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VERSION -1 June 2015: 1:17 hours

POST-ACCESSION BENEFITS OF THE WTO MEMBERSHIP OF TAJIKISTAN

"TAJIKISTAN IS OPEN FOR BUSINESS AND INVESTOR-FRIENDLY"

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**INTERNATIONAL TRADE AND INVESTMENT CONFERENCE
DUSHANBE, TAJIKISTAN
1 JUNE 2015**

Your Excellency Mr. Nematullo Hikmatullozoda, Minister of Economic Development and Trade of Tajikistan,

Mr. Saidrahmon Nazriev, First Deputy Minister of Economic Development and Trade of Tajikistan,

Mr. C.C. Yu, Country Director of the Asian Development Bank,

Representatives of the Private Sector,

Ladies and Gentlemen,

On behalf of the WTO, welcome to this Opening Session: Session 1 on the: *"Post-Accession Benefits of the WTO Membership of Tajikistan"*.

Before we start, a few points in my role as Moderator for this session.

The WTO congratulates the Government of the Republic of Tajikistan for hosting this International Trade and Investment Conference in partnership with the Asian Development Bank (ADB).

Trade and investment are companion policies; they go hand-in-hand and are central to immediate and long term strategies for economic growth, development and job creation, nationally and globally. In the period, 2011 to 2013, eighty-five (85%) of the GDP of Tajikistan was accounted for by trade. This is not surprising because historically landlocked countries have thrived and prospered as trading economies. In the most recent figures in 2013, the FDI stock as a percentage of GDP stood at 19.1% for Tajikistan.

The WTO commends the Asian Development Bank (ADB) for the timely and necessary steps it has taken to co-organize and co-host this conference with the Government of Tajikistan. The WTO looks forward to continuing to work closely together in partnership with the Asian Development Bank (and traditional and emerging development partners), and with the Republic of Tajikistan to deepen the WTO membership gains for Tajikistan.

The WTO Protocol on the Accession of Tajikistan is of a high quality; rules- and reform-based. It is one of the better Accession Protocols out of the 33 Accession Protocols that have been concluded by the WTO in the past twenty years.

The commitment to far-reaching domestic reforms, WTO core values and rules and market opening commitments and concessions should not be taken for granted. These were courageous and reform-based decisions taken at a challenging time for the economy of Tajikistan, as it sought to transform its economy from central planning to a market economy, reconcile regionalism with strong commitments to multilateralism and at the same time demonstrate welfare gains for the People.

These reforms, codified in its Accession Protocol, are now being implemented by the Government even as new reform-based decisions, such as the ratification of the WTO Trade Facilitation Agreement (TFA) are being taken, in the immediate Post-Accession Stage of the WTO Membership of Tajikistan.

The WTO pays, well deserved, tribute to H.E. President Emomali Rahmon for his leadership in the far-reaching domestic-reform decisions that he took, as President, to make possible the conclusion of the Accession Negotiations of Tajikistan in 2012 and the adoption of the

Accession Protocol of Tajikistan, at the WTO General Council in December 2012.

Session I; this Session has to address three questions:

- First, where do the benefits of WTO membership lie?;
- Second, although the Accession Protocol is a "Package", which are those core commitments in the Accession Protocol of Tajikistan that provide incentives for business, improve the business environment and generate welfare gains for consumers?; and,
- Third, how is implementation proceeding with the commitments in the Accession Protocol of Tajikistan?

First: where do the benefits from WTO membership lie? The benefits from WTO membership Post-Accession are considerable. WTO Members have non-discriminatory MFN-based access to the markets of all 161 WTO Members. This market access is predictable and legally secure. A member has the right, pursuant to the rules, to comment on draft trade regulations and bills of other WTO Members before they become law and/or regulate trade so as to ensure transparency, stability and predictability in international trade relations. Any Member has the right to invoke the Dispute Settlement Understanding (DSU), one of the most powerful systems of dispute settlement in Public International Law, to challenge the trade measures of any other member, whose trade measures may nullify and/or impair its benefits. No less, a new member obtains a seat at the table, by right, to negotiate new work programmes, new trade rules and, benefit from technical assistance and capacity-building. The relative importance of the benefits that a member enjoys as a right can weigh more or less, depending on the economic circumstance of the new Member. For instance, landlocked economies such as Tajikistan accord premium value to the invocation of the freedom of transit.

However, the enjoyment of these benefits is not automatic. They accrue to those members that are domestically well-organized and coordinated and, are able to transform their accession negotiating structures and direct them to the ends of Post-Accession and operational active membership goals.

Post-Accession gains also accrue to those with a sustained long term commitment to domestic reforms, implementation of their accession-specific commitments and, self-binding commitments to the core WTO values of trade integration into a competitive, rules-based global market economy, good governance and the rule of law. Benefits multiply with pro-active engagement in the regular work of the Organization, its agreed work programmes, based on the platform that membership is a contractual balance of rights and obligations.

WTO Secretariat analysis of the evidence in the WTO database on the Trade Performance of Article XII Members – i.e., the new members of the Organization – indicate that they have grown faster than original members, exhibited more resilience in response to crises and, have had greater success in the attraction of foreign direct investments. A range of variables intervene with regard to FDI attraction, yet the broad facts indicate that far-reaching accession-specific reforms, codified in Accession protocols, bear a strong and positive relationship for growth, FDI attraction and resilience in crises.

