



Project Title	Business Implications of WTO Accession for SPECA countries	
Outcome	Increased understanding of decision makers, private sector and civil society, of legal and business implications of WTO membership.	
Indicative Funding Requirements	Total estimated budget:	\$ 600,000 per country
Potential Sources of Funding	[Donor(s): [Development Bank(s): Other Resources:	TBD
Expected start date	2012	
Expected Duration	3 years	
Implementing Organization(s)	International Trade Centre (ITC), in cooperation with other implementing agencies	
Country/Countries	All countries or any individual country (Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan and Afghanistan). In order to ensure synergies and facilitate regional cooperation several projects can be implemented in parallel.	
Submitted by	Elena Boutrimova, Chief, Office for Eastern Europe and Central Asia Tel: +41 22 730 0474 Fax: +41 22 730 0570 Email: boutrimova@intracen.org Mailing Address: Palais des Nations, 1211 Geneva (Switzerland)	

1 Background

Integration into the world economy has a great potential to facilitate access to markets and to contribute to a better positioning of the SPECA region in the world economy, thus stimulating investment, economic development and growth. ITC will provide support and assistance to the governments of SPECA countries in their accession process to the WTO, by contributing to strengthening the capacity of the private sector to understand the business implications of WTO accession and to become engaged in the WTO negotiation process by voicing its interests. This, in turn, will help the countries to prepare for the new trading environment and enable them to retain a balance in opening up their markets to foreign competition.

This ITC initiative is also in line with the regional priorities laid out in the SPECA Aid-for-Trade Ministerial Declaration, in particular facilitating beneficial integration of SPECA countries into the multilateral trading system through supporting SPECA countries during the process of their accession to the WTO. ITC's programme will address the untapped potential in Central Asian economies, addressing the needs of governments in SPECA countries to benefit from being connected to world markets.

2 Justification

The private sector and the government of SPECA countries recognized the importance of trade development and trade diversification for overall economy growth and prosperity. Domestic governments have recognised the potential for further development of their economies, pursuing active reform agendas, and launched ambitious programmes for economic development and/or

diversification. In many cases, this agenda-setting process is spurred by ongoing or completed negotiations for WTO Accession.¹

The ongoing domestic reform processes towards WTO conformity demand not only the dedicated role of government decision-makers, but also the attention and commitment of the private sector and society as a whole. In this situation, a vital element in the Accession process is building national support for the process among all key stakeholders. Although the negotiations are undertaken by representatives of the acceding country's government, the roots - and implications - of all WTO-related issues lie in the everyday activities of the private sector. Therefore, drawn from various sectors of the economy, the Government depends on inputs from the private sector to identify and pursue a successful negotiation strategy.

In SPECA countries, however, the private sector lacks understanding and sufficient knowledge about the business implications of WTO Accession, which limits its opportunities to properly articulate its needs and priorities to the Government in a consolidated manner. As a result, interests of the business community often are not taken into account in the WTO negotiation process, due to the lack of interaction between the Government and businesses. Therefore, engaging the business community, and broader society as a whole, in the negotiation process will be one of the key factors to creating the national consensus and successfully completing the Accession negotiations.

In addition to general awareness-raising on the benefits and challenges of WTO membership, improved understanding of the *sector-specific* implications is of utmost importance to advancing the negotiations in full stakeholder confidence. Special attention will be paid *to the textiles and clothing and agribusiness sectors*, as well as to selected services sectors, including financial services, telecommunications, transport and energy.

The choice of the goods sectors - textiles and clothing, as well as agribusiness - derives from the value and potential of these sectors for the economies of the SPECA region. The work in this area will build on ITC's previous and current assistance in some SPECA countries aimed at improving export competitiveness of these sectors and will specifically focus on analysing the impact of Accession negotiations and taking an appropriate action in this regard.

Services sector negotiations, as part of the WTO Accession process, are especially challenging as liberalising services poses more difficulties. Spurred by demands from existing WTO members to reform (public) services and to remove non-tariff barriers, acceding governments often face bottlenecks at home. The four identified services sectors, financial services, telecommunications, transport, and energy, attract a lot of attention in this context, as borne out by the experience of recently-acceded countries. WTO members invariably seek improved market access, as well as secure "national treatment" for foreign service providers in these sectors. Recently acceded members have made commitments in almost all these service sectors to varying degrees.

The degree of commitments made by an acceding country depends on the balance reached between the demands made on them and the politico-economic constraints of the domestic economy. The technical assistance project will enable the Government to strike such a balance by improving awareness and analysis and by fostering dialogue amongst stakeholders about the potential domestic gains of services liberalisation, as seen from a local business perspective (reduced cost of doing business, having access to competitive services in banking, transport, energy, etc.), as well as the government perspective (improved access to and quality of basic services and establishing appropriate regulatory mechanisms to derive maximum benefit from the reform process).

