

6. The regional dimension of sustainable development and the role of the regional commissions in promoting sustainable development through, among other things, the development of regional and cross-regional initiatives and capacity-building, is also recognized (paragraphs 97, 100). In paragraph 185, countries call for actions at all levels for the further development and implementation of efforts undertaken by the regional commissions. Under “means of implementation”, countries recognize the need for South-South cooperation and capacity-building, two strong dimensions of the mandate and work of ESCAP.

7. The outcome document calls for the formulation of sustainable development goals as an integrated part of the development agenda beyond 2015 and set up an open working group for this purpose. The implications of this process for the work of ESCAP are further discussed below.

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<sup>4</sup> For instance, in paragraph 19, countries “underscore the continued need for an enabling environment at the national and international levels, as well as continued and strengthened international cooperation, particularly in the areas of finance, debt, trade and technology transfer, as mutually agreed, and innovation, entrepreneurship, capacity-building, transparency and accountability”, which are all important components of the ESCAP subprogramme on trade and investment.

## B. Recent developments

8. The United Nations Conference on Sustainable Development did not elaborate specific goals but stated that the sustainable development goals should be limited in number, aspirational and easy to communicate. The goals should address in a balanced way all three dimensions of sustainable development and be coherent with and integrated into the United Nations development agenda beyond 2015. A 30-member Open Working Group of the General Assembly is tasked with preparing a proposal on the sustainable development goals.<sup>5</sup> The Open Working Group has not yet addressed the issue of trade and investment but is scheduled to do so at its fifth session, in November 2013, in the context of addressing macroeconomic policy questions.<sup>6</sup> At its fourth session, in June 2013, it reaffirmed that poverty reduction remains the overriding goal and recognized, among other things, that decent and productive work is the most direct route out of poverty, based on robust, inclusive, job-creating growth. It also recognized that enterprises and entrepreneurs are the principal job creators, and conditions and policies to foster enterprise formation, growth and job creation are crucial to a successful jobs strategy, including access to credit, technology and markets by small and medium-sized enterprises (SMEs). In this context, the next session of the open working group will also discuss the role of industrialization.<sup>7</sup>

9. Alongside the Open Working Group, the Secretary-General established the High-level Panel of Eminent Persons on the Post-2015 Development Agenda comprising 27 members to provide advice on the global development framework beyond 2015, the target date for the achievement of the Millennium Development Goals. The Panel is part of the Secretary-General's post-2015 initiative mandated by the 2010 High-level Plenary Meeting of the General Assembly on the Millennium Development Goals. The Panel submitted a report containing recommendations to the Secretary-General in May 2013. The report<sup>8</sup> concluded that the development agenda beyond 2015 is a universal agenda that needed to be driven by five large transformative shifts, including a transformation of economies for jobs and inclusive growth and the potential of private business to create more value and drive sustainable and inclusive growth.<sup>9</sup> Another transformative shift refers to a new global partnership which includes free and fair trade, technology innovation, transfer and diffusion, and promotion of financial stability. Business would be an essential partner and should integrate sustainable business practices in their business models and report on their social and environmental impacts in an integrated manner.

10. The Panel presents a list of 12 illustrative sustainable development goals to be achieved by 2030. Goal 8 refers to the creation of jobs and

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<sup>5</sup> The Open Working Group was established on 22 January 2013 by General Assembly decision 67/555.

<sup>6</sup> <http://sustainabledevelopment.un.org/content/documents/1778Pow2805.pdf>.

<sup>7</sup> Concluding Remarks of Co-Chairs, OWG4, 19 June 2013. Available from <http://sustainabledevelopment.un.org/content/documents/3693cochairsconcluding.pdf>.

<sup>8</sup> United Nations, *A New Global Partnership: Eradicate Poverty and Transform Economies Through Sustainable Development*. The Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (United Nations, New York, 2013).

<sup>9</sup> <http://www.post2015hlp.org/wp-content/uploads/2013/05/UN-Report.pdf>. The other transformative shifts include: leave no one behind; put sustainable development at the core; build peace and effective, open and accountable institutions for all; forge a new global partnership.

sustainable livelihoods and one of the targets is the number of new start-ups and the need for an enabling business environment and boosting entrepreneurship in this regard. Goal 12 refers to a global enabling environment including support for an open, fair and development-friendly trading system, substantially reducing trade-distorting measures, including agricultural subsidies, while improving market access of developing country products. The report acknowledges that “increased trade and access to markets brings more equitable growth and opportunity for all – the surest way to defeat poverty and deprivation”.<sup>10</sup>

