



Central Asia Regional Economic Cooperation Program

Reference Document  
For Session 3 of the Senior Officials' Meeting  
June 2012

# **Trade Policy Sector Progress Report and Work Plan (2011–2012)**

**Senior Officials' Meeting  
Central Asia Regional Economic Cooperation  
6–7 June 2012  
Hohhot, Inner Mongolia Autonomous Region,  
People's Republic of China**



## I. KEY DEVELOPMENTS

### A. Sector Implementation

1. Since the previous trade policy sector progress report was issued in September 2011, progress has been achieved in all key areas of work of the Trade Policy Coordinating Committee (TPCC), which is based on the Trade Policy Strategic Action Plan (TPSAP). In the area of capacity building and knowledge sharing, at the 15th TPCC meeting in November 2011 delegates continued intensive discussions on the impact of the customs union between Kazakhstan, Russia, and Belarus on the CAREC countries. Delegates from the Kyrgyz Republic and Tajikistan led the discussion and presented their views on the issue. After carefully considering costs and benefits of the membership in the customs union, both countries appeared to be in favor of joining the union in the near future. At the 16th TPCC meeting in June 2012, the knowledge sharing program will continue, with IMF and EBRD presenting a survey of recent research in the trade area and a new study on the impact of the customs union on trade, respectively.

2. In the area of supporting WTO accession, a WTO Accession Knowledge Sharing Program has been launched, jointly sponsored by the ADB and the World Bank. The first two WTO training seminars took place in March and May 2012, and the third seminar is planned for July 2012.

3. Regarding progress on trade liberalization, the monitoring of implementation of the TPSAP continued. Preliminary data on the trade liberalization index (TLI) for end-2011 show that three CAREC countries have successfully met the end-2011 target, and another two countries are very close to meeting the targets.

4. Finally, in the area of monitoring improvements in the institutional environment for trade, IMF developed the methodology for the new Institutional Quality Index (IQI) and presented the results to delegates at the 15th TPCC meeting. Delegates provided a number of comments, including suggestions to broaden the scope of the index by incorporating several additional indicators of institutional quality. These comments will be reflected in the revised version of the IQI.

### B. Resolution of Key Issues Raised to the SOM, November 2011

5. As mentioned in the previous report to the SOM, the TPCC plans to start updating and revising the TPSAP in 2012. This is needed to reflect new developments and progress achieved in the implementation of the existing plan (in particular further reduction of tariff and non-tariff barriers and the implementation by many countries of TPSAP measures envisaged for 2009-12), and better align the action plan with the CAREC strategic objectives for the period to 2020. Work on possible revisions and updates to the TPSAP has begun, and the first suggestions and proposals will be discussed at the 16th TPCC meeting in June 2012. In addition, further efforts have been made to achieve full participation of all member countries in providing information used for the calculation of the TLI and IQI, and to ensure that complete responses to the questionnaires are submitted to the TPCC on time. However, there is still substantial room for improvement in this area.

## **II. KEY ISSUES FOR GUIDANCE BY THE SOM**

6. As emphasized in several previous trade policy sector progress reports to the SOM, full participation of all member countries in the trade policy work is an essential condition of its success. CAREC senior officials are requested to ensure their countries' participation in the data submission for the compilation of the TLI and IQI. It should be emphasized that the TPSAP, and the questionnaire based on it, contain measures that are relevant for all CAREC countries, and are not limited to non-WTO members. Submission of full and timely responses to the TPSAP-based questionnaire by all CAREC countries (including WTO members) is therefore strongly encouraged.

## **III. CHANGES TO SECTOR ACTION PLAN**

7. All items of the Trade Policy Sector Work Plan submitted to the November 2011 SOM remain on track as of May 2012. The IQI methodology is being modified to include several new indicators of institutional quality, in line with comments and suggestions received from the delegates. Otherwise, there are no changes in the Work Plan.