



Economic and Social Commission for Western Asia (ESCWA)

Committee on Liberalization of Foreign Trade, Economic
Globalization and Financing for Development
Tenth session: Liberalization of foreign trade
Cairo, 22-23 November 2015

Item 4 (b) of the provisional agenda

Review of actions taken in the field of foreign trade liberalization

**Implementation of activities related to foreign trade liberalization
under the ESCWA programme of work in the period 2012-2015**

Summary

Since the seventh session of the Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development (Beirut, 4-5 October 2011), 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 two bienniums 2012-2013 and 2014-2015. The activities included: (a) preparing studies, papers and booklets; (b) organizing expert group meetings; (c) providing technical assistance to member States and building their capacities (workshops, papers/reports, projects), 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 Technical Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development in the Countries of the ESCWA Region for review, discussion and proposal of recommendations on the implementation follow-up.

CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1-5	3
<i>Chapter</i>		
I. STUDIES/PAPERS/BOOKLETS.....	6-31	4
II. MEETINGS	32-38	8
III. TECHNICAL SUPPORT AND CAPACITY-BUILDING ACTIVITIES	39-55	10
IV. DEVELOPMENT ACCOUNT PROJECTS.....	56-69	13

Introduction

1. The activities undertaken by the Economic and Social Commission for Western Asia (ESCWA) on the liberalization of foreign trade are included in subprogramme 3 on economic development and integration of the ESCWA programme of work. Under the programme of work for the biennium 2012-2013, the main objective of subprogramme 3 consisted of achieving economic development and accelerating the attainment of the Millennium Development Goals through appropriate macroeconomic policies, adequate financing for development and the promotion of regional integration, including transport and trade facilitation. Under the programme of work for the biennium 2014-2015, the main objective of subprogramme 3 consists of achieving a decent standard of living through sustainable economic development and integration. This subprogramme is implemented by the Economic Development and Integration Division (EDID) of ESCWA.
2. Under subprogramme 3 for the biennium 2012-2013, the activities related to the liberalization of foreign trade in Arab countries pertain to expected accomplishments (b) and (c). Expected accomplishment (b) consisted of enhancing the capacity of member States to continue the implementation of the international transport agreements concluded within ESCWA for the improvement of regional integration, as well as the other various components of the Integrated Transport System in the Arab Mashreq (ITSAM), including institutional frameworks, transport and trade facilitation, and road traffic safety. Expected accomplishment (c) consisted of enhancing the capacity of member States to negotiate and implement bilateral, subregional and multilateral trade agreements designed to increase international trade.
3. Under subprogramme 3 for the biennium 2014-2015, the activities related to liberalization of foreign trade pertain to expected accomplishments (c) and (d). Expected accomplishment (c) consists of enhancing the capacities of member States to coordinate their social and economic policies, and ensuring the implementation of regional economic agreements to achieve the potential for intraregional integration. Expected accomplishment (d) consists of enhancing the regional integration of member States by developing and harmonizing the physical and legislative regional infrastructure.
4. This document reviews the activities related to the liberalization of foreign trade that were implemented by ESCWA under subprogramme 3 of its programme of work for the current biennium 2014-2015 as well as for the previous biennium 2012-2013, since the activities implemented throughout the previous reporting period were not covered by the progress report submitted by the secretariat to the eighth session of the Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development (Amman, 7-8 October 2013). Those activities include conducting studies and preparing papers, booklets, leaflets, etc.; organizing expert group meetings and workshops; improving the capacity of member States to negotiate bilateral, subregional and multilateral trade and investment agreements to promote trade flows and build partnerships; and providing technical assistance to member States.
5. Through those activities, ESCWA sought to cooperate with member States in following up on global trade matters such as 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 countries in the South and aligning the positions of Arab countries regarding the negotiations of the Doha Development Round.

**ACTIVITIES RELATED TO LIBERALIZATION OF FOREIGN TRADE UNDER ESCWA
PROGRAMME OF WORK DURING THE PERIOD 2012-2015**

I. STUDIES/PAPERS/BOOKLETS

**Technical paper on services, trade liberalization and regulation:
The cases of Egypt, Jordan, Oman and the United Arab Emirates**

6. This paper provides an overview of trade in services in the region and highlights the financial services sector in Egypt, Jordan, Oman and the United Arab Emirates. It presents an analysis of the liberalization of trade in services in these four countries, starting with a general overview of the role and benefits of trade in services in the Middle East and North Africa (MENA) region. It further focuses on the links between trade in goods and the performance of ESCWA member States in the services sector and measures the impact of the liberalization of trade in services by indicating how it contributes to increased competitiveness, growth and efficiency in the MENA region and discussing the constraints posed by services trade restrictiveness measures. The paper then provides examples from the four countries and addresses the implications of trade liberalization in the telecommunication, tourism and transport sectors, and devotes specific attention to the financial services sector. It also addresses costs and the areas that could have an impact on them. The paper concludes with summarizing the main issues and proposing policy recommendations and reform measures to promote the liberalization of trade in services.

