



**Economic and Social
Council**

Distr.
GENERAL

TRADE/STEEL/GE.1/2000/2/Add.1
13 February 2000

ENGLISH ONLY

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND
ENTERPRISE DEVELOPMENT

AD HOC GROUP OF EXPERTS ON STEEL

Third session, 28-29 March 2000

(Item 3 of the provisional agenda)

MATTERS ARISING FROM THE THIRD SESSION OF THE
COMMITTEE FOR TRADE, INDUSTRY AND ENTERPRISE DEVELOPMENT

Note by the secretariat

1. The present note is a complement to the note by the secretariat on *Matters Arising From the Third Session of the Committee for Trade, Industry and Enterprise Development* (TRADE/STEEL/GE.1/2000/2), and concerns the Note from the Bureau of that Committee regarding a new Working Party on Sustainable Enterprise Development (Annex 1).
2. The mandate issued in 1998 to the ad hoc Group of Experts on Steel by the Committee for Trade, Industry and Enterprise Development (CTIED) was for a period of two years, which terminates with the March meetings. The CTIED, must therefore make a decision during its fourth session in June 2000, concerning the further extension of the mandate.

3. The proposal by the Bureau is organised along the following lines :
 - (a) establishment of a new Working Party on Sustainable Enterprise Development, to initiate and supervise programmes regarding industrial restructuring, sustainable enterprise development and promotion of competitiveness in the region (paragraphs 2 and 5);
 - (b) renewal of the mandate of the ad hoc Group of Experts on Steel for a transitory period of one year (para. 3);
 - (c) definition of the reporting line: the new Working Party would report to the Committee (para. 4) and be serviced by the Trade Division (para. 6);
 - (d) this proposal has been generated due to the following factors : (i) distinction between the ad hoc Group itself and its activities, (ii) shift of Member States' priorities from sectoral to cross-sectoral issues while keeping in close contact with the actors of the economic life, (iii) reduction in the secretariat resources (para 7).

4. The Draft Terms of Reference and the Suggested Programme of Work of the new Working Party are in the Annex 2 and 3, respectively of the present document.

5. As the proposal has a direct impact on the steel activities, it is of major importance that delegations are prepared to take a very active part in the discussion and that this meeting produces a unified recommendation concerning :
 - (a) the proposal of the Bureau of the CTIED;
 - (b) the activities on which the new Working Party should concentrate its resources.

Annex 1

**Note from the Bureau of the Committee for Trade, Industry
and Enterprise Development regarding a new
Working Party on Sustainable Enterprise Development**

1. The Bureau of the Committee for Trade, Industry and Enterprise Development (CTIED) is reviewing the activities of the ad hoc Groups of Experts on Steel and the Chemical Industry, as instructed by the 1997 Plan of Action, which implemented the reform of the United Nations Economic Commission for Europe (UN/ECE). The Bureau will submit a proposal for decision by the Committee at its fourth session in June 2000.
2. It is recommended that the Committee should request the UN/ECE to establish a new Working Party under the auspices of the CTIED. The new Working Party would design the UN/ECE policy framework for enterprise development and it would initiate and supervise programmes regarding industrial restructuring, sustainable enterprise development and promotion of competitiveness throughout the region, as laid out in the UN/ECE Plan of Action (E/1997/36 E/ECE/1355, Annex IV, page 41). As resources permit, these programmes will emphasise cross-sectoral work and, at the same time, make the most of the contact networks and practical experience of the earlier sectoral work. Similarly, the programmes would foster activities which are at the interface of government and private sector responsibilities for ensuring an efficient and well-functioning market economy. This approach would cut across all types of activities as they relate to trade, industry and enterprise development, which calls for cooperative relationships between governments and enterprises.
3. The Committee may wish to decide that, pending the decision of the Commission to establish the Working Party, the mandates of the ad hoc Groups of Experts on Steel and the Chemical Industry be renewed only for a transitional period of one year, so that the ongoing activities of the two Groups of Experts could be completed.
4. The new Working Party (WP.8) would report to the Committee in exactly the same way as the already established Working Party on International Legal and Commercial Practice (WP.5); the Working Party on Technical Harmonization and Standardization Policies (WP.6); the Working Party on Standardization of Perishable Produce and Quality Development (WP.7); and the United Nations Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT).
5. The Committee would need to propose a title for the new Working Party. The Bureau suggests that the following may be appropriate: *Working Party on Sustainable Enterprise Development*.
6. It is anticipated that the new Working Party would be serviced by the Enterprise Development Section of the Trade Division (see Table 1). The Committee may wish to make recommendations regarding how the work can be linked with the regional advisers on trade and investment promotion, trade facilitation and small and medium-sized enterprises.