### C. Secretariat’s response

11. Various documents related to the development agenda beyond 2015, including the outcome document of the United Nations Conference on Sustainable Development, make repeated references to the role and importance of the private sector and technology. However, the role of trade and investment in general could perhaps have been more prominent, in particular with regard to the formulation of the sustainable development goals, given the central role trade and investment have played in the development of the region. Under current proposals, trade issues are again subsumed under a more generic goal of partnerships, similar to Millennium Development Goal 8. However, it could be argued that trade and investment deserve a higher level of attention as they are critical components of growth and development. For instance, trade and investment play an important role in addressing pressing issues, captured by various development goals, such as poverty reduction, food security, water and sanitation, health, the mobilization of finance for development, management of natural assets, sustainable livelihoods and job creation, securing of sustainable energy, provision of quality education, and even the development of peaceful societies.<sup>11</sup> As the *Asia-Pacific Trade and Investment Report 2013* demonstrates, the benefits of trade and investment are not always direct but also indirect through the generation of income which can be taxed and spent for development purposes.<sup>12</sup> The benefits of trade and investment for financing for development were already fully recognized in the Monterrey Consensus of the International Conference on Financing for Development<sup>13</sup> and subsequent Doha Declaration.<sup>14</sup>

12. For its part, the secretariat has taken the issues of inclusive and sustainable development very seriously and has taken various initiatives to ensure that its activities in trade and investment under the subprogramme take these essential dimensions of development fully into account. The importance of inclusive and sustainable trade and investment was already highlighted in the first issue of *Asia-Pacific Trade and Investment Report 2009*.<sup>15</sup> Subsequently, a comprehensive publication on climate-smart trade and investment in Asia and the Pacific was issued as a supplement to the *Asia-*

<sup>10</sup> Ibid., page 54.

<sup>11</sup> Trade and investment promote regional integration and, hence, reduce the potential for conflict.

<sup>12</sup> See E/ESCAP/CTI(3)/1.

<sup>13</sup> *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

<sup>14</sup> A/C.2/56/7, annex.

<sup>15</sup> ESCAP, *Asia-Pacific Trade and Investment Report 2009: Trade-led Recovery and Beyond* (United Nations publication, Sales No. E.09.II.F.19). Available from [www.unescap.org/tid/ti\\_report2009/home.asp](http://www.unescap.org/tid/ti_report2009/home.asp).

*Pacific Trade and Investment Report 2011*.<sup>16</sup> The publication presents a cohesive and coherent climate-smart trade and investment policy framework. The *Asia-Pacific Trade and Investment Report 2013*<sup>12</sup> focuses on issues and policies regarding promoting inclusive trade and investment with focus on the contribution of trade and investment to poverty reduction and employment generation.

13. Under phase I of the investors for development (I4D) programme, the secretariat completed a four-year project with generous financial support from the Governments of the Netherlands and Sweden aimed at strengthening global compact local networks in selected Asian and Pacific countries and train members of the network on global compact principles and reporting. I4D created a community of practice of corporate social responsibility (CSR) practitioners in Asia and the Pacific (GCAsia) to engage members in discussions on a wide range of CSR-related topics, organized training courses and collected and developed resources, tools and case studies for CSR implementation. The secretariat has evolved into a de facto regional support centre for the Global Compact Office and is currently seeking funds for a phase II, which emphasizes the role of government and consumer groups in catalysing the adoption and implementation of responsible business practices by all businesses. In this context, a monograph on responsible business practices was published online in early 2013.<sup>17</sup>

14. In cooperation with the secretariat of the Conference, the United Nations system and the Global Compact Local Network Brazil, the Global Compact Office organized the Corporate Sustainability Forum, which was held in Rio de Janeiro, Brazil, from 15 to 18 June 2012, just prior to the Conference. The Forum brought together 2,700 business leaders, investors, academics, government officials, environmentalists and grassroots activists. ESCAP co-organized a session at the Forum entitled “A Changing World: Business as Unusual”.<sup>18</sup>

15. As part of its follow-up to the Conference, the secretariat has strengthened the dimension of inclusive and sustainable development in its Business Advisory Council through the establishment of the Sustainable Business Network, which currently consists of task forces on green business, inclusive trade and investment, regional integration and connectivity and micro- and small and medium-sized enterprises and entrepreneurship in business and development. The task forces are expected to expand their membership from across the region and organize both policy advocacy and training sessions on the various aspects of responsible business practices.

16. The secretariat is developing a trade and investment strategy for implementing the outcome of the United Nations Conference on Sustainable Development. It is envisaged that the strategy will include a “just” or “people-centred” trade initiative which focuses on several aspects of inclusivity with regard to trade, investment and integration, including global

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<sup>16</sup> ESCAP, *Climate-smart Trade and Investment in Asia and the Pacific: Towards a Triple-win Outcome* (United Nations publication, Sales No. E.12.II.F.10). Available from [www.unescap.org/publications/detail.asp?id=1477](http://www.unescap.org/publications/detail.asp?id=1477).

<sup>17</sup> ESCAP, *From Corporate Social Responsibility to Corporate Sustainability: Moving the Agenda Forward in Asia and the Pacific*, Studies in Trade and Investment No. 77 (ST/ESCAP/2658) (Bangkok, 2013), available from [www.unescap.org/publications/detail.asp?id=1534](http://www.unescap.org/publications/detail.asp?id=1534).