Status of implementation of trade agreements in the ESCWA region

7. This brochure provides a concise overview of the status of implementation of free trade agreements by ESCWA member States. It also presents an analysis of the impact of entering into these trade agreements on trade flows in the region. Lastly, it proposes a number of concrete actions to be undertaken that would boost intraregional trade and give it a competitive edge in the global market.

Key figures on Arab trade

8. This paper highlights the key facts and figures that relate to trade in the Arab region. It offers explanations for the low levels of intra-Arab trade in the region. It concludes with proposing a set of measures to address obstacles to intraregional trade.

Trade facilitation initiatives in the ESCWA region

9. This booklet provides an overview of trade facilitation initiatives undertaken by ESCWA, including ITSAM and its road and railway components, the Memorandum of Understanding on Maritime Transport Cooperation in the Arab Mashreq, the national transport and trade facilitation committees in the Arab region, as well as the single window for trade facilitation initiative. It concludes with an assessment of the technical barriers to trade in the region, the numerous challenges and required actions, and identifies the way forward to facilitate the promotion of trade and place member States at the forefront of the global trading system.

Doha's agricultural negotiations: What's in it for the Arab region?

10. This paper examines the impact of potential proposals for implementing the Doha Development Agenda on agricultural trade in Arab countries that are not members of the Gulf Cooperation Council. It shows the results of a simulation exercise where four scenarios are considered, each with different market access commitments, as well as the overall gains for the countries included.

Implications of the Non-agricultural Market Access Negotiations in WTO on Arab Economies

11. This paper assesses whether Arab countries are likely to benefit from the Doha non-agricultural market access (NAMA) negotiations, by using the Modeling International Relationships in Applied General Equilibrium (MIRAGE) model in the empirical analysis of the implications of the three suggested scenarios of NAMA negotiations on Arab economies, noting key factors that could contribute to their success.

Arab Integration: A 21st Century Development Imperative

12. In February 2014, ESCWA launched a report entitled “*Arab Integration: A 21st Century Development Imperative*” in Tunis. The report is the result of a collaborative ESCWA initiative that involved a group of distinguished Arab thinkers from various backgrounds. It is intended as an integration road map; it examines integration paths in other regions where countries succeeded in delivering security, stability and prosperity although they had less common features than Arab countries. The report also lays out a strategic vision for achieving Arab integration across the spectrum of political, economic, social, public and cultural life.

13. Based on the premise that economic integration paves the way for comprehensive integration encompassing political, social and cultural unity and genuine sustainable development, the report presents an in-depth analysis of the history and mechanisms of economic integration in the region.

14. The report indicates that since the 1950s, Arab countries have sought to achieve economic integration, but their efforts have fallen short, failing to produce real economic gains. It calls on Arab countries to take swift action towards comprehensive integration to overcome development challenges, achieve human well-being and compete with other regional economic blocs. Towards these ends, it advocates the swift completion of existing integration projects such as the Greater Arab Free Trade Area (GAFTA) and the Arab customs union; the liberalization of trade in services and the movement of capital and labour force between Arab countries; and the development of regional production value chains.

15. It reviews several successful regional integration experiences in Europe, Latin America and Asia. Most of these models were originally intended as vehicles of conventional economic integration; however, they have also yielded important social and cultural benefits.

16. The report makes use of several studies to present estimates of the effects of deepening Arab economic integration. Based on economic models calibrated by ESCWA, the report also sets out potential scenarios related to the completion of GAFTA and the establishment of the Arab customs union. According to the report, establishing the customs union by 2015 would represent an important step towards broader integration but would not benefit all Arab countries equally. Mechanisms are thus needed to distribute revenue from tariffs among Arab countries and compensate those countries that benefit less from the union, as well as to assist particular sectors of the economy.

17. Further underscoring the importance of broadening economic integration beyond free trade and a customs union, the report proposes replacing a section of the future migrant labour force with Arab workers. It goes on to identify a number of potential strategies for promoting free trade in services, free movement of capital and workers and the development of regional production chains. These are among the prerequisites for a comprehensive road map that would deepen Arab economic integration in the medium and long terms.

First Arab Economic Integration Report

18. This report contains an assessment of the Arab economic integration at the sectoral level and in terms of production factors in the period 2000-2013. It introduces a method for the development of a system to monitor and evaluate economic integration between Arab countries and with major trade partners through a

set of indicators that were developed for that purpose. Those indicators are related to capacity, policies and results. They are used to assess the level of economic integration and identify the causes of disparities between Arab countries and between Arab countries and other regional groups. The report also presents various scenarios for strengthening Arab economic integration through the establishment of an Arab customs union and the completion of the Greater Arab Free Trade Area (GAFTA) and policies enabling the achievement of expected results from integration.

