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COMPETITIVENESS, TRADE, AND JOBS ACTIVITY IN CENTRAL ASIA (CTJ)

WTO ACCESSION PROCESS

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CONTENT OF THE PRESENTATION

- Overview of the WTO accession process
- Recommendations for the acceding country
- Experiences of other countries
- USAID/CTJ support for Uzbekistan's accession process



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THE PROCESS

- Accession process under GATT Article XII
- Prescribed in detail by relevant WTO documents and can't be altered or “adjusted”
- WTO is a member driven organization - the acceding country does not negotiate with the organization itself, but rather with interested members (Working Party)
- WTO members decide by consensus – there will be no membership until WP members are satisfied with the result of negotiations



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- Accession process starts with the application submitted by candidate country – Notification to the WTO Director General in accordance with GATT Article XII
- The process ends by the decision to invite the candidate country to become WTO member, made by the WTO Ministerial conference or the General Council
- On a technical level the process is overseen by the WTO Secretariat, most notably the Accession Division, which appoints the Secretary of the Working Party
- The acceding country closely coordinates its accession related activities with the WTO Secretariat and the Chairperson of the Working Party



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WORKING PARTY

- The General Council establishes a Working Party (WP) to examine the application
- The mandate of the WP is standard: “to examine the governments’ application and to submit to the General Council or Ministerial Conference recommendations which may include a Draft Protocol of Accession”
- The Chairperson of the WP is normally an ambassador of a WTO Member selected in consultations with the acceding government and members
- Any WTO Member can be a WP member, subject to notification
- WTO Member can join a WP at any stage of the process
- WP meetings take place when enough progress is made in the process



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TWO TRACKS OF NEGOTIATIONS

- **Multilateral**

- Negotiations on compliance of the applicant country's trade regime with WTO rules and disciplines

- **Bilateral**

- Negotiations on tariffs for goods and market access for services

Sometimes, it is possible to negotiate on a **plurilateral** basis too, with some of the WP members on specific issues (SPS, agricultural domestic support, export subsidies)



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MEMORANDUM ON FOREIGN TRADE REGIME (MFTR)

- The first document that the applicant country has to submit
- Provides comprehensive information on the applicable trade regime in the applicant country
- The content of the document includes the information on the following:
 - Economic Policies and Foreign Trade
 - Framework for Making and Enforcing Policies;
 - Policies Affecting Trade in Goods (import regulation, export regulation, internal policies affecting trade in goods, policies affecting trade in agricultural products)
 - Intellectual property rights;
 - Services
 - Trade Agreements with Third Countries
- Updates of MFTR are made as may be necessary



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OTHER ACCESSION DOCUMENTS

- Legislative Action Plan (LAP)
- Information on domestic support and export subsidies in agriculture (WT/ACC/4)
- Information on services (WT/ACC/5)
- Checklist on SPS and TBT (WT/ACC/8)
- Checklist on TRIPS (WT/ACC/9)
- Draft notification on industrial subsidies
- Draft notification on State trading entities
- Translation of relevant legislation



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QUESTIONS AND REPLIES

- Standard format for multilateral negotiations (in addition to WP meetings)
- Members may ask any number of questions based on the documents and information provided by the applicant country
- Orally, during WP meetings and in writing, usually after the WP meeting
- The replies should be precise and direct in order to avoid additional questions
- The accession process is practically completed when there are no more questions and/or requests



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MEETING WTO MEMBERS' REQUIREMENTS

- On the **multilateral level**, the relevant legislation must be fully compliant with WTO Agreement – **VERBATIM**
- WTO members insist on full compliance without any exception
- There is no way to circumvent this requirement
- On the **bilateral level** all negotiations with interested WTO members must be completed and schedules of commitments agreed
- The accession process cannot be completed before each and every multilateral and bilateral issue is resolved



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CONCLUSION OF NEGOTIATIONS & WP REPORT

- **Factual summary** – prepared by the Accession Division when there is enough information provided by the applicant country and WP members agree that majority of the open issues have been resolved
- **Working Party Report** – prepared when all of the issues have been resolved, commitments made and bilateral negotiations completed
- WP Report adopted at the last WP meeting
- **Accession package** (WP report, draft Accession Protocol, Schedules of Commitments) sent to the General Council for adoption (by consensus)
- Invitation to the applicant country to become full fledged member



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INTERNAL PROCEDURES

- Applicant country must notify the WTO about its acceptance of the Accession Package
- Before the acceptance notification, the accession package, including all of the WTO Agreements must be ratified in accordance with applicable internal procedures
- In most cases ratification is performed either by the parliament or by the government
- Applicant country becomes the full fledged member of the WTO 30 days after submission of the notification of acceptance of the Accession Package and the Ratification Act



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RECOMMENDATIONS

- Focus on issues that can be negotiated successfully
- Make the negotiation team small(er), and therefore more efficient
- Use the experience of recently acceded members – follow the good examples and avoid their mistakes
- Don't waist the time and energy on things that are beyond negotiations
- Use technical assistance provided by developed WTO members that is widely available



