



Report

Eleventh Session of the Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development (Liberalization of foreign trade) Beirut, 27-28 November 2017

Summary

The eleventh session of the Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development was held on 27 and 28 November 2017, with a focus on trade and the 2030 Agenda for Sustainable Development.

The Committee reviewed progress achieved in the liberalization of foreign trade pursuant to the recommendations made at the previous session of the Committee, and the implementation of foreign trade liberalization activities under the ESCWA programme of work and of technical cooperation in the field of trade over the biennium 2016-2017. The Committee also discussed the following issues: transport and connectivity to global value chains; trade and the Sustainable Development Goals; the implementation of trade facilitation measures in the Arab region; mega international trade agreements and their implications for Arab countries; the cost of the lack of Arab-African trade integration; progress in establishing an Arab customs union; and the role of trade in economic transformation. A discussion panel was held on the theme “Arab regional integration: regionalism and multilateralism”.

The present report contains the recommendations made by the Committee and a summary of the main points raised during the discussions on the agenda items. The Committee adopted the present report at its closing meeting on 28 November 2017.

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Introduction

1. The Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development held its eleventh session in Beirut on 27 and 28 November 2017, pursuant to Economic and Social Commission for Western Asia (ESCWA) resolution 214 (XIX) of 7 May 1997, concerning the establishment of a technical committee on the liberalization of foreign trade and economic globalization in the countries of the ESCWA region, and in implementation of the recommendations issued by the Committee at its sixth session, held in Beirut on 6 and 7 July 2009, and adopted by ESCWA at its twenty-sixth session, held in Beirut from 17 to 20 May 2010.

2. The decision to establish the Committee reflects the importance of involving member States in planning and monitoring ESCWA programmes that assist member States in formulating appropriate economic development policies at the national and regional levels to maximize benefit from international processes on the liberalization of foreign trade and economic globalization. The Committee is tasked with assisting in the identification of member States' priorities and concerns under multilateral trade agreements, and with coordinating member States' positions in global trade negotiations. At its fifth session in 2007, the Committee decided to amend its designation to include "financing for development". In 1999, the Committee began holding its sessions biennially. At its twenty-seventh session in 2012, ESCWA decided to hold the Committee's sessions annually with an alternating focus between issues of foreign trade liberalization and of financing for development. As such, the seventh and ninth Committee sessions focused on financing for development, and the eighth and tenth sessions focused on liberalization of foreign trade.

3. Discussions revolved around the role of trade in facilitating the implementation of the 2030 Agenda for Sustainable Development, the role of transport in strengthening trade and connectivity to global value chains, mega trade agreements and related challenges facing Arab countries, and the cost of the lack of Arab-African trade integration. A discussion panel was held on the theme "Arab regional integration: regionalism and multilateralism". Furthermore, the Committee reviewed progress in implementing trade facilitation measures and in establishing an Arab customs union. The Committee also considered the permanent agenda items on measures taken by the ESCWA secretariat and member States to implement the recommendations made by the Committee at its tenth session, and on the implementation of foreign trade liberalization activities under the ESCWA programme of work and technical cooperation since the tenth session of the Committee. It also reviewed the proposed programme of work for the biennium 2018-2019 in the field of foreign trade liberalization.

4. The present report sets out the recommendations made by the Committee at its eleventh session, and the main points raised during discussions under each agenda item. The Committee adopted the present report at its closing session on 28 November 2017.

I. RECOMMENDATIONS MADE BY THE TECHNICAL COMMITTEE ON LIBERALIZATION OF FOREIGN TRADE, ECONOMIC GLOBALIZATION AND FINANCING FOR DEVELOPMENT AT ITS ELEVENTH SESSION

5. At the closing of its eleventh session, the Committee issued the following recommendations to member States and the ESCWA secretariat.

A. RECOMMENDATIONS TO MEMBER STATES

6. The Committee made the following recommendations to member States:

(a) Welcome the secretariat's efforts in implementing the recommendations made by the Committee at its previous session, and in linking its studies and reports to the technical cooperation activities and training it provides to member States; and note the positive efforts by member States in implementing the

recommendations made by the Committee at its previous session, which have resulted in significant progress in implementing broad economic policy reforms, especially in trade policy;

(b) Affirm the role of regional economic integration agreements in implementing economic transformation programmes based on diversifying production capacity and on enhancing the service sector's involvement in increasing competitiveness, especially in the field of trade in Arab services;

(c) Expedite negotiations on a customs union to strengthen regional integration between Arab countries, so as to improve their peoples' wellbeing by focusing on negotiations for a common external tariff to drive inter-Arab foreign trade and trade with other countries across the world, and by reducing the cost of changes in trade processes;

(d) Implement the Trade Facilitation Agreement of the World Trade Organization (WTO) in States parties to it, given its positive impact on reducing trade costs and strengthening the competitiveness of Arab economies;

(e) Improve the performance of the transport sector, including strengthening transport infrastructure, and develop transport services to build Arab countries' capacity to participate in global value chains;

(f) Urge Arab countries to further include trade in their development plans to promote the role of trade in implementing the Sustainable Development Goals (SDGs) given its links to many SDGs, and to enhance Arab countries' capacity to finance SDG implementation;

(g) Follow up periodically on mega international trade agreements to assess their potential negative implications for Arab countries, and identify ways to protect national economic and trade interests;

(h) Strengthen Arab trade policy compliance with macroeconomic policy to facilitate the shift from free trade agreements to an Arab customs union;

(i) Drive trade in Arab services under Arab economic integration agreements, reduce disparities between tax policies, and support investment policies to strengthen competitiveness in the Arab region and attract intraregional and international investments;

(j) Welcome the programme of work for the biennium 2018-2019 in the field of trade, especially trade in services and the links between trade and the SDGs; and develop regional and global value chains.

