

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

Committee on Trade Policies in the States Members of the Economic
and Social Commission for Western Asia

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**Implementation of trade policy activities under the ESCWA programme
plan for 2020-2021****Summary**

Since the first session of the Committee on Trade Policies in the States Members of the Economic and Social Commission for Western Asia (ESCWA), which was held in Amman on 8 and 9 December 2019, the ESCWA secretariat has implemented a number of trade-related activities under its subprogramme 3 on economic development and integration. These activities included preparing reports and technical papers, producing toolkits, contributing to joint activities with partners and holding meetings and workshops. The present document provides an overview of these activities.

The Committee on Trade Policies in the States Members of ESCWA is invited to take note of implemented activities and provide comments thereon.

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Introduction

1. Since the first session of the Committee on Trade Policies in the States Members of the Economic and Social Commission for Western Asia (ESCWA), which was held in Amman on 8 and 9 December 2019, the ESCWA secretariat has implemented a number of trade-related activities under its subprogramme 3 on economic development and integration. These activities included preparing reports and technical papers, producing toolkits, contributing to joint activities with partners and holding meetings and workshops. They are summarized in the present document.
2. The objectives to which subprogramme 3 contributes are “to achieve a basic standard of living for all people in the Arab region through sustained and integrated economic development” (as formulated in the [proposed programme budget for 2020](#)) and to “to achieve equitable economic growth, amplify regional interconnectedness and integration, and advance the effective implementation of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development in support of the 2030 Agenda for Sustainable Development” (as formulated in the [proposed programme budget for 2021](#)). Through the activities of its subprogramme 3, ESCWA seeks to cooperate with its member States, according to their priorities, and with regional and international partners, in following up on global trade matters and facing challenges and prospects in the Arab region in the field of trade policies.

I. Reports and papers

A. Publications

*Assessing Arab Economic Integration: How Agricultural Trade Can Affect
the Achievement of the SDGs through Further Integration*
([E/ESCWA/EDID/2019/4](#))

3. The severity of the COVID-19 pandemic and the scale of its impact across the Arab region highlight the need for collaborative economic integration that strengthens the region’s recovery and builds resilience to external shocks. The third edition of the Assessing Arab Economic Integration Report (AAEIR) examines trends in integration across the Arab region, focusing on the potential of agricultural integration to spur growth, employment and welfare, even in times of crisis. Farming is vital for rural livelihoods, food security and foreign exchange across the Arab region, taking on even greater importance given the production bottlenecks and agricultural disruptions caused by COVID-19. Diversifying sources of inputs and destinations of exports, and increasing the added value of food products will make the region more versatile and link in to onshoring, regionalism and value chain diversification trends across the globe.
4. AAEIR continues to make the case that economic integration is a realizable goal and an imperative for the Arab region in its path towards peace and shared prosperity. Regional institutions such as the Pan-Arab Free Trade Area and the Arab Customs Union provide avenues to harness shared assets and cement deeper partnerships across borders. The report serves as a call to action to move ahead with an ambitious integration agenda that will help Arab communities rebound from COVID-19, and progress towards inclusive and sustainable structural transformation.

Trade and Transport Costs in the Arab Region
([E/ESCWA/EDID/2019/3](#))

5. Trade costs are a major determinant of trade competitiveness and integration in regional and global economies. The Arab region has high trade costs, resulting in low trade integration at the regional and global levels. The present study investigates trade costs in the region, both at the national economy level and the sectoral level.

6. The results of the analysis presented in the report show varying trade costs between Arab countries, and between Arab countries and their trade partners. Trade costs with traditional trade partners, such as the European Union, are moderate; however, they are high with other regions. Similarly, some sectors showed better trade costs than others. Overall, trade costs in the Arab region remain an obstacle to expanding the region's participation in international trade, and to intraregional integration. Various factors contribute to this, including transport and logistics costs. It is therefore crucial to further investigate trade costs at the country level, and focus on decomposing trade costs into their basic components.

B. Technical papers

Trade and Competition in the Arab Region: Reality and Prospects Towards a Competitive Arab Market (forthcoming)

7. ESCWA is working on a technical paper that analyses the progress made in multilateral negotiations on competition laws in global trade and then reviews the most important successful international experiences in integrating and activating competition provisions in differential trade agreements. The paper also discusses the characteristics of the current competition policies applied in the Arab countries and their consistency with the differential trade agreements concluded by most Arab countries, whether among themselves or with trading partners from outside the region. To assess the levels of competition in Arab countries, the paper measures the market power "Markup" in a sample of productive sectors in a specific group of Arab countries over a relatively long period, reviewing the trends of development levels of competition in Arab economies.

