Report of the Committee on Trade and Investment on its seventh session

I. Matters calling for action by the Commission or brought to its attention

A. Matters calling for action by the Commission

1. The following recommendations of the Committee on Trade and Investment are brought to the attention of the Economic and Social Commission for Asia and the Pacific (ESCAP) for its consideration and possible action:

Recommendation 1

The Committee, recognizing the role of trade and investment in coping with and recovering from the coronavirus disease (COVID-19) pandemic, reaffirms its commitment to multilateralism and regional cooperation in trade and investment in order to guarantee the steady flow of goods at national border-crossing points. In this context, it recommends that the secretariat continue its activities in trade, investment and enterprise development with a view to achieving the targets of the 2030 Agenda for Sustainable Development, including by enhancing and making more effective the regional cooperation mechanisms established by the member States, such as the Asia-Pacific Trade Agreement and other regional trade and economic partnership agreements, taking into account in particular the vulnerabilities of countries with special needs.

Recommendation 2

The Committee recommends the inclusion of provisions, in future regional trade and cooperation agreements, that limit disruption to trade, investment and associated global value chains in times of pandemics and other crises. It further recommends the inclusion of provisions in those agreements in support of sustainable development.
Recommendation 3

The Committee expresses its support and appreciation for the secretariat’s online tool Trade Intelligence and Negotiation Adviser (TINA), which is aimed at assisting ESCAP member States in the negotiation of trade agreements, with the ultimate objective of enhancing trade in support of the 2030 Agenda, and recommends that this work be continued.

Recommendation 4

Recognizing the importance of foreign direct investment (FDI) in recovering from the crisis and building back better with a view to implementing the 2030 Agenda, the Committee recommends that increased attention be paid to the role of both inward and outward FDI in promoting sustainable development and that countries promote transparent investment regimes. In this context, the Committee supports the secretariat’s initiatives to (a) study the possibility of creating an online platform within existing resources that helps member States to match inward and outward investment, and (b) develop templates for indicators that help member States to evaluate the contribution of FDI to sustainable development.

Recommendation 5

Recognizing the importance of micro-, small and medium-sized enterprises in recovering from the COVID-19 pandemic and contributing to employment and economic growth, the Committee recommends that the secretariat continue its work in support of these enterprises and their integration into value chains. The Committee also underscores the need to pay special attention to those micro-, small and medium-sized enterprises managed and/or owned by women.

Recommendation 6

The Committee, recognizing the role of the business sector in implementing the 2030 Agenda, recommends that the modalities used by the secretariat to engage business for that purpose, namely the ESCAP Sustainable Business Network and the Asia-Pacific Business Forum, be maintained and further developed, and further recommends that the secretariat enhance its efforts to promote the adoption and implementation of innovative business approaches that contribute to sustainability, including internationally recognized principles and standards of responsible business conduct such as those contained in the United Nations Global Compact.

Recommendation 7

The Committee, recognizing the growing importance of e-commerce and digital trade, recommends that member States enhance collaboration, when appropriate, on reducing trade barriers to goods and services underpinning digital trade in order to ensure seamless and secure electronic exchange of trade data and documents across borders, and on harmonizing rules and regulations affecting e-commerce and digital trade. It further recommends that existing standards, international frameworks and initiatives, including the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, be leveraged to the extent possible.
**Recommendation 8**

Recognizing the prospects of and challenges posed by the fourth industrial revolution, the Committee recommends that the secretariat initiate a study regarding the impacts of the fourth industrial revolution on production, employment, business and trade, including on the required policy and technical support for the small and emerging economies to cope with such impacts.

**B. Matters brought to the attention of the Commission**

2. The following decisions adopted by the Committee are brought to the attention of the Commission:

**Decision 1**

The Committee decides to request the secretariat to deepen its analysis of existing conventional, e-commerce and digital trade rules and regulations, in collaboration with other relevant organizations, with a view to promoting harmonization and identifying international best practices.

**Decision 2**

Recognizing that a significant gap still remains in the e-commerce and digital trade capabilities between least developed countries and other economies, the Committee decides to request the secretariat to provide support to smaller economies and least developed countries, including the development of pragmatic policy recommendations, capacity-building, technology transfer and the initiation of a study on the impact of the harmonization of e-commerce and digital trade rules and regulations on the effective participation of those countries in e-commerce and digital trade.

**Decision 3**

The Committee decides to request the secretariat to organize within existing resources regional consultations on trade and investment for the specific purpose of helping least developed countries to cope with and recover from the COVID-19 pandemic in support of their graduation from least developed country status, especially in the context of their engagement in the World Trade Organization.