B. RECOMMENDATIONS TO THE ESCWA SECRETARIAT

7. The Committee made the following recommendations to the ESCWA secretariat:

(a) Support member States in implementing the WTO Trade Facilitation Agreement by preparing capacity-building programmes for countries who need them, in coordination with other international and regional organizations;

(b) Continue preparing studies on developing trade through regional integration, integration into global markets, and connectivity with global value chains; identify key sectors in the Arab region to benefit from those chains at the global level; and strengthen Arab countries' capacity to adopt suitable policies;

(c) Conduct a preliminary study that includes a survey on regional value chains and their links to the establishment of an Arab customs union;

(d) Build Arab countries' capacity to support them in implementing the SDGs by developing tools to monitor and follow up on progress in that area, assess the impact of regional integration policies on implementing the SDGs, and analyse the role of national plans in SDG implementation;

(e) Continue efforts to identify non-tariff barriers and measure their impact on trade costs, provide member States with proposals to deal with those barriers, and strengthen competitiveness and participation in global trade;

(f) Expand studies on the liberalization of trade in Arab services, in coordination with the secretariat of the League of Arab States, in the light of the outcomes of negotiations between Arab countries and studies by other international and regional organizations;

(g) Develop practical scenarios for mechanisms to compensate countries that might be negatively affected by the establishment of an Arab customs union, and coordinate with the secretariat of the League of Arab States in that regard;

(h) Inform member States periodically of the outcomes of workshops and expert groups meetings organized by the secretariat to maximize benefit from technical issues discussed at those meetings.

II. TOPICS FOR DISCUSSION

A. PROGRESS ACHIEVED IN THE LIBERALIZATION OF FOREIGN TRADE (Agenda item 4)

1. *Implementation of recommendations made by the Committee at its tenth session*

8. With reference to document E/ESCWA/EDID/2017/IG.3/3(Part I), the representative of the secretariat presented the activities undertaken by ESCWA pursuant to the recommendations made by the Committee at its tenth session, held on 22 and 23 November 2015. He reviewed the recommendations that stipulated preparing studies and organizing expert group meetings and workshops to build member States' capacity in several areas, such as trade in services, negotiations on trade agreements, trade facilitation, strengthening Arab integration, and establishing an Arab customs union. The following are key recommendations and activities implemented in that regard:

(a) Developing scenarios, based on the implementation programme adopted by the League of Arab States, with a view to reaching operational perceptions to lead negotiations on the establishment of a customs union.

ESCWA prepared a working paper containing various scenarios to establish an Arab customs union, which take into account the different tariff levels applied in Arab countries and the share of customs revenues in countries' public revenue, and project their economic and financial impact on member States.

(b) Developing economic models to identify the macroeconomic and sectoral implications of establishing an Arab customs union, in accordance with the proposed scenarios, with a view to preparing a clear road map for its launch.

ESCWA held two subregional workshops, the first in Tunis on 31 May and 1 June 2016 comprising representatives of trade and finance ministries from six Arab and African countries, and the second in Amman on 29 and 30 November 2016. Participants in the two workshops reviewed achievements by Arab countries in negotiations for an Arab customs union, the financial challenges to establishing the union, and the experience of the Gulf Cooperation Council (GCC) in that regard.

(c) Assessing the financial implications of establishing a union in accordance with the proposed scenarios, and examining alternative mechanisms to compensate for the decrease in customs revenues and to mitigate its impact on public finances.

ESCWA prepared a paper on the topic that it presented at a workshop on mechanisms for launching an Arab customs union, in collaboration with the League of Arab States, held in Cairo on 18 and 19 May 2015. The paper covered the public finance challenges of establishing an Arab customs union, and the disparities between Arab economies in terms of population size, gross domestic product, development rates, trade structures, reliance on government spending, and revenue sources.

(d) Strengthening technical cooperation, capacity-building and awareness-raising activities at the national and regional levels on the role of an Arab customs union in driving economic and social development in the Arab region.

In November 2016, ESCWA prepared a report on the challenges of establishing an Arab customs union. The report reviewed progress in negotiations on an Arab customs union and the various unresolved issues in that regard, so as to develop practical recommendations to expedite the negotiation process based on the experiences of other customs unions, while taking into account Arab economic specificities.

(e) Conducting a detailed study on the institutional structure required to implement, monitor and assess an Arab customs union, in line with best practices.

To focus on priorities, ESCWA decided to delay the preparation of a detailed study on the institutional structure required to implement, monitor and assess an Arab customs union until other issues related to a common external tariff were resolved.

9. Representatives considered their countries' achievements in implementing the recommendations made by the Committee at its tenth session.

(a) The representative of Saudi Arabia reviewed key national achievements pursuant to recommendations issued by the Committee at its tenth session. He said that Saudi Arabia was striving to overcome all tariff and non-tariff barriers to imports, automate customs procedures, and implement the single window system. He added that, according to the World Bank report *Doing Business 2016*, Saudi Arabia was among the Middle East and North African countries that ranked above average with regard to the time and fees required for customs clearance of imports, and that it had acceded to the WTO Trade Facilitation Agreement in 2016. He stressed the importance of benefiting from regional economic integration agreements and foreign trade agreements, indicating that the Greater Arab Free Trade Area (GAFTA) would not fully achieve its goals without liberalizing trade in services as well as in goods;

(b) The representative of the Syrian Arab Republic said that his country was committed to the trade liberalization agreements that it had brokered, including the GAFTA Agreement, confirming that no restrictions would be imposed on the exchange of goods that fulfilled the rules of origin, although the current conflict and the destruction of various economic sectors had obliged the Syrian Arab Republic to rationalize their imports from across the world to support national production and development processes. He emphasized that completing trade liberalization measures was the Syrian Government's main goal following the recovery of national economic sectors. He welcomed any proposal from representatives to support the Syrian economy, and encourage membership of trade and economic blocs founded on the liberalization of trade between member States;

(c) The representative of Mauritania enquired about ways to coordinate with and receive technical assistance from ESCWA, underscoring the importance awarded to maritime transport over other transport modes. He also asked about the availability and reliability of data on transport, and about coordination between Arab countries to exchange those data;

(d) The representative of Egypt stressed the importance of removing all non-tariff barriers in GAFTA to facilitate intra-Arab trade. He informed the Committee of steps taken by Egypt to sign the WTO Trade Facilitation Agreement, and to ratify it in parliament. He indicated presidential decision No. 149 of 2017 on Egypt acceding to the Trade Facilitation Agreement, and said that ratification documents would be submitted

in the near future. He emphasized that for several years, Egypt had been striving to open new and diverse markets for Egyptian exports by signing various free trade agreements with several economic blocs;

