

Facilitating the Effective Integration of Developing Countries in the Global Economy through Aid for Trade Schemes Inter-Regional Forum



The Case of the Republic of Tajikistan

By

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TAJIKISTAN

Introductory information

Tajikistan-territory

Land-locked and mountainous country

Territory of 143,100 sq km

Borders:

In the Northwest – Uzbekistan

In the Northeast – Kyrgyzstan

In the East – P. R. China

In the South – Afghanistan

**Mountains and plateaus – occupy
93% of the territory**

**Intermountain valleys and foothill plains occupy
7% of the territory**

Population - 8,008,990 million people



General structure of the country's economy

Tajikistan – an agrarian-industrial country

Comparative advantage – agriculture

Share of the agriculture is significant in the GDP of the country

73% of total population lives in the rural areas

Key macroeconomic indicators:

Indicators	2007	2008	2009	2010	2011	2012	2013
GDP in current prices (mln. USD)	3719	5134	4 978,3	5 641,8	6523,2	7592,6	8506,0
GDP growth (percent)	107,8	107,9	103,9	106,5	107,4	107,5	107,4
GDP per capita (USD)	515,5	697	666,6	743,0	848,3	962,0	1055,0
Foreign trade turnover (mln. USD)	4015,3	4676,2	3579,9	3853,1	4443,3	5137,6	5284,7
Inflation rate (percent)	19,7	11,8	6,4	6,5	9,3	6,4	3,7
Unemployment rate (percent)	2,3	2,4	2.1	2.2	2,2	2,6	2,5

Why is this technical assistance project important for Tajikistan?

- Tajikistan has recently joined the WTO (March 2013), and this project enables it to implement its WTO commitments
- An opportunity to learn from the experiences of other countries in designing and implementing AfT activities
- Implement reform plans in the areas of trade facilitation and SQAM (Standardisation, Quality Control and Metrology)

Rating of Tajikistan's Reforms

- Tajikistan was included in the top-ten list of economies improving the most in the ease of doing business category in 2010 and 2011
- Major progress on various indicators of the World Bank rating “Doing Business 2014”-143;
- Most significant progress in the following categories:
 - “Protecting Investors” - +44 points (22)
 - “Registering Property” - +12 points (78)
 - Enforcing contracts - (39)



Overview of priorities and achievements in the area of trade facilitation

Priorities

- Align customs regulations with internationally recognized rules
- Modernize and automate customs administrative procedures
- Strengthen customs points with modern facilities and equipment
- Foster regional cooperation in the areas of customs and transport.

Achievements

- Adoption of new laws
- Creation of the Customs Unified Automated Information System (UAIS) for simplifying customs procedures and supporting the implementation of risk management
- Creation of the Single Window Information System prototype and an autonomous management body, the State Unitary Enterprise “Centre the Single Window” (SUE SW) – the one-stop-shop facility, to operate the SWIS platform and provide the SW services

Overview of priorities and achievements in the area of regulatory cooperation

Priorities

- Establish a clear demarcation between the functions of technical regulations, standardization, conformity assessment, accreditation and metrology. These functions will be divided and entrusted to separate entities, namely:
 - ✓ Authorized body for technical regulation
 - ✓ National Standardization Agency
 - ✓ National Metrology Agency
 - ✓ National Accreditation Agency
 - ✓ Testing centers and certification agencies

Achievements

- Technical-regulation development is now based on internationally recognized best practices concerning the legitimate objectives for technical regulations, and the principles of non-discrimination and proportionality
- Voluntary compliance with standards
- Successive reduction of the number of products subject to mandatory certification

Tajikistan's participation in UNDA project activities

- Tajikistan hosted one of the regional workshops organised under this project: “Leveraging AfT for Supporting Regional Integration”, in Dushanbe, Tajikistan (8-9 October 2013)
- Tajikistan participated in the regional workshop on “Implementing AfT Road Maps”, held in Geneva on 10-11 July 2013
- Efforts are underway to finalize two project documents in support of AfT priorities. The Ministry of Economic Development and Trade is acting as the national focal point to ensure participation of all relevant agencies in the design of the project

The development of the project documents

The project documents are based on:

- An analysis of regulatory and procedural barriers to trade in Tajikistan
- Consensus among state agencies and private sector institutions on priority areas that need to be addressed
- A common understanding among the different public and private sector entities on the solutions that should be adopted to address the identified needs

The analysis of regulatory and procedural barriers to trade in Tajikistan

Implemented by:

UNECE in 2013

Regions covered:

The capital city of Dushanbe and the country's second largest city of Khujan, both of which are major industrial hubs.

Sectors:

Strategic non-resource based sectors selected in consultation with the Government based on their contribution to exports and income growth in general. Listed using the Standard International Trade Classification (SITC) Revision 3 (top level):

- Food and live animals
- Beverages and tobacco
- Chemicals
- Manufactured goods classified chiefly by material
- Machinery and transport equipment
- Miscellaneous manufactured articles.

