

Trade Policy Strategic Action Plan for the Central Asia Regional Economic Cooperation Program

Trade Expansion Through Regional Cooperation

Overview

1. The Comprehensive Action Plan (CAP) of October 2006 identifies the central goal of the Central Asian Regional Cooperation Program (CAREC) as “development through cooperation,” with the objectives of increased economic growth and poverty reduction, expanded and diversified trade, and strengthened capacity for regional cooperation and integration. These objectives are to be achieved, inter alia, by promoting regional and global trade.
2. In this context, the Trade Policy Strategic Action Plan (TPSAP) has two broad objectives. The first one is to achieve a more open economy, identified in CAP as a necessary step towards effective development and poverty reduction. Under this objective, there will be two main areas of action: (i) supporting efforts to achieve WTO membership; and (ii) simplifying and liberalizing the trade regime, including by equalizing differential domestic taxation, cutting tariffs and the number of tariff bands, abolishing quantitative restrictions, and reducing barriers to transit and border trade. The second objective is capacity-building and knowledge transfer related to trade and trade policy.
3. To achieve these goals, CAREC countries consider it essential to have a framework that is results-oriented and establishes benchmarks for monitoring. For this purpose, concrete policy actions and performance indicators have been formulated. Policy actions and the time frame for their implementation are presented in the TPSAP for endorsement by the 7th Ministerial Conference.
4. It should be emphasized at the outset that the TPSAP is a living document. The policy actions contained in the document as well as the envisaged timeframes for their implementation may need to be revised in the future to reflect developments in CAREC countries and the global economy.

Strategy

5. To ensure that results follow and the objectives of TPSAP are achieved, governments intend to base the concrete actions of the TPSAP on the CAREC Ministers' "now well-established principles of pragmatism and results," buttressed by efforts to "strengthen principles of country ownership and partnership with business and regional organizations." The combination of "*pragmatism and results... with ownership,*" ensures that legitimate practical concerns are considered, but unjustified protectionist lobbying is resisted.

6. Under this tactical approach, ownership means each participant government will strive to achieve significant measurable results within a reasonable time frame. Delays or inability to implement due to legitimate administrative difficulties will occur. But nonimplementation due to pressure of vested interests lobbying for continued protection will be avoided. Furthermore, this approach by not requiring all CAREC countries to move forward at a uniform speed accommodates the different circumstances and strategies in member countries and prevents the speed of reforms from being dictated by slow reforming countries.

Policy Actions to Achieve the Goals

7. The trade policy strategy actions have been drawn up to reflect both the TPCC's background studies and relevant associated literature, as well as the deliberations of the TPCC over the course of the CAREC program. They also follow the endorsements of Ministers concerning key goals, priorities and principles. Thus, the emphasis on WTO accession activities as a medium-term aim is supplemented by emphasis on immediate efforts to deal with impediments to regional and international trade. Actions to be taken focus on those changes that are simple and can achieve large short-term benefits, including early build-up of mutual trust, confidence, and credibility within the population.

8. Policy actions to achieve the TPSAP objectives cover broadly six areas: supporting WTO accession; eliminating or converting quantitative restrictions to tariff equivalents; trade tax reductions and simplifications; capacity building and knowledge transfer; reducing impediments to transit trade; and reducing impediments to border trade.

9. The actions under the TPSAP will be monitored relative to clear benchmarks and timeframe for specific performance indicators. These are set out in Annex 1 tables for actions on WTO accession support, quantitative restrictions, tariffs, trade taxes, and capacity building and training. Benchmarks and timeframes for actions related to transit and cross-border trade, agreed in coordination with the Customs Cooperation Committee (CCC), are set out in Annex 2 tables. Neither the policy actions or the indicated timeframes are legally binding obligations. They are objectives that the authorities and the multilateral institutions will strive to achieve.

Implementation

10. After endorsement by Ministers, including any modifications indicated, the TPSAP actions will begin to be implemented by participant countries and multilateral institutions starting in 2009, with subsequent meetings of the TPCC providing a forum for elaboration and interpretation of procedural aspects, as well as for monitoring the progress in the implementation of the TPSAP. In the course of implementation and monitoring of the strategy and the related actions over the coming years, the TPCC will also devote close attention to coordination with the CCC.

11. Effective and timely implementation of the TPSAP will necessitate the commitment of all participant countries and the multilateral institutions. It is clear in the proposed actions that this is a mutual and multisided strategy needing not only time but also devoted resources from all parties.