

# **Implementation of Reform of Trade Taxes in CAREC Countries**

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Baku, September 2008**

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# Introduction

- **This presentation is based on submissions from countries**
- **It describes largely the current trade regimes rather than the changes in the regimes since the 5<sup>th</sup> Ministerial Conference**
- **Corrections and provision of missing information by the delegates would be appreciated**

# **1. Reducing the cumulative average of tariffs and other trade taxes, with the aim of bringing the simple average tariff below 10 percent**

- **The simple average tariff rate is below 10 percent in all countries, except UZB**
- **Cumulative simple average is below 10 percent in fewer countries: AFG, AZE, and MON**
- **PRC and KAZ have reduced the average rate during the past year**

## **2. Reducing the maximum and high tariff rates, with the maximum rate limited to 20 percent**

- **The maximum tariff rate is below 20 percent in AZE, MON, and TAJ**
- **The goods subject to higher than 20 percent rate are declining and are limited in AFG (2 commodities), KAZ (2 percent of total), KRG (1 commodity), and PRC (6 percent of total)**

### **3. Cutting the number of non-zero tariff bands to around three**

- **The number of non-zero tariff bands is three in UZB**
- **The number of non-zero tariff bands is higher in AFG (12), AZE (6), KAZ (?), KRG (6), MON (?), PRC (?), and TAJ (?)**
- **AFG and TAJ are considering reducing the number of tariff bands**

## **4. Eliminating specific and combined tariffs by shifting to an ad valorem methodology**

- **AFG applies only ad valorem rates**
- **Most tariffs are ad valorem in AZE (97%), KAZ (87%), KRG (99%), MON(?), PRC (99%), TAJ (?), and UZB (85%)**
- **There are no combined tariffs in AZE and specific tariffs in UZB**

## **5. Removing exemptions and abstaining from granting them in the future**

- **Exemptions are granted in all countries**
- **Exemptions are on an MFN basis in AZE, MON, and KRG**
- **Exemptions are granted only under international/regional/bilateral conventions or agreements in AFG**
- **Exemptions are also granted for domestic policy considerations in PRC, TAJ, and UZB**
- **MON revised regulations related to exemptions**

## **6. Applying taxes (VAT and excise) uniformly to imported and domestically produced goods**

- **There are no VAT or excise taxes in AFG**
- **VAT and excise taxes are applied uniformly in KRG, MON, PRG, and TAJ**
- **In AZE and KAZ, the VAT is applied uniformly and excise rates will be gradually unified**
- **VAT and excises are applied at different rates in UZB**



## **7. Consolidation of other duties and charges on imports into a unified rate.**

- **There are no other duties and charges in AZE**
- **AFG and MON apply a single rate for other duties and charges**
- **Other duties and charges in KAZ, MON, PRC, and TAJ correspond to the value of services rendered related to customs clearance**
- **There are no plans to change current regimes**

# Conclusions

- **There has been limited change in trade tax regimes since the 5<sup>th</sup> Ministerial Conference**
- **Countries are already in compliance with at least some of the recommended trade reforms**
- **Several countries are planning changes in their regimes—largely related to WTO accession**
- **TPSAP will provide a framework for future reforms of trade taxes.**