

Moving Towards a CAREC-wide FTA: Trade and Policy Context

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Outline

- Introduction – Background to Study
- Trade Agreements and Policy
- Building on Existing Programs
- Export Patterns and Regional Integration
- Moving Forward

From Inception to Final and Synthesis Reports

- Questionnaire on trade policy and sectoral priorities circulated to CAREC countries – April 2021
- Inception Workshop - 19 May 2021
- Draft Inception Report circulated to CAREC countries, ADB and CI – June 2021
- Revised Inception Report submitted to ADB – July 2021
- Country Consultation Workshop - 7 September 2021
- Draft Final Reports circulated to ADB and CI – February 2022
- Regional Workshop to Share FTA Lessons and Best Practices - 19 April 2022
- Revised Final Report submitted to ADB – June 2022
- Draft Synthesis Report submitted to ADB – June 2022
- Revised Synthesis Report submitted to ADB – July 2022
- Final drafts of the FTA Report and Synthesis circulated to CAREC countries – July 2022

Trade Policy Landscape in CAREC

- Although unilateral actions dominate reforms, FTAs involving at least one CAREC country has increased sharply from 20 in 1995 to 103 in June 2020
- Of 103: 77 in force; 4 signed; 22 under negotiation.
- 63 out of 77 in force are Bilateral FTAs
- Of the major plurilateral agreements: 1 in RCEP; 2 in EAEU; 8 in ECO; 2 in ENP; 2 in SARC; 1 in APEC.
- 8 CAREC countries in WTO, Uzbekistan and Azerbaijan negotiating accession, and Turkmenistan initiating negotiations for membership.
- FTA involvement uneven: PRC has the most, while Mongolia and Afghanistan each have only 2

Trade Agreements by Status (June 2022)

CAREC Member Country	Under Negotiation		Signed but not yet in effect	Signed and in effect	TOTAL
	FA Signed	Negotiations Launched			
Afghanistan	0	0	0	2	2
Azerbaijan	0	1	0	10	11
China, People's Republic of	0	9	2	21	32
Georgia	0	0	0	14	14
Kazakhstan	0	5	2	13	20
Kyrgyz Republic	0	3	2	13	18
Mongolia	0	0	0	2	2
Pakistan	1	6	1	9	17
Tajikistan	0	0	0	8	8
Turkmenistan	0	0	0	5	5
Uzbekistan	0	0	0	9	9

Intra-CAREC FTAs, with Year of Entry into Force

FTA	Status	Year
Azerbaijan-Georgia Free Trade Agreement	Signed and In Effect	1996
Azerbaijan-Kazakhstan Free Trade Agreement	Signed and In Effect	1997
Azerbaijan-Turkmenistan Free Trade Agreement	Signed and In Effect	1996
Azerbaijan-Uzbekistan Free Trade Agreement	Signed and In Effect	1996
Georgia-Kazakhstan Free Trade Agreement	Signed and In Effect	1999
Georgia-Turkmenistan Free Trade Agreement	Signed and In Effect	2000
Georgia-Uzbekistan Free Trade Agreement	Signed and In Effect	1995
Kazakhstan-Uzbekistan Free Trade Agreement	Signed and In Effect	1997
Kyrgyz-Kazakhstan Free Trade Agreement	Signed and In Effect	1995
Kyrgyz-Tajikistan Free Trade Agreement	Signed and In Effect	2006
Kyrgyz-Uzbekistan Free Trade Agreement	Signed and In Effect	1998
Pakistan-PRC Free Trade Agreement	Signed and In Effect	2007
PRC-Georgia Free Trade Agreement*	Signed and In Effect	2018
Tajikistan-Uzbekistan Free Trade Agreement	Signed and In Effect	1996

