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Economic and Social Commission for Western Asia (ESCWA)

Committee on Liberalization of Foreign Trade, Economic Globalization
and Financing for Development
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Beirut, 27-28 November 2017



Item 4 (b) of the provisional agenda

Progress achieved in the liberalization of foreign trade**Implementation of foreign trade liberalization activities under the ESCWA
programme of work and technical cooperation
since the tenth session of the Committee****Summary**

Since the tenth session of the Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development, held in Cairo on 22 and 23 November 2015, the Economic and Social Commission for Western Asia (ESCWA) has implemented a set of activities under subprogramme 3 on economic development and integration of the ESCWA programme of work for the biennium 2016-2017. These activities included: (a) preparing technical papers; (b) organizing expert group meetings and workshops; (c) providing technical assistance to member States and building their capacities, including in negotiating bilateral, subregional and multilateral trade agreements to enhance trade flows and build partnerships; and (d) implementing projects funded by the United Nations Development Account.

This document reviews the activities related to the liberalization of foreign trade. It is submitted to the Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development for discussion and proposal of recommendations on follow-up activities.

CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1-3	3
<i>Chapter</i>		
I. TECHNICAL PAPERS	4-7	3
II. MEETINGS AND WORKSHOPS	8-17	4
III. DEVELOPMENT ACCOUNT PROJECT: FACILITATING THE IMPLEMENTATION OF THE ARAB CUSTOMS UNION	18-27	6
A. Workshops and meetings.....	18-22	6
B. Missions.....	23-26	7
C. Technical material	27	7

Introduction

1. The activities undertaken by the Economic and Social Commission for Western Asia (ESCWA) on the liberalization of foreign trade form part of subprogramme 3 on economic development and integration of the ESCWA programme of work, whose objective for the biennium 2016-2017 is to achieve a decent standard of living for all people in member States through sustained, inclusive and integrated regional economic development. Subprogramme 3 is implemented by the Economic Development and Integration Division (EDID) of ESCWA.
2. This document reviews the activities related to the liberalization of foreign trade that were implemented by ESCWA in the biennium 2016-2017. They include conducting studies and preparing publications; organizing expert group meetings and workshops; improving the capacity of member States to negotiate bilateral, subregional and multilateral trade agreements to promote trade flows and build partnerships; and providing technical assistance to member States.
3. Through those activities, ESCWA seeks to cooperate with member States in following up on global trade matters, including strengthening the role of the region in the global trade system; mainstreaming the procedures of accession to the World Trade Organization (WTO) and ratification of WTO agreements and other bilateral and regional agreements; facilitating trade; lifting non-tariff barriers; liberalizing trade in services; promoting intraregional trade; strengthening foreign trade competitiveness in member States; increasing cooperation between those States and South countries; and aligning the positions of Arab States regarding the negotiations on the Arab Customs Union (ACU).

I. TECHNICAL PAPERS

External trade bulletin of the Arab region, No. 24

4. Issue No. 24 of the bulletin, published in 2016, presents data and statistical indicators on external and intraregional trade in goods in ESCWA member States. It comprises three parts. Part I is on external trade and contains tables on annual trade growth rates in the region, total values of imports and exports and the percentages of those values by section of the Harmonized Commodity Description and coding System (HS). Part II is on intraregional trade and contains tables on intraregional imports and exports as a share of total imports and exports by country and HS section. Part III is on the directions of trade and contains tables on the imports and exports of each member State with major countries and economic groupings in the world.

Macroeconomic and sectoral impacts of the new tariff policy in Tunisia

5. Tunisia implemented a new tariff policy in 2016 and approached both ESCWA and the United Nations Economic Commission for Africa (ECA) to undertake an assessment analysis of the new tariff structure. A concept note was jointly prepared by the two regional commissions, in which quantitative assessments were undertaken and for which a database was created by ESCWA. The resulting report was shared with the Tunisian Prime Minister's Office in March 2017.

Impacts of the mega-regional trade agreements on the Egyptian economy

6. ESCWA drafted a technical report on the likely implications of the two mega-regional trade agreements, namely the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership, on the Egyptian economy, as a response to a request for technical assistance by the Government of Egypt.

Financial dependence patterns among Arab banking sectors in the aftermath of the 2007 global financial crisis

7. This paper analyses the level of integration, dependence and financial interconnectedness among Arab banking sectors, comparing them with those of the United States of America and European Union countries

such as France, Germany, Italy, Spain and the United Kingdom, in the period 2001-2016. The paper also studies the impact of integration in the banking sector on economic integration in general and on trade and foreign direct investment in the Arab region.

