

# Design and Implementation of A Trade Agreement involving Central Asia Regional Economic Cooperation Countries

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# Background

- The longstanding CAREC trade policy goal of **WTO membership** is close to fulfilment in 2022;
  - eight CAREC countries are WTO members and the other three are negotiating accession.
  - the next step is to reach agreement on measures beyond WTO commitments.
- A CAREC trade agreement should **build upon previous steps**,
  - the 2019 CAREC Integrated Trade Agenda (CITA) set up a framework for coordination of more open trade policies.
- A CAREC trade agreement must **recognize existing binding agreements** by individual countries
  - the Eurasian Economic Union membership of Kazakhstan and the Kyrgyz Republic, rules out binding commitments on tariffs in a CAREC agreement.

# Three Main Conclusions from Part One

## 1. The way forward is to adopt a multi-chapter framework agreement.

- WTO provides baseline rules
- adopt a chapter structure that covers areas of common interest in varying depth.

## 2. The Report identifies four priority chapters that could yield an early harvest of specific commitments:

- e-commerce and digitalization **WTO-X**
  - sanitary and phytosanitary (SPS) measures **WTO+**
  - trade in goods – focus on trade remedies (AD & CVD) **WTO+**
  - trade in services **WTO+**
- Agreed commitments will depend upon members; they should be treaty based and supported by a dispute settlement process.
- ## 3. The report advises that the focus should not be on preferential tariffs
- require product-by-product negotiation and agreement on rules of origin.
  - with already low MFN tariffs on most CAREC trade, preferential access would have limited impact.
  - incompatible with some members' existing agreements

- Note: **WTO+** items extend WTO commitments; **WTO-X** are areas not covered by the WTO

# 1. A Multi-chapter Framework

Modern trade agreements such as RCEP or CPTPP are structured around 20-30 chapters, identifying the **WTO+** and **WTO-X** areas where WTO commitments could usefully be extended.

- Similar chapter structures help to ensure that agreements are consistent,
- Some chapters identify areas of potential future interest, but where signatories are unwilling to make commitments.

Some CAREC members already have agreements with a chapter structure – for example;

- Georgia-PRC trade agreement,
- EU-Georgia DCFTA,
- EU-Kazakhstan EPCA.

# Chapter Structure of CPTPP compared to RCEP and the EU-Canada Agreement

CPTPP	RCEP	CETA	CPTPP	RCEP	CETA
1. definitions	1	1	16. competition policy	13	17
2. market access for goods	2	2	17. SOEs & monopolies		18
3. rules of origin	3	A	18. intellectual property	11	20
4. textiles & apparel		A	19. labor		23
5. custom administration	4	6	20. environment		24
6. trade remedies (AD&CVD)	7	3&7	21. cooperation & capacity building	15	25
7. SPS	5	5	22. competitiveness & investment facilitation		
8. TBTs	6	4	23. development		22
9. investment	10	8	24. SMEs	14	
10. services	8	9	25. regulatory coherence		12&21
11. financial services	8	13	26. transparency & corruption		27
12. temporary migration	9	10	27. administration & institution provision	18	26
13. telecoms	8	15	28. dispute settlement	19	29
14. e-commerce	12	16	29. exceptions & general provisions	17	28
15. public procurement	16	19	30. final provisions	20	30

# Chapter Structure of the Georgia-PRC trade agreement, the EU-Georgia DCFTA and EU-Kazakhstan EPCA compared to the RCEP

RCEP	Georgia-PRC	DCFTA	EPCA
1. definitions	1		
2. market access for goods	2	1	1
3. rules of origin	3		
4. custom administration	4	5	2
5. SPS	5	4	4
6. TBTs	6	3	3
7. trade remedies (AD&CVD)	7	2	
8. services	8	6	5
9. temporary migration	8B		
10. investment	12*	7	5.7
11. intellectual property	11	9	7
12. e-commerce	12*	6	
13. competition policy	10	10	11
14. SMEs			
15. cooperation & capacity building	12		
16. public procurement		8	8
17. exceptions & general provisions	16	15	
18. administration & institution provision	14		
19. dispute settlement	15	14	14
20. final provisions	17		