Trade logistics: Challenges and policy options

19. Trade logistics play an important role in strengthening trade efficiency and competitiveness and in enabling companies to establish linkages with regional and international value chains. ESCWA has thus prepared a study on trade logistics in the Arab region in which it thoroughly examined the impact of logistics performance on economic performance. For that purpose, ESCWA conducted a field survey of a sample of companies in a sample group of Arab countries. The study also presents an evaluation of the efficiency of existing logistics and their effectiveness in reducing trade costs and boosting intraregional trade. The evaluation covers trade logistics in Tunisia and adequate policies for improving their efficiency.

Non-tariff measures in Arab countries

20. Non-tariff measures constitute a major obstacle to trade development, in particular since the reduction of tariff measures in most countries through agreements on the liberalization of regional and international trade. ESCWA has therefore prepared a study on non-tariff measures in the Arab region. It examined in particular the non-tariff measures that obstruct exports to four Arab countries, namely Jordan, Lebanon, Morocco and Tunisia, in order to assess the role of those measures in hindering intraregional Arab trade flows. The study aims to highlight the importance of removing those measures, by lifting trade restrictions (including quantity shares, negative lists and others) and harmonizing import standards and inspection measures, especially in the process of establishing an Arab customs union.

The costs of Arab intraregional trade

21. Trade costs are oppositely related to trade volume. They are higher when trade is lower. ESCWA has prepared this study to review the changes in the costs of intra-Arab trade and trade with non-Arab partners. The study focused on sector-related cost changes, which is a valued addition to the data that are made available by the World Bank and the Economic and Social Commission for Asia and the Pacific (ESCAP) and are limited to the changes in the costs of overall trade between all countries of the world.

Implementation of trade facilitation measures

22. Trade facilitation has gained significant importance in recent years, in particular since the adoption of the Agreement on Trade Facilitation by the ninth session of the Ministerial Conference of the World Trade Organization in Bali, Indonesia, in December 2013. ESCWA has prepared this report with the aim of examining the status of trade facilitation in the Arab region. It conducted, for that purpose, a comprehensive survey to assess the implementation of trade facilitation measures in Arab countries according to the Bali Agreement. The report will constitute part of a global report on the subject which is being co-prepared by the United Nations regional commissions.

Financial implications of joining an Arab customs union

23. This paper examines the potential financial implications on Arab countries joining an Arab customs union. It reviews possible options and available tools to address the results of joining such union. The paper highlights the structure and volume of imports in selected Arab countries and specific financial implications of joining an Arab customs union. It contains a review of the mechanisms adopted by other regional customs unions for the distribution of tariff revenues collected through the union. The paper also presents a number

of scenarios on various possible unified tariffs and their financial implications for Arab countries joining the union.

Institutional arrangements for the establishment of an Arab customs union

24. ESCWA has prepared, in cooperation with the United Nations Development Programme, a technical paper on the institutional arrangements needed for the establishment of an Arab customs union and implementation follow-up. The paper contains a review of mechanisms and policies to be adopted when entering into an Arab customs union agreement and the institutional arrangements needed for the success of such union which will strengthen Arab economic integration. It also highlights the importance of institutional structures in completing the Greater Arab Free Trade Area and coordinating trade policies relevant to the launching of an Arab common market for which the customs union is a major tributary.

Assessment of the Gulf Customs Union

25. In the process leading to the establishment of an Arab customs union, ESCWA has prepared a working paper on the economic impact of the Gulf Customs Union, more than 12 years after its establishment in 2003. The paper attempts to measure the impact of the Gulf Customs Union on the various aspects related to integration of the countries of the Gulf Cooperation Council (GCC), with a focus on trade and investment development and intraregional labour force movement. The paper also explores the possible causes of disparities between the real and expected results of the Gulf Customs Union. It finally presents a set of recommendations to improve the Union's effectiveness and its contribution to the economic development of the GCC countries

Disparities in the Arab tariff policies

26. The choice of a unified external tariff is one of the major issues facing Arab countries in the process of establishing an Arab customs union. As part of the technical assistance provided to the League of Arab States and Arab negotiators, ESCWA has prepared, in cooperation with the United Nations Development Programme, a technical paper on the disparities between Arab tariffs for goods at the six-digit sub-headings level of the Harmonized Commodity Description and Coding System (HS). The paper is essential for examining various scenarios related to the selection of a unified external tariff for goods at the six-digit sub-headings level and the adoption of goods lists according to their relevance to member States.