**Decision 4**

The Committee decides to take note of the findings and recommendations contained in the following documents:

(a) Recent trends and developments in trade and investment in Asia and the Pacific (ESCAP/CTI/2021/1/Rev.1);

(b) Promoting inward and outward foreign direct investment in the post-coronavirus-disease era (ESCAP/CTI/2021/2);

(c) Work of the secretariat and associated results and priorities pertaining to trade and investment under the subprogramme on trade, investment and innovation (ESCAP/CTI/2021/3);

(d) Outcome of the Asia-Pacific Business Forum 2019 (ESCAP/CTI/2021/INF/1);

(e) Outcome of the Asia-Pacific Business Forum 2020 (ESCAP/CTI/2021/INF/2).
II. Organization

A. Opening, duration and organization of the session

3. The Committee held its seventh session in Bangkok from 27 to 29 January 2021 online owing to the COVID-19 pandemic. The Executive Secretary of ESCAP delivered an opening statement. Mr. Vangelis Vitalis, Deputy Trade and Economic Secretary, Ministry of Foreign Affairs and Trade, New Zealand, and Chair, 2021 Asia-Pacific Economic Cooperation Senior Officials’ Meeting, delivered a keynote address.

4. The deliberations during the session will be summarized in the Chair’s summary, which will be available within a week following the conclusion of the session and annexed to the present report.

B. Attendance

5. The Committee session was attended by representatives of the following members and associate members: Afghanistan; Armenia; Australia; Azerbaijan; Bangladesh; Bhutan; Brunei Darussalam; Cambodia; China; Cook Islands; Democratic People’s Republic of Korea; Fiji; Georgia; Hong Kong, China; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Macao, China; Malaysia; Maldives; Marshall Islands; Mongolia; Myanmar; Nauru; Nepal; New Zealand; Pakistan; Papua New Guinea; Philippines; Republic of Korea; Russian Federation; Singapore; Sri Lanka; Tajikistan; Thailand; Timor-Leste; Turkey; Turkmenistan; Tuvalu; United Kingdom of Great Britain and Northern Ireland; Uzbekistan; Vanuatu; and Viet Nam.

6. A representative of San Marino attended as a Permanent Observer to ESCAP.


9. Representatives of the following intergovernmental organizations attended: Central Asia Regional Economic Cooperation Institute; Eurasian Economic Commission; and South Asian Association for Regional Cooperation.

10. A representative of Consumer Unity and Trust Society attended.

C. Election of officers

11. The Committee elected the following officers:

   Chair: Mr. Vangelis Vitalis (New Zealand)

   Vice-Chairs: Mr. Tumur Amarsanaa (Mongolia)
               Mr. Rachmat Budiman (Indonesia)
D. Agenda

12. The Committee adopted the following agenda:

1. Opening of the session:
   (a) Opening statements;
   (b) Election of officers;
   (c) Adoption of the agenda.

2. Recent trends and developments in trade and investment in Asia and the Pacific, including the impact of rising protectionism and the coronavirus disease pandemic.


4. Work of the secretariat and associated results and future focus pertaining to trade and investment under the subprogramme on trade, investment and innovation:
   (a) Work of the secretariat and associated results and priorities pertaining to trade and investment under the subprogramme;
   (b) Consideration of the future focus of the subprogramme, including its contribution in areas that should be mainstreamed into the work of all the committees in accordance with the conference structure of the Commission.

5. Other matters.

6. Adoption of the report of the Committee on its seventh session.

E. Back-to-back events

13. The following events were organized in conjunction with the seventh session of the Committee either as preliminary events or as side events to the seventh Asia-Pacific Trade and Investment Week:

   (a) 25 January 2021: Demonstration of Online Readiness Assessment Guide for Cross-border Paperless Trade;
   (b) 25 and 26 January 2021: 6th meeting of the Interim Intergovernmental Steering Group on Cross-border Paperless Trade Facilitation;
   (c) 26 January 2021: Webinar on enhancing national trade repositories;
   (d) 27 January 2021: Demonstration of Regional Integration and Value Chain Analyser;
   (e) 27 January 2021: Webinar on Asia-Pacific least developed countries – graduation, trade and pandemic;
   (f) 28 January 2021: Demonstration of Trade Intelligence and Negotiation Adviser;
   (g) 29 January 2021: Asia-Pacific Research and Training Network on Trade (ARTNeT) lecture series – trade and trade policy during the pandemic.
## Annex I

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Annex II

Chair’s summary of proceedings of the seventh session of the Committee on Trade and Investment

I. Introduction

1. Due to the coronavirus disease (COVID-19) pandemic, the seventh session of the Committee on Trade and Investment was held as a three-day online meeting, three hours per day, from 27 to 29 January 2021. The Chair’s summary does not elaborate on the details of any country statement, but rather succinctly summarizes the points of convergence of views of Committee members on the topics under agenda items 2–5. The country statements received, as delivered during the session, are available on the website of the Committee (www.unescap.org/events/committee-trade-and-investment-seventh-session).

