

***Regional Cooperation and Global Economic
Integration - CAREC
Bali, Indonesia, 5 December 2013***



Central Asia, CAREC and the WTO

Chiedu Osakwe

Copyright ©



WTO-CAREC Relationship – “The CAREC 10”

- ▶ Message: CAREC is important for the WTO – The Relationship:
- ▶ 1 Original Member: Pakistan
- ▶ 4 Article XII Members:
 - China
 - Kyrgyz Republic
 - Mongolia
 - Tajikistan
- ▶ 4 on-going Article XII Negotiations:
 - Afghanistan – **2014 Priority**
 - Azerbaijan
 - Kazakhstan – **2014 Priority**
 - Uzbekistan
- ▶ 1 Potential Candidate:
 - Turkmenistan



Overview of WTO Accessions

31 Governments have acceded since 1995 via Article XII Negotiations, of which 4 CAREC countries (13%)

- **Albania**
- **Armenia (Caucasus)**
- **Bulgaria**
- **Cambodia***
- **Cape Verde**
- **China**
- **Chinese Taipei**
- **Croatia**
- **Ecuador**
- **Estonia**
- **Georgia (Caucasus)**
- **Jordan**
- **Kyrgyz Republic**
- **Lao PDR**
- **Latvia**
- **Lithuania,**
- **Macedonia, Former Yugoslav Republic of**
- **Mongolia**
- **Montenegro**
- **Moldova**
- **Nepal**
- **Oman**
- **Panama**
- **Russian Federation (Caucasus)**
- **Samoa**
- **Saudi Arabia, Kingdom of**
- **Tajikistan**
- **Tonga**
- **Ukraine**
- **Vanuatu**
- **Viet Nam**



Overview of WTO Accessions: What remains?

24 Accession Working Parties in process

- **Afghanistan***
- Algeria
- Andorra
- **Azerbaijan**
- The Bahamas
- Belarus
- Bhutan*
- Bosnia and Herzegovina
- Comoros*
- Equatorial Guinea*
- Ethiopia*
- Iran
- Iraq
- **Kazakhstan**
- Lebanese Republic
- Liberia*
- Libya
- Sao Tomé & Príncipe*
- Serbia
- Seychelles
- Sudan*
- Syrian Arab Republic
- **Uzbekistan**
- Yemen*

* 9 LDCs



Range of Specific Accession Commitments undertaken by **CAREC WTO Members** under Art.XII

Article XII Members	Year of Membership to the WTO	Working Party Report/ Accession protocol	Market Access commitments on Goods				Market Access commitments on Services: Number of services subsectors
			Binding coverage	Average Final Bound Rate (%)			
		Total number of Commitment Paragraphs		All products	Ag products	Non-Ag products	
Tajikistan	2013	40	100	8.0	10.4	7.6	111
China	2001	144	100	10.0	15.7	9.2	93
Kyrgyz Rep.	1998	29	100	7.5	12.8	6.7	136
Mongolia	1997	19	100	17.5	18.9	17.3	37
Afghanistan, Azerbaijan, Kazakhstan, and Uzbekistan...	?	?	[Most Probably 100]	?	?	?	?



Importance of **CAREC Region** for the Multilateral Trading System

- Fast growing market in the World

Country Name	GDP Growth	
	2011	2012
Afghanistan	7.0	-
Azerbaijan	1.0	4.5
Pakistan	3.0	4.2
China	9.3	7.8
Kyrgyz Republic	6.0	-0.9
Mongolia	17.5	12.3
Tajikistan	7.4	8.0
Kazakhstan	7.5	5.1
Uzbekistan	8.3	8.2
Turkmenistan	14.7	11.1
World	2.8	2.2

