

Trade Policy Strategic Action Plan for the CAREC Program

Trade Expansion Through Regional Cooperation

Presentation by

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Objectives

- Achieving a more open economy—a necessary step towards effective development and poverty reduction:
 - supporting efforts to achieve WTO membership; and
 - simplifying and liberalizing the trade regime
- Building capacity and transferring knowledge related to trade and trade policy.

Strategic Approach

- Pragmatism and results...
 - accommodates the different circumstances and strategies in member countries; and
 - prevents speed of reforms being dictated by slow reforming countries
- ...with ownership
 - each government accepts the responsibility to achieve measurable results within a reasonable time frame (neither policy actions or the indicated timeframes are legally binding obligations).

Actions to Achieve Goals

- Are based on recommendations from TPCC review of background papers and endorsed by the SOM and Ministers;
- Are concrete, meaningful and monitorable using progress benchmarks; and
- Require commitment of all participating countries and multilateral institutions.

Areas of Action

- Supporting WTO accession;
- Eliminating or converting quantitative restrictions to tariff equivalents;
- Trade tax reductions and simplifications;
- Capacity building and knowledge transfer;
- Reducing impediments to transit trade; and
- Reducing impediments to border trade.

WTO Accession

POLICY AND ACTIONS	PERFORMANCE INDICATORS
Advisory missions for non-WTO countries	<ul style="list-style-type: none">– during 2009 agree on advisory mission scope/timing for each country– during 2010-12 advisory missions take place
Arrange training seminars on WTO accession, possibly in three phases	<ul style="list-style-type: none">– in 2009 on overview of WTO issues– in 2010 on global experiences with WTO accession– in 2011 on specific issues related to CAREC countries
An MI coordinates a workshop for CAREC WTO members to discuss their experiences with candidates	<ul style="list-style-type: none">– in 2010 the workshop is held

Quantitative Restrictions

POLICY AND ACTIONS	PERFORMANCE INDICATORS
Eliminate export QRs	– during 2009-10 any country with export QRs eliminates them
Eliminate import QRs or convert them to tariff equivalents	– during 2009-10 half of import QRs eliminated or converted into tariff equivalents – during 2011-12 remainder of import QRs eliminated or converted into tariff equivalents

Tariff Reductions, Caps, and Bands

POLICY AND ACTIONS	PERFORMANCE INDICATORS
Tariff reductions to bring the average tariff to 10 percent	<ul style="list-style-type: none"> – during 2009-11, the average tariff brought down to 10 percent or less
Proportional cuts of maximal tariffs in three steps to bring it to 20 percent, with only a few exceptions if essential	<ul style="list-style-type: none"> – during 2009-10 the maximum tariff cut by half of distance to 20 percent – during 2011, any tariffs still above 20 percent cut an additional half of the new distance to cap – during 2012 final tariff cuts to the 20 percent
Reduce non-zero bands in steps to around 3	<ul style="list-style-type: none"> – countries with 6+ non-zero bands: reduce them to 6 in 2009 to 5 in 2010, and to 3-4 in 2011¹ – countries with 5 or less non-zero bands: reduce by one band during 2009-10, and one more band in 2011, as needed

¹ For countries with more than 10 non-zero tariff bands, the reduction will be more gradual.

Miscellaneous Taxes and Charges

POLICY AND ACTION	PERFORMANCE INDICATORS
<p>VAT and excise tax rates on imports reduced to same levels as on domestic goods</p>	<p>– during 2009-10 domestic-taxes applied to imports set at same rate as for locally produced goods</p>
<p>Miscellaneous taxes and fees applied to imports consolidated into one single equivalent rate and eliminated or converted into part of the tariff applied to the good</p> <p>For exports any such charges eliminated</p>	<p>– during 2009-10 miscellaneous charges, fees, and taxes on imports eliminated or incorporated into tariffs to be applied</p> <p>– during 2009-10 such charges on exports are to be eliminated</p>

Capacity Building and Knowledge Transfer

POLICY AND ACTION	PERFORMANCE INDICATORS
One of the MIs to prepare a focused study to assess what institutional problems create the greatest impediments to trade expansion	– in 2009 complete the study on institutional environment and trade
Organize a seminar to discuss the above paper, as well as other more general presentations on global experiences with trade and institutions	– in 2010 hold the seminar

Transit Trade

POLICY AND ACTION	PERFORMANCE INDICATORS
<p>Develop instructions to customs, transport ministry, traffic police, and others that TIR convention must be fully implemented and consistently applied</p>	<ul style="list-style-type: none"> – by end 2009 draft instructions for internal review prepared – during 2010 instructions finalized and issued
<p>Governments will decide on removal or reduction of convoy charges, in the latter case calculated to reflect actual costs</p>	<ul style="list-style-type: none"> – during 2009 actual convoy cost calculations done – during 2010-11 convoy charges reduced to calculated actual costs
<p>Establish actual “paperwork” costs for any road transport permits and reduce all fees to this level</p>	<ul style="list-style-type: none"> – during 2009 calculations of actual costs done – during 2010-11 all road transport fees reduced to actual costs

Transit Trade (cont.)