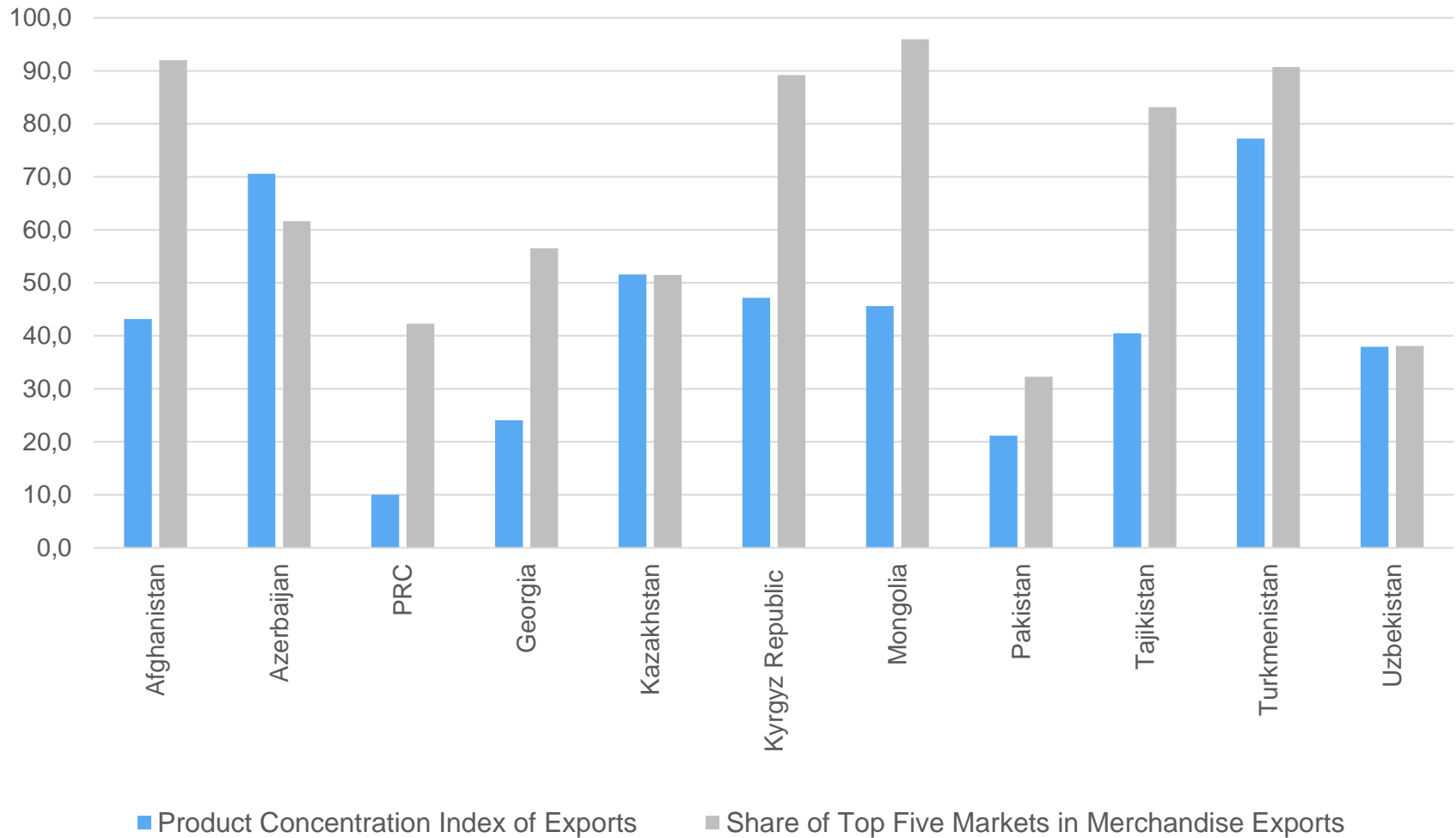
Building on Existing Programs

- CAREC 2030 recognizes the role that FTAs can play in achieving its long-term vision to create an open and inclusive regional cooperation platform that connects people, policies, and projects for shared and sustainable development.
- CAREC 2030's second operational cluster specifically notes that CAREC will “assess the shifting landscape of global and regional trade, and the potential of moving toward free trade agreements in the region, with a focus on trade in services, including tourism.”
- This same objective has been carried forward under the CAREC Integrated Trade Agenda (CITA) 2030.