(e) The representative of Lebanon said that the opening statement made by Ms. Alia Abbas, representative of the Lebanese Minister of Economy and Trade, had included the information related to the implementation of recommendations;

(f) Regarding the recommendations made by the Committee at its tenth session, the representative of the Sudan underscored the need to lift restrictions on trade flows under the Trade Facilitation Agreement, especially non-tariff barriers, indicating that the Sudan was striving to strengthen the Arab standard specification system and its technical requirements, in line with global quality standards for the entrance of goods into the Sudan. He said that GAFTA experts had received training on food quality and safety through programmes sponsored by the Swedish International Development Cooperation Agency and the League of Arab States, and that the Sudan had prepared a guide on food quality and safety.

2. Implementation of foreign trade liberalization activities under the ESCWA programme of work and technical cooperation since the tenth session of the Committee

10. With reference to document [E/ESCWA/EDID/2017/IG.3/3\(Part II\)](#), the representative of the secretariat reviewed the implementation of foreign trade liberalization activities under the ESCWA programme of work between October 2015 and November 2017. Activities included preparing documents and organizing expert group meetings and workshops to build member States' capacity in several fields, including trade in services, negotiations on trade agreements, trade facilitation, strengthening Arab integration, and establishing an Arab customs union. By implementing such activities, ESCWA aimed to work with member States to follow up on global trade issues, especially strengthening the region's role in the global trade system; promote measures to accede to WTO and ratify its agreements and other bilateral and regional agreements; facilitate trade; eliminate non-tariff barriers; liberalize trade in services; support intra-trade; increase member States' trade competitiveness; strengthen cooperation between member States and southern countries; and reconcile Arab countries' positions on negotiations for an Arab customs union.

11. The representative of the secretariat said that member States requiring assistance should request it themselves. Following the replacement of relevant officials in member States, countries were responsible for informing new officials of that procedure. In response to a comment by the representative of Egypt, the representative of the secretariat said that the recommendations made at the current session were binding for ESCWA, and that ESCWA would consider periodically preparing integrated reports on topics discussed at such meetings for submission to member States and the League of Arab States. He added that ESCWA was also considering a proposal on preparing an official survey, among other proposed mechanisms to enhance communication, although meetings were the official platform for exchanging views.

B. TRANSPORT AND CONNECTIVITY TO GLOBAL VALUE CHAINS
(Agenda item 5)

12. With reference to document [E/ESCWA/EDID/2016/IG.4\(Part I\)/Rev.1](#), the representative of the secretariat reviewed a study on the role of transport in strengthening connectivity to global value chains, and the impact of transport infrastructure, services and efficiency on connecting to global value chains. He defined global value chains as processes linked to the design, production and distribution of a final product, starting from the initial stages such as research and development, and ending with the final stages of assembly, distribution, marketing and post-sale services. He focused on the role of global value chains in the global economy, noting that 70 per cent of trade was from multinational companies which employed that mode of production, thus increasing developing countries participation in global value chains from 20 per cent in 1995 to 40 per cent in 2015, resulting in greater job opportunities and increased economic growth in developing countries and their enhanced participation in global trade. That mode of production had provided developing countries with an efficient alternative to establishing integrated production projects for producing specific goods, and enabled them to gradually gain knowledge to achieve full production of certain products over time.

The document also evaluated the availability of the necessary requirements for the Arab region to participate in global value chains, such as infrastructure, logistics and trade facilitation. It concluded with a set of recommendations to Arab countries to improve the performance of transport and trade sectors so as to strengthen their participation in global value chains, and establish regional value chains that could compete at the global level. Representatives of member States were invited to consider the document and make comments thereon.

13. Representatives asked why maritime transport was becoming more important than other transport modes, and about the availability and reliability of transport data. They also enquired about the potential success of an Arab customs union given the absence of developed infrastructure and weak transport services, and about its contribution to strengthening Arab countries' participation in global value chains. Moreover, they asked about ESCWA analysis of promising sectors that could assist Arab countries in connecting to global value chains, indicating the need to develop a common maritime transport network to increase such connectivity. The representative of the Economic Commission for Africa highlighted studies and reports prepared by the Commission on regional, rather than global, value chains to evaluate member States' capacity and maximize benefit for all. He said that the Economic Commission for Africa was ready to exchange expertise, reports and guidance with ESCWA on regional value chains. The representative of the League of Arab States asked some questions about the presentation, which, in his opinion, had not tackled the status of the Arab region in global value chains, and about industries that could serve regional value chains as a result of similarities in transport structures. He noted five agreements on common transport lines that member States had ratified but had not yet implemented. He asked about the private sector's participation in transport lines, especially maritime lines, and whether the sector was profitable.

14. In response, the representative of the secretariat said that the presentation had not covered road transport because sea and air transport lines were more common in global value chains, and that ESCWA was using the UNCTAD database for maritime transport issues because it did not possess relevant data. He confirmed that the aim of establishing an Arab customs union was to achieve regional integration that could, in turn, build Arab countries' capacity to participate in global value chains. He said that the ESCWA document on that topic did not aim to evaluate Arab countries' participation in global value chains (a topic that ESCWA might tackle in the future), but rather to analyse the status of transport and infrastructure in the Arab region. He emphasized that the food processing sector could allow Arab countries to participate in regional and global value chains, and that establishing maritime transport lines between Arab countries was viable because of low intra-Arab trade exchange, as per previous ESCWA studies on this topic.