II. MEETINGS AND WORKSHOPS

*The Package of Measures agreed by the World Trade Organization in Nairobi
and its Implications for Arab Member Countries*
(Amman, 22-24 February 2016)

8. In cooperation with the Islamic Development Bank in Jeddah, ESCWA organized a meeting on the outcome of the World Trade Organization (WTO) tenth ministerial conference, held in Nairobi in December 2015. The meeting was aimed at analysing some of the issues raised by the Doha Development Agenda negotiations and considering the situation that prevailed before the tenth WTO conference. It also addressed the implementation arrangements of the Trade Facilitation Agreement and reviewed the progress made by Arab countries in implementing its measures, based on a survey conducted by ESCWA in 2015.

Deepening Regional Economic Integration through the Liberalization of Trade in Services
(Tunis, 2-3 June 2016)

9. This expert group meeting was aimed at discussing the liberalization of trade in services in the Arab region. Participants reviewed the activities of other organizations in that area and reflected on ways to bridge the gap between research and policymaking on trade in services. The meeting also served to provide guidance in the preparation of the second edition of the Assessing Arab Economic Integration Report, to be published in 2017.

*Promotion of Electronic Exchange of Customs Information
and Adoption of Standard Electronic Messages*
(Geneva, 20-21 June 2016)

10. This seminar was organized in the framework of the United Nations Development Account (DA) project entitled “Strengthening the capacities of developing countries and countries with economies in transition to facilitate legitimate border crossing, regional cooperation and integration”, which is implemented by all United Nations regional commissions. The purpose of the seminar was to promote the electronic exchange of transit information between customs administrations and the adoption of standards for electronic messages by means of exchanging best practices and sharing success stories. Special focus was placed on highlighting the results of the activities developed in the five pilot countries that took part in the project.

Transport and Connectivity to Global Value Chains
(Beirut, 15 November 2016)

11. This expert group meeting was aimed at discussing the role of transport services in improving connectivity to global value chains (GVCs), particularly in the Arab region. The meeting discussed the main trends in global trade, and requirements and barriers facing developing countries to improve their participation to GVCs. It also reviewed the main reforms implemented to achieve that objective. The objective was to draw recommendations and policy options to unlock the potential participation of the Arab region in GVCs, and to boost exports, develop productive capacities and generate jobs. The draft report on transport and connectivity to GVCs was also presented and discussed by experts attending the meeting.

Financial Integration in the Arab Region
(Beirut, 23-24 November 2016)

12. This expert group meeting was aimed at tackling the opportunities and challenges of deeper financial integration in the Arab region against the backdrop of a rapidly evolving regional financial landscape. The meeting also focused on several issues related to financial integration, including assessing the degree of

integration among banking sectors in Arab countries and with other regions; identifying the main regulations and barriers that contributed to the poor level of financial integration in the region; and defining new areas for future research.

Rules of Origin in International Trade: Techniques and Applications for the Arab Region
(Marrakesh, Morocco, 22-23 December 2016)

13. The objective of this workshop was to discuss issues related to negotiating specific rules of origin in regional trade agreements, particularly in the context of the Pan-Arab Free Trade Area, the ACU and the revised pan-Mediterranean rules of origin, with a view to improving the capacity of Arab government officials and ultimately removing unduly restrictive rules of origin that are in place, or designing rules of origin that would support international trade and investment, and the emergence of regional value chains.

Single Window and Trade Facilitation in the Arab Region
(Dubai, 16-18 April 2017)

14. ESCWA participated in the single window and trade facilitation workshop organized by the Islamic Development Bank, which aimed at reviewing progress made in the implementation of the Trade Facilitation Agreement and the single window system in the Arab region.

*Participation in the meeting of the United Nations Development Programme-Sida Working Group
on Trade and SDGs in Arab Countries*
(Cairo, May 9-10 2017)

15. ESCWA participated in the meeting of the Working Group on Trade and the Sustainable Development Goals (SDGs), led by the United Nations Development Programme (UNDP) in partnership with the Swedish International Development Cooperation Agency (Sida). The meeting discussed various papers related to trade issues in the region covering GVCs, services, trade in agriculture products and trade facilitation. Participants also discussed means for assisting Arab countries in improving trade to realize the SDGs.

Participation and contribution to the ECA Week on Modeling Trade in Services
(Addis Ababa, 16-20 May 2016)

16. The African Trade Policy Centre (ATPC) and partners held a workshop on trade, which tackled data on and modelling of trade in services. ESCWA presented its research work on the liberalization of trade in services in the Arab region.