POLICY AND ACTION	PERFORMANCE INDICATORS
<p>Remove all other miscellaneous charges and fees applied to foreign vehicles</p>	<ul style="list-style-type: none">– during 2009-10 each country eliminates a meaningful portion of miscellaneous charges on foreign vehicles.– during 2011-12 any remaining ones are eliminated
<p>Governments will establish regular inspections to review procedures and records to investigate possible corruption. In addition, a system of random annual audits will be developed to verify compatibility of income and assets of relevant regional officials</p>	<ul style="list-style-type: none">– during 2009-10 all countries will develop a system of inspections and audits– during 2010-11 inspections begin at least twice a year– during 2011 audits begin

Border Trade

POLICY AND ACTIONS	PERFORMANCE INDICATORS
<p>For local traders</p> <ol style="list-style-type: none">1. PRC: keep the Korgas crossing open during weekends, and extend opening of Kulma by a full month in the period May-October+2. UZB: reopen crossings closed with KAZ, KGZ, and TAJ3. UZB: allow the re-opening of bazaars closed adjacent to crossings4. KAZ and KGZ: seek donor support and undertake infrastructure improvements to remove Kordai bottlenecks	<ol style="list-style-type: none">1. during 2009-2010 Korgas opening some weekends with increasing frequency; gradual extension of Kulma opening during 2009-102. during 2009 begin to re-open closed crossings, gradually complete process during 2010-113. during 2009-11 gradual re-opening of most bazaars4. during 2009-10 arrange donor support for Kordai improvements; during 2011 begin construction

Border Trade (cont.)

POLICY AND ACTIONS	PERFORMANCE INDICATORS
<p>For foreign vehicles</p> <p>1. AFG, PRC, UZB, and TAJ: remove any restrictions on light vehicle crossings by residents of border areas</p> <p>2. KAZ, KGZ, TAJ, and UZB: enforce more vigorously anti-corruption discipline in border areas</p>	<p>1. over period 2009-10 vehicles of border-area residents gradually allowed to cross freely</p> <p>2. during 2010 authorities begin to implement procedures (mentioned earlier)</p>

Border Trade (cont.)

POLICY AND ACTIONS	PERFORMANCE INDICATORS
<p>Visa requirements for border area residents</p> <ol style="list-style-type: none">1. KGZ and TAJ: implement “local-area identification card” for border crossing2. UZB: terminate stamping each entry of EURASEC citizens, or do so in separate sheet3. AFG, PRC, and TAJ: allow residents in adjacent AFG, KGZ, and TAJ districts visa-free entry for at least 1-2 days	<ol style="list-style-type: none">1. during 2009-10 “local-area Identification Cards” issued for KGZ and TAJ crossings2. during 2009-10 UZB changes stamping procedure for EURASEC citizens3. by end-2010, visa-free entry for at least 1-2 days in crossings between AFG, PRC, KGZ and TAJ

Border Trade (cont.)

POLICY AND ACTIONS	PERFORMANCE INDICATORS
<p>Limits on goods in cross border trade</p> <p>1. KAZ, KGZ, and TAJ: increase exemption limit on agricultural goods to 100 kg.</p> <p>2. UZB: revise regulations for imports of personal goods allowing US\$1,000 of goods and raising the weight limits to 50 kg for industrial goods and 100 kg for agricultural goods</p>	<p>1. during 2009 the three countries raise exempt limit on agricultural goods to 100 kg. per person.</p> <p>2. during 2009-10 UZB revises regulations on goods at border crossings.</p>

Next Steps and Implementation

- The strategy will be submitted to Ministers for endorsement in November 2008
- Participating countries and multilateral institutions will start implementation in 2009
- The strategy may need to respond to the evolving economic environment
- The TPCC will provide a forum for elaboration and interpretation of procedural aspects as well as for monitoring the progress in implementation
- In implementation and monitoring of the strategy, close cooperation between CAREC committees is essential