C. TRADE AND THE SUSTAINABLE DEVELOPMENT GOALS (Agenda item 6)

15. With reference to document [E/ESCWA/EDID/2017/IG.3/4](#), the representative of the secretariat made a presentation on trade and the SDGs. He said that trade was an engine of economic growth and development. It contributed to creating employment opportunities, reducing poverty, eliminating hunger and inequality, empowering women, enhancing gender equality, and improving access for all to education and health services. Trade could therefore be a key tool for achieving the SDGs. He added that the study identified the links between trade and many SDGs, and reviewed various development issues and their connection to trade under the 2030 Agenda for Sustainable Development. The study showed that trade was vital to combating poverty, for example, given that trade liberalization stimulated innovation and investment (although it exposed national economies to outside shocks), and could also benefit the poor by reducing the price of imported staple foods, medicines and other health products. Trade also contributed to increasing gender equality, and providing clean energy and water and sanitation services at affordable prices following the adoption of sound policies. He added that trade played a major role in providing decent work, and stimulating economic growth, innovation and industry. Trade between enterprises and countries also played a part in strengthening competitiveness and encouraging producers to improve efficiency, which in turn increased revenue and job opportunities. Moreover, trade could improve food security and nutrition by providing food in remote areas, and could limit greenhouse gas emissions by encouraging the exchange of environmental goods and services. The presentation

also covered the results of a survey on trade liberalization and sustainable development, targeting trade officials in the Arab region. The results showed significant disparities in understanding the SDGs and the role of trade in achieving them. The survey had resulted in recommendations to Arab countries on ways to enhance the role of trade in improving development and achieving the SDGs. He stressed the importance of trade in services in achieving the SDGs through the following three dimensions: the unilateral dimension where each country implemented one-sided measures; the bilateral dimension reflected in bilateral agreements; and the multilateral dimension as exemplified by countries' relationships with the WTO.

16. Representatives discussed the impact of trade barriers and subsidies on food security. Some said that large agricultural subsidies in developed countries reduced global prices, thus impoverishing farmers in developing economies. Barriers were therefore needed to protect the agricultural sector in those countries. They confirmed that skilled human capital was a principal factor in economic development, and that honing the skills of the labour force contributed to economic diversification and technological development. They stressed the importance of trade in services, especially its capacity to mitigate trade imbalances, although its benefits were still limited in developing countries. It was also vital to coordinate with the League of Arab States in developing a conceptual framework linking trade instruments to avoid duplication, and to take into account the 2030 visions of member States. In response, the representative of the secretariat said that trade liberalization did not necessarily mean absolute liberalization, but rather the elimination of barriers impeding competitiveness and the adoption of measures to protect national products, noting that trade control had become problematic because of globalization.

D. IMPLEMENTATION OF TRADE FACILITATION MEASURES IN THE ARAB REGION (Agenda item 7)

17. With reference to document [E/ESCWA/EDID/2017/IG.3/5](#), the representative of the secretariat gave an overview on the implementation of trade facilitation measures in the Arab region. He indicated the measures that had been scrapped because they restricted trade, such as high tariffs, quotas, and restricted import licenses. However, some non-tariff barriers remained, and were increasing in some cases. He summarized the WTO Trade Facilitation Agreement, which had entered into force in 2017 following ratification by over two-thirds of WTO members and negotiations that had lasted for nine months. The study showed that 10 Arab countries members of WTO were required to implement the Agreement in the coming years, but only three Arab countries had ratified it to date. He reviewed the implementation of trade facilitation measure in Arab countries, based on notices submitted to WTO, in preparation for measuring progress in implementing the Trade Facilitation Agreement in the coming years. He considered the main components of trade facilitation and their benefits and costs, and gave some practical examples in that regard. He concluded with a set of recommendations to Arab countries on renewing their WTO notices on the implementation of the Agreement to ensure that they reflected reality, because the number of measures in some Arab countries exceeded those mentioned in their notices. He recommended the implementation of trade facilitation measures, given their positive effects on national economies, on reducing trade costs and increasing competitiveness, and on meeting international requirements.

18. Representatives discussed national experiences in implementing trade facilitation measures, such as forming a specialized committee on trade liberalization in Egypt to establish the single window system. They also emphasized the need to disseminate successful experiences in the field of trade facilitation between Arab countries to benefit from them.

E. COST OF THE LACK OF ARAB-AFRICAN TRADE INTEGRATION (Agenda item 8)

19. With reference to document [E/ESCWA/EDID/2017/IG.3/6](#), the representative of the secretariat reviewed a study on the cost of the lack of Arab-African trade integration. He said that the annual average cost of the lack of Arab-African trade integration was estimated at 0.2 per cent of GDP, and that the cumulative cost by 2025 was estimated at 1.6 per cent of GDP. He said that the cost could rise if additional aspects of

trade integration were taken into account, such as trade in services, and the movement of capital and labour. He added that the study reviewed the features of trade and trade performance in the Arab region and sub-Saharan Africa, and the benefits of regional integration between developing countries. The study showed the impact of two possible scenarios on strengthening trade integration between the Arab region and sub-Saharan Africa, while taking into account other regional trade integration agreements under implementation by each region. The study concluded with a small set of recommendations on related policies, and highlighted the positive effects of trade and regional integration agreements across the Arab region, and the importance of linking the impact of those regional agreements to all trade and regional integration agreements with external parties. The study stressed that Governments in sub-Saharan Africa should continue supporting productive investments in manufacturing and increase their added value, given the slow growth in their exports to Arab countries compared with their imports. Policymakers in Arab countries should evaluate the benefits resulting from both scenarios presented in the document, and broker agreements that take into consideration integration and that include the greatest number possible of members. Attention should also be given to reducing non-tariff measures, and expanding customs liberalization to cover all countries across the world.

20. The representative of Egypt indicated the disconnect between the document's title and its contents, and discussed a free trade area covering 55 countries in Africa. The representative of Lebanon said that the Agadir Agreement was unsuccessful, and that problems related to acceding to the Agreement had been elaborated in the opening statement made by the representative of Lebanon at the start of the session. The representative of the secretariat said that the Agadir Agreement had been established by the European Union to facilitate trade with the bloc.

