

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.

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	<ul style="list-style-type: none">– 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	<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 2011 – countries with 5 or less non-zero bands: reduce by one band during 2009-10, and one more band in 2011, as needed

Miscellaneous Taxes and Charges

POLICY AND ACTION	PERFORMANCE INDICATORS
VAT and excise tax rates on imports reduced to same levels as on domestic goods	– during 2009-10 domestic-taxes applied to imports set at same rate as for locally produced goods
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	– during 2009-10 miscellaneous charges, fees, and taxes on imports eliminated or incorporated into tariffs to be applied
For exports any such charges eliminated	– during 2009-10 such charges on exports are to be eliminated

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
Develop instructions to customs, transport ministry, traffic police, and others that TIR convention must be fully implemented and consistently applied	<ul style="list-style-type: none"> – by end 2009 draft instructions for internal review prepared – during 2010 instructions finalized and issued
Governments will decide on removal or reduction of convoy charges, in the latter case calculated to reflect actual costs	<ul style="list-style-type: none"> – during 2009 actual convoy cost calculations done – during 2010-11 convoy charges reduced to calculated actual costs
Establish actual “paperwork” costs for any road transport permits and reduce all fees to this level	<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 TAJ 3. UZB: allow the re-opening of bazaars closed adjacent to crossings 4. 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 2009-10 2. during 2009 begin to re-open closed crossings, gradually complete process during 2010-11 3. during 2009-11 gradual re-opening of most bazaars 4. 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 crossing 2. UZB: terminate stamping each entry of EURASEC citizens, or do so in separate sheet 3. 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 crossings 2. during 2009-10 UZB changes stamping procedure for EURASEC citizens 3. 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 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 the TPCC and the TFCC is essential.**