Table 1. Enterprise Development Section Staffing Allocation
(*man/months*)

	2000	2001	2002	2003
Sustainable Enterprise Development				
Professionals	29	27	27	27
Statisticians	0	1	2	2
Restructuring and Privatization				
Professionals	10	10	10	10
Statisticians	0	0	1	1
SME Development				
Professionals	13	18	19	19
Statisticians	1	2	2	2
Information and Statistics				
Professionals	6	5	4	4
Statisticians	17	9	7	7
TOTAL				
Professionals	48	48	48	48
Statisticians	18	12	12	12
Secretaries	24	24	24	24

7. Three principal factors have influenced the Bureau in making its proposals. These are:
- (a) The distinction between the ad hoc Groups of Experts on Steel and the Chemical Industry themselves and the wide range of activities under their auspices which continue to have value for many member States;
 - (b) The continuing shift of Member States' priorities from sectoral to cross-sectoral issues, as demonstrated in the restructuring of many national administrations and international bodies, such as the secretariat of the Organisation for Economic Co-operation and Development and the European Commission; and
 - (c) The decline in secretariat resources devoted to sectoral programmes (see Table 2).

Table 2. Professional Staffing
(*man/months*)

	1996	1997	1998	1999	2000	2001	2002
Chemical Industry	36	30	15	12	10	0	0
Steel	48	36	36	21	9	6	3
Cross-sectoral	12	12	18	24	29	42	45
TOTAL	96	78	69	57	48	48	48

8. The Proposed Terms of Reference for the Working Party are set out in Annex 2 and the suggested Programme of Work for the Working Party in Annex 3. The precise details could be amended in the light of comments from the ad hoc Group of Experts on Steel which will meet on 28-29 March 2000, and the ad hoc Group of Experts on the Chemical Industry, which will meet on 27-28 April 2000.

9. A substantial benefit of this proposal is that the new Working Party would stabilize the work programmes in the strategically important areas of enterprise restructuring, sustainable development and competitiveness, while fully respecting the spirit of the 1997 Plan of Action. Moreover, the Committee itself would be freed from direct supervision of the industry and enterprise development programmes.

10. Division of responsibilities:

(a) Committee

- Strategy
- Overall Policy on Trade, Industry and Enterprise Development
- Resource allocation
- Supervision of the Working Party

(b) Working Party

- Policy framework for enterprise development
- Public-private linkages
- Technical supervision in restructuring, privatization, and enterprise development
- Substantive guidance

(c) Task teams

- Activities
- Implementation
- Generation of networks
- Feedback

Annex 2

**Draft Terms of Reference of the Working Party on
Sustainable Enterprise Development**

The mission of the Working Party on Sustainable Development (WP.8) is to promote entrepreneurship and a sustainable business environment in the UN/ECE region.

Under the overall guidance of the Committee for Trade, Industry and Enterprise Development, the Working Party:

- (a) agrees a policy framework for the UN/ECE's work regarding enterprise development
- (b) organizes the exchange of information and experience relating to the development of competitive business in the UN/ECE region
- (c) provides help to promote access to global markets leading to economic growth and job creation
- (d) provides an environment for discussions on entrepreneurship
- (e) helps to promote best practice in innovation and applications of new electronic technologies, such as the Internet
- (f) collects, processes and disseminates statistical and other information relating to enterprise development
- (g) studies economic, technical and regulatory issues relating to enterprise development and makes recommendations
- (h) cooperates with the other subsidiary bodies of the Committee and with other international institutions in all matters concerning enterprise development

In order to fulfil its mandate, the Working Party may convene ad hoc meetings for studies, hold seminars, organize study tours and assist in organizing workshops, or adopt any other appropriate method of carrying out its agreed programme of work. It will review the results of its work at its annual sessions and submit reports thereon to the Committee for its consideration during that body's annual sessions.