F. PROGRESS IN THE PROCESS OF ESTABLISHING AN ARAB CUSTOMS UNION (Agenda item 9)

21. With reference to document E/ESCWA/EDID/2017/IG.3/7, the representative of the secretariat made a presentation on progress in establishing an Arab customs union. The document reviewed the major challenges facing negotiations on an Arab customs union and the solutions that could expedite the process, based on sound foundations that assisted in achieving inclusive and sustainable economic and social development. The study covered key issues stressing the importance of establishing an Arab customs union to tackle strong international competition. He added that establishing an Arab customs union was one of the most important economic integration projects in the Arab region for decades, given its expected impact on the economies of its member States. It would give strong impetus to intra-Arab trade, which was considered extremely weak compared with other regional economic blocs. An Arab customs union would also drive economic growth by increasing government revenue and reducing tariff and non-tariff measures, and would liberalize services and capital and improve Arab productivity by eliminating the dominance of foreign products and replacing them with goods made in member States. The study also emphasized the need to enact legislation and confirm regulations on regional cooperation and mutual benefit, while avoiding non-transparent and unfair terms of exchange and monopolies, so as to ensure that all member States benefited from establishing an Arab customs union. The study covered the following main points: a common external tariff; mechanisms to collect and distribute customs revenue; and compensation mechanisms. It also included several procedures to overcome various obstacles impeding the launch of an Arab customs union, especially since progress towards a union had been slow because member States did not share the same vision on its goals and mechanisms. Consequently, ESCWA, through its studies, was striving to improve the technical assistance it offered to member States to promote Arab economic integration in a world where the number of economic blocs was increasing, and where it was difficult for Arab countries to export their products in the absence of regional integration policies that improved their standing in global value chains.

22. In the ensuing discussion, representatives enquired about the policy and legislation requirements for establishing an Arab customs union and its related committee. They also asked how to implement measures in the upcoming period, stressing the need to adopt a practical approach and a realistic analysis of the implications of establishing a union. The representative of the secretariat confirmed the ongoing collaboration between ESCWA and the League of Arab States in tackling unresolved issues in that regard. The Chair of the

Committee made scientific and practical proposals and recommendations, and recommended that the secretariat of the League of Arab States consider the document on establishing an Arab customs union and its benefits and challenges, most notably a common external tariff.

G. ROLE OF TRADE IN ECONOMIC TRANSFORMATION POLICIES: THE CASE OF JORDAN
(Agenda item 10)

23. With reference to document [E/ESCWA/EDID/2017/IG.3/8](#), the representative of the secretariat gave an overview of the role of trade in economic transformation policies, focusing on the case of Jordan. The document set out Jordanian achievements in regional integration policy through accession to many international trade liberalization agreements, and the impact of those agreements on future economic development strategies. The first part of the document evaluated the relationships of Jordan with its trade partners to determine its position in global trade, and to identify available opportunities for economic development and export diversification. The second part reviewed regional economic integration policies adopted by Jordan and their impact on macroeconomics and all sectors, and the benefits it enjoyed from trade agreements, notably improving its position on the global output map, strengthening competitiveness, and increasing opportunities for economic transformation by specializing in specific areas of production. The document also provided sound political options to the Jordanian Government on selecting trade partners, and highlighted strategic sectors and how to benefit from comparative advantages. He said that the experience of Jordan could strongly motivate countries aiming for expedited structural transformation by stimulating productive sectors and building production capacity to face foreign competition and strengthen exports in global markets.

24. Representatives discussed the Agadir Agreement that several Arab countries had acceded to. They asked how many countries had benefited from the Agreement compared with Jordan, noting that Jordan had signed numerous preferential trade agreements with the European Union and the United States of America. The Chair of the Committee commended the presentation, especially the scenario on the benefits of the de facto membership of Jordan in the GCC customs union. He expressed his hope that a catching-up index would be added to the presentation to clarify whether a country, which had acceded to a preferential trade agreement or an economic bloc, could catch up with its trade partners. In response, the representative of the secretariat said that the study had considered the case of Jordan to showcase developments in Jordanian exports as a result of acceding to the Agadir Agreement. He added that a catching-up index had not been included in the study, although it would help clarify how countries could catch up with their trade partners, and that it would be possible to add it to a future document.

H. MEGA INTERNATIONAL TRADE AGREEMENTS AND THEIR IMPLICATIONS FOR ARAB STATES
(Agenda item 11)

25. With reference to document [E/ESCWA/EDID/2017/IG.3/9](#), the representative of the secretariat reviewed mega international trade agreements and their implications for Arab countries. She said that the Transatlantic Trade and Investment Partnership (TTIP) between the United States and the European Union would have limited impact on countries that had signed other trade agreements with the European Union. She emphasized that TTIP would not affect Arab exports, and the only damage to Arab economies from TTIP might be a ban on Arab products entering European and American markets because of stricter health standards. The most notable challenges arising from such a mega trade agreement were changes to global trade corridors, which could result in the exclusion of the Suez Canal from those corridors thus reducing Egyptian government revenue. She noted the two-tier opportunities enjoyed by Arab countries under such agreements. Firstly, rising economic growth in member States of the bloc could result in increased demand for various Arab products, including raw materials and low value added products such as oil and gas, especially since Asian countries were major importers of Arab oil. Oil-producing Arab countries would benefit from the additional demand, including GCC countries and Iraq. However, Arab countries with limited and undiversified production capacity and weak logistics infrastructure would not benefit from the increased demand because those impediments prohibited them from enjoying new export opportunities. Secondly, Arab countries, like other

developing countries, could benefit from less contrasting and severe technical standards applied to TTIP members' imports through the reduction of the costs of developing country exports to TTIP members and the possibility of exporting other goods that did not strictly meet TTIP standards. In contrast, the Trans-Pacific Partnership, which included many Pacific countries, could result in losses for Arab countries because its membership covered many developing countries that produced goods and services similar to Arab exports. Consequently, Arab countries should strengthen their trade relationships with the European Union and the United States by developing economic integration plans to increase imports and exports in a way that benefited Arab countries, European Union countries and the United States, without overlooking trade relations with African countries and intra-Arab trade.