<sup>18</sup> The outcome of the Forum and the ESCAP session are detailed in *From Corporate Social Responsibility to Corporate Sustainability: Moving the Agenda Forward in Asia and the Pacific* (see note 17 above).

governance and the need to rebalance decision-making in trade, more equitable distribution of benefits from globalization through adjustment of national policymaking practices, and more equitable access to earnings from international transactions of those who are directly involved in production of goods and services. The strategy will also include an Asia-Pacific cooperation framework for (a) promoting trade and investment in environmentally sustainable — including low-carbon — goods and services, (b) developing regional eco-standards for trade and (c) development of models for green free trade agreement (FTA) provisions and modalities. The strategy is aimed at further expanding and strengthening the Sustainable Business Network and the implementation of phase II of the I4D project, strengthening government capacity to promote responsible business practices. The strategy is also meant to address issues emanating from the Conference through existing programmes, such as conducting research on sustainability issues through the Asia-Pacific Research and Training Network on Trade (ARTNeT) and working with States members of the Asia-Pacific Trade Agreement (APTA) to launch negotiations on liberalization and facilitation concerning low-carbon goods. The trade facilitation components of the strategy introduce programmes which lay renewed emphasis on paperless trade, agriculture, transit and SMEs. The successful implementation of the strategy depends on the availability of donor funds and the commitment of stakeholders.

17. Within the context of promoting technology transfer and sustainable agricultural mechanization for inclusive and sustainable development, both the Asian and Pacific Centre for Transfer of Technology (APCTT)<sup>19</sup> and the Centre for Sustainable Agricultural Mechanization (CSAM)<sup>20</sup> have implemented various programmes for that purpose.

### **III. The multilateral trading system and the Doha Development Agenda**

#### **A. Overview**

18. While only the multilateral trading system, as administered and monitored by the World Trade Organization (WTO), provides a universal rules-based system for global trade, it has suffered from delays and lack of commitment from WTO member countries in concluding the current round of multilateral trade negotiations, known as the Doha Development Agenda, or more popularly, the Doha Round.<sup>21</sup> Instead, countries have increasingly resorted to preferential trade agreements (PTAs),<sup>22</sup> which continue to proliferate.

19. Currently, the state of play in the Doha Development Agenda seems to be a standstill with positions varying widely among groups of countries, in particular, but not exclusively, between developed and developing countries with regard to such areas as trade in agriculture, reducing tariffs on imports of

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<sup>19</sup> See E/ESCAP/CTI(3)/2.

<sup>20</sup> See E/ESCAP/CTI(3)/3.

<sup>21</sup> See A/C.2/56/7, annex.

<sup>22</sup> Popularly known as free trade agreements, in practice bilateral and regional trade agreements are usually preferential agreements which can range from agreements with rather shallow commitments and limited scope to those covering a wide range of areas, such as economic partnership agreements. As none of these agreements really offers free trade in the pure sense of the word, for the purpose of the present document, the term “preferential trade agreement” is used to cover all trade agreements which are not multilateral but contain trade as a principal area of commitment.

industrial products, and services. The outcome of the forthcoming Ninth WTO Ministerial Conference, scheduled to be held in Bali, Indonesia, from 3 to 6 December 2013 will have a long-term effect on the multilateral trading system and for future prospects of freer and fairer global trade, especially in the aftermath of the recent global economic crisis. WTO plays an important role in closely monitoring the reintroduction of protectionist measures. The WTO dispute settlement mechanism has already established its credibility among developing countries. The potential benefits from a successful conclusion of the Doha Development Agenda are clear, including in areas such as trade facilitation and services, areas of great importance for developing countries and their trade, not in the least for trade among themselves. In the area of trade facilitation, much progress has already been made. In addition, there was a de facto consensus to phase out agricultural export subsidies while most recently least developed countries were granted a longer reprieve period to implement the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Though progress was made in various areas, the negotiations in these areas could not be concluded due to the “single undertaking” approach (that is, nothing can be agreed until everything is agreed). In the meantime, developing countries are denied the potentially substantial benefits from a successful conclusion of the Doha Development Agenda. Therefore, concerted efforts need to be taken to ensure that the Doha Development Agenda is brought to a meaningful conclusion with clear benefits for developing countries. Furthermore, various countries of the region are still not a member of WTO, though most of those that are not are currently in the process of accession.