# Possible Chapter Framework for a CAREC Trade Agreement

1. definitions
2. trade in goods
3. SPS
4. trade in services, including financial services
5. e-commerce & digitalization
6. temporary migration
7. investment
8. intellectual property
9. public procurement
10. competition policy
11. small and medium-sized enterprises
12. exceptions & general provisions
13. administration & institution provision
14. dispute settlement
15. final provisions

## 2. Four Priority Chapters

Based on their importance for trade within CAREC and the potential for agreement, four priority chapters are identified:

- **e-commerce and digitalization** - not yet included in the WTO (the internet scarcely existed in 1995!), but consistent rules and regulations are essential for modern international trade.
- **sanitary and phytosanitary (SPS) measures** - could be included in the Trade in Goods chapter, but agrifood trade is important for most CAREC member countries.
- **trade in services** - asserting GATS principles and focusing on sub-sectors of particular interest to CAREC members.
- **trade in goods** – focus on trade remedies (AD & CVD), technical barriers to trade (TBTs) and standards
  - Note that customs administration is dealt with in the CAREC Customs Cooperation Committee,
  - combining these topics in a single chapter reflects the reduced benefit from WTO+ measures for goods trade in a world of low MFN tariffs.



# The Structure of RCEP Chapter 12

12.1	Definitions
12.2	Principles and Objectives
12.3	Scope
12.4	Cooperation
12.5	Paperless Trading
12.6	Electronic Authentication and Electronic Signature
12.7	Online Consumer Protection
12.8	Online Personal Information Protection
12.9	Unsolicited Commercial Electronic Messages
12.10	Domestic Regulatory Framework
12.11	Customs Duties
12.12	Transparency
12.13	Cyber Security
12.14	Location of Computing Facilities
12.15	Cross-border Transfer of Information by Electronic Means
12.16	Dialogue on Electronic Commerce
12.17	Settlement of Disputes

### 3. The Report advises that the Focus should not be on Preferential Tariffs

Modern trade agreements are about facilitating trade, and not about preferential treatment

- preferential tariffs, require product-by-product negotiation and agreement on rules of origin.
- with already low MFN tariffs on most CAREC trade (see previous presentation), preferential access would have limited impact.
- changes in tariffs would be incompatible with some members' existing agreements

A CAREC agreement should facilitate trade among members, increasing the gains from trade:

- giving producers better access to inputs from other members → ↑ competitiveness
- Giving consumers more choice → ↑ satisfaction

# Conclusions of Part One of the Report

**Timing.** The longstanding CAREC trade policy goal of WTO membership for all members is close to fulfilment in 2022. The next step is to agree on measures beyond WTO commitments.

**Continuity.** A CAREC trade agreement should build upon previous steps, notably the 2019 CAREC Integrated Trade Agenda, which set up a framework for coordination of more open trade policies.

**Constraints.** A CAREC trade agreement must recognize individual countries' existing agreements, some of which rule out commitments on tariffs in a CAREC agreement.

**Lessons.** A beyond-WTO trade agreement can build upon the chapter structure of other agreements such as the CPTPP and RCEP.

## Recommendations:

- **The way forward is to adopt a multi-chapter framework agreement.** As a template, the Report proposes the RCEP agreement.
- **Four priority chapters could yield an early harvest of specific commitments:** trade in goods, trade in services, sanitary and phytosanitary (SPS) measures, and e-commerce and digitalization.
- The report advises **not to focus on negotiation of preferential tariffs**, which would be incompatible with some members' existing agreements and would require product-by-product negotiation and agreement on rules of origin.

*Thank you!*

Comments and questions welcome