Economic convergence and coordination in the Arab region

27. Macroeconomic policy coordination is essential in promoting competitiveness among countries joining a regional economic integration agreement. To study the status of Arab intraregional trade which has not achieved expected results even after the implementation of GAFTA, ESCWA has prepared this technical paper which examines the status of macroeconomic policy convergence and coordination in the Arab region and trends recorded in the period 1960-2013. It also examines the impact of natural resources dependency on advancing that process. The paper highlights the importance of policy coordination as a prerequisite for promoting Arab economic integration and improving intraregional trade and investment.

Coordinated sectoral policies to advance Arab economic integration

28. ESCWA has prepared this paper to highlight the implications on Arab economic integration of uncoordinated sectoral policies in the Arab region. The Arab States have signed several regional economic integration agreements since the 1960s with the aim of boosting intraregional trade and investments and advancing economic growth. Those agreements did not, however, provide for clear and integrated implementation measures that make those aims feasible, in particular creating an Arab economic environment attractive for investments and developing production capacities. Among the major problems hindering the achievement of Arab economic integration, is the lack of coordination in formulating sectoral

policies needed for advancing investments, namely supporting sectoral production, pricing energy and water and formulating banking and fiscal policies. This paper presents an assessment of existing policy disparities and their repercussions on the competitive environment in the Arab region. It aims to promote a common Arab action towards economic integration in the region.

Role of external trade in improving the economic structure in Jordan (in process)

29. This report was prepared to inform the 2030 Development Strategy in Jordan. It identifies the productive sectors that need to be developed in Jordan in order to adopt a policy for diversified economy based on available productive capacity, potential global demand for it and its role in achieving development goals, in particular the absorption of specialized labour force. The report examines the contribution of free trade agreements in achieving those goals and developing relevant sectors. ESCWA has prepared this paper in collaboration with the Center for Strategic Studies at the University of Jordan.

Tunisian strategy for developing the logistics sector to boost exports (in process)

30. The transport and logistics sector plays a fundamental role in development as it contributes to boosting exports and improving competitive capacities in global markets. At the request of the Ministry of Transport in Tunisia, ESCWA has prepared an implementation plan to develop the goods transport sector in Tunisia in the next five years with a view to boosting Tunisian exports and enhancing their contribution to economic growth and absorption of national labour force.

The impact of trade liberalization of agricultural goods between the European Union and Tunisia

31. Negotiations are ongoing between Tunisia and the European Union on a comprehensive, deep free trade agreement which would include the liberalization of trade in agricultural goods as one of its main provisions. To inform the negotiation process, ESCWA has prepared, at the request of the Ministry of Agriculture and the Ministry of Trade in Tunisia, a technical study on the various proposed forms of liberalization of agricultural goods between the two parties. The study aims to identify the changes in agriculture and trade policies in Tunisia and the European Union that are required to ensure fair free trade and contribute to economic and social development.

II. MEETINGS

Regional course on key issues on the international economic agenda

Module 5: Multilateral trading system and regional trade agreements

(Oman, 18-20 November 2012)

32. ESCWA contributed to training module 5 of the regional course which was organized by the United Nations Conference on Trade and Development (UNCTAD). It provided a set of policy recommendations on ways and means to improve engagement in the multilateral, regional and bilateral integration processes for countries in Western Asia, taking into account today's rapidly evolving global economic and development environment, particularly the fallout from the financial and economic crisis. The course module's goal was to review developments in multilateral trade negotiations under the WTO Doha work programme and examine their implications and the policy options for Western Asian economies. It also examined issues of interest to Western Asian economies in their efforts to assure development gains from international trade, including the realization of the development expectations set out in the Doha Round of multilateral negotiations and the Millennium Development Goals. It highlighted policy debates and options surrounding regional trade agreements and their relationships with the multilateral trading system, and provided policy recommendations on how Western Asian countries could best utilize both processes and achieve coherence in maximizing development gains.

**Expert group meeting on preferential trade agreements
and regional integration in the Arab world**
(Tunis, 5-6 December 2012)

33. ESCWA organized this expert group meeting (EGM) to discuss the current trade regulation practices and recommend further improvement of the regulation process to foster more beneficial international trade for Arab countries. It aimed to provide a forum for discussing the formulation of efficient national trade policies in the context of the bilateral, regional and multilateral trade agreements signed by Arab countries.

34. The meeting addressed specific themes including Arab regional integration initiatives, the Euro-Med partnership agreements, accession to WTO and the current Doha Round of multilateral negotiations, non-tariff and technical barriers to trade, macroeconomic policy convergence and regional integration, and impact analysis of trade reforms. It was also an opportunity for representatives from eminent regional and international organizations to share with high officials from the Arab ministries of trade and economy findings of their recent activities on Arab regional and global integration. The meeting culminated with a panel discussion where recommendations for deepening Arab regional and global integration were formulated. It was attended by national experts responsible for formulating and monitoring the implementation of trade policies from ESCWA member States as well as from other Arab countries. Experts from the International Trade Center, the League of Arab States, the Islamic Development Bank (IsDB) and other regional and international organizations and involved in the field, including the Global Development Network, the African Development Bank, the Organization for Economic Cooperation and Development, UNCTAD and the United Nations Economic Commission for Africa (ECA).

