

**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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Item 6 of the provisional agenda

**Implementation of recommendations made by the Committee
at its first session****Summary**

At its first session, held in Amman on 8 and 9 December 2019, the Committee on Trade Policies in the States Members of the Economic and Social Commission for Western Asia (ESCWA) issued a set of recommendations, some addressed to ESCWA member States and others to the ESCWA secretariat. The present document reviews action taken to implement the recommendations addressed to the ESCWA secretariat. It also lists the recommendations made to member States.

The Committee is invited to take note of progress made, provide comments in that regard, and present what has been achieved in member States in the context of the recommendations addressed to them.

Contents

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1	3
<i>Chapter</i>		
I. Recommendations to the ESCWA secretariat	2-16	3
II. Recommendations to member States.....	17	6
III. Conclusion.....	18	6

Introduction

1. At its first session, held in Amman on 8 and 9 December 2019, the Committee on Trade Policies of the Economic and Social Commission for Western Asia (ESCWA) issued a set of recommendations, some addressed to ESCWA member States and others to the ESCWA secretariat. The present document reviews the recommendations addressed to the ESCWA secretariat and action taken to implement them. The document also lists recommendations to member States. Member State representatives are invited to present what has been implemented in their countries in the framework of those recommendations, either in writing prior to the Committee or orally during its proceedings.

I. Recommendations to the ESCWA secretariat

Recommendation (a)

Continue supporting Arab countries in their trade negotiations within the framework of new free trade agreements, while coordinating with international and regional organizations working in this field.

Action taken

2. In response to this recommendation, ESCWA is developing the Arab Trade Simulator Interface (ATSI), an analytical tool that enables users to perform trade simulations in a user-friendly manner. This tool aims to support member States in their trade negotiations within the framework of new trade agreements. ATSI allows users to perform three categories of trade-related simulations. The first covers trade policy reforms in the country of interest, and the second allows users to perform additional simulations related to trade policy reforms in partner countries worldwide. In both cases, users can perform trade reform simulations and analyse their likely economic impact on member States. Thirdly, users can also assess cumulated scenarios covering policy changes in the targeted country and in selected partners.

3. In addition, ESCWA is developing a demo version of the Arab Customs Union (ACU) helpdesk, a reliable and secure platform that enables official trade negotiators and stakeholders from ESCWA member States to engage and communicate on all issues related to ACU negotiations.

4. Moreover, ESCWA is developing the Arab Trade Facilitation Gateway, which will host all trade data produced and collected by ESCWA and its regional and global partners. The Gateway is intended to be an information empowerment tool for the region's policymakers, and all public and private stakeholders concerned with trade. It also aims to facilitate decision-making by providing data and information on trade.

5. In response to a technical cooperation request from Morocco, ESCWA has prepared a study entitled [Free Zones and Preferential Trade Agreements: the Case of the Arab Region](#). Despite the proliferation of free zones, products originating from them and traded between Arab countries do not yet benefit from tariff preferences stipulated in most bilateral free trade agreements, especially under the Pan-Arab Free Trade Area (PAFTA). This issue is of particular importance to numerous Arab countries whose exported products come from free zones, or whose exports have increased thanks because of these zones. Therefore, excluding their products from the tariff preferences affects the capacity of concerned Arab countries to diversify their economies and promote exports. The report supports building an Arab position to take advantage of the opportunities offered by free zones, through a detailed assessment and analysis of experiences under regional trade agreements (RTAs) and of how products from free zones are treated. The report focuses on various policy instruments that could facilitate intra-trade and reduce the risk of trade diversion and dumping from non-preferential trade. Special attention is given to rules of origin as a key trade regulation instruments to achieve the major objective of trade reforms, which is promoting exports on a reciprocal basis.

Recommendation (b)

Continue following up on, monitoring and evaluating international trade developments and their impact on Arab countries.

Action taken

6. In response to this recommendation, ESCWA is developing the System for Measuring, Monitoring and Evaluating Arab Economic Integration (SIMEA), which produces economic integration indices and scoreboards, and allows member States to monitor and track emerging trends, strengths and challenges in their economic integration efforts. The platform also features three scoreboards comprising a large number of indicators that monitor enabling factors, and the policies and outcomes of member States' trade efforts beyond economic integration. On 17 and 18 December 2019, a regional training was organized in Rabat to familiarize member States representatives with the platform. Several member States showed interest in their officials being further trained to use the tool.

7. In December 2020, ESCWA also issued an [Ex-post Evaluation of Lebanon's Free Trade Agreements](#). The study examines the tangible impact of integration agreements with Arab countries and the European Union on the Lebanese economy, and the reasons behind their relatively poor outcomes. The evaluation goes beyond economic assessments and sheds light on the reasons behind the country's weak export promotion and economic development.

Recommendation (c)

Build the capacity of member States in the field of trade policy at their request, and develop necessary training activities, particularly in using economic modelling to analyse the effects of various trade policies.

Action taken

8. In response to this recommendation, ESCWA is developing ATSI (see paragraph 2) and will organize a number of tailored capacity-building workshops for Arab trade negotiators on using it for trade negotiations.

Recommendation (d)

Strengthen communication with those involved in trade policy, communicate information to stakeholders in member States to participate in relevant activities, and inform them of the results of workshops and studies.

Action taken

9. ESCWA continues to communicate with ministries responsible for trade in member States, notably on the subject of trade facilitation. In 2020, ESCWA reached out to those ministries to gather information on new and additional measures adopted to facilitate trade during the COVID-19 pandemic. In 2021, ESCWA also contacted trade experts from member States to collect information on latest trade facilitation measures, and on progress in implementing digital and sustainable measures. Relevant ministries were invited to the online launch of the 2021 edition of the [Global Survey on Digital and Sustainable Trade Facilitation](#) on 14 July 2021.

