



Trade Policy Strategic Action Plan

Presentation for the Senior Officials'
Meeting

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Objectives—Building Upon the Comprehensive Action Plan (CAP)

- A more open economy—a necessary step towards effective development and poverty reduction—through:
 - WTO membership; and
 - liberalization and simplification of trade regimes.
- Capacity building and knowledge transfer related to trade and trade policy.



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Foundations for the Strategy

- Papers prepared and discussed at the TPCC:
 - trade taxes and quantitative restrictions;
 - WTO accession and relation to RTAs; and
 - border and transit trade impediments
- Other studies of trade policy in Central Asia, transition economies, and developing countries.
- Policy recommendations of the senior officials that were endorsed by the CAREC Ministerial Conferences.



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Strategic Approach

- The principle of “pragmatism with results” to ensure that:
 - practical concerns are considered; and
 - unjustified protectionist lobbying is resisted.
- The strengthened principle of ownership and partnership with business and regional organizations.

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Policy Actions to Achieve Goals

- I. Supporting WTO accession:
 - MIs providing direct advisory services;
 - Regional training seminars on WTO accession and relation to RTAs; and
 - Workshops to exchange views on WTO-related issues among country officials.

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Policy Actions to Achieve Goals (continued)

- II. Pre-accession tariffication of QRs:
- Eliminating QRs and replacing them with tariff equivalents;
 - Making any remaining QRs more transparent until eliminated; and
 - As QRs are abolished, eliminating documentation and bureaucratic structures they had entailed.

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Policy actions to achieve goals (continued)

- III. Pre-accession trade tax reductions and simplifications:
- Apply uniformly VAT and excise taxes on domestically produced and imported goods;
 - Consolidate all import charges fees, and special taxes into a single rate;
 - Attain an average tariff of 10 percent or less after tariffication of QRs and miscellaneous charges;
 - Reduce maximum tariffs to 20 percent; and
 - Reduce the number of tariff bands to about 3.

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Policy Actions to Achieve Goals (continued)

IV. Reducing impediments to transit trade:

- full compliance with TIR convention;
- reduction/removal of convoy charges;
- simplification of fees for road permits;
- removal of all other miscellaneous charges and fees to foreign vehicles;
- simplification of complex and costly visa regimes; and
- stronger discipline over corruption by trade related officials.



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Policy Actions to Achieve Goals (continued)

V. Reducing barriers to border trade:

- reducing complexity of trading for local traders;
- simplifying crossings by foreign vehicles;
- eliminating or simplifying substantially visa requirements for border-area residents; and
- increasing individuals' limits on goods in cross-border trade.



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Policy Actions to Achieve Goals (continued)

VI. Capacity building and knowledge transfer activities:

- To be designed and delivered with direct involvement of the CAREC Institute;
- To facilitate WTO accession;
- To deepen understanding of the way in which institutional environment can be improved to support intra and inter-regional trade based on global experience with trade and institutions.

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Coordination Between the TPCC and the TFCC

- Impediments to border and transit trade involve trade policy—comparative advantage of the TPCC—and customs and trade facilitation issues—comparative advantage of the TFCC.
- Coordination is needed in setting performance benchmarks related to border and transit trade.
- In monitoring performance on the ground against benchmarks related to border and transit trade, the TFCC has a comparative advantage.

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Monitoring Results

- The TPSAP's framework is results oriented.
- Benchmarks—actions with a time schedule for their implementation—will be established to monitor progress in all trade policy areas identified above.
- These benchmarks will be ambitious in timing and be flexible to recognize the capacity of governments to make changes in policies, regulations, and procedures.
- Periodic reports of policy implementation against benchmarks will be prepared and publicly disseminated.¹²



Broad Sequencing of the Strategy

- Reduce impediments to transit trade;
- Simplify border logistics and reduce impediments;
- Reduce QRs ideally before WTO accession;
- Simplify tariffs, and reduce the maximum rate and the number of tariff bands;
- Complete tariff liberalization under WTO accession; and
- In parallel, develop institutions for financial and other trade-supporting services.



Next steps

- Endorsement of the principles and the policy framework of the draft TPSAP by the SOM;
- Revised draft of the TPSAP including an indicative timetable for policy actions for discussion at the Fall 2008 meeting of the TPCC;
- Endorsement by the Fall 2008 SOM of the revised TPSAP with a policy timetable;
- Endorsement of the TPSAP by the 2008 Ministerial Conference; and
- Preparation of a detailed time-bound program with benchmarks to monitor progress.