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EXPERIENCES OF OTHER COUNTRIES

- **Kyrgyzstan** was the first CIS country to join the WTO in December 1998 with the shortest accession period - only two years (1996-1998)
- **Georgia, Moldova, Armenia, and Ukraine** joined the Organization between 2000 and 2008
- Recently **Russia** (2012), **Tajikistan** (2013) and **Kazakhstan** (2015) became full-fledged members
- **Azerbaijan, Belarus and Uzbekistan** are still in the process of negotiations
- **Turkmenistan** is considering application



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Country	Application	Membership
Armenia	November 1993	February 2003
Azerbaijan	July 1997	Ongoing negotiations
Belarus	September 1993	Ongoing negotiations
Georgia	July 1996	2000
Kazakhstan	January 1996	November 2015
Kyrgyzstan	February 1996	December 1998
Moldova	November 1993	2001
Russia	June 1993	August 2012
Tajikistan	May 2001	March 2013
Turkmenistan
Ukraine	November 1993	May 2008
Uzbekistan	December 1994	Ongoing negotiations



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KYRGYZSTAN

- Two years of negotiations
- 150 legislative acts replaced or amended
- Foreign trade turnover significantly increased
- Number of trading partners increased
- WTO Trade Policy Review reports that while Kyrgyz legal provisions are in place the system is often undermined by inadequate resources or gaps in their implementation



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TAJIKISTAN

- 12 years of negotiations
- 9 WP meetings (18 March 2004; 26 April 2005; 6 October 2006; 24 October 2009; 24 November 2010; 5 July 2011; 8 March 2012; 17 July 2012; 9/26 October 2012)
- Answers to 1300 specific questions asked by WTO members
- More than 100 laws and other legal acts have been amended or newly drafted to comply with WTO rules
- Chief Negotiator – Mr. Saidrahmon Nazrizoda, First Deputy Minister of Economic Development and Trade (at the time)



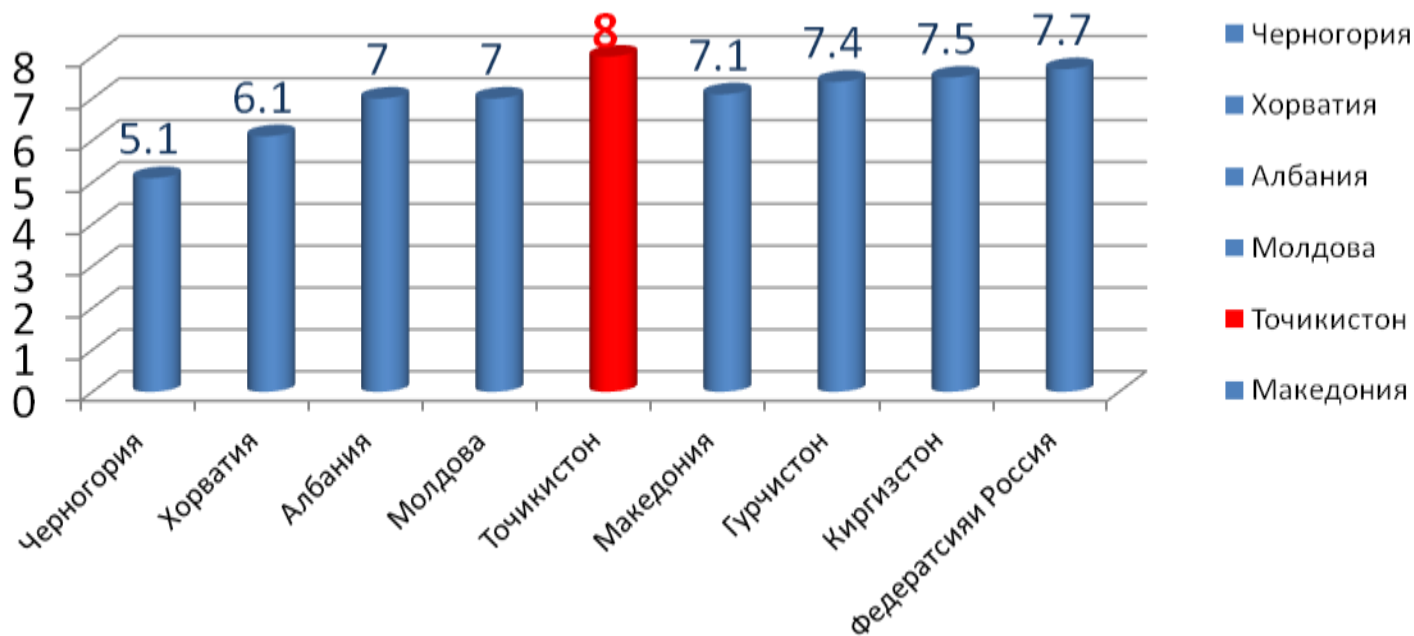
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TAJIKISTAN - NEGOTIATIONS RESULTS (GOODS)

- Average bound rate for **agricultural goods** 10,4%
- High bound rates (import duties) on most important (strategic) goods: dry fruits (15-20%), honey (20%), fresh fruits and vegetables (20-23%), cotton (20%), alcohol containing products (18-23%)
- Average bound rate for **industrial goods** 7,6%
- High bound rates (import duties) on most important industrial goods: textile (20%), shoes (20-30%), carpets (30%), tobacco products (18%), some chemical products (20%)
- **Internal support** in agriculture up to 8% GDP (US\$ 183 Million).