Expert group meeting on transport and trade facilitation
(Dubai, 10-11 April 2013)

35. ESCWA has taken a number of initiatives to support member States in reducing technical barriers to trade, such as the development of ITSAM and activities in the area of implementing a single window for trade operations. However, trade logistics remain a key obstacle in the countries of the region despite the significant progress already achieved by some in terms of reducing costs. The Arab region should incorporate trade logistics into their national plans and in their trade policies and strategies. In this regard, ESCWA organized an EGM on Transport and Trade Facilitation in Dubai, on 10 and 11 April 2013. Among other things, the meeting aimed to discuss issues related to trade logistics, including customs procedures, technical investigations, transport, freight forwarding, technology and communications and their impact on trade expansion and growth in the region with a view to boosting trade. Non-tariff measures, including technical barriers to trade on exports to selected countries and/or regions, were also discussed. The meeting also provided a forum for exchanging experiences and sharing good practices.

36. Experts from member States responsible for trade facilitation issues, as well as experts from WTO, UNCTAD, the World Customs Organization, the World Bank, the Economic and Social Commission for Asia and the Pacific (ESCAP), the League of Arab States, and other regional and international organizations participated in the meeting.

Expert group meeting on transport and trade facilitation
(Tunis, 2-3 July 2015)

37. ESCWA has organized this expert group meeting in collaboration with a number of regional and international organizations and experts from Arab countries. Participants reviewed successful experiences in transport and trade facilitation in various regions and ways to benefit from those experiences in facilitating Arab intraregional trade and enhancing transport efficiency and role in promoting the competitiveness of Arab goods in Arab and global markets. Discussions also tackled issues related to trade costs, regional economic integration and customs electronic connectivity.

**Expert group meeting on macroeconomy, coordinated sectoral policies
and Arab economic integration**
(Dubai, 23-24 November 2014)

38. ESCWA has organized this expert group meeting in the framework of a strategic partnership with Dubai Economic Council. Experts discussed issues related to the level of macroeconomic and sectoral policy convergence and its role in promoting Arab intraregional trade and supporting competitive capacity in global markets. Participants stressed the need to reduce policy disparities, in particular those directly affecting the levels of Arab intraregional trade. ESCWA has presented three papers on the following subjects: coordinating macroeconomic policies for Arab economic integration; coordinating sectoral policies in the Arab region and their impact on regional integration; indicators for the assessment of Arab economic integration. Presentations were made on trade in Arab and non-Arab countries.

III. TECHNICAL SUPPORT AND CAPACITY-BUILDING ACTIVITIES

Workshop on trade facilitation, infrastructure and trade cost
(Dubai, 7-9 April 2013)

39. ESCWA, in cooperation with IsDB, organized a workshop back-to-back with the EGM on transport and trade facilitation. The objective of the training workshop was to improve the capacities of member States in enhancing and upgrading their knowledge on trade cost and its implication on trade flows and trade growth. Experiences from other regions to facilitate the elimination or reduction of non-tariff barriers were presented and discussed. The workshop was attended by experts on trade facilitation.

**Regional workshop on integrating the trade dimension in the
United Nations development assistance frameworks**
(Beirut, 15-17 April 2013)

40. ESCWA and UNCTAD organized this training course at the United Nations House in Beirut. The workshop addressed the strategies, means, tools and benefits of integrating the trade dimension in United Nations development assistance frameworks to place trade at the top of the priorities list of development assistance in recognition of its crucial role in development. The workshop was attended by representatives of several Arab countries. Experts from ESCWA contributed to the preparation of training materials about trade, financial flows, macroeconomic policies, development and the knowledge economy in a globalized world.

**Regional preparatory meeting for the Arab Group in WTO in preparation for
the 9th WTO Ministerial Conference**
(Geneva, 3-4 October 2013)

41. In preparation for the WTO 9th Ministerial Conference (MC9) held from 3 to 6 December 2013 in Bali, ESCWA organized this regional preparatory meeting in cooperation with the coordinator of the Arab member States in WTO and the Arab Non-Governmental Organizations Network for Development (ANND), and with the technical support of the South Centre. The meeting aimed to discuss and coordinate the positions of Arab countries vis-à-vis the various issues to be covered by MC9 and build the needed consensus before and during this high-level meeting, with the objective of reinvigorating the Doha Round and achieving significant progress in the main pillars of multilateral trade negotiations. The meeting focused on the main issues to be addressed by MC9 from a regional perspective, such as agriculture, food security, trade facilitation, special and differential treatment for developing countries, accession to WTO, as well as the expansion of the Information Technology Agreement and non-agricultural market access.