## **B. Secretariat’s response**

20. Developments in the multilateral trading system have significant implications for the secretariat’s work in trade and investment, as trade in the regional trade cannot be seen in isolation from global trade, and global trade rules need to be implemented by all countries of the region that are WTO members. The secretariat has always emphasized a universal, rules-based, non-discriminatory trading system as the best modality to advance trade among member States. For that purpose, it has developed a strong partnership with WTO. Due to the regional scope of ESCAP, the secretariat is, through the Asia-Pacific Trade and Investment Agreements Database (APTIAD), closely following the proliferation of PTAs and monitoring the level of conformity and complementarity of PTAs with the rules of the multilateral trading system. Within the context of promoting inclusive and sustainable trade, the secretariat not only organizes capacity-building programmes for the region with a focus on strengthening the inclusiveness and sustainability of trade and on strengthening negotiating skills, but also follows and monitors rising protectionist tendencies, including the increasing use of non-transparent and non-tariff forms of protection which may sometimes hide behind public objectives and sustainable development goals but are in essence less effective and trade-distorting measures.<sup>23</sup>

21. Particularly noteworthy is the WTO-ESCAP technical assistance programme, which has been in existence since 1999.<sup>24</sup> Given the importance of a successful conclusion of the Doha Round and the forthcoming WTO Ministerial Conference, the secretariat is organizing a high-level dialogue to take place on 19 November 2013.

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<sup>23</sup> For details, see various issues of the *Asia-Pacific Trade and Investment Report*.

<sup>24</sup> For details, see E/ESCAP/CTI(3)/6.



22. An event with important implications for the work of the secretariat was the launch of the Aid-for-Trade (AfT) initiative by WTO members at the Sixth WTO Ministerial Conference in Hong Kong, China, in 2005. The initiative is subject to both global and regional reviews, and the regional dimension has been emphasized in various documents, most recently in the AfT work programme 2012-2013 under the WTO Committee on Trade and Development, which makes particular reference to the importance of regional organizations mainstreaming AfT in their programmes and promoting regional integration and intraregional trade.<sup>25</sup> ESCAP has actively participated in the regional review on AfT and most of its subprogramme on trade and investment can be viewed as a coherent regional AfT package.

23. In particular, ESCAP has been involved in the implementation of a development account project (under the 7th tranche) on "Facilitating the effective integration of developing countries in the global economy through Aid for Trade schemes" since late 2012. The project is implemented by the regional commissions. The first major activity in the programme of work of ESCAP was the holding of a workshop in Kathmandu in April 2013, with the objective of examining how Asian and Pacific countries could promote intraregional trade, investment and connectivity through bankable Aid for Trade projects. The feedback from the workshop was positive, and participants expressed a desire to have similar events held elsewhere in Asia to promote an understanding of how Aid for Trade could benefit intraregional trade. A research team meeting was also held in Kathmandu to kick-start projects on measuring the development impacts of AfT projects in Bangladesh, Fiji, the Lao People's Democratic Republic, Nepal, Sri Lanka and Viet Nam, among others.

24. The project has now reached the mid-point of its implementation, with positive results thus far. The next major activity is organizing an expert dialogue on aid for trade to be held in November during the Third Trade and Investment week in Bangkok where the results of the national impact measurement projects will be launched.

## **IV. Resolutions of the General Assembly and Economic and Social Council**

### **A. Overview**

25. The secretariat's mandates are determined to some extent by resolutions of the General Assembly and Economic and Social Council. In this regard, it is important to ensure that ESCAP subprogramme on trade and investment conforms to the requests and addresses the issues raised in those resolutions within its mandate.

26. Though a thorough analysis of General Assembly and Economic and Social Council resolutions goes outside the scope of the present document, the secretariat wishes to highlight some resolutions adopted in the last five years which have particular implications for its work on trade and investment.<sup>26</sup>

27. General Assembly resolution 67/227 on South-South cooperation encouraged the funds, programmes, specialized agencies and other entities of the United Nations system to take concrete measures to effectively

<sup>25</sup> See WT/COMTD/AFT/W/30, available at <https://docs.wto.org>.

<sup>26</sup> Resolutions contain general or indirect mandates for the secretariat's work, but mandates should normally not be older than five years.

mainstream support to South-South and triangular cooperation in their policy and regular programming work.

28. The General Assembly routinely adopts resolutions on international trade and development reaffirming that international trade can be an engine for development and sustained growth. Resolution 65/142 recognized that South-South trade should be further strengthened, and resolution 66/185 reaffirmed the critical role that meaningful trade liberalization can play in stimulating economic growth and development.

29. The General Assembly routinely refers to the need for aid for trade in various resolutions. For instance, resolution 64/192 on commodities, stressed that the Aid for Trade Initiative should aim to help developing countries, particularly least developed countries, to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO agreements and, more broadly, to expand their trade. The resolution also reaffirmed the commitment to meaningful trade liberalization and to ensure that trade would play its full part in promoting economic growth, employment and development for all. Resolutions referring to the Almaty Programme of Action also call upon development partners to implement the aid-for-trade initiative effectively.<sup>27</sup>

30. Resolution 64/223, entitled “towards global partnerships”, emphasized the vital role played by Governments in promoting responsible business practices, including providing the necessary legal and regulatory frameworks, where appropriate.