The analysis of regulatory & procedural barriers

Methodology

Desk study

Previous studies

Laws, policy documents
and government
decisions

Development plans

Face-to-face interviews:
representatives of
Government & trade
support institutions

Officials from the
National Advisory
Working Group

Logistics service
providers, transport
operations, trade and
enterprise support
associations

Face-to-Face
interviews: 63 traders
from priority sectors

60 Traders were
approached in
early 2013 using
the UNECE traders
questionnaire

The analysis of regulatory & procedural barriers

The National Advisory Working Group

Chair:

Deputy Minister of Economic Development and Trade

Members:

- Ministry of Economic Development and Trade
- Ministry of Foreign Affairs
- Ministry of Transport
- Customs Service
- Tajikstandart (Standardization agency)
- State Committee for National Security
- State Centre for Sanitary Epidemiological Control under the Ministry of Health
- State Veterinary Inspection Service under the Ministry of Agriculture
- State Service for Phyto-sanitary and Quarantine Inspection under the Ministry of Agriculture

The analysis of regulatory & procedural barriers

The National Advisory Working Group

Transport operators, logistics service companies

- Association of Customs Brokers of Tajikistan
- Freight Forwarders Association

Business support institutions

- Chamber of Commerce and Industry
- National Association of Small and Medium Business

Project (1)

Supporting Tajikistan's post- WTO accession reforms in the area of trade facilitation

Outcomes

1. Institutional consultation mechanisms for facilitating national consensus (among state agencies as well as between the public and the private sector) regarding policies and initiatives for reducing regulatory and procedural barriers to trade in a manner that enables successful fulfillment of Tajikistan's WTO obligations and the realization of potential benefits from the Agreement on Trade Facilitation.
2. New/revised laws and procedural measures in trade, and providing relevant state agencies and markets support institutions with core team of experts well versed in the various aspects of trade facilitation-related policies and WTO matters and processes
3. Staff in relevant state agencies and market support institutions well versed in various aspects of trade facilitation-related policies and WTO matters and processes.

Project (2)

Strengthening Tajikistan's quality infrastructure

Outcomes

1. Relevant actors use a national policy for consumer protection, for quality improvement and for competitiveness.
2. Tajikstandart covering standardization, accreditation and legal metrology functions, is re-structured and operational.
3. Competitiveness of the priority sectors of Tajikistan is enhanced by developing and promoting a culture of quality and compliance with international standards.
4. Private and public sectors have access to accredited and competitive conformity assessment services provided in the country.

Next Steps

- Finalise the project documents
 - As each of the projects involve two international agencies, and several national stakeholders, it is important to spend time to agree on all details from the beginning
- Official adoption by the Government
- Mobilise the required resources with the support of UNECE

Lessons Learned

AfT Projects should be based on careful analysis of the national context

There is no one-size-fits-all solution

AfT Projects should be designed within the context of a participatory approach.

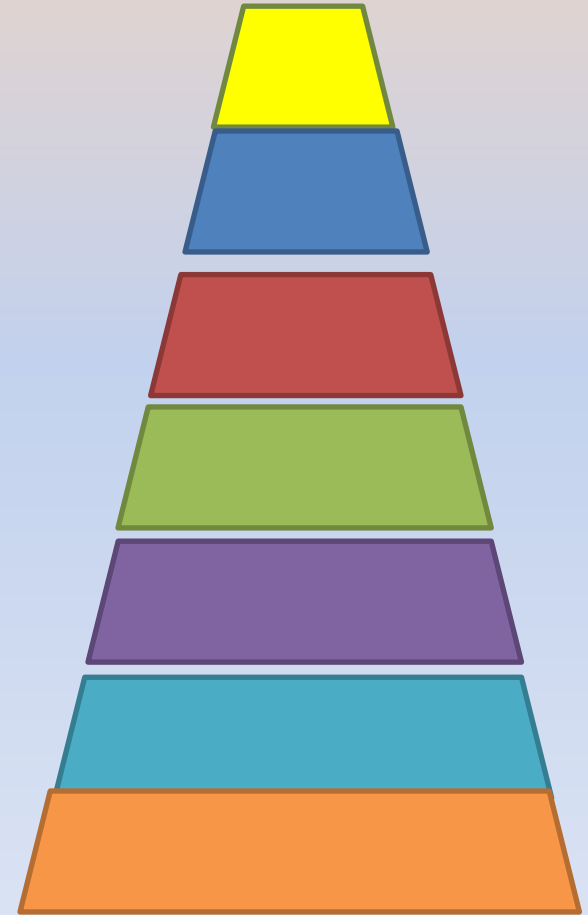
This is especially the case of trade facilitation and quality control , which involve a lot of actors (the Advisory Working Group was a good mechanism for ensuring broad participation)

Implementation should be designed to build national capacities

National agencies should take the lead role, using existing structures

INVESTMENT DRIVERS

- Political and socio-economic stability;
- Diverse investment opportunities;
- Regulation framework development;
- Strategic geographic location;
- Natural resource endowment;
- Favorable business climate;
- Open trade regime.



Guarantees to Investors

- Equal rights of domestic and foreign investors
- Legal protection of investors and the guarantee of noninterference of the Government in business
- Right of using and transferring the profit abroad (no exchange problem)
- Free movement of property and information (in/out)
- Protection of intellectual property rights (IPR)
- Right to use natural resources

Diverse Investment Opportunities

- Hydropower
- Mining sector and manufacture of construction materials
- Textile and food production
- Processing of primary aluminum
- Agriculture
- Transport and communication
- Tourism and service industry



Conclusion of the UNECE Study on Regulatory and Procedural Barriers to Trade in the Republic of Tajikistan

The study was conducted in 2013 and was aimed at identifying measures for trade facilitation and development of quality assurance systems , pre-receiving countries, and to assess the procedural and regulatory barriers . Results of the study and implementation of the proposed measures will help us in our quest to achieve a more deep regional and global economic integration, inform donors about what areas may need support and assistance; and to initiate further dialogue within the Committee on Trade and its subsidiary bodies on the question of what areas may require additional work .

This report will be helpful in an effort to eliminate regulatory and procedural barriers to trade in the Republic of Tajikistan and in providing support in fulfilling its WTO obligations, as well as in creating a favorable investment and business climate in our country.

Thank you for your attention!