42. The meeting also provided analysis in determining what serves the interest of Arab countries and offered a forum for experts to express their countries' concerns, priorities, interests and needs in relation to

issues tackled by MC9. It brought together representatives of relevant Arab ministries; permanent representatives of Arab countries to WTO in Geneva; as well as representatives from concerned regional bodies and organizations.

**Regional workshop for Arab countries on issues
related to multilateral trade negotiations post-Bali**
(Dubai, 10-12 March 2014)

43. ESCWA organized this workshop on issues related to multilateral trade negotiations post-Bali, where the WTO 9th Ministerial Conference was held in December 2013. The workshop was organized in collaboration with IsDB, the Ministry of Economy in the United Arab Emirates and WTO. It came within the framework of the efforts undertaken by ESCWA to follow up on the outcome of WTO-MC9, which had resulted in the adoption of the Trade Facilitation Agreement.

44. The workshop featured the participation of senior Arab officials and addressed all the decisions agreed upon during the Bali conference, focusing on trade facilitation, agriculture and issues specific to the least developed countries. It discussed regional concerns related to MC9, namely Arab coordination in the completion of the Doha Round and upcoming negotiation events. The meeting also focused on the regional impact of the Trade Facilitation Agreement and sought to reach an understanding among Arab countries on how to synchronize its implementation with more reform at the regional level. Finally, it discussed the inclusion of Arab countries in the Aid for Trade (AFT) initiative and the potential for supporting countries in implementing the agreement.

**Trade added value data programme of the Organisation
for Economic Co-operation and Development**

45. ESCWA has participated in two workshops in the framework of a research programme conducted by the Organisation for Economic Co-operation and Development aimed at developing adequate tools for the formulation of structural transition policies through a global database on trade added value. The database would be used to evaluate the performance of various countries in global trade on the basis of accurate information and to monitor structural transitions and opportunities. ESCWA participation aimed to include a number of Arab countries in the database and then extend this experience to other Arab countries.

**Workshop on mechanisms for financing the transport infrastructure for trade
through public-private partnerships**
(Tunis, 21-23 April 2015)

46. ESCWA has organized this workshop for Maghreb countries to review financing mechanisms, agreements and partnerships related to building a transport infrastructure for trade, and the contractual and legal aspects of forging public-private partnerships in this field. Participants reviewed a number of regional experiences in the field of transport to draw lessons from successful and failed ones.

Workshop for Arab countries on the Arab customs union
(Cairo, 19-20 May 2015)

47. ESCWA has organized this workshop in collaboration with the League of Arab States to discuss the various aspects of establishing an Arab customs union. Delegations from most Arab countries participated and discussions were conducted on the basis of three working papers prepared by ESCWA covering the following aspects: appropriate institutional arrangements, the financial implication of such union on union members and the various scenarios for launching the union. Participants discussed the recommendations made in those papers and actions to take in line with the recommendations in order to speed up negotiations on the establishment of an Arab customs union.

Workshop for Maghreb countries on the Arab customs union
(Casablanca, Morocco, 9-10 June 2015)

48. ESCWA has organized this workshop in collaboration with the United Nations Development Programme, the League of Arab States and the Union of Maghreb States. It presented three technical papers on the mechanisms for the completion of the Greater Arab Free Trade Area (GAFTA), the financial implications of establishing an Arab customs union and the union's launching scenarios. The workshop was a unique opportunity for participants to discuss real challenges that may be faced by the Maghreb economies as a result of joining an Arab customs union and the appropriate mechanisms to address those challenges.

Policy paper on the Regional Role of Saudi Arabia

49. This policy paper was prepared upon the request of the Government of Saudi Arabia to present an overview of its trade policy following accession to WTO and taking into account the various trade agreements to which it belongs. It takes into account the country's options to develop its regional and international position vis-à-vis its existing and potential partnerships with key global economic players. It also contains a simulation analysis of alternative scenarios of trade agreements which are likely to generate significant economic gains for Saudi Arabia.

Report on Growth and Employment Outcomes of Different Arab Maghreb Union Integration options: Preliminary Results

50. This report comes in response to a request from the Tunisian Government for an analysis of the Arab Maghreb Union (AMU) integration options. Despite the low tariff protection on bilateral trade among AMU member States, intraregional trade is not improving and is still at a very low level. The underlying objectives of this report include (a) assessing the performance of past integration policies of AMU and the key economic factors that were constraining them; (b) analyzing the options for a forward-looking regional integration strategy; and (c) providing recommendations and options for the concerned government authorities. In particular, the report aims to provide AMU member States with information to assess the impact of different options of regional trade integration by providing a thorough analysis of the key regulatory bottlenecks, in addition to estimations of potential trade and economic benefits. This will ultimately result in allowing AMU countries to strategically use their preferential partners to break into global markets.