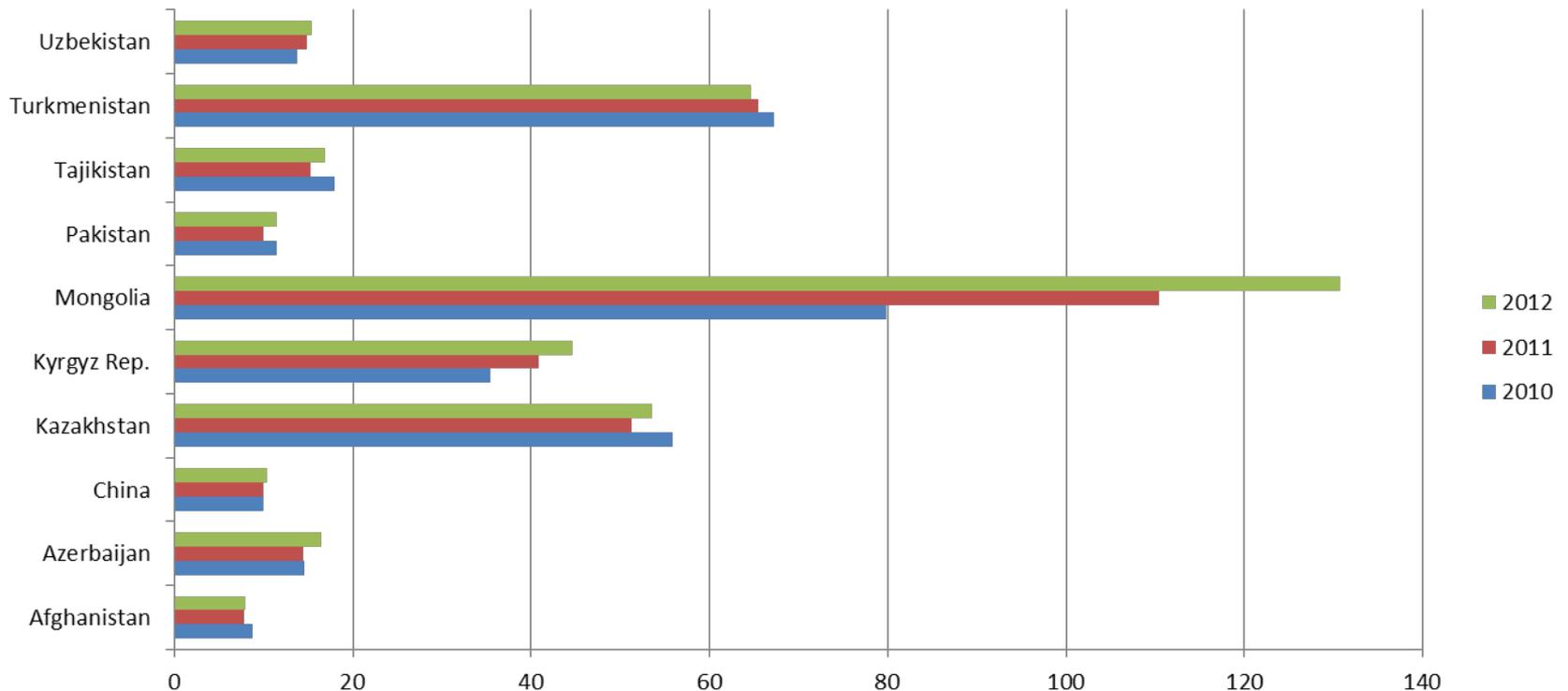
Source: World Bank, World Development Indicators Database



Importance of CAREC Region for the Multilateral Trading System

➤ Potential investment destination

FDI (stocks) to the CAREC: as a percentage of GDP



Source: UNCTAD, World Investment Report 2013



Importance of the WTO for CAREC Region

- **Rule of Law – The WTO as a Legal Framework**
- **Market Economy – Assisting Market Transition**
- **Domestic Reforms – An Instrument for Domestic Reform**
- **International Cooperation – Trade fosters Cooperation**



Importance of the WTO for CAREC Region - Rule of Law

- Influencing the Formulation of New Trade Rules
- Policy Predictability
- “Insurance Policy” against Protectionism
- Implementation of “Balance of Rights and Obligations”
- Ensuring an equal level playing field



