



# **Trade Policy Progress Report and Work Plan (November 2009—March 2010)**

**Senior Officials' Meeting on  
Central Asia Regional Economic Cooperation  
16 – 17 April 2010  
Manila, Philippines**



## **I. OVERVIEW OF THE PROGRESS**

1. The Trade Policy Coordinating Committee's (TPCC) work is based on the Trade Policy Strategic Action Plan (TPSAP), which was endorsed at the seventh Ministerial Conference in November 2008. The plan envisages policy actions to achieve key objectives: (i) supporting World Trade Organization (WTO) accession; (ii) eliminating remaining quantitative restrictions on exports and imports; (iii) reducing and simplifying trade taxes; (iv) implementing capacity building activities to facilitate WTO accession and to improve the general institutional environment; and (v) reducing transit and border trade barriers.

2. The time frame for implementation of the TPSAP is anchored by the medium-term objective of WTO membership for all CAREC countries by the end of 2013. Within this period, a flexible time frame is envisaged for policy actions, which recognizes the differences in the capacity of each government to make changes in policy, regulations, and administrative procedures. The policy actions contained in the TPSAP and the envisaged time frame for their implementation are not legally binding obligations and may need to be revised in the future to reflect developments in CAREC countries and the global economy.

3. This progress report focuses on the key developments in the trade policy sector since the 8<sup>th</sup> CAREC Ministerial Conference in October 2009, and provides a work plan for activities in 2010 and 2011. The report is prepared by the TPCC and is submitted to the Senior Officials for endorsement.

4. In line with TPSAP and following the agreed actions at the 11<sup>th</sup> TPCC meeting in October 2009, the TPCC has initiated key activities on completing a questionnaire to monitor implementation of the trade liberalization measures contemplated in the TPSAP; carrying out a study on the institutional environment and related impediments to trade in CAREC; developing a set of progress indicators for the CAREC Results Framework; continuing the short sessions on WTO accession and sharing of experience from WTO members to candidate countries; and commencing plans for a two-year program on WTO knowledge and experience sharing. These and other issues will be discussed at the 12<sup>th</sup> TPCC meeting on 15 April 2010.

## **II. KEY DEVELOPMENTS**

### **A. Training on WTO accession**

5. The CAREC countries had earlier requested support for forums whereby WTO candidate countries could share their knowledge and experiences with the non-WTO members.

6. The IMF and ADB agreed in early 2010 to propose to CAREC countries the provision of a more systematic and sustained approach to WTO knowledge and experience sharing, which is expected to prepare and facilitate the non-WTO members in their accession negotiations. Both organizations are formulating a joint two-year program on WTO accession for CAREC countries. This knowledge management program is expected to involve a partnership among IMF, ADB, ADB Institute, World Bank, and possibly other institutions.

7. Priority topics and the format of the proposed program will be discussed and adopted by the delegates of the 12<sup>th</sup> TPCC meeting in April 2010. Following agreement on the outline of the program, the required trade officials from CAREC countries and specialized resource persons will be identified to participate in the forums.

8. Prior to the launch of this two-year WTO knowledge sharing program, the IMF has arranged two WTO short seminars for the 12<sup>th</sup> TPCC meeting. The first seminar is offered in response to a request from delegates at the previous TPCC meeting and entails the People's Republic of China presenting the highlights of its experience in acceding to WTO. The second seminar will be offered by the World Bank and will focus on recent developments in multilateral agricultural trade negotiations from the Doha round, while addressing key WTO accession issues related to agriculture. Also, a note produced by the Mongolia delegation in which it shares its accession experience will be circulated for information during the meeting.

## **B. Monitoring implementation of the TPSAP**

9. The TPSAP contains specific measures on trade liberalization that countries are committed to undertake during 2009-2013. By the end of 2010, CAREC countries are expected to have eliminated export quantitative restrictions; eliminated or converted to tariffs one half of import quantitative restrictions; applied value added tax (VAT) and excise taxes uniformly; eliminated miscellaneous charges, fees and taxes on imports and exports; made progress in reducing the average and maximum tariffs; reduced the number of non-zero tariff bands; and reduced impediments to transit trade.

10. The CAREC countries discussed in late 2009 a questionnaire-based tool prepared by the IMF and aimed at collecting information mainly on tariff simplification and on measures to reduce impediments to transit and border trade. The CAREC countries agreed at the 11<sup>th</sup> TPCC meeting to provide responses annually, and several CAREC countries reported data for 2009. They will also inform the IMF of any additional progress in implementing the trade liberalization measures ahead of the 13<sup>th</sup> TPCC meeting.

11. The IMF has made an initial analysis of the data, and this will be a key topic of discussion for the TPCC meeting in April. Additional data are forthcoming, and a complete set of results will be ready for the 9<sup>th</sup> Ministerial Conference in late 2010.