II. Summary of discussions

A. Recent trends and developments in trade and investment in Asia and the Pacific, including the impact of rising protectionism and the coronavirus disease pandemic (Agenda item 2)

2. The Committee had before it the note by the secretariat on recent trends and developments in trade and investment in Asia and the Pacific (ESCAP/CTI/2021/1/Rev.1).

3. Representatives of the following members and associate members of the Economic and Social Commission for Asia and the Pacific (ESCAP) made statements or submitted written statements: Australia; Bangladesh; Cambodia; China; Georgia; India; Indonesia; Japan; Mongolia; Pakistan; Sri Lanka; Timor-Leste; Russian Federation; and Turkey.

4. The Committee was informed of the negative impact of the COVID-19 pandemic on the economy in various countries, in particular in service sectors such as tourism and travel, on which many countries depended, and the measures the Governments in those countries had taken to mitigate that impact, including providing support to micro-, small and medium-sized enterprises and promoting the digitalization of the economy, including trade. The impact had been particularly severe in least developed countries and small island developing States; although some had managed the pandemic relatively well, they still suffered from its economic impacts.

5. The Committee noted with satisfaction that the decline in trade and foreign direct investment (FDI) in the Asia-Pacific region, by the end of 2020, was projected to be less sharp compared to other regions and that many businesses and value chains had proved to be quite resilient. At the same time, it expressed its concern about the uneven level of recovery of the economies of the region and growing protectionism.

6. Recognizing that trade and investment were crucial for swift post-pandemic economic recovery, the Committee reaffirmed its commitment to multilateralism, including the multilateral trading system, maintaining global and regional value chains and enhancing regional cooperation in trade and investment with a view to working together to achieve shared objectives, including the Sustainable Development Goals, by sharing best practices and
experiences on making trade and investment work in the time of pandemic and on how to recover from it.

7. In that regard, the Committee recommended that the secretariat continue its activities in trade, investment and enterprise development with a view to achieving the targets of the 2030 Agenda for Sustainable Development, including by enhancing and making more effective the regional cooperation mechanisms established by the member States, such as the Asia-Pacific Trade Agreement and other regional trade and economic partnership agreements, taking into account in particular the vulnerabilities of countries with special needs.

8. In addition, the Committee stated its belief that all emergency trade and investment policies imposed in connection with the pandemic should be proportionate, transparent, temporary and not contrary to World Trade Organization (WTO) norms and that the fight against COVID-19 should not be used as an excuse to introduce new trade barriers. In that context, one representative noted that the pandemic crisis underscored the importance of facilitating the free movement of professionals under mode 4 of the General Agreement on Trade in Services.

9. The Committee noted with appreciation that various countries had maintained open borders to trade, in particular exports from least developed countries. Recognizing that ensuring universal access to medical products, including vaccines, was of particular importance, the Committee noted the efforts of the Governments of China, India and the Russian Federation in that regard.

10. The Committee agreed on the importance of WTO as well as of the rule-based multilateral trading system to global and regional trade but that reform of WTO and the multilateral trading system was necessary to ensure that it was fit for purpose and that all WTO members benefit and have equitable access to resources. In particular, the Committee recognized the important role of trade facilitation and the implementation of the WTO Agreement on Trade Facilitation in that regard. The Committee also called for the acceleration of WTO reform of trade-related aspects of e-commerce and the development of digital trade rules.

11. The Committee recommended the inclusion of provisions, in future regional trade and cooperation agreements, that limit disruption to trade, investment and associated global value chains in times of pandemics and other crises. It further recommended the inclusion of provisions in those agreements in support of sustainable development.