26. Representatives commended the document that had been prepared pursuant to a recommendation made by the Committee at its tenth session. They said that it was important because it reviewed the steps that should be taken. The representative of the Sudan considered his country's experience in developing policies to coordinate borders with its eight neighbouring countries, indicating the successful collaboration between Egypt and the Sudan in that regard. He noted the key challenges facing the Sudan in border coordination, namely weak road infrastructure and training border control personnel, stressing the importance of training relevant bodies on the various components of international trade and trade facilitation mechanism, such as establishing a single window, creating and equipping a technical network, and contributing to the preparation and formulation of laws, legislation and agreement frameworks.

I. ARAB REGIONAL INTEGRATION: REGIONALISM AND MULTILATERALISM (Agenda item 12)

27. A panel discussion was held on the topic "Arab regional integration: regionalism and multilateralism", which covered the main regional integration policies developed by Arab countries, the major challenges they faced, and requests to ESCWA.

28. The Executive Secretary of ESCWA made a statement in which he welcomed Committee members, and stressed the importance of the green economy and renewable energy that must be incorporated into Arab countries development plans. He also emphasized the need to train domestic labour forces to keep pace with advancing technologies, and the importance of achieving food security that had become a United Nations slogan. He also discussed the need to open roads between Arab countries to strengthen transport and connectivity, as was the case with India and Iran, indicating that Arab countries imported from outside the Arab region rather than from within. He noted that Governments should focus on enacting legislation, and the private sector should play a significant role in strengthening the economy and encouraging trade and a free market. He said that Arab countries' failure to achieve development was caused by the absence of an investment bank in the region, indicating that it was necessary to finance investment projects to drive the economy, and that the League of Arab States played a major part in that regard. He said that the economy, especially trade, was the backbone of the SDGs. He called for the adoption of a new approach to preparing economic studies in the region to keep pace with continual developments in the field of statistics and modelling, and not limit studies to a theoretical dimension.

29. The Secretary of the Commission considered the concept of poverty and its measurement, and ways to adopt policies on income levels. The representative of Mauritania said that his country had attempted to incorporate trade policies in national development plans to achieve sustainable development, and that the new Mauritanian investment law set out various procedures to achieve sustainable development, including building wide-scale infrastructure projects; maintaining freedom of contract, the free movement of capital and profit, and freedom to access raw material; protecting intellectual property; ensuring equal treatment of foreign and domestic investors; adopting arbitration in investment disputes; applying incentivizing customs and tax exemptions; establishing special economic zones; and adopting a single window for investors. He stressed the need to finance a workshop on the importance of trade exchanges between neighbouring countries.

30. The representative of the Sudan reviewed the foreign trade challenges facing her country, and covered several topics including export structures that relied on raw materials, and challenges facing the industry sector following the country's shift towards the global economy. She noted the required reforms that included improving the investment climate, banks and international trade, raising citizens' living standards, providing services, and reducing the price of goods. She added that the Sudan was striving to use new technologies to keep pace with global economic developments, and that it was currently conducting negotiations on acceding to the Continental Free Trade Area and WTO. She said that the Sudan needed to enter global markets, work on capacity-building and training, provide infrastructure for trade facilitation mechanisms such as the single window, and broker agreements with neighbouring countries to connect the Sudan to Arab and African countries.

31. The representative of the State of Palestine highlighted the fragile situation in his country because of the Israeli occupation, which obliged the Government to import most consumer needs. He confirmed that the State of Palestine had developed a strategy to organize imports and exports, but Israel controlled such movements at all border crossings and managed all Palestinian resources. He stressed the need to increase intra-Arab trade, including with the State of Palestine.

J. PROPOSED PROGRAMME OF WORK FOR THE BIENNIUM 2018-2019 IN THE FIELD
OF FOREIGN TRADE LIBERALIZATION
(Agenda item 13)

32. The Committee discussed the proposed ESCWA programme of work for the biennium 2018-2019 in the field of foreign trade liberalization, with reference to document [E/ESCWA/EDID/2017/IG.3/10](#) that set out the activities and outputs to be undertaken by ESCWA in the field of liberalization of foreign trade over the period 2018-2019 under subprogramme 3 on economic development and integration implemented by the ESCWA Economic Development and Integration Division. The programme of work was prepared in accordance with the revised strategic framework for the biennium 2016-2017 adopted by ESCWA at its twenty-eighth session, held in Tunis from 15 to 18 September 2014.

K. DATE AND VENUE OF THE TWELFTH SESSION OF THE COMMITTEE
(Agenda item 14)

33. The representative of the secretariat proposed holding the next Committee session at ESCWA headquarters in Beirut in 2019, if no other member State made a request to host the session.

L. OTHER MATTERS
(Agenda item 15)

34. Under this item, representatives raised the issue of redesignating the Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development. The Secretary of the Commission made a presentation on the designations and sequences of ESCWA committees, and proposed dividing the Committee into a committee on trade and a committee on financing for development, indicating that the current configuration of the Committee, held annually with a focus on one of the two topics, was causing confusion and duplication.

35. He also made a presentation on ESCWA and its subsidiary bodies, and their roles and terms of reference. He focused on the different phases resulting in the establishment of the Committee on Liberalization of Foreign Trade, Economic Globalization, which was also tasked with financing development in 2008. He highlighted the reasons for wanting to discuss trade issues in a committee that was independent from financing development issues, which would be held biennially.

36. Representatives agreed to divide the Committee into two committees, stressing the importance of presenting the proposal to the Committee at its session on financing for development to secure the approval of

representatives in both sessions. They agreed to take the necessary measures to divide and redesignate the Committee in line with the ESCWA rules of procedure.