The Government of the Republic of Tajikistan is setting a positive and strong example of transparent, stable and predictable membership behaviour from its membership on 2 March 2013 and in the continuing period of its immediate post-Accession stage.

Over a 12-year period, from 2001 to 2013, WTO Members and the Secretariat supported Tajikistan to complete its accession negotiations linked to its domestic reforms. In December 2012, the General Council approved Tajikistan's "Terms of Accession". On 2 March 2013, Tajikistan became the 159th member of the World Trade Organization. Its membership was a clear signal to all trading partners that it was ready to engage in the rules-based global economy within the legal and policy framework of the WTO.

When negotiations end, and membership starts, the real work begins. This Trade and Investment Conference is a continuation of the process of trade integration, to support the efforts of Tajikistan to deepen its on-going domestic reforms and continued integration into the global economy and to ensure that the gains from membership materialize.

Second, which are those core commitments in the Accession Protocol of Tajikistan that provide incentives for business, improve the business environment and should generate welfare gains for consumers?

As an economy in dynamic transformation from central planning to a market economy, WTO provisions will apply uniformly throughout the entire territory of the country, including in regions engaging in border trade and special economic zones.

Upon accession, Tajikistan commenced the application of all WTO provisions without recourse to transitional periods.

It is on course to accede to the Informational Technology Agreement (ITA), indispensable for trade integration in an interdependent global economy, transparency, efficiency in economic activities, delivery of educational services and financial inclusion.

Tajikistan has submitted an initial offer for accession to the Government Procurement Agreement in February this year; an Agreement that is important in the fight against corruption in government and best use of the tax payers' money.

Tajikistan used its bilateral market access negotiations to expand its trading relations, significantly and beneficially. It concluded 7 bilateral market access negotiations on services (with Canada, European Union, India, Japan, Chinese Taipei, Turkey and United States) and 13 bilateral market access agreements on goods (with Canada, China, Dominican Republic, El Salvador, European Union, Honduras, Japan, Korea, Sri Lanka, Chinese Taipei, Thailand, Turkey and the United States).

In Services, Tajikistan undertook specific commitments in 11 Services Sectors, including 111 sub-sectors.

In its Goods Schedule, its average bound tariffs for all products are 8.05; 10.4% average bound tariffs for its agricultural products; and, 7.6% for its non-agricultural products.

State Trading Enterprises would make purchases and sales in accordance with commercial considerations, if not for use by the Government. Companies from other WTO Members would be afforded adequate opportunity to compete for participation in purchases and sales of Tajikistan's STEs/SOEs.

Tajikistan will provide for the right to appeal administrative rulings to an independent tribunal on WTO matters.

Domestic taxes would be applied in a non-discriminatory manner to imports, regardless of country of origin and to domestically produced goods.

Trade remedies would be applied in accordance with WTO rules.

Export control requirements (licensing, QRs, etc) would be WTO-consistent and export duties, taxes, fees and charges are eliminated and would not be introduced except on 300 specific tariff lines listed in the Accession Report.

The WTO Agreements on TBT and SPS shall be fully applied.

The WTO Agreement on Trade-Related Intellectual Property Rights (TRIPS) shall be applied upon accession.

Following Tajikistan's WTO Accession, in October 2014, the Government approved "The Program of Adjustment of the Economy of the Republic of Tajikistan Related to the Membership in the World Trade Organization". The objectives and priorities of the Programme are to: create a favourable environment for SMEs; attract foreign investments and improve the business environment; strengthen bilateral and multilateral cooperation with WTO Members; deepen and accelerate domestic reforms.

The Program underlines the value and the objectives to organize a non-discriminatory economic environment; improvements to transparency; equality of foreign trade operators and uniformity of conditions for economic operators. The Ministry of Economic Development and Trade is required to report to the Government on the implementation of the Program every six months.

CONCLUDING REMARKS

Tajikistan has demonstrated its vision and leadership to champion trade and the WTO - not only by concluding its accession negotiations with exemplary determination - but also through its proactivity and commitment in implementing multilateral trade rules. Only four weeks ago, Tajikistan ratified the WTO Trade Facilitation Agreement, making it one of the first members to ratify it. I encourage Tajikistan to help other WTO members, particularly those in Central Asia, ratify the Agreement. Our aim is that the Agreement comes into effect by the next WTO Ministerial Conference in Nairobi this December.

Tajikistan should continue advancing its development agenda, keep its market open and sustaining conditions, which fuel trade, bilaterally, regionally and multilaterally. All three formats can be mutually supportive. They are not mutually exclusive.

Conditions in domestic economies are never ideal. There will always be scope for improvements. This conference provides welcome opportunities to ask questions and enquire about aspects of policies, regulations and laws and their implementation. There is an opportunity to deepen the dialogue and strengthen the partnership with a country that is fundamentally committed in good faith to domestic reforms, improving its play on the rule of law, good governance and global economic integration. It is right that multilateral institutions and development partners are here to provide support. Although Tajikistan has undertaken vital commitments and registered crucial progress, there is still considerable work to be done. Above all, the investor community now has to respond to the price and market signals from the WTO commitments of Tajikistan.