Estimating Arab Export Potential at the Product Level for Agriculture and Food (forthcoming)

8. ESCWA is also preparing a technical paper on export potential estimates and product differentiation opportunities for 22 Arab countries and 176 destination countries at the detailed, product level, outlining the approach taken to produce these estimates. The approach, drawing on [Decreux and Spies \(2016\)](#), involves constructing two indicators: the Export Potential Indicator (EPI) and the Product Diversification Indicator (PDI). The EPI measures the untapped potential in existing products in the export basket of a given country. The PDI, on the other hand, gauges differentiation opportunities, based on the product space map approach. The main extension in the construction of the EPI is the incorporation of physical infrastructure and human capital as factors augmenting supply potential. The results of the analysis could be used primarily for identifying export opportunities in any destination for any product included in the analysis. This could provide exporting (or potential exporters) firms with valuable market information and guide their efforts to penetrate new markets or expand their operations in existing ones. It also provides an important evidence base for policymakers to focus on specific products to promote exports and destinations to negotiate trade agreements with.

C. Joint reports

Global Survey on Digital and Sustainable Trade Facilitation 2019 and 2021

9. ESCWA, in cooperation with the other four United Nations regional commissions, prepared the "Digital and Sustainable Trade Facilitation: Global Report 2019", which monitors progress in the implementation of the provisions of the World Trade Organization (WTO) Trade Facilitation Agreement. ESCWA contributed data and information on the region and produced the regional report. It is now collaborating on the fifth edition of the Survey (2021). The 2021 report will be based on the 2021 questionnaire on trade facilitation measures which was sent to trade experts from all Arab countries to collect information on progress made in the implementation of trade facilitation measures. The results will feed into a report on "Digital and Sustainable Trade Facilitation Implementation in the Arab Region".

*Additional Survey Module on Trade Facilitation Measures
in Times of Crisis and Pandemics*

10. In 2020, ESCWA, also in partnership with the other United Nations regional commissions, undertook an additional survey to collect information on the measures implemented to facilitate trade during the COVID-19 pandemic. The ESCWA secretariat sent the survey to selected Arab countries to gather information on measures adopted to facilitate trade in general, and trade of essential supplies in particular. Results are forthcoming.

II. Arab Trade Facilitation Gateway

11. The Arab Trade Facilitation Gateway under development by ESCWA comes at a time when all policymakers, in the world and the Arab region alike, are looking for short- and medium-term solutions to enable economic recovery from the COVID-19 pandemic. Boosting exports and national productive capacities through better market access to foreign markets and higher mobility of capital and workers represent the major determinants of any economic recovery strategy.

12. To facilitate economic recovery and achieve the Sustainable Development Goals (SDGs), both private operators and policymakers need access to accurate and complete information on areas of trade. However, the Arab Trade Facilitation Gateway is not only a data repository; it also provides assessments of trade integration schemas covering those already in effect and those under negotiation. The assessments are made using up-to-date *ex post* and *ex ante* tools to assist policymakers in negotiating new agreements and monitoring and evaluating current ones. Furthermore, the Arab Trade Facilitation Gateway represents a novel toolkit to develop technical capacities of all Arab trade operators through specialized and dedicated online and onsite training materials.

III. Meetings and workshops

*“COVID-19 and the contraction in global and regional value chains: FDI and trade impacts”
and “Toolkits to facilitate global and regional trade to support economic recovery”
(Online, 28 October 2020)*

13. The COVID-19 pandemic has hit economies hard, restraining the flow of goods, services, capital and people. As a result, supply chains and production networks have been disrupted, in addition to travel, tourism and retail trade, which have been greatly undermined. The pandemic comes at an inopportune time for firms whose margins have already been squeezed as results of the trade war. ESCWA organized two webinars to address the impact of COVID-19 on trade in collaboration with the United Nations Conference on Trade and Development (UNCTAD), the Organisation for Economic Co-operation and Development (OECD) and the International Trade Centre (ITC).

*Virtual Expert Group Meeting on the Index Simulator for Policymakers in the Arab Region (ISPAR)
(Online, 10 December 2020)*

14. To support Arab Governments in enhancing economic planning and in response to a number of technical assistance requests received from member States on the assessment of their performance in international indices, ESCWA has launched a project titled “Index Simulator for Policymaking in the Arab Region (ISPAR)” to develop a simulator covering several widely adopted international indicators related to economic integration, the business environment, gender issues, innovation and digital technology.

15. The main objective of the meeting was to present the ISPAR platform to delegates from ESCWA member States and show how it can support policymaking processes in the Arab region. The meeting also aimed to present planned activities in that area.