Annex 3

**Suggested Programme of Work of the Working Party on
Sustainable Enterprise Development**

A programme of work focussing on enterprise development was mandated by the UN/ECE Plan of Action in 1997. In 1999, based on a review requested by the second session of the Committee on Trade, Industry and Enterprise Development, strategic directions for enterprise development were approved.

The strategic directions set out an Integrated Programme for Enterprise Development based on two strands: 1) Entrepreneurship and SME Development and 2) Competitiveness in Basic Industries. The goal of the programme is to promote a clear, predictable and supportive environment for industrial and enterprise development building on the existing expertise and established networks of the UN/ECE associating business sector and government representation. The programme stimulates synergies, linkages and cross-fertilisation with other Trade Division programmes.

The programme focuses on the core areas of expertise of UN/ECE, such as understanding of best practices, guidelines for capacity building, networking and contact promotion, which provide added value to the clients through additional international co-operation between the public and private sectors.

UN/ECE Enterprise Development Programme 2000

The suggested new cross-sectoral programme for the first years of the new millennium would be implemented in a coherent approach under the substantive guidance of the UN/ECE Working Party on Sustainable Enterprise Development (WP.8). The mission of the Working Party would be to promote entrepreneurship and a sustainable business environment in the UN/ECE region.

The Working Party would be asked to consider, agree on and coordinate a coherent policy framework for enterprise development. The mandates of the two ad hoc Groups of Experts (on Steel and the Chemical Industry) would be extended for the year 2000 – 2001 to allow them (as two of the first task teams) to pass over to the Working Party their ongoing work programmes in their areas of competence.

The work programme for the year 2000 – 2001 reflects the priorities set out in the 1997 Plan of Action, namely: promotion of sustainable development, policies of privatization and restructuring, and information and statistics:

1. Sustainable Enterprise Development

The UN/ECE's work on sustainable enterprise development will be built on the ongoing programmes outlined in the strategic directions adopted by the Committee in 1999. Some of the programmes that have been started in 1999 are still underway, while some have been completed but their results form a

basis for continued work in the same area. The suggested programme of work consists of the following activities:

(a) Cross-sectoral enterprise development

- Update best practice guidelines and create networks on business incubation throughout Europe
- Promote business advisory services, counselling and information services, including access to finance and training in workshops and seminars as well as through information services and publications
- Use of the Internet as a broad-based tool for sustainable enterprise development with a focus on transition economies
- Further develop programmes, activities and co-operation with regional sub-groupings and international organisations

(b) Continuing industry activities in the transitional period

- Pilot Project Demonstrating the Environmental Clean-up of Selected Industrial Sites and a Compendium on Soil Clean-up Technologies and Soil Remediation Companies
- Seminars on Remediation of Polluted Soils
- Workshop on Trade in Radioactive Contaminated Metallurgical Scrap

2. Restructuring and Privatisation

Given the limited resources, the UN/ECE can only address certain focussed areas related to industrial restructuring and privatisation in the transition economies. These areas include overmanning and related (Small and Medium-Sized) enterprise development in single-industry towns and also the impact of environmental problems on the competitiveness, modernisation and restructuring of industries. Specific activities would include:

(a) Cross-sectoral enterprise development

- The role and impact of small and medium-sized enterprises in privatization and restructuring processes

(b) Continuing industry activities in the transitional period

- Round Table on Barriers to Industrial Restructuring Resulting From Overmanning: the Case of the Steel Companies
- Restructuring basic industries: the specific cases in China, Poland and Romania
- Seminar on the Structure of Steel Consumption

3. Information and statistical services

- (a) Cross-sectoral enterprise development
 - Small and Medium-Sized Enterprises in Countries in Transition 1998-1999
 - Expansion of the network of Dissemination Centres based on the experiences of the pilot centres
 - Papers, presentations and information on enterprise development with emphasis on access to finance, human resources development and creating an enabling environment
- (b) Continuing industry activities in the transitional period
 - Directory of European Chemicals and Suppliers
 - The Chemical Industry - Annual Review
 - Annual Review of the Steel Market
 - The Annual Bulletin of Steel Statistics for Europe, North America and Asia,
 - The Annual Bulletin of World Trade in Steel and the Quarterly Bulletin of Advanced Statistics on Steel