12. The Committee recognized the important role of regional integration associations in promoting regional cooperation and preventing protectionism and nationalism. In that context, it was informed of the various initiatives to strengthen the Association of Southeast Asian Nations (ASEAN), including the implementation of the 12 recommendations under the Midterm Review of the ASEAN Economic Community Blueprint 2025, especially in the areas of the fourth industrial revolution and digital transformation, green energy transition and human capacity development, among others. Another successful example was the cooperation programme of the Eurasian Economic Union and ASEAN which was extended until 2025, which was designed to improve the business climate in their member countries and create mechanisms for direct dialogue between the business associations of the Eurasian Economic Union and ASEAN. The Committee also recognized the importance of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the signing of the
Regional Comprehensive Economic Partnership. In that context, one representative called for the swift ratification of the Regional Comprehensive Economic Partnership by its members.

13. The Committee was informed that Mongolia had joined the Asia-Pacific Trade Agreement in September 2020 to deepen its integration into the Asia-Pacific region with plans to start implementation on 1 January 2021. The representative of Mongolia further informed the Committee that his country’s accession to the Agreement would help to further deepen regional economic integration and help to connect Mongolia to global and regional supply chains, expand to foreign markets and attract investment.

14. The Committee expressed its support and appreciation for the secretariat’s online tool Trade Intelligence and Negotiation Adviser (TINA) which is aimed at assisting ESCAP member States in the negotiation of trade agreements, with the ultimate objective of enhancing trade in support of the 2030 Agenda, and recommended that that work be continued.

15. The Committee recognized that digitalization, accelerated by the pandemic, could create new economic opportunities, including in trade and investment and, in that regard, noted the need to intensify efforts to reduce the digital divide in and between the developing countries of the Asia-Pacific region by increasing investment in digital infrastructure and the digital skills of people and companies, especially those who lived and did business in remote and rural areas. However, at the same time, the Committee emphasized the importance of respecting the principles of technological neutrality and digital sovereignty as well as of the need to protect personal data in the development of international rules in that area.

16. Recognizing that a significant gap still remained in the digital trade sector between least developed countries and other economies, the Committee requested the secretariat to provide support to smaller economies and least developed countries, including the development of pragmatic policy recommendations, capacity-building, technology transfer and the initiation of a study on the impact of the harmonization of e-commerce and digital trade rules and regulations on the effective participation of those countries in e-commerce and digital trade.

17. The Committee recommended that member States enhance collaboration, when appropriate, on reducing trade barriers to the goods and services underpinning digital trade in order to ensure seamless and secure electronic exchange of trade data and documents across borders and on harmonizing rules and regulations affecting e-commerce and digital trade.

18. In that regard, the Committee requested the secretariat to deepen its analysis of existing conventional, e-commerce and digital trade rules and regulations, in collaboration with other relevant organizations, with a view to promoting harmonization and identifying international best practices. It further recommended that existing standards, international frameworks and initiatives, including the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, be leveraged to the extent possible.

19. In that context, the representative of Mongolia informed the Committee that in connection with his country’s accession to the Framework Agreement, it was currently working on completing internal procedures and getting it approved by his Government and the parliament. He urged ESCAP members to accede to the Agreement, as it was essential in promoting cross-border paperless trade and
facilitating trade through the mutual recognition and exchange of electronic trade-related data and documents.

20. The Committee requested the secretariat to organize within existing resources regional consultations on trade and investment for the specific purpose of helping least developed countries to cope with and recover from the COVID-19 pandemic in support of their graduation from least developed country status, especially in the context of their engagement in WTO.

B. Promoting inward and outward foreign direct investment in the post-coronavirus-disease era
(Agenda item 3)

21. The Committee had before it the note by the secretariat on promoting inward and outward foreign direct investment in the post-coronavirus-disease era (ESCAP/CTI/2021/2).

22. Representatives of the following members and associate members made statements or submitted written statements: Bangladesh; Cambodia; China; India; Nepal; Pakistan; Russian Federation; Tajikistan; Timor-Leste; and Turkey.

23. The Committee recognized the importance of both inward and outward FDI for sustainable development and that increased investment in the Sustainable Development Goal sectors was key to the sustainable, comprehensive and inclusive recovery of the global economy after the crisis. In that context, the Committee noted with concern the stagnation of the world economy, low level of investment activity, high level of uncertainty and volatility of financial markets which affected the budgetary capabilities of the countries of the region to finance the achievement of the Goals.

24. In that context, the Committee supported the secretariat’s initiatives to (a) study the possibility of creating an online platform within existing resources that helped member States to match inward and outward investment, and (b) develop templates for indicators that helped member States to evaluate the contribution of FDI to sustainable development.