Project on promoting trade in services in the Arab region

51. This ESCWA project will be implemented with the financial support of the Swedish International Development Agency. It stems from the need to undertake a larger comparative analysis of the potential benefits of trade in services in the region and will address the shortcomings of previous studies. The project aims to achieve better participation of Arab countries in international trade in services, to attain sustainable economic growth and reduce poverty. It will entail the provision of technical assistance to Arab countries in three main areas:

(a) Capacity-building in data collection on trade in services;

(b) Capacity-building on techniques related to assessing the protection of trade in services and quantifying gains and costs from liberalizing trade in services;

(c) Developing technical studies on alternative scenarios of liberalization of trade in services and accompanying policies.

52. To cover different types of economic structures in the region, the project will focus initially on a core group of six pilot countries: one from the Gulf Cooperation Council subregion: Kuwait; two countries

adhering to the Agadir Agreement: Morocco and Tunisia; and three from the rest of the region: Lebanon, Palestine and Yemen.

53. The project will examine trade in services in the following four sectors: international transport (roads and air); financial services (mainly banking and insurance); energy services; and distribution. Additional sectors such as tourism, professional services and construction may also be included in the analysis, depending on time and budget constraints.

54. The primary beneficiaries are the public sector bodies, national and regional financial institutions and private sector entities that are involved in services trade liberalization. The concerned bodies in the public sector will include government ministries and agencies that deal with trade in services and are directly involved in the formulation of trade policies at the national level. Beyond the national level, the League of Arab States and other bodies, which assume the same role in developing the regional dimensions of liberalization of trade in services, will also be beneficiaries. Finally, other interested parties, such as civil society, will also have the opportunity to access information and outputs. This will promote greater transparency, as well as mutual accountability and ownership of trade reform policies.

55. The project will be carried out in partnership and/or cooperation with selected international and regional institutions, such as the Organization for Economic Cooperation and Development and the League of Arab States. It will also include partners such as national research institutes in selected countries, which will increase country ownership of its outputs. The participation of stakeholders and partners in the planning stage will be encouraged. National organizations will have the responsibility of identifying local and regional researchers, to be hired to carry out various surveys on the basis of sectoral questionnaires for government officials and businesses. They will also have the responsibility of organizing regional meetings for this project.

IV. DEVELOPMENT ACCOUNT PROJECTS

Strengthening the capacity of developing and transition economies to link to global supply chains through the reduction of trade obstacles

56. Global supply chains are a dominant feature of today's international trade. They are the primary conduit through which multinational corporations source the inputs for manufacturing from around the world and distribute final products. They depend critically on free and unencumbered flow of goods across borders, with a minimum of red tape, simplified trade procedures, and predictable and low transaction costs. Many developing and transition economies fall far short of these basic requirements. They are often burdened with extensive regulatory and procedural requirements and delays. They also lack experience and technical know-how in communications technologies, international standards and good practice. This results in their exclusion from, or limited participation in, international markets, and their eventual failure to thrive.

57. This Development Account (DA) project thus addressed some of the key underlying causes of these failures, both internal and external, with a particular emphasis on regional issues. The overall objective was to strengthen the capacity of developing and transition economies from all five regional areas (Europe, Africa, Asia and the Pacific, Latin America and the Caribbean, and Western Asia) to link to global supply chains through the reduction of trade obstacles.

58. The project aimed to (a) build the capacity of regional and national experts in techniques for identifying and removing regulatory and procedural obstacles to trade and for the operation of international supply chains; (b) improve the formulation of trade facilitation policies and strategies and implement trade-related facilitation tools and technologies, in line with the ongoing negotiations within the WTO Trade Facilitation Negotiations and at the World Customs Organization; and (c) build regional networks of experts to address such issues and support longer-term efforts for regional and international economic integration.

59. This project helped to develop knowledge and skills through a number of training sessions at both the interregional and regional levels, and build networks of experts leading to improved cooperation. In addition, through the use of international instruments, the project also provided a linkage to the global level.

60. Against this backdrop, ESCWA and the Economic Commission for Europe (ECE) co-organized a regional training workshop on 15-16 May 2013 in Aqaba, Jordan. ESCWA also prepared a regional study on improving the information exchange in food supply chains in the region, which was presented and discussed at the regional training workshop. The study aimed to assess the current status of wheat, vegetable oil and sugar import supply chains in Jordan, Lebanon, Tunis and Yemen, define efficient supply chain managements and identify proper policies and strategies that will create smooth logistics, with a view to providing a reliable supply of wheat, vegetable oil and sugar, reducing the cost and improving food security that will contribute significantly to poverty alleviation in the Arab region.