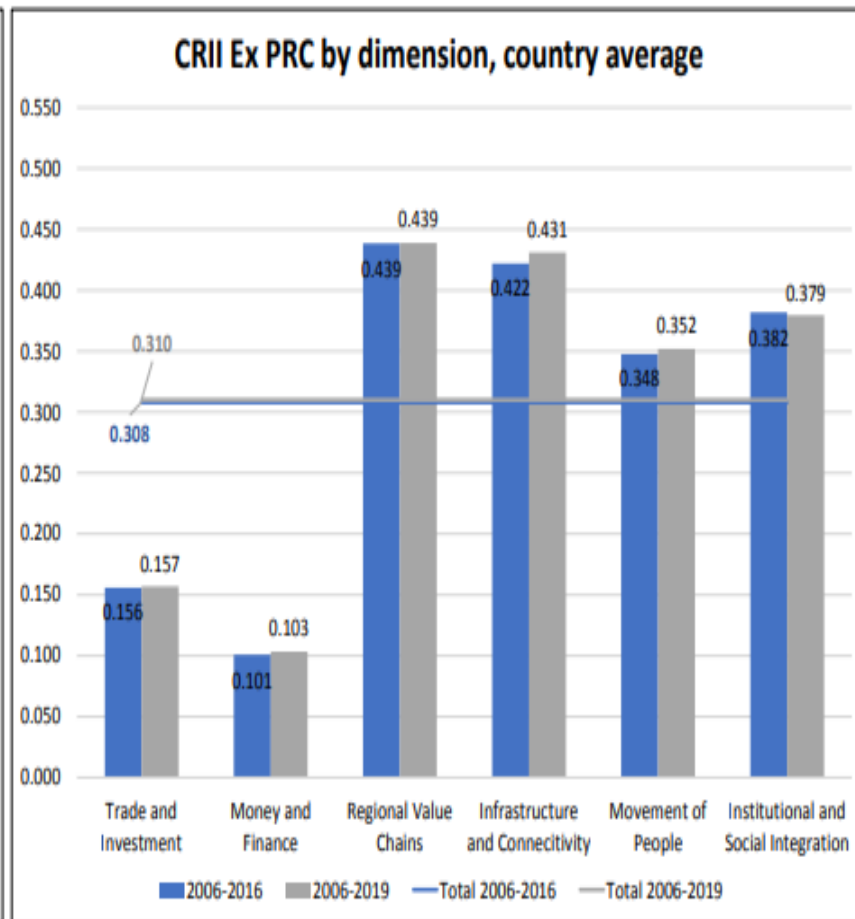
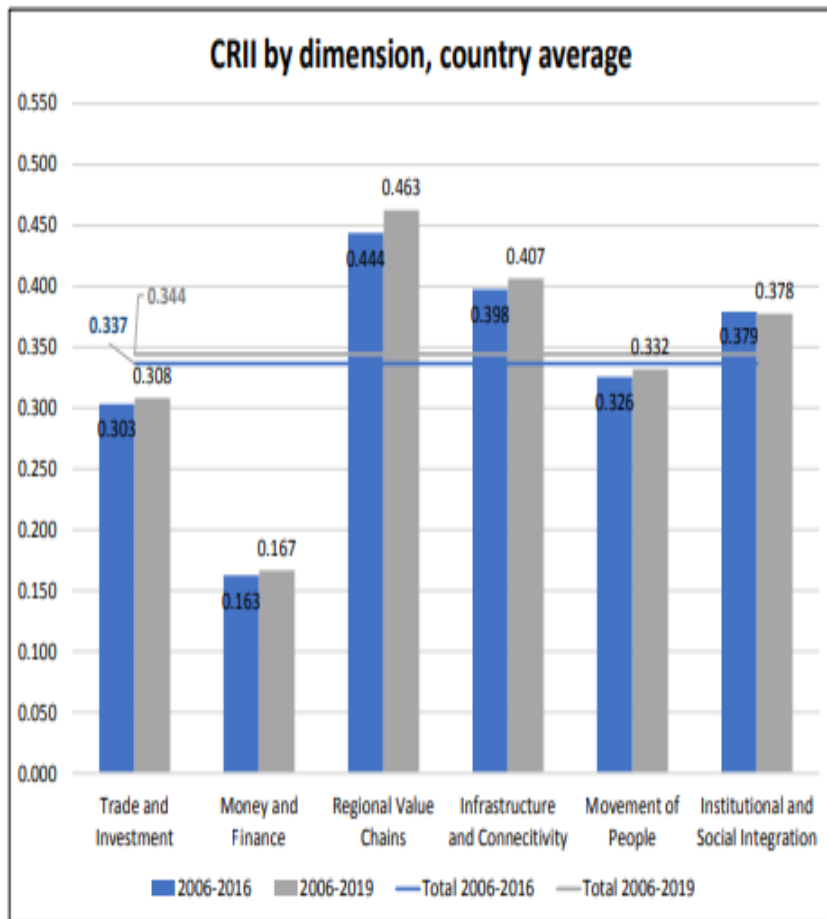
CAREC Country's Tariffs, 2020

Country	Tariff rate, applied, weighted mean, all products (%)	Tariff rate, most favored nation, weighted mean, all products (%)
Afghanistan	5.63 (2018)	5.72 (2018)
Azerbaijan	5.93	8.04
China, People's Republic of	2.47	3.31
Georgia	0.21	1.74
Kazakhstan	1.96	4.32
Kyrgyz Republic	2.33	5.84
Mongolia	5.3	5.54
Pakistan	8.67	9.54
Tajikistan	3.93	7.23
Turkmenistan
Uzbekistan	2.63	4.53

Product Concentration Index of Exports and Share of Top Five Export Markets, 2020



Progress in CI's CAREC Regional Integration Index



Moving Forward

- Time for CAREC to initiate a region-wide agreement that allows all members to participate in a new-generation FTA.
- CAREC is now ready to go beyond just the exchange of concessions and discuss an agreement that covers WTO+ and WTO-X areas, taking WTO obligations as a common baseline, but also recognizing other, binding commitments of members.
- CITA has established a framework for the coordination of trade policies among CAREC, which should aid in the process of designing and negotiating an intra-CAREC agreement.

Thank you!



Comments and questions welcome

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