



**Economic and Social Commission for Western Asia (ESCWA)**

Committee on Trade Policies in the States Members of the Economic  
and Social Commission for Western Asia  
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## **Technical cooperation activities**

### **Summary**

The present document provides an overview of trade-related technical cooperation activities implemented by the Economic and Social Commission for Western Asia (ESCWA) under subprogramme 3 on economic development and integration, since the first session of the Committee on Trade Policies in the States Members of ESCWA, held in Amman on 8 and 9 December 2019.

The present document focuses on examples of activities that highlight the interlinkages between the three functions of ESCWA as a research institution which produces studies to support reforms at the public policy level, as a house of expertise that provides technical guidance to policymakers, and as a regional forum for consensus-building between member States on challenges they face and ways to overcome them. The Committee is invited to take note of implemented technical cooperation activities and comment thereon.

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## **Introduction**

1. The present document provides an overview of trade-related technical cooperation activities implemented by the Economic and Social Commission for Western Asia (ESCWA) under its subprogramme 3 on economic development and integration, since the first session of the Committee on Trade Policies in the States Members of ESCWA (Amman, 8-9 December 2019).

2. Trade-related technical cooperation activities included conducting studies; organizing workshops; and improving the capacity of member States to negotiate bilateral, subregional and multilateral trade agreements to promote trade flows and build partnerships. They were implemented through projects or in response to specific technical assistance requests from member States.

### **I. Facilitating the implementation of the Arab Customs Union**

3. ESCWA has been actively involved in preparations for the Arab Customs Union (ACU) by providing assistance in related discussions and negotiations. For the last four years, ESCWA has been implementing this project to continue developing the technical capacity of Arab experts involved in the negotiations, and those responsible for designing economic policies to adapt, implement and monitor ACU and to understand the implications of its implementation. The project involves supporting multi-State discussions in negotiating the various aspects of ACU, and building national capacity to implement it.

4. In this context, ESCWA is currently developing a unique and comprehensive platform for Arab policymakers and private operators on trade-related data, analysis and toolkits: the ACU negotiations helpdesk. It is a web-based platform providing trade officials, private sector actors and experts with access to a wide range of data, studies and tools related to trade policies and trade markets in Arab countries and their major trade partners.

5. In addition, ESCWA has issued a paper entitled “Arab economic integration from the Greater Free Trade Area to a customs union: opportunities and challenges” ([E/ESCWA/CL3.SEP/2020/TP.9](#)), which reviews key outputs of the project, and highlights the main outstanding issues that prevent the completion of negotiations and the necessary operational mechanisms to activate ACU.

6. Arab policymakers are increasingly requesting quantitative assessments of the impact of international trade policies on their economies. ESCWA has been supporting these requests, and has developed an Arab Economy-wide Trade Simulator to that end. The Simulator is an analytical tool based on a general algebraic modelling system (GAMS) that enables users to perform trade simulations in a user-friendly manner.

7. For each Arab country, the interface allows users to perform three categories of trade-related simulations. The first covers trade policies reforms in the country of interest. The second allows the user to perform additional simulations related to trade policy reforms in partner countries across the world. In both cases, users can perform simulations and analyse their economic impacts. Thirdly, users can simulate cumulated scenarios covering both policy changes in the targeted country and in selected partners.

8. The Simulator comprises two pillars. The first is open to all users and contains the main features. The second, with restricted access, enables stakeholders to perform the three types of simulations.

### **II. Measuring, monitoring and improving performance in regional integration within the ECA, ESCWA and ESCAP regions**

9. This project, carried jointly with the United Nations Economic Commission for Africa (ECA) and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), aims to strengthen the capacity of selected developing countries to measure, monitor and improve regional integration performance.

For Arab countries, the performance will be measured within the Arab region, with its main trade partners, and with the rest of the world, thus covering the global, regional and intraregional levels.

10. This objective will be attained by providing a robust regional integration index, which will be made accessible to all stakeholders; and by offering capacity-building and technical assistance to selected developing countries on using the information generated through the index for better policymaking and analysis, with a view to improving their own performance in regional integration, with strong emphasis on trade integration.

11. ESCWA held a regional training workshop on the project's system for measuring, monitoring and evaluating Arab economic integration (Rabat, 16-17 December 2019). The workshop aimed to build participants' capacity in using the quantitative trade assessment tools developed by ESCWA, and leveraging them to formulate economic reforms and policies. It provided an overview of the various simulation tools used in ex-ante trade policy assessment, and of the various steps followed in building them, starting from gravity models, to partial equilibrium models, to single country and global general equilibrium models. Participants also discovered how to interpret model results and use them in policy decision processes.

12. Also in the context of the project, ESCWA is working on the following three forthcoming technical papers:

(a) "National action plan for Jordan and Morocco: background analysis": The national action plans aim to identify options to overcome constraints and bottlenecks for selected countries' successful trade integration. The project supports selected countries in formulating national action plans that will serve as guides to develop sound and actionable policies aimed at improving their performance in regional integration. Emphasis is placed on the trade integration dimension and its interaction with other dimensions (e.g., productive capacity, infrastructure) of regional integration. The action plan starts with an overview of the current regional integration status, followed by a clear identification of the constraints to and bottlenecks in the country's successful regional integration, in particular trade integration, and how to overcome them.