Importance of the WTO for CAREC Region – Market Economy and Domestic Reform

- An Instrument for Domestic Policy, Legal and Institutional Reform:
 - Integration to the Global Economy
 - Openness to Trade
 - Diversification / Competitiveness / Modernization
 - Faster Growth
 - Acceding the multilateral trading system as a **transition strategy**
 - Particularly, reforms to establish **market-oriented economies**

- Contribution to Welfare Enhancement:
 - National Welfare Gains
 - Consumer Welfare Gains (Greater Choice / Lower Cost)



Importance of the WTO for CAREC Region – Market Economy and Domestic Reform

- Empirical evidence from completed WTO Accessions indicate that the trade / economic performance of these countries, or Separate Customs Territories have shown:
 - Enhanced capacity for domestic economic coordination & efficiency;
 - Faster trade and GDP growth;
 - Greater attractiveness to FDI;
 - Resilience in crises.

- In addition, from the WTO Accession Process, there have been systemic gains :
 - Efficient management from transition to market economy;
 - Improved governance, the rule of law;
 - Legitimacy of governments and stability of policies;

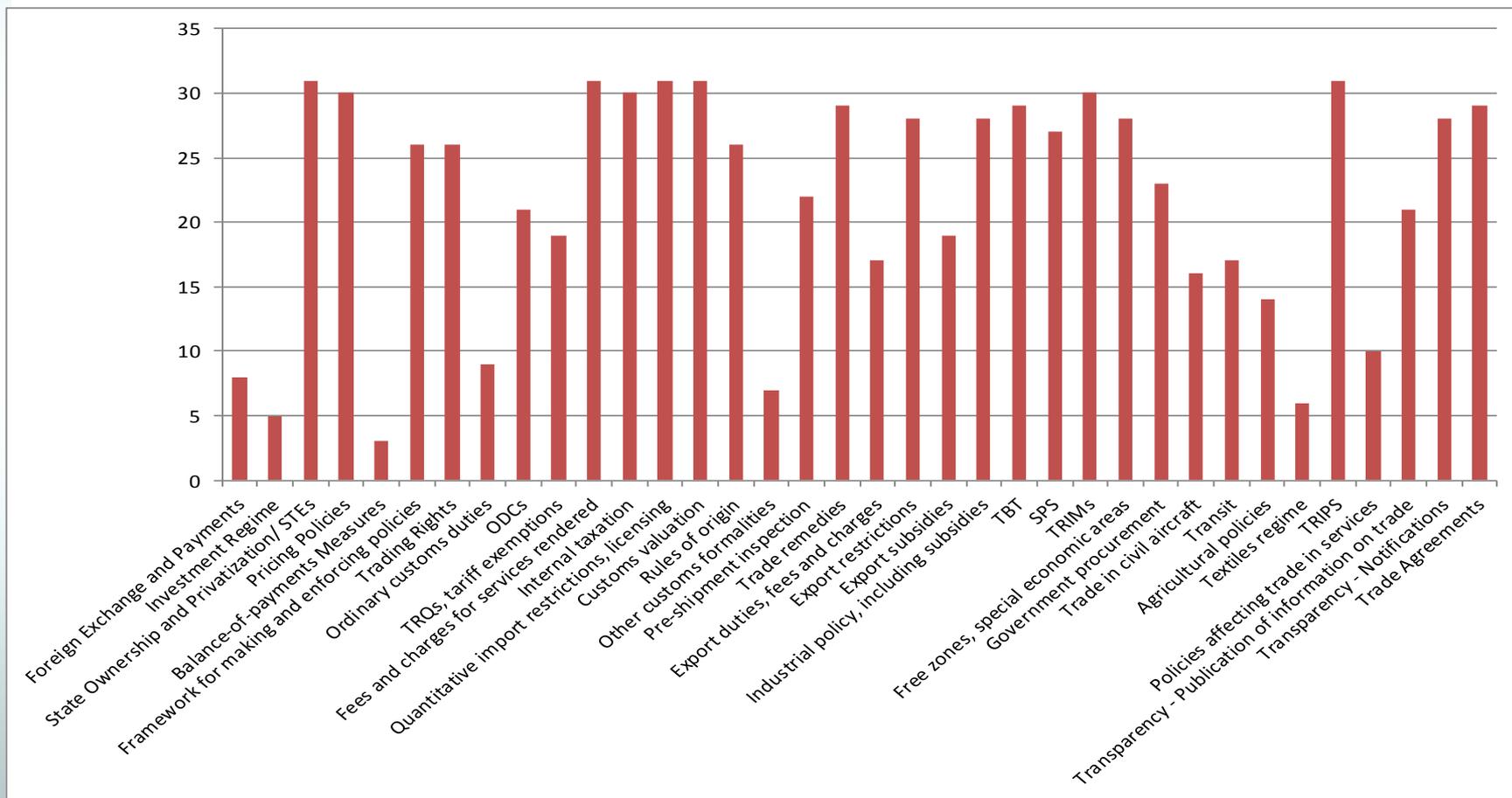


Importance of the WTO for CAREC Region – International Cooperation

- Achieving further international cooperation and regional integration
 - Joining THE Club - WTO
 - Credibility of Governments / Opportunity for Economic and Trade Leadership
 - Branding Policy: “Made in the WTO”
 - WTO Friends group, alliance group – possibility for CAREC countries for their WTO-related regional activities



Average number of commitments of Article XII Members by section/chapter of the Working Party Report