31. Resolutions 65/175 and 67/225 on industrial development cooperation recognized the role of the business community, including the private sector, in enhancing the dynamic process of the development of the industrial sector, underlined the importance and benefits of foreign direct investment (FDI) in that process and recognized that an enabling domestic environment is vital for, among other things, encouraging the private sector and that the international community should support efforts to create such an environment. The importance of promoting the creation and development of SMEs as a strategy to achieve industrial development, economic dynamism and poverty eradication is underlined. Regional, subregional and interregional cooperation to promote investments and technology transfer is encouraged. The identification of best practices in reporting on corporate sustainability is encouraged, with particular attention being paid to the needs of developing countries, including for capacity-building.

32. Resolution 67/202 on entrepreneurship for development encourages the international community to support the efforts of countries to promote entrepreneurship and foster the development of SMEs and microenterprises, taking into account the challenges and opportunities of increased trade liberalization.

33. The General Assembly also routinely adopts resolutions on agriculture development and food security.<sup>28</sup> Resolution 66/220, in particular, recognizes the importance of agricultural investment, including FDI and the importance of the private sector. The resolution stresses the need to continue to strengthen cooperation among all relevant United Nations agencies, including the regional commissions, and other intergovernmental organizations and

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<sup>27</sup> For instance, resolutions 65/172 and 66/214.

<sup>28</sup> See, for example, resolutions 67/228, 66/220 and 64/224.

international financial institutions, in accordance with their respective mandates, in promoting and strengthening efforts towards agricultural development and food security and nutrition.

34. Finally, resolution 65/168 on the role of the United Nations in promoting development in the context of globalization and interdependence stresses “the need for all countries to harness knowledge and technology and to stimulate innovation if they are to improve their competitiveness, benefit from trade and investment and promote sustainable development, and in this regard underlines the importance of concrete actions to promote the development and dissemination of appropriate, affordable and sustainable technologies and the transfer of such technologies on fair, transparent and mutually agreed terms to developing countries in support of the implementation of their development strategies”.

35. In the last few years, no specific Economic and Social Council resolution on trade and investment conferring a mandate on the regional commissions was adopted, but trade and investment are referred to in other more general resolutions referring to least developed countries and outcomes of major global United Nations conferences, including the International Conference on Financing for Development. Resolution 2012/26 on the Programme of Action for the Least Developed Countries for the Decade 2011-2020, for instance “calls upon the least developed countries, their development partners, the United Nations system and all other actors to fully and effectively implement the commitments that have been made in the Istanbul Programme of Action in its eight priority areas”, and “invites all organizations of the United Nations system...and regional financial institutions, to contribute to the implementation of the Istanbul Programme of Action and to integrate it into their programmes of work, as appropriate and in accordance with their respective mandates, and to participate fully in its review at the national, subregional, regional and global levels”.

## **B. Secretariat’s response**

36. The secretariat has responded in various ways to the requests contained in the various resolutions of global United Nations legislative bodies, in particular the General Assembly, in a regional context. Its activities pertaining to trade and investment and related issues, in particular technology transfer and sustainable agricultural mechanization, are adequately described in other secretariat documents submitted to the Committee as well as in the present document and need not be repeated.<sup>29</sup> Most activities under the subprogramme can be defined as constituting AFT, and, as such, the secretariat plays an instrumental role in delivering and influencing AFT in the region.

37. The Trade and Investment Division of ESCAP serves as secretariat to APTA, which is open to all developing country members of ESCAP in the region. APTA could be a potent mechanism for promoting South-South trade and investment, increasing intraregional trade and fostering regional integration.

38. Given the repeated emphasis of various General Assembly resolutions on the importance of the private sector, entrepreneurship and SME development, it is pertinent to include information on the secretariat’s

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<sup>29</sup> See the reports on the activities of the Asian and Pacific Centre for Transfer of Technology (E/ESCAP/CTI(3)/2) and the Centre for Sustainable Agricultural Mechanization (E/ESCAP/CTI(3)/3), and the overview of the secretariat’s activities in promoting regional cooperation in trade and investment, including issues for consideration by the Committee (E/ESCAP/CTI(3)/4).

activities regarding business development. The secretariat engages the business sector through the ESCAP Business Advisory Council and the annual Asia-Pacific Business Forum. It has consistently focused its technical assistance activities in this area on SME development and is currently implementing the Business for Development Programme. The current focus of the Programme is on the implementation, with generous support from the Government of Japan, of a project on assisting SMEs in the Greater Mekong Subregion in integrating into global and regional value chains. The secretariat has assisted the Government of Myanmar in formulating a national SME policy and law and has published a policy guidebook for SME development in Asia and the Pacific.<sup>30</sup> It organized Myanmar Business and Development Week with various partners in September 2013 and with generous support from the Governments of Japan and the Republic of Korea. Another activity within the Business for Development Programme is the upgrading of a comprehensive course on promotion and facilitation of FDI for inclusive and sustainable development for least developed and landlocked developing countries. The course will be used for training sessions scheduled to start in 2014. Other activities related to business development are reported in other documents submitted to the Committee.