*Participation and contribution to the workshop on the challenges and opportunities of implementing
the Deep and Comprehensive Free Trade Agreement between Tunisia and the European Union*
(Tunis, 5 April 2016)

17. During the workshop, which was co-organized by the International Trade Center and the Office of the Prime Minister of Tunisia, ESCWA made a presentation on the negotiations of the Deep and Comprehensive Free Trade Agreement (DCFTA) between Tunisia and the European Union, and its ongoing work on formulating negotiation scenarios and assessing their economic and social impacts, focusing on the areas of agricultural and services trade liberalization. The workshop concluded with the formulation of an action plan for partner organizations on their specific contributions to the negotiations process and their support to the Government of Tunisia.

III. DEVELOPMENT ACCOUNT PROJECT: FACILITATING THE IMPLEMENTATION OF THE ARAB CUSTOMS UNION

A. WORKSHOPS AND MEETINGS

Facilitating the Launch of the Arab Customs Union for the Asian Arab Member Countries
(Amman, 29-30 November 2016)

18. This workshop, implemented in the framework of the DA project entitled “Facilitating the Implementation of the Arab Customs Union”, was aimed at providing in-depth analysis of the requirements and implications of launching the ACU. Issues addressed included the negotiations, and possible scenarios for a common external tariff (CET) and their potential impact on fiscal policy. Representatives of the ministries of trade of Asian Arab countries, the League of Arab States, the Agadir Agreement secretariat and the secretariat of the Gulf Cooperation Council attended the workshop.

Facilitating the Launch of the Arab Customs Union for the African Arab Member Countries
(Tunis, 31 May-1 June 2016)

19. The purpose of the workshop was to develop the capacity of the African Arab States for negotiations, in the framework of the ACU, on issues related to the selection of a CET and its fiscal implications. Representatives from the ministries of trade and finance of African Arab States, and from the secretariats of the League of Arab States and of the Arab Maghreb Union, were among the workshop participants.

Developing Negotiations Skills on the CET
(Cairo, 2-3 July 2017)

20. This workshop was held in partnership with the League of Arab States during the meeting of the CET Committee, whose members are mandated to negotiate the CET on behalf of all Arab countries members of the Greater Arab Free Trade Area. It was aimed at developing the capacity of Committee members in negotiating the CET and providing an analysis of the mechanical impact of the different CET scenarios on the fiscal revenues of Arab countries. The workshop also included presentations by experts on the negotiation of free trade agreements and customs unions, and provided recommendations on how to further ACU negotiations.

Participation in the thirty-fifth and thirty-sixth meetings of the CET Committee
(Cairo, 23-27 October 2016 and 5-9 February 2017)

21. ESCWA was invited to attend the thirty-fifth and thirty-sixth meetings of the CET Committee as part of its technical assistance to the League of Arab States and member countries of the ACU. This participation, which has enabled the observation of discussions and negotiations, has helped to guide the design of the DA project on facilitating the implementation of the ACU and all related technical assistance activities.

*Participation in the thirtieth, thirty-first and thirty-second meetings
of the ACU Committee*
(Cairo, 15-17 May 2016, 15-17 January 2017 and 21-22 May 2017)

22. ESCWA was invited to attend the meetings of the ACU Committee as an observer, which has allowed it to observe the discussions between the delegations and to take note of the bottlenecks faced in the negotiations process. This was key for the design of technical assistance activities on the ACU. The meetings were also an opportunity to meet with League of Arab States representatives in order to discuss the ongoing cooperation between ESCWA and League on the subject and ways to facilitate the negotiations process.

B. MISSIONS

23. Advisory missions were undertaken in the framework of the DA project to support member States in developing national proposals on the CET and implementation modalities, as well as modalities for accession to the ACU.

Cairo, 27 October 2016

24. The aim of the mission was to discuss with representatives of the Ministry of Trade and Industry the progress achieved to date on the ACU, and the challenges and obstacles facing the Arab countries in that regard. Egypt's position in the negotiations and its efforts to move the negotiations forward were also tackled.

Khartoum, 29 October-2 November 2016

25. The aim of the mission was to discuss with officials from the ministries of trade and finance and the customs authority potential scenarios for a CET that suited the Sudan, and to gather the data and information required for the development by ESCWA of a tool to measure the impact of the ACU on the economy of the Sudan.

Tunis, 6-9 December 2016

26. The aim of the mission was to discuss with officials from the ministries of industry, commerce and finance the potential scenarios for the structure of the CET at the HS-6 (Harmonized Commodity Description and Coding System, six-digit level).

C. TECHNICAL MATERIAL

27. Also in the framework of the DA project, a social account matrix (SAM) and national dynamic computable general equilibrium (CGE) model were developed to estimate the economic impacts of alternative options of a CET on the economy of the Sudan. This work will help the Sudanese Government to set a national proposal for a CET to be used as a basis for the ACU negotiations.