STATE-OF-PLAY FOR 4 CAREC COUNTRIES' WTO ACCESSION NEGOTIATIONS



Afghanistan (2014 Deliverable)

- ▶ Year of Application: 2004
- ▶ WP establishment: 2004
- ▶ MFTR circulated in 2009
- ▶ Current WP Chairperson: H.E. Mr. Roderick van Schreven (Netherlands)
- ▶ 4th WP meeting took place in July 2013
- ▶ Afghanistan remains committed to complete its accession this year, at MC9
- ▶ All bilateral market accession negotiations on goods and services have been concluded and deposited with the Secretariat. The remaining bilateral negotiations (US) is poised for conclusion early next year.
- ▶ **Priority for 2014 Conclusion.**



Azerbaijan (Mid-stage)

- ▶ Year of Application: 1997
- ▶ WP establishment: 1997
- ▶ MFTR circulated in 1999
- ▶ Current WP Chairperson: H.E. Mr. W. Lewalter (Germany)
- ▶ Factual Summary upgraded to Draft Working Party Report
- ▶ Bilateral negotiations ongoing on the basis of revised offers on goods and services. Four bilateral agreements have been deposited with the WTO Secretariat (Oman, United Arab Emirates, Turkey and **Kyrgyz Republic**). The remaining bilateral negotiations (Brazil, Canada, **China**, EU, Japan, Korea, Norway, the US) are ongoing.
- ▶ New set of inputs being circulated to Members
- ▶ Next cycle of meetings envisaged for the last week of February 2014



Kazakhstan (2014 Priority)

- ▶ Year of Application: 1996
- ▶ WP establishment: 1996
- ▶ MFTR circulated in 1996
- ▶ Current WP Chairperson: H.E. Mr. Vesa Himanen (Finland)
- ▶ Multilateral: updated Draft Working Party Report.
- ▶ Outstanding issues relating to Draft Working Party Report
 - i) SPS; ii) AMS - level of total bound; iii) TRIMS; iv) SOEs/STEs - notification, local content requirements; v) TBT; and vi) Trading Rights / Treatment of Natural Persons.