III. ADOPTION OF THE RECOMMENDATIONS MADE BY THE COMMITTEE AT ITS ELEVENTH SESSION

37. At its closing session, the Committee adopted the recommendations made at its eleventh session, as amended.

IV. ORGANIZATION OF WORK

A. DATE AND VENUE OF THE SESSION

38. The Committee held its eleventh session at the United Nations House in Beirut on 27 and 28 November 2017.

B. OPENING OF THE SESSION

39. Mr. Mohamad Moctar El Hacene, Director of the Economic Development and Integration Division, made a statement in which he invited the Ambassador of the Sudan to Lebanon, Mr. Ali Al-Sadiq Ali, who was representing the office of the tenth session of the Committee on behalf of Bahrain, to announce the opening of the session. Mr. Ali welcomed participants, and clarified that he was speaking on behalf of the office of the tenth session held in 2015 and chaired by Bahrain, at which the Sudan had been elected Rapporteur. He thanked Bahrain for chairing the previous session and for its follow-up efforts with the ESCWA secretariat and the members of the office, confirming his full support for the leadership of the next session. He commended ESCWA achievements in implementing the recommendations made by the Committee at its previous session, such as publishing reports and studies on mechanisms to continue the liberalization of trade in goods in the Arab region; facilitating negotiations on an Arab customs union; analysing the impact of mega agreements on Arab economies; monitoring and evaluating non-tariff barriers to intra-Arab trade; evaluating the contributions of Arab economies to value-added chains; monitoring and evaluating restrictions on trade in services and the movement of capital; and establishing the necessary trade facilitation infrastructure. He noted the key role of the Committee in its capacity as a regional platform supporting Arab regional integration, especially in view of the considerable development challenges facing the region.

40. Mr. Mohamed Ali Alhakim, Under-Secretary-General of the United Nations and Executive Secretary of ESCWA, made a statement in which he welcomed Mr. Ali Al-Sadiq, Ms. Alia Abbas and Committee members to the United Nations House in Beirut. He said that the current session's agenda was full of topics and developments in various fields relevant to the Arab region, which had arisen since the tenth session of the Committee, held in Cairo in November 2015. Significant global changes required Arab countries to update their macroeconomic, sectoral and trade policies to strengthen competitiveness, facilitate connectivity to global value chains, and assist in establishing regional value chains that could compete in Arab and global markets. He indicated ESCWA efforts in the field of trade, including preparing technical reports, organizing meetings on developing Arab trade, infrastructure and macroeconomics, and formulating competitive Arab trade policies to stimulate trade and economic growth. He thanked Bahrain for chairing the previous Committee session and wished Tunisia every success in chairing the current session. He also thanked representatives for their attendance and effective participation in ESCWA activities.

41. Ms. Alia Abbas, representative of the Lebanese Minister of Economy and Trade, reviewed key achievements in the field of trade facilitation in Lebanon, pursuant to the recommendations made by the Committee at its tenth session, including privatizing Middle East Airlines that was now mostly owned by the Central Bank of Lebanon; employing a biometric statistics system; the adoption of biometric passports by the Lebanese General Security, and launching a 2017 strategic plan for small and medium enterprises. She said that the Lebanese Ministry of Economy and Trade was developing a guide for the public covering all

transactions carried out by the Ministry, including transaction processing stages and fees, and all import and export measures. She reviewed the Ministry's efforts to expedite the single window project launched by the Presidency of the Council of Ministers in collaboration with the Finance Ministry, the Labour Ministry and the National Social Security Fund. She indicated the measures taken by the Ministry of Economy and Trade to promote participation in negotiations on bilateral and multilateral trade agreements at the regional and international levels, so as to benefit Lebanon and open new markets for Lebanese products. She said that the Ministry was currently determining the needs of Lebanon in the form of technical and financial support from the European Union under an action plan on partnership priorities with the European Union 2016-2020, developed in collaboration with the Ministry of Foreign Affairs and Emigrants. She noted the formation of a joint working group from Lebanon and the European Union on trade facilitation and investment, and on strengthening the Ministry's structure to keep pace with developments. She also outlined legislative achievements regarding trade in services.

C. PARTICIPANTS

42. The meeting was attended by representatives from 14 ESCWA member States, namely Egypt, Iraq, Jordan, Lebanon, Mauritania, Morocco, Oman, the State of Palestine, Qatar, Saudi Arabia, the Sudan, the Syrian Arab Republic, Tunisia and Yemen. The session was also attended by representatives of the Economic Commission for Africa, the League of Arab States, the Arab NGOs Network for Development, the Arab Federation of Shipping, the Safadi Foundation, and the European Union.

D. ELECTION OF OFFICERS

43. Pursuant to rule 18 of the rules of procedure of ESCWA, "member countries shall assume the chairmanship of the sessions of the subsidiary bodies of the Commission on a rotating basis, in the Arabic alphabetical order employed by the United Nations".* The representative of Tunisia was appointed Chair of the tenth session of the Committee, succeeding the representative of Bahrain who assumed the chair of the ninth session from 23 November 2015 to 27 November 2017. As per the procedures followed at previous sessions, the Committee elected the representative of the Syrian Arab Republic as Vice-Chair. The representative of Iraq was elected Rapporteur.

E. AGENDA AND ORGANIZATION OF WORK

44. At its opening meeting, the Committee adopted the following agenda, as set out in document [E/ESCWA/EDID/2017/IG.3/L.1](#).

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda and other organizational matters.
4. Progress achieved in the liberalization of foreign trade:
 - (a) Implementation of recommendations made by the Committee at its tenth session;
 - (b) Implementation of foreign trade liberalization activities under the ESCWA programme of work and technical cooperation since the tenth session of the Committee.
5. Transport and connectivity to global value chains.

* ESCWA member States, in Arabic alphabetical order, are: Jordan, the United Arab Emirates, Bahrain, Tunisia, the Syrian Arab Republic, the Sudan, Iraq, Oman, Palestine, Qatar, Kuwait, Lebanon, Libya, Egypt, Morocco, Saudi Arabia and Yemen.

6. Trade and the Sustainable Development Goals.
7. Implementation of trade facilitation measures in the Arab region.
8. The cost of the lack of Arab-African trade integration.
9. Progress in the process of establishing an Arab customs union.
10. The role of trade in economic transformation policies: the case of Jordan.
11. Mega international trade agreements and their implications on Arab States.
12. Arab regional integration: regionalism and multilateralism (panel discussion).
13. Proposed programme of work for the biennium 2018-2019 in the field of foreign trade liberalization.
14. Date and venue of the next session of the Committee.
15. Other matters.
16. Adoption of the recommendations made by the Committee at its eleventh session.