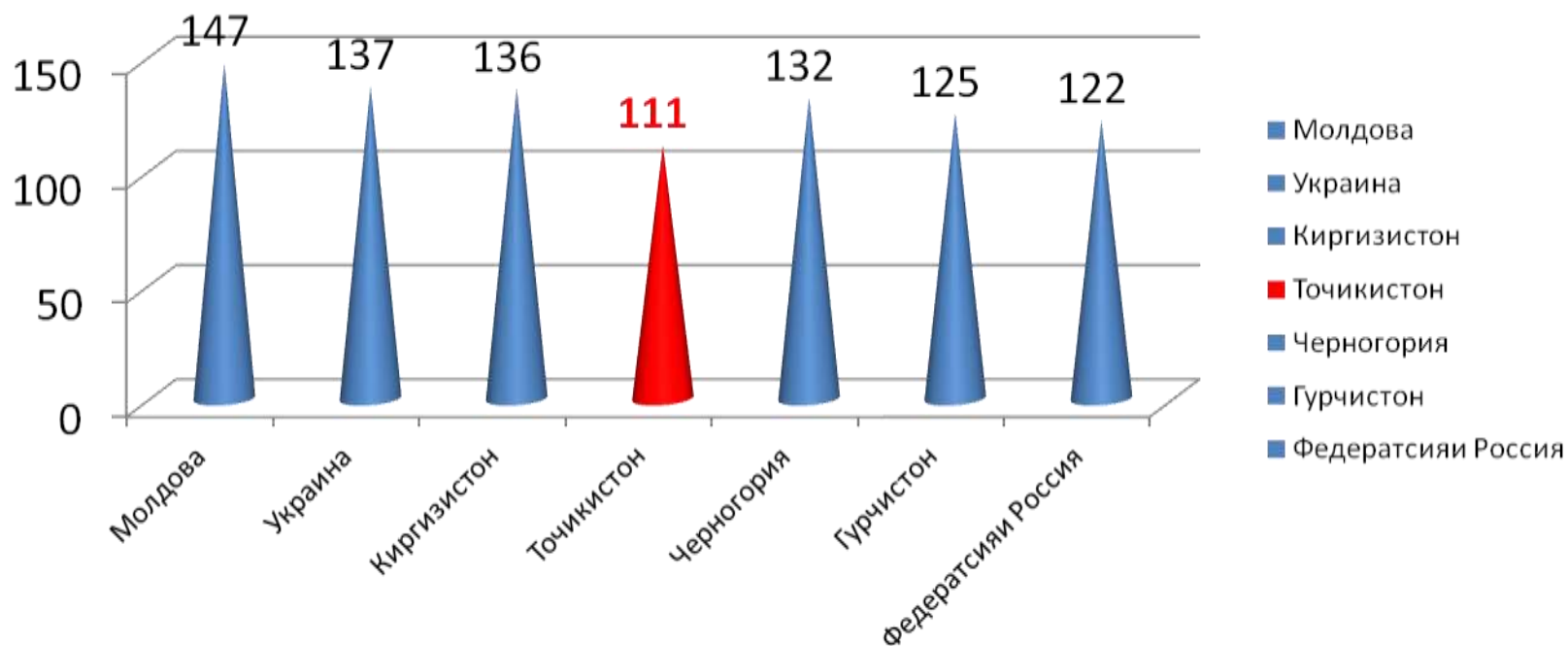
TAJIKISTAN RESULTS OF NEGOTIATIONS ON GOODS

- Average applied rates 7,4%
- Average bound rates 8%



TAJIKISTAN - RESULTS OF NEGOTIATIONS ON SERVICES

Commitments taken in 11 sectors and 111 sub-sectors





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KAZAKHSTAN

- 19 years of negotiations
- Tariff concessions:
 - Average tariff rates for all products bound on at 6.1%
 - Agricultural products -7.6%
 - Non-agricultural products -5.9%
- Chief Negotiator – Mrs. Zhanar Aitzhanova, Minister for Economic Integration



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USAID/CTJ SUPPORT TO UZBEKISTAN'S ACCESSION PROCESS

- Regional project covering five CA countries
- First planning activities to support Uzbekistan's WTO accession process – late 2017
- Public events to promote WTO accession – January and May, 2018
- Memorandum on mutual understanding with the US Agency for International Development (USAID) signed on May 16, 2018 in Washington DC
- WTO/trade advisor embedded in the Ministry of Investment of Foreign Trade – August, 2018
- CTJ WTO/trade advisor officially appointed Advisor to the Minister of Investment and Foreign Trade on WTO Accession Matters – October, 2018



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THANK YOU FOR YOUR ATTENTION