10. In addition, ESCWA reached out to each member State through another survey to better understand strengths and weaknesses in trade finance, and for suggestions on appropriate solutions to fill trade finance gaps in the Arab region. Fourteen member States have nominated focal points to respond to the survey, and are in discussion with the ESCWA trade team on the subject. One of the findings to date was that most policymakers have adopted changes in their trade finance goals, resulting in better export promotion and competitiveness. However, obstacles persist in access to finance, such as conditionality and predictability.

11. ESCWA is also constructing the Arab Trade Gateway, not only as source of reliable data and information, but also as a dynamic engagement tool with policymakers, researchers and traders in the region, offering up-to-date assessments of trade integration schemes that cover enforced agreements and those under negotiation. The Gateway will provide invaluable information for decision-making during trade policy

formulation or for private trade transactions. Furthermore, it will offer material to build the technical capacity of all Arab trade operators through specialized and dedicated online and onsite training, and through interactive applications that connect ESCWA with trade policy professionals and traders.

Recommendation (e)

Develop quantitative tools to assess the economic impact of trade negotiation scenarios and make them available to authorities in member states involved in trade negotiations with trade partners.

Action taken

12. In response to this recommendation, ESCWA developed ATSI (see paragraph 2) as a quantitative tool to help member States assess the economic impact of trade negotiation scenarios.

Recommendation (f)

Continue establishing platforms that provide information and tools to help decision makers in assessing the various tracks of Arab regional integration.

Action taken

13. In response to this recommendation, ESCWA is developing a number of platforms that provide information and tools to help decision makers in assessing the various tracks of Arab regional integration. As mentioned above, ESCWA is developing the Arab Trade Facilitation Gateway, which consolidates all applications and platforms providing updated and reliable information for Arab decision makers involved in economic integration and trade. The Gateway will host the above-mentioned SIMEA platform, providing information to help decision makers in assessing the various tracks of Arab regional integration. The [Index Simulator for Policymaking in the Arab Region \(ISPAR\)](#) is another platform that supports member States in enhancing economic planning to achieve national goals, and covers several widely adopted international indicators related to economic integration, the business environment, gender issues, innovation and digital technology.

Recommendation (g)

Continue collaborating with relevant organizations to provide technical assistance to member States, especially on the following issues:

- (i) The Aid for Trade Initiative for Arab States, in collaboration with the International Islamic Trade Finance Corporation.
- (ii) Negotiations related to the Arab Customs Union and trade in services, in collaboration with the League of Arab States.
- (iii) Integrating Arab countries in the Trade in Value Added database, in collaboration with the Organisation for Economic Co-operation and Development.
- (iv) Monitoring and evaluating the effects of non-tariff measures on trade and rules of origin.

Action taken

14. ESCWA collaborated with the International Islamic Trade Finance Corporation to prepare the final document of the Aid for Trade Initiative, and designed a work programme for potential inclusion in its phase 2. The initiative supports member States in utilizing trade financing to improve trade performance.

15. ESCWA developed the beta version of an ACU helpdesk as a reliable and secure platform that enables official trade negotiators and stakeholders from Arab countries to engage and communicate on all issues related to ACU negotiations. The final version of the of the helpdesk will be developed by ESCWA based on feedback

from the League of Arab States and member States. Specific training sessions will be offered to Arab negotiators on using the helpdesk.

16. ESCWA has also undertaken an empirical analysis to estimate the impact of non-tariff measures on trade costs at the product level.

II. Recommendations to member States

17. At the closing of its first session, the Committee on Trade Policies in the States Members of ESCWA made the following recommendations to member States:

(a) Benefit from regional economic integration agreements in implementing economic transformation programmes based on diversifying productive capacity and integrating into the global economy through the formulation of effective national policies;

(b) Promote the integration of trade in development plans to operationalize the role of trade in implementing the Sustainable Development Goals (SDGs) given its linkages to many SDGs, and strengthen its capacity to provide the necessary financing for their implementation;

(c) Urge Arab States that have not yet joined the Agreement on the Liberalization of Trade in Services among Arab Countries to accede, facilitate the movement of capital, and ensure the removal of non-tariff restrictions on intraregional trade, which have been widely used since the dismantling of customs;

(d) Develop long-term strategies to implement trade policies by reducing disparities in trade obligations under various trade agreements that member States are negotiating with different countries and regions of the world;

(e) Take into account the macroeconomic and sectoral impacts of global trade wars on Arab countries, especially between the European Union and the United States of America, and establish mechanisms to face the resulting challenges and to benefit from opportunities that they may provide to some Arab countries;

(f) Benefit from the system of indices and scoreboards developed by the ESCWA secretariat to monitor and evaluate economic integration, and cooperate with the secretariat to develop and use them as an interactive tool to monitor trade openness; and provide the necessary data to develop and update tools for monitoring and evaluating Arab trade policies;

(g) Take note of changes in exports from the Pan-Arab Free Trade Area Agreement (PAFTA), and ensure that expanding trade integration with other regions is based on a comprehensive development strategy, which remains a major challenge, especially in view of key continental trade initiatives and ongoing trade wars;

(h) Focus on building capacity in the field of combatting fraud and counterfeiting to protect national products;

(i) Highlight the negative effects of unilateral economic measures, as a means of political and economic coercion, on development efforts in countries where they are imposed, and endeavour to eliminate them.

III. Conclusion

18. Member State representatives are invited to take note of action taken by the ESCWA secretariat to implement the recommendations addressed to it. They are also invited to present actions undertaken in their respective countries in response to recommendations made by the Committee to member States.