25. The Committee noted the need to ensure the coherence of the functioning of international monetary and financial and trade systems, increase their transparency and build confidence in them; support sustainable and quality infrastructure investments to create new, high-skilled jobs; and create a transparent, stable and predictable investment environment. In particular, funding of projects on health, education, sanitation, and microcredit and other financial services, as well as digital technologies, should be a priority, while micro-, small and medium-sized enterprises should be one of the main recipients of such funding.

26. The Committee was informed of the efforts and policies of various Governments to improve the business and investment climate in their respective countries and attract FDI, in particular for the purpose of achieving sustainable development, including by implementing general FDI liberalization initiatives, streamlining procedures, adopting digital technologies, granting incentives, establishing single window systems for investment approval, concluding rebalanced international investment agreements, developing free and special economic zones, promoting industrial cluster development and industrial information systems, developing customized strategies focusing on priority sectors, and accelerating investment facilitation. Some countries afforded equal treatment to both domestic and foreign investors. However, some countries had
also adopted more restrictive policies, including screening procedures. The Committee stated its belief that those policies should be in line with countries’ international obligations, including those under WTO. In that context, the Committee called on countries to promote a transparent global and regional investment regime.

27. The Committee recognized that the private sector played an important role in job and income creation and poverty reduction through trade and investment and benefited from multilateralism and that therefore engaging the private sector in developing national development strategies, investment policies and related legal and regulatory framework was important.

28. In that context, the Committee was informed of the measures and policies various countries had implemented to help micro-, small and medium-sized enterprises, which played an important role in global and regional value chains through the establishment of backward and forward linkages with foreign investors, including by providing financial support, developing databases of domestic suppliers, providing vocational training and simplifying regulations.

29. The representative of Bangladesh, recognizing the importance of developing indicators to measure the contribution of FDI to sustainable development, requested technical assistance from the secretariat to develop country-specific indicators.

C. Work of the secretariat and associated results and future focus pertaining to trade and investment under the subprogramme on trade, investment and innovation:

(a) Work of the secretariat and associated results and priorities pertaining to trade and investment under the subprogramme;

(b) Consideration of the future focus of the subprogramme, including its contribution in areas that should be mainstreamed into the work of all the committees in accordance with the conference structure of the Commission (Agenda item 4)

30. The Committee had before it the note by the secretariat on the work of the secretariat and associated results and priorities pertaining to trade and investment under the subprogramme on trade, investment and innovation (ESCAP/CTI/2021/3) as well as information documents on the outcome of the Asia-Pacific Business Forum 2019 (ESCAP/CTI/2021/INF/1) and the outcome of the Asia-Pacific Business Forum 2020 (ESCAP/CTI/2021/INF/2).

31. Representatives of the following members and associate members made statements: Bangladesh; China; and Indonesia.

32. The Committee expressed appreciation for the work of the secretariat in the area of trade, investment and enterprise development, including its research work, technical assistance and development of regional cooperation platforms, and recommended that such work be continued.

33. The representative of Bangladesh requested follow-up support from the secretariat in operationalizing the provisions of the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.

34. The Committee noted the importance of the private sector, in particular micro-, small and medium-sized enterprises, and the integration of such enterprises into global and regional value chains. In that regard, it was informed of the measures of the Government of Indonesia to establish public-private
partnerships in various areas involving digital unicorn companies in the region to better integrate those enterprises into a broader network of cross-border supply chains.

35. The Committee noted the importance of intraregional greenfield FDI, which was an indicator of future supply chains in Asia and the Pacific. The representative of Indonesia highlighted that, in order to recover from the crisis and build back better, structural shifts in regional supply chains could encourage decarbonization of trade and investment flows.

36. The Committee also underscored the need to pay special attention to those micro-, small and medium-sized enterprises managed and/or owned by women.

37. The Committee requested the secretariat to organize regional consultations on trade and investment with the specific purpose of helping least developed countries to cope with and recover from the COVID-19 pandemic in support of their graduation from least developed country status.

38. Recognizing the prospects and challenges of the fourth industrial revolution, the Committee recommended that the secretariat initiate a study regarding its impacts on production, employment, business and trade, including the required policy and technical support for the small and emerging economies to cope with such impacts.

39. The Committee, recognizing the role of the business sector in implementing the 2030 Agenda, recommended that the modalities used by the secretariat to engage businesses for that purpose, namely the ESCAP Sustainable Business Network and the Asia-Pacific Business Forum, be maintained and further developed, and further recommended that the secretariat enhance its efforts to promote the adoption and implementation of innovative business approaches that contributed to sustainability, including internationally recognized principles and standards of responsible business conduct such as those contained in the United Nations Global Compact.

D. Other matters
(Agenda item 5)

40. No other matters were discussed.