COMPETIVENESS, 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
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
• 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
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.
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)
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
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
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
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
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
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.
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
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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<td>Russia</td>
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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
TAJIKISTAN

- 12 years of negotiations
- 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)
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
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
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
THANK YOU FOR YOUR ATTENTION