39. The resolutions of the General Assembly and Economic and Social Council discussed above often confer an indirect mandate upon ESCAP for its work on trade and investment, and it is important that this work, at the regional level, complements work undertaken at the global level by relevant United Nations agencies.<sup>31</sup> However, as ESCAP has its own intergovernmental decision-making machinery, it is equally important for the Commission to adopt resolutions which convey a clear and comprehensive mandate enabling the secretariat to undertake its activities in trade and investment in response to countries' needs and priorities and in conformity with global programmes and action plans. In this context, it is important for the Committee to pave the way for the Commission and consider relevant draft resolutions that take full account of existing global mandates in the area of trade and investment.

## **V. Global initiatives for subgroups of countries**

40. In addition to the outcome of global conferences and General Assembly and Economic and Social Council resolutions, the secretariat implements activities on trade and investment in response to various global initiatives for specific subgroups of countries. In most cases, these initiatives target priority groups which are the focus of most of the secretariat's assistance under the subprogramme on trade and investment.

### **A. Least developed countries: the Istanbul Programme of Action**

41. The Programme of Action for the Least Developed Countries for the Decade 2011-2020 was adopted, along with the Istanbul Declaration, by the Fourth United Nations Conference on the Least Developed Countries, held in Istanbul, Turkey, from 9 to 13 May 2011.<sup>2</sup>

42. The Istanbul Declaration underlines the importance of a dynamic, well-functioning and socially responsible private sector, SMEs in particular,

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<sup>30</sup> ESCAP, *Policy Guidebook for SME development in Asia and the Pacific* (United Nations publication, Sales No. E.12.II.F.2). Available from [www.unescap.org/publications/detail.asp?id=1527](http://www.unescap.org/publications/detail.asp?id=1527).

<sup>31</sup> See also E/ESCAP/CTI(3)/6.

and commits countries to creating conducive domestic and international environments in which the private sector can invest and contribute more to economic growth and sustainable development. Countries reaffirm that international trade remains a key driver of economic growth and sustainable development in least developed countries and emphasize the need for implementing effective trade-related technical assistance and capacity-building to least developed countries on a priority basis, including by enhancing the share of assistance to least developed countries for AfT...to help least developed countries to build their supply-side capacity, trade-related infrastructure and trade facilitation. In this regard, countries emphasize the role of all relevant international agencies and organizations. Countries also underline that the accession of least developed countries to WTO should be encouraged and facilitated. Finally, countries underline the need to fully harness the opportunities offered by South-South cooperation as a complement to, but not a substitute for, North-South cooperation.

43. The Istanbul Programme of Action charts out the international community's vision and strategy for the sustainable development of least developed countries for the next decade with a strong focus on developing their productive capacities. Implementation of the Programme of Action is expected to involve a broad range of actors, including donor countries, developing countries, parliaments, the private sector, civil society, the United Nations system and international and regional financial institutions. Productive capacity and trade are two of the eight priority areas for action under the Programme of Action, and among the deliverables is a strong emphasis on technological innovation and technology transfer to least developed countries, including development partners' commitment to provide enhanced financial and technical support for this sector.

44. With regard to productive capacity, development partners are requested to: provide enhanced financial and technical support to least developed countries to develop productive capacities in line with least developed countries' priorities; support least developed countries in diversification and value addition by their firms to effectively participate in the global value chains; adopt, expand and implement investment promotion regimes, as appropriate; and support the development of science and technology to increase agricultural production and productivity. For private sector development, development partners are requested to: (a) provide enhanced financial and technical support, and facilitate transfer of technology under mutually agreed terms to least developed countries to remove structural and institutional constraints on the private sector; and (b) support initiatives to strengthen the institutional and managerial capacities and the productivity of SMEs in least developed countries to improve their competitiveness. With respect to agricultural development, development partners are requested, among other things, to support efforts aimed at increasing agricultural production and productivity. Finally, with respect to trade, development partners are requested, among other things: to support least developed countries' efforts to strengthen their human, institutional and regulatory capacities in trade policy and trade negotiations in areas such as market entry and access, tariffs, customs, competition, investment and technology, and regional integration; to implement effective trade-related technical assistance and capacity-building to least developed countries on a priority basis; and to support least developed countries' efforts in promoting subregional and regional cooperation, including export promotion and improving regional connectivity through trade-facilitating measures.

45. The Istanbul Programme of Action stipulates that biennial reviews of its implementation should be undertaken at the regional level by relevant

regional commissions and agencies, involving regional and subregional organizations.

## **B. Landlocked and transit developing countries: the Almaty Programme of Action**

46. The International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, held in Almaty, Kazakhstan, from 25 to 29 August 2003, adopted the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries and the Almaty Declaration.<sup>1</sup>

47. In the Almaty Declaration, countries declared their belief that increased trade is essential for the economic growth and sustainable development of developing countries. The Almaty Programme of Action identifies international trade and trade facilitation as one of five priorities (priority 3, paras. 32-37). In this regard, the Programme of Action, among other things, stipulates that the accession of landlocked and transit developing countries to WTO should be further accelerated. Landlocked and transit developing countries should be provided assistance in the area of trade facilitation in the light of the agreement in the Doha Ministerial Declaration.<sup>32</sup> The Almaty Programme of Action calls for the international community to assist the target countries in facilitating trade and transit facilitation and promote FDI in trade and transit-related infrastructure. In particular, it calls for technical assistance in the area of trade facilitation aimed at simplifying, streamlining and standardizing import, export and customs procedures and related capacity-building of particular human resources.