Facilitating the effective integration of developing countries in the global economy through aid for trade schemes

61. The AfT initiative was launched in 2005 during the Hong Kong WTO Ministerial Conference with the aim of placing trade at the core of the development agenda, mainstreaming trade-related issues into development plans and programmes, as well as dealing with broad trade-related constraints ranging from trade policy and regulations to hard infrastructure for trade. Trade and development have evolved tremendously since the launch of the initiative, with increased awareness about the positive role that trade can play in development through enhancing economic growth. The initiative yielded substantial results that led to an improvement in trade performance, which has been attributed to the increase in the mainstreaming of trade-related priorities in national development strategies. Nevertheless, despite the laudable impact of the initiative, many developing countries, particularly in the Arab region, have not been able to mark an impression in global trade due to their limited supplies of goods and services and have not succeeded in attracting trade-related investment, be it foreign or domestic.

62. While development partners and donors have been mobilizing additional resources for AfT projects and initiatives that improve trade policy and regulation, and try to overcome supply-side constraints, infrastructure obstacles and adjustment costs faced by developing countries, a large number of potential projects both at national and regional levels still lack the requisite financing, as they are not formulated in conformity with AfT funding criteria. This was mainly attributed to limited knowledge and skills of stakeholders in developing bankable AfT projects. Therefore, AfT seeks to ensure country ownership, and to improve the absorptive capacity of beneficiary countries by assisting them in the development of appropriate AfT project proposals and effective monitoring and evaluation (M&E) mechanisms.

63. It is in this context that the five regional commissions of the United jointly implemented this DA project with the aim of strengthening the capacity of selected countries and to formulate projects and programmes that are eligible for AfT funding. The project intends to establish a network at the global, regional and national levels to strengthen collaboration and provide support in AfT delivery. It relies on the active participation of regional development banks, trade ministries and existing private sector umbrella organizations and networks at the regional and country level.

64. The project builds on expertise, resources, institutions and networks within the five collaborating regional commissions, and United Nations entities and other agencies with interest in capacity-building in the field of AfT, and thus creates synergies for improving the effective access to and delivery of AfT. It seeks to provide assistance specifically targeting the constraints to intraregional trade faced at the regional, subregional and national levels in the formulation of projects and programmes eligible for AfT funding.

65. Each regional commission has organized a regional workshop and EGM, and provided technical assistance to selected participants, including countries, organizations, and project teams, and produced technical material (i.e. reports, guideline documents, etc.). In addition, a web-based AfT indicators data

dashboard has been developed and is accessible to the public free of charge. ESCWA undertook to following activities.

1. *Workshop on the formulation of bankable aid for trade projects in the Arab region*
(Marrakesh, Morocco, 22-23 October 2013)

66. The workshop aimed to ensure that Arab countries leverage diverse forms of development finance to promote trade and development through an “investment for trade” approach. It specifically sought to share knowledge and information on how the different countries are developing AfT projects for intra-Arab trade and improving participation in the global trade system through the bankable projects. The primary beneficiaries of the project were public sector bodies, including government ministries and agencies which deal with AfT and trade-related activities and are directly involved in the formulation, delivery and implementation of AfT projects at the national level.

2. *Expert group meeting on monitoring and evaluation tools for implementing aid for trade projects in the Arab region*
(Hammamet, Tunisia, 12-13 December 2013)

67. Following the revision of the AfT projects developed by member States and presented during the first workshop, the meeting focused on developing appropriate M&E systems, such as regionally agreed indicators to improve the formulation of AfT projects. The meeting aimed to promote debate and reach a regional consensus on M&E frameworks that can be used for the region. It also served as a forum for sharing information on the requirements for receiving AfT from multilateral funders. It was attended by representatives of ministries of trade and transport from the five member States that participated in the workshop held in October, as well as experts and representatives from concerned multilateral financing institutions. In addition, representatives of financing institutions provided a general overview of the conditions and criteria that must be met for AfT projects to be funded by their respective institutions.

3. *Interregional forum of the Development Account Project “Facilitating the Effective Integration of Developing Countries in the Global Economy through Aid for Trade Schemes”*
(Tunis, 22-24 April 2014)

68. This AfT project culminated with an interregional forum, jointly organized by the five regional commissions in Tunis. The Forum provided a platform for sharing experiences and lessons learned and showcasing examples of successful AfT projects and case studies; discussing guidelines for developing bankable AfT projects as well as M&E frameworks and good practices; connecting potential recipients of AfT to discuss important issues on the financial aspects of trade-related projects; and formulating a joint position on the future of the AfT initiative as a tool for promoting intraregional and interregional trade. The interregional forum was attended by representatives of the five organizing regional commissions as well as relevant stakeholders, including experts from the respective regions, development partners and selected focal points of participating projects.

69. In addition to convening the above-mentioned meetings, ESCWA also produced related material on AfT in the region, including guidelines on the identification and formulation of bankable projects within the context of AfT, as well as guidelines for using a monitoring and evaluation system for AfT projects.