3 Expected Output(s)

This projects is aimed at improving awareness by the private sector of the implications of WTO membership. As such, the programme will assist in creating a conducive business and public environment for WTO membership, through enhancing private-sector capacity to understand and act upon business, legal and structural implications of WTO membership and increasing partnership and dialogue amongst main stakeholders by stimulating the information sharing and exchange of views, which is needed for successful WTO membership.

¹ Currently, Afghanistan, Azerbaijan, Kazakhstan, Tajikistan, and Uzbekistan are in process of WTO Accession. The Kyrgyz Republic is already a WTO member.

- Expected Output 1: Increased understanding of the private sector on the business implications of WTO Accession and trade policy in general, as well as in specific services sectors;
- Expected Output 2: Strengthened the role of the private sector to engage with the Government through public-private dialogue in WTO negotiations and related trade policy issues; and
- Expected Output 3: Improved the role of selected trade support institutions in providing WTO-Accession-related advisory services to their membership (market analysis and trade information).

Means of assistance will include workshops, research assistance, advisory services, related country-specific analysis, and public-private dialogues, to bring about the much-needed stakeholder confidence through a positive information exchange and collaboration between the Government and private sector on WTO Accession. Analytical papers and case studies showcasing the lessons learnt from recently-acceded members will be used to foster an informed dialogue amongst stakeholders to reach consensus domestically in their bid for WTO membership.

Trade support institutions are expected to play a crucial role in this endeavor by collecting the views from their membership, and conveying the priorities of the business community to trade negotiators. In addition, they will help to raise awareness on the importance of competitiveness and market-thinking.

As experienced through previous Accession processes, stakeholder confidence will be enhanced through formal or informal consultation mechanisms between Government, business and other stakeholders. Specifically, these mechanisms will bring about the much-needed stakeholder confidence through a positive information exchange and collaboration between the Government and private sector on WTO Accession. Private sector involvement in WTO negotiations will be strengthened in the following sectors: banking, telecommunications, transport, energy, textiles and clothing, and agribusiness.

4 Proposed Approach & Strategy, including Capacity Development Response

ITC's experience in the SPECA region has demonstrated the advantages of an integrated approach involving all stakeholders. This approach covers the main business processes in the individual enterprise, allows trade support institutions to develop the skills and tools necessary for providing services for export success, and increases the knowledge and skills decision makers to develop appropriate policy responses.

The proposed project draws on ITC's long-standing experience in working with WTO acceding countries (including in CIS and SPECA regions) and its past and present extensive experience in the region. In particular, it builds on the insights and results of needs assessments and trade promotion projects in Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan in 2004-2006; the achievements of ITC trade promotion projects in Tajikistan and the Kyrgyz Republic in 2006-2008; ITC's current projects in building sectoral competitiveness and quality management (2009-2012), and other ITC's initiatives in the region.

ITC will also take into account trade-related activities undertaken by other development agencies in the SPECA region, including those submitted at the SPECA Aid-For-Trade Ministerial Conference which complement ITC's proposed project.

5 Annual Work Plan

PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME			PLANNED BUDGET (PER COUNTRY)
	Y1	Y2	Y3	Amount (USD)
1.1 Conduct a series of trainings including public and private sector representatives on business implications and specific trade policy issues related to the country's WTO Accession process, as identified in consultation with stakeholders.	x			240,000
1.2 Organise private sector workshops on WTO Accession in relation to specific sectors: banking, telecommunications, transport, energy (and/or agribusiness, and textiles and clothing).	x	x		
1.3 Facilitate research and development of position papers and analysis of business implications of WTO Accession in specific sectors (to be determined).	x	x	x	
2.1 Conduct public-private 'trilateral' consultations on requested general and specific trade policy issues related to the WTO Accession process.	x	x	x	170,000
2.2 Facilitate the undertaking of a survey amongst private sector on perception of domestic enterprises on the need for reforms in selected sectors.		x		
2.3 Conduct public-private dialogues / consultations on the basis of position papers, in the specific fields of: financial services, telecommunication services, transport services, energy services, (or including textiles and clothing, and agribusiness).		x	x	
3.1 Select an anchor institution among the active trade support institutions, based on capacities acquired during the project.	x			190,000
3.2 Provide training / advisory services for staff of the selected trade support institutions on their role (and ways of customizing their services) in assisting enterprises in preparing and adjusting for WTO membership.	x			
3.3 Conduct workshop for anchor institution staff on accessing trade information sources, and assisting entrepreneurs through market analysis for identifying export opportunities arising out of WTO Accession.	x	x		
3.4 Provide advisory services assisting the staff in the selected anchor institution to establish and manage a WTO reference centre in the selected anchor institution.	x			
3.5 Assist staff in the selected anchor institution to manage a functioning WTO reference centre.	x	x		
TOTAL				600,000