48. In its resolution 63/2, the General Assembly adopted the outcome document of the midterm review of the Almaty Programme of Action. The document, while noting that some progress had been made, observes that “landlocked developing countries continue to be marginalized from international trade, which prevents them from fully using trade as an instrument for achieving their development goals” and that trade facilitation remains limited in view of persistent high trade transaction costs. The document calls for increased FDI and acknowledges the contribution made by ESCAP on the time/cost-distance methodology. The document further calls upon development partners, including regional commissions, “to effectively operationalize the Aid for Trade Initiative so as to support trade facilitation measures and trade-related technical assistance, as well as the diversification of export products through the development of small and medium-sized enterprises and private sector involvement in landlocked developing countries”.

49. A comprehensive ten-year review of the implementation of the Almaty Programme of Action will take place in 2014. In preparation for this review, the Euro-Asian Final Regional Review of the Almaty Programme of Action was held in Vientiane from 5 to 7 March 2013, resulting in the Vientiane Consensus, which was submitted to the Commission at its sixty-ninth session.<sup>33</sup> The Vientiane Consensus echoed the findings of the midterm review outcome document and identifies various ways to promote trade capacity and enhance trade facilitation, including guides developed by the

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<sup>32</sup> The Doha Ministerial Declaration was adopted by WTO members at the Fourth WTO Ministerial Conference in 2001 which also launched the Doha Development Agenda.

<sup>33</sup> See E/ESCAP/69/1.

United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNEExT) on business process analysis, document alignment, data harmonization and modelling, and single window implementation, among others and calls upon landlocked developing countries to be actively involved in implementing Commission resolution 68/3 on enabling paperless trade, together with other trade facilitation measures. It urged United Nations entities, including ESCAP, in cooperation with the United Nations Conference on Trade and Development and other relevant international and regional organizations, to provide landlocked developing countries with the necessary technical, research and other assistance in the WTO accession process and to design trade-related reforms for promoting trade and investment integration processes to enhance global and regional cooperation. Finally, the Vientiane Consensus observed the need to promote the active participation of landlocked developing countries in existing regional agreements and frameworks and provide them with due special and differential treatment for maximization of development gains. The Vientiane Consensus also called for enhanced Aid-for-Trade, including technical assistance in the areas of FDI promotion.

### C. Small island developing States: the Mauritius Strategy

50. A decade after the Programme of Action for the Sustainable Development of Small Island Developing States was adopted,<sup>34</sup> the Mauritius Declaration and the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States were adopted at a second international conference<sup>3</sup> and subsequently endorsed by the General Assembly in its resolution 60/194. The third international conference is scheduled to be held in Apia in 2014. A high-level review meeting was held in 2010, the outcome of which was adopted by the General Assembly in its resolution 65/2.

51. The Mauritius Declaration and Strategy recognize that international trade is important for building resilience and the sustainable development of small island developing States, and therefore call upon the international institutions, including financial institutions, to pay appropriate attention to the particular needs and priorities of small island developing States in various areas, including participation in the multilateral trading system.

52. The chapters of the Mauritius Strategy that are relevant for the ESCAP subprogramme are chapter XI, science and technology, chapter XIII, trade: globalization and trade liberalization, and chapter XX, implementation. The Strategy emphasizes the importance of national capacity to develop environmentally sound technologies to build resilience. It also notes the importance of the multilateral trading system and obstacles encountered by Pacific island States in the area of trade, such as preference erosion, WTO accession and capacity constraints. Chapter XX makes specific references to the need for technical assistance in the area of technology development and transfer and strengthening the institutional infrastructure for intellectual property rights protection. With regard to trade, the Strategy states that “attention should be focused on the specific trade- and development-related needs and concerns of small island developing States to enable them to fully integrate into the multilateral trading system in accordance with the Doha mandate on small economies” (para. 96). The United Nations is given a specific mandate to implement the Strategy.

<sup>34</sup> *Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, Barbados, 25 April-6 May 1994* (United Nations publication, Sales No. E.94.I.18 and corrigenda), chap. I, resolution 1, annex II.

53. The High-level Review Meeting also recognized “the need to address the specific trade- and development-related needs and concerns of small island developing States so as to enable them to fully integrate into the multilateral trading system in accordance with the Doha mandate on small economies, and agreed to facilitate the accession of small island developing States to the World Trade Organization, where appropriate, through enhanced technical assistance”. In this context, the Meeting reiterated “the importance of aid for trade as a means of delivering coordinated, effective and targeted trade-related technical assistance and capacity-building programmes” and in this context called for “assistance to be provided, where appropriate, to address the special constraints of small island developing States with respect to building their supply-side capacities and their competitiveness, as part of their national development strategies”. It also called upon “the international community to continue enhancing the efforts of small island developing States to foster agricultural production, productivity and sustainability and to prioritize food security”.