45. The Committee also adopted the draft organization of work set out in document [E/ESCWA/EDID/2017/IG.3/L.2](#).

F. DOCUMENTS

46. The documents considered by the Committee at its eleventh session are listed in annex II to the present report.

Annex I

LIST OF PARTICIPANTS

A. ESCWA MEMBER STATES

Egypt

Mr. Mohamad Saleh Ibrahim
Researcher in International Trade Policies
Trade Agreements Department
Ministry of Trade and Industry

Ms. Iman Medhat Ayoub
Deputy Director
Trade Agreements Department
Ministry of Trade and Industry

Iraq

Mr. Mouhanad Hamid Hamid
Director
Ministry of Trade

Ms. Shiran Chahine
Associate Director
Ministry of Finance

Jordan

Ms. Wafaa Hamed El-etyim
First Secretary
Embassy of Jordan in Lebanon

Lebanon

Ms. Alia Abbas
Director General of Economy and Trade
Ministry of Economy and Trade

Mr. Malek Assi
Head of Foreign Trade
Ministry of Economy and Trade

Mr. Walid Tannous
Association of Lebanese Industrialists

Ms. Joelle Elias
Trade Expert
Ministry of Economy and Trade

Mr. Mohamad Ali El Cheikh
Trade Expert
Ministry of Economy and Trade

Ms. Zeina Harakeh
Trade Expert
Ministry of Economy and Trade

Ms. Manal Soueid
Legal Researcher
Ministry of Economy and Trade

Mr. Simon Jabbour
Chief of Service
Ministry of Economy and Trade

Mauritania

Mr. Mohamad Mustafa Aalyiah
Expert
Ministry of Commerce, Industry and Tourism

Morocco

Mr. Youssef Zahoui
Head of Department of Trade Relations
with Europe
Minister Delegate to the Minister of Industry,
Investment, Commerce and the Digital
Economy, in charge of Foreign Trade

Oman

Mr. Bader Bin Mohamed Al Manthri
Ambassador
Embassy of Sultanate of Oman in Lebanon

State of Palestine

Mr. Hassan Shashnieh
First Adviser
Embassy of Palestine in Lebanon

Mr. Azmi Lotfi Mohamad Haj Mohamad
Director General
Policy Department
Ministry of National Economy

Qatar

Mr. Saeed Mohammed Al-Braidi
Head of Department of Regional and International
Organizations
Ministry of Economy and Commerce

Mr. Sultan Mubarak Al-Kubaisi
Adviser
Ministry of Qatar in Lebanon

Ms. Taghrid Rida
Media Officer
Ministry of Qatar in Lebanon

Saudi Arabia

Mr. Salem Ben Nasser Al-Shahrani
Commercial Attaché in Beirut
Ministry of Commerce and Industry

Sudan

Mr. Ali Al-Sadiq Ali
Ambassador
Embassy of the Sudan in Lebanon

Mr. Hasab Al-karim Adam Al-nour
Police Officer
Customs Authority

Ms. Salwa Mohamad
Department of International Organizations
Ministry of Trade

Syrian Arab Republic

Mr. Abdul Razzak Ismail
First Secretary
Embassy of Syrian Arab Republic in Lebanon

Tunisia

Ms. Imen Drissi
Minister Counselor
Embassy of Tunisia in Lebanon

Mr. Karim Ouaghlani
Director at the Customs
Tunisian Customs

Mr. Lutfi Al-fakih Zafir
Director of International Cooperation
Ministry of Finance

United Arab Emirates

Mr. Haytham Tabesh
Economic Researcher
Embassy of the United Arab Emirates in Beirut

Yemen

Ms. Intisar Said Murshid
General Manager of the Office of Planning and
International Cooperation
Ministry of Planning and International Cooperation

B. UNITED NATIONS ORGANIZATIONS AND SPECIALIZED AGENCIES

United Nations Economic Commission for Africa

Mr. Aziz Jaid
Economist
Office for North Africa

C. INTERGOVERNMENTAL AND REGIONAL ORGANIZATIONS AND RELATED BODIES

Arab Federation of Shipping

Mr. Mohamad Mustafa Itani
Secretary General

Arab NGO Network for Development

Ms. Zahra Bazzi
Program Manager

Ms. Farah Al Shami
Researcher and Programs Manager

European Union

Ms. Virginie Cossoul
Attaché

League of Arab States

Mr. Bahjat Mohamad Aboelnasr
Director
Arab Economic Integration Department
Economic Sector

D. GOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS

Safadi Foundation

Rana Mawlawi
General Manager

Annex II

LIST OF DOCUMENTS

Title	Item	Symbol
Information note		E/ESCWA/EDID/2017/IG.3/INF.1
Provisional agenda and annotations	3	E/ESCWA/EDID/2017/IG.3/L.1
Organization of work	3	E/ESCWA/EDID/2017/IG.3/L.2
Progress achieved in the liberalization of foreign trade	4	E/ESCWA/EDID/2017/IG.3/3
Implementation of recommendations made by the Committee at its tenth session	4 (a)	E/ESCWA/EDID/2017/IG.3/3(Part I) (Arabic only)
Implementation of foreign trade liberalization activities under the ESCWA programme of work and technical cooperation since the tenth session of the Committee	4 (b)	E/ESCWA/EDID/2017/IG.3/3(Part II)
Transport and connectivity to global value chains	5	E/ESCWA/EDID/2016/IG.1/4(Part I)/Rev.1
Trade and the Sustainable Development Goals	6	E/ESCWA/EDID/2017/IG.3/4
Implementation of trade facilitation measures in the Arab region	7	E/ESCWA/EDID/2017/IG.3/5
The cost of the lack of Arab-African trade integration	8	E/ESCWA/EDID/2017/IG.3/6
Progress in the process of establishing an Arab customs union	9	E/ESCWA/EDID/2017/IG.3/7 (Arabic only)
The role of trade in economic transformation policies: the case of Jordan	10	E/ESCWA/EDID/2017/IG.3/8
Mega international trade agreements and their implications on Arab States	11	E/ESCWA/EDID/2017/IG.3/9 (Arabic only)
Proposed programme of work for the biennium 2018-2019 in the field of foreign trade liberalization	13	E/ESCWA/EDID/2017/IG.3/10