(b) "Trade in services": The paper builds a balanced trade in services database for 191 countries over the period 1998-2018, comprising 12 trade-in-service categories. It then evaluates trade in services over the period 2012-2018. Bilateral trade-in-services data are made available for policymakers to promote trade in services, which has been the fastest growing and most resilient component of global economic integration over the past decade, and thus a key contributor to sustainable economic growth and job creation. Moreover, the paper investigates the specificities of trade in services' dynamics worldwide, and provides evidence in favour of the insignificant role of geographical continuity and, to a lesser extent, colonial relationships between countries in explaining the intensity of trade in service bilateral flows.

(c) "Prospective analysis tool: ex ante assessments of global and regional changes on the flows of trade, foreign direct investment and remittances": This paper sets out a new toolkit to assess the impact of integration schemes and external shocks on dependency indices. The new tool will also integrate a model of the global and regional dynamics of trade, foreign direct investment (FDI) and remittance flows by major origins and destinations for selected Arab countries.

### **III. Transport and trade connectivity in the age of pandemics**

13. The project, implemented jointly by the five United Nations regional commissions and the United Nations Conference on Trade and Development (UNCTAD), represents a "One UN" response to trade and transport connectivity challenges brought by the COVID-19 pandemic. It promotes contactless, seamless and collaborative solutions, based on United Nations standards and tools, and mobilizes advisory services and cooperation platforms. The project has increased countries' capacity to preserve their connectivity during the pandemic by offering tailor-made analytical and training activities, and institutional measures to avoid fragmenting digitalization and facilitation efforts.

14. Under the project, ESCWA has produced a technical paper entitled “Coronavirus disease (COVID-19): trade and trade facilitation responses in the Arab region” ([E/ESCWA/CL3.SEP/2020/TP.25](#)). The paper provides insights into trade and trade facilitation measures implemented by Arab countries to mitigate emerging economic and social challenges stemming from the COVID-19 pandemic, while ensuring access by their populations to essential supplies. It is hoped that the findings will enrich ongoing trade negotiations between Arab countries, and with their major trade partners through the formulation of specific provisions to facilitate trade during crises and pandemics.

15. ESCWA also conducted a survey on trade finance, which targeted banking institutions operating in the region and enterprises that are users of trade finance provided by such institutions. The survey collected information from providers and users of trade finance to garner feedback on a number of critical issues, such as dilution, compliance risks, credit losses, fraud risks, logistical challenges, and stress on supply chains. This effort was undertaken as part of the role of ESCWA in facilitating trade in the region through higher participation in global value chains, which would eventually lead to job creation and poverty reduction. The results of the survey will contribute to formulating new programmes and products related to trade finance in the Arab region.

#### **IV. Public-private partnerships for port development and operation**

16. Expanding on a technical request received from Kuwait, and in a response to a need expressed by several member States, ESCWA collaborated with the Islamic Development Bank to hold a regional high-level capacity-building/experts meeting on public-private partnerships (PPP) for the development and operation of ports. The meeting was held in Amman on 23 and 24 November 2019, and aimed to strengthen the capacity of senior government officials and public sector employees in PPP contracts for ports, with a focus on contract preparation and drafting; bidding and selection processes; and renegotiation and conflict resolution. Guidelines developed by the United Nations Economic Commission for Europe to support Governments in designing and implementing comprehensive people-first PPP policies, programmes and projects were also presented and discussed, with a view to increasing environmental sustainability and involving all port stakeholders, including workers.

17. The workshop [report](#) provides a comprehensive overview of the PPP model for ports, including their operation, management and construction. It also presents criteria for determining the classification of a port as “a major port”, including the position of a country or port in the global container shipping network (its connectivity) as an important determinant of accessibility to global trade, trade costs and competitiveness. The report also addresses challenges and risks for ports, some of which include wrong commercial market positioning and orientation, affecting foreign trade and transport sectors that they service. The report also captures the role of small ports in serving domestic and local markets, and reviewing the role of the main PPP port operators in the Arab Mashreq, which handle about 20 per cent of the world’s sea cargo owing to their geographical location.

#### **V. Technical reports responding to specific member State requests**

18. In the period under review, ESCWA produced two reports in response to specific country requests:

(a) “Free zones and preferential trade agreements: the case of the Arab region” ([E/ESCWA/CL3.SEP/2020/TP.1](#)): This report was produced in response to a request from Morocco, and aimed to build knowledge on benefiting from the opportunities offered by free zones in a framework of Arab complementarity and development of intra-Arab trade. The report shows that drawing on the experiences of regional trade agreements, rules of origin and other instruments can provide a solid basis for solutions to future discussions on these issues.

(b) “Transformation and strategic growth: Lebanon’s path to economic complexity and recovery” (unpublished, addressed to the requesting country): The analysis of Lebanese product space maps from 2000

to 2018 shows that the country has had many opportunities for diversification to new products of high complexity and high opportunity gains, mainly in electrical and industrial machinery and components of vehicles. This analysis identifies 50 strategic products that Lebanon could focus on, based on criteria such as competitiveness, relative ease to produce, and export potential or opportunity gains. The report is organized in six sections. The first section highlights the fundamental role of government interventions in facilitating the process of structural transformation. The second section presents the main landmarks of the Lebanese economy. The third section presents the product space methodology. The fourth section presents the sectors identified by the product space methodology for future industrial production. The fifth section suggests the policy measures relevant for Lebanon. The last section provides recommendations and an implementation strategy.

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