#### **D. Secretariat’s response**

54. As the secretariat has a unit dedicated to least developed countries and given the secretariat’s limited human and financial resources, there is no specific programme in the area of trade and investment for specific subgroups of disadvantaged countries, though a technical assistance concept note on private sector development for least developed and landlocked developing countries has been developed for resource mobilization purposes. Nevertheless, the needs of these countries are given high priority in the implementation of the subprogramme and some have received special attention.

55. With regard to least developed countries, for instance, the secretariat has assisted Myanmar in trade and investment through technical assistance rendered to the country’s Trade Training Institute and in the area of SME development and investment promotion (as reported in para. 38 above). The secretariat has also participated in a joint multidimensional policy review mission with the Organisation for Economic Co-operation and Development (OECD) to Myanmar with a focus on SME development. A trade and investment capacity-building programme for Myanmar was prepared for implementation in 2013 and 2014. Cambodia, the Lao People’s Democratic Republic and Myanmar also benefit from the project on assisting SMEs in the Greater Mekong Subregion (GMS) in integrating into regional and global value chains and activities organized under a memorandum of understanding on trade and investment capacity-building for the least developed countries of GMS among ESCAP, the International Institute for Trade and Development, Thailand, and the Ministry of Commerce of the Government of Thailand with the aim of assisting these countries in participating effectively in the ASEAN Economic Community (envisioned to come into existence in 2015).

56. With regard to landlocked developing countries, a majority of the technical assistance and capacity-building activities related to trade facilitation, including those implemented through UNNExT, have targeted those countries. For example, the secretariat recently completed, in cooperation with the Asian Development Bank, a capacity-building project involving analyses of procedures along three trade corridors in South Asia to facilitate the movement of goods from Bhutan and Nepal to international seaports. In 2013, the secretariat provided Kyrgyzstan with support on the drafting of a national trade facilitation strategy.

57. The secretariat has also established the Asia-Pacific FDI Network for least developed and landlocked developing countries. The Network was



scheduled to have its third meeting just prior to the third session of the Committee. Among landlocked developing countries, Mongolia has received significant assistance in the area of trade and investment capacity-building. The Standing Committee of APTA, at its forty-second session, in October 2013, reached a consensus officially welcoming Mongolia as the seventh member of the Agreement. As most landlocked developing countries are located in Central Asia, ESCAP is organizing the annual Project Working Group (PWG) on Trade under the United Nations Special Programme for the Economies of Central Asia (SPECA) in collaboration with the Economic Commission for Europe (ECE). Sessions of the PWG-Trade are held in conjunction with sessions of the Aid-for-Trade Implementation and Monitoring Council. The seventh session of the PWG-Trade was held in Bangkok on 26 November 2012 while the eighth session is scheduled to be held in Dushanbe in October 2013. ESCAP, in collaboration with ECE, has focused its technical assistance to Central Asian countries on trade facilitation through various development account projects, addressing issues such as building single window mechanisms, data harmonization for regional and corridor-based data exchange, as well as alignment with international standards.

58. Activities in the area of trade and investment specifically targeting the Pacific island countries are rare and often cost-prohibitive. However, all Pacific island countries, most of which are also least developed countries, actively participate in various programmes in trade and investment for all developing countries, including the WTO-ESCAP Technical Assistance Programme and tailored workshops on building research capacity under ARTNeT. Efforts are also being made to expand membership in APTA to countries from the Pacific. Also, in recognition of the need to forge linkages between business in the Pacific and Asia, the Asia-Pacific Business Forum 2013, scheduled to be held in Sydney, Australia, immediately following the third session of the Committee, will focus on issues related to sustainable business development and connectivity in the Pacific.

## **VI. Issues for consideration**

59. The Committee has been presented with a comprehensive overview of global mandates, including General Assembly resolutions, events, outcome documents of major global conferences and programmes of action for specific subgroups of disadvantaged countries that provide guidance to the work of the secretariat in trade and investment at the regional level. The Committee may wish:

(a) To review the relevance and adequacy of General Assembly resolutions, outcome documents of global conferences and programmes of action for specific subgroups of disadvantaged countries as mandates for the subprogramme on trade and investment and modalities to strengthen the contribution of the subprogramme to the implementation of these global mandates, with particular reference to the formulation of the programme of work and strategic framework of the secretariat;

(b) To consider the need for a more specific resolution on trade and investment which would strengthen the mandate of the secretariat in the area of trade and investment to allow the secretariat to effectively respond to current needs and priorities of ESCAP member States and implement global mandates;

(c) To consider human and financial resource implications of contributing regional inputs to global mandates effectively in the area of trade and investment and make recommendations in this regard.