Kazakhstan (2014 Priority)

- ▶ Market Access Negotiations
 - **Goods** Schedule: consolidated draft, circulated Nov/Dec 2012: basis for tariff adjustment + specific gap areas (Goods Schedule Head Notes; TRQs - volumes and administration; Export Duties), tariff adjustment on the way
 - **Services** Schedule: 14 bilaterals signed; Draft Services Schedule - Secretariat Consolidated, but not circulated
 - See Table



Kazakhstan – 30 (3 with other CAREC countries) Bilateral Market Access Negotiations on Goods and Services

Member State	Signature Date	Goods	Services
1. Argentina	02/03/2012	Y	
2. Australia	11/12/2008	Y	Y
3. Brazil	24/04/2007	Y	Y
4. Bulgaria	06/10/2006	Y	
5. Canada	13/02/2008	Y	Y
6. China	31/08/2005	Y	Y
7. Chinese Taipei	13/06/2013		Y
8. Cuba	13/12/2005	Y	
9. Dominican Republic	04/10/2006	Y	
10. Ecuador	28/10/2010	Y	
11. Egypt	08/11/2006	Y	Y
12. El Salvador	24/11/2010	Y	
13. European Union	24/01/2011	Y	Y
14. Georgia	01/11/2004	Y	
15. Guatemala	14/12/2011	Y	
16. Honduras	28/06/2006	Y	
17. India	24/01/2009	Y	Y
18. Israel	27/02/2007	Y	
19. Japan	23/11/2005	Y	Y
20. Korea, Republic of	14/10/2005	Y	Y
21. Kyrgyz Republic	01/12/2003	Y	
22. Malaysia	21/12/2007	Y	
23. Mexico	15/12/2005	Y	
24. Norway	25/04/2006	Y	Y
25. Oman	20/10/2005	Y	
26. Pakistan	05/06/2005	Y	
27. Saudi Arabia, Kingdom of	07/04/2012	Y	Y
28. Switzerland	02/11/2006	Y	Y
29. Turkey	15/08/2005	Y	
30. United States	22/11/2010	Y	Y



Uzbekistan (Inactive)

- ▶ Year of Application: 1994 (the earliest among the four CAREC on-going WTO accession negotiations)
- ▶ WP establishment: 1994
- ▶ MFTR circulated in 1998
- ▶ Current WP Chairperson: H.E. Mr. Suk-young Choi (Korea)
- ▶ WP has held 3 meetings. The last meeting took place in 2005.
- ▶ Since 2005, virtually no substantive inputs from Tashkent.
- ▶ Thus, before the next Working Party meeting can be convened, Uzbekistan is required to provide **updated** inputs on its Foreign Trade Regime; Agricultural Supporting Tables; and, updated Legislative Developments, including improved market access offers



5 CAREC WTO MEMBERS' WTO PERFORMANCE



WTO Activity by CAREC WTO Members – Trade Policies Review Mechanism

- Surveillance of national trade policies is a fundamentally important activity running throughout the work of the WTO.
- At the centre of this work is the Trade Policy Review Mechanism (TPRM). All WTO members are reviewed, the frequency of each country's review varying according to its share of world trade.



WTO Activity by CAREC WTO Members – Trade Policies Review Mechanism

	CAREC Member	WTO Member since:	No. of TPRs	Most recent TPR
1.	Pakistan	1 January 1995	3 (1995, 2002, 2008)	16, 18 January 2008
2.	Mongolia	29 January 1997	1 (2005)	15, 17 March 2005
3.	Kyrgyz Republic	20 December 1998	1 (2006)	9, 11 October 2006 Next TPR scheduled for 19, 21 November 2013
4.	China	11 December 2001	4 (2006, 2008, 2010, 2012)	12, 14 June 2012
5.	Tajikistan	2 March 2013	-	-



WTO Activity by CAREEC Members – Dispute Settlement Mechanism

- **Pakistan**, an original WTO Member, has been involved in 3 cases as complainant; 2 cases as respondent; and 9 cases as third party.
- **China**, since joined in 2001, has been involved in 11 cases as complainant; 31 cases as respondent; and 102 cases as third party.
- **Mongolia, Kyrgyz Rep., and Tajikistan** have not fully utilized the DSM thus far.



**Thank you,
Q and A!**