## **C. Trade policy indicators for the CAREC Results Framework**

12. A set of trade policy indicators for the CAREC Results Framework has been put forward to the countries for consideration and endorsement at the April 2010 TPCC meeting. The indicators closely follow the monitoring tool for the implementation of trade liberalization contemplated in the TPSAP. A phased approach to trade policy indicators is recommended for the Results Framework, starting with 10 indicators pertaining to trade liberalization. Additional indicators derived from the TPSAP could be included after the first year of the Results Framework's implementation. The TPCC will submit its agreed list of trade policy indicators for endorsement by the Senior Officials' Meeting on 16-17 April 2010.

## **D. Paper on institutional impediments to trade in CAREC**

13. An initial draft of the paper on the institutional impediments to trade expansion in CAREC has been prepared on schedule. The objective of the paper is to identify the institutional barriers to trade and a framework on how to overcome them. The paper focuses on

- (i) Key findings and implications from recent studies on the importance of institutional impediments to trade;
- (ii) The relative position of CAREC countries against the rest of the world, from the institutional quality point of view; and

- (iii) Proposals for an action plan to improve the institutional environment for trade in the CAREC countries.

14. The draft of this paper and the required additional country inputs will be discussed at the TPCC meeting in April, and a final report, expected in the summer, will be completed at the 13<sup>th</sup> TPCC meeting.

### **III. WORK PLAN IN 2010-2011**

#### **A. Deliverables for the 9<sup>th</sup> Ministerial Conference in 2010**

15. The TPCC will present to the Ministerial Conference the results and analysis of the TPSAP monitoring questionnaire for 2009, along with a preliminary progress report for 2010.

16. TPCC delegates commit to providing IMF with the necessary data on trade policy indicators for the timely preparation of the CAREC Results Framework in 2010. The IMF, aided by the CAREC Secretariat, will prepare the aggregate results for incorporation into the annual Results Framework.

17. Based on the discussions during the 12<sup>th</sup> TPCC meeting, and with the additional inputs from CAREC trade policy officials, the TPCC will finalize the paper on institutional impediments to trade at the 13<sup>th</sup> TPCC meeting and present the final version for endorsement by the Ministerial Conference. The final version will contain recommendations on addressing the institutional impediments, including through a short-term and medium-term action plan.

18. The TPCC will present an assessment of the first training session on WTO accession under the two-year program.

#### **B. TPCC Work Plan for 2010-2011**

19. The TPCC will hold at least two meetings annually over the next two years. These meetings are expected to be held in conjunction with the SOMs and Ministerial Conferences.

20. The core program for the TPCC over 2010-2011 will focus on monitoring the TPSAP and implementing a series of WTO knowledge sharing forums. Trade representatives will provide IMF with annual data for the TPSAP monitoring tool. Timely submission of the questionnaire will also provide the needed data for the CAREC Results Framework. The IMF will collate and analyze the information and present reports to the TPCC, SOM, and MC. The IMF will also assist the TPCC in generating recommended measures for Senior Officials and Ministers to ensure successful implementation of the TPSAP.

21. The WTO knowledge sharing program will be finalized soon after the 12<sup>th</sup> TPCC meeting in April 2010, and the forums are expected to launch in mid-2010 or by the 3<sup>rd</sup> quarter. Tentatively, three events will be planned for WTO knowledge sharing each year, and the location of these forums will be determined after confirmation of partners and resources. Trade officials who are involved (from the current non-WTO members) in WTO negotiations and accession, and those who already experienced the accession process will comprise the participants of this program.

#### IV. KEY ISSUES

22. Monitoring of the TPSAP is dependent on the CAREC countries' timely reporting of data. Not all countries provided 2009 data for the monitoring tool as of March 2010. Senior Officials are requested to help ensure that their respective trade ministries submit to the IMF the necessary information for 2009 immediately after the April 2010 SOM. Preliminary data for 2010 and key measures related to the greater trade liberalization should be provided to IMF at the second TPCC meeting of 2010.

23. More detailed and comprehensive information is also required to finalize the study on the institutional environment for trade in CAREC. Inputs from the countries to date have been minimal and not sufficiently detailed to allow relevant and specific recommendations to be made in addressing the institutional impediments. Senior Officials are requested to ensure that their trade ministries submit in a timely manner the necessary inputs to the study in line with the discussions at the April 2010 TPCC meeting.

24. CAREC countries are also requested to ensure that participants involved in the WTO knowledge sharing program for 2010-2011 are officials actually involved in the accession process. The exchange of experiences and knowledge of WTO accession must occur between CAREC WTO officials who went through the process and those officials in non-WTO CAREC countries who are currently involved in the accession process.