





accession can be used as an important mechanism to intensify and accelerate domestic structural reforms beyond simple trade liberalization, helping countries move to a more open and market oriented model of economic development. It signals a readiness for reforms and commitment to globalization. It enables countries to adhere to multilateral rules, thus raising confidence among investors.

A recent WB study shows that acceding countries grow faster starting two years prior to WTO membership and grow at an increased rate for at least the five years post WTO accession. WTO accession is also correlated with higher import growth rates. As a result, the share of developing countries trade in global trade has risen from 10 percent in the mid-1990s to more than 30 percent today. There is also

Beyond hydro-carbons and key commodities (cotton, aluminum, etc.), the production structures in most of the countries are quite om s(4u)(o)17ch5(sh)5(e)-9c)

steps, investors will continue to see Tajikistan as a country lacking predictability and stability in the investment climate. These issues persist throughout Central Asia and there is a good opportunity for regional knowledge sharing and cooperation.

. Trade policy regimes throughout Central Asia vary from liberal in the Kyrgyz Republic, to fairly liberal in Kazakhstan, and Tajikistan and to quite restrictive in Uzbekistan. While tariffs are not particularly restrictive by global standards, tariff structures are complex and changes are not transparent or predictable and non-tariff measures are extensive and pervasive. Trade policy arrangements appear to be more restrictive with emerging markets in the broader region and Central Asia countries should renew efforts to improve access for their products in these markets. While hard-data on NTMs in the region is still scant, anecdotal evidence suggests that NTMs and their associated implementing procedures leaves considerable room for discretion and time-delays.

. Border crossing arrangements are burdensome, restrictions on movement of trucks and drivers continue to exist, and extensive administrative measures add to costs and enable rent-seeking behavior. While connectivity has improved, there is much more to do to improve traditional infrastructure sectors including roads and railways and to increase utilization of ICT. Tajikistan currently ranks 188th out of 189  
Business Report largely due to the high number of documents required and the very high costs to send a container to the nearest seaport with 11

documents to export and a cost of \$5,000. Even in the region, compared to other landlocked countries, these data points stand out and are a call to action for Tajikistan to pro-actively pull down barriers to efficient trade facilitation in the interest of its private businesses and its citizens, the ultimate beneficiaries of faster and less costly trade.

With reliance on other countries for transit to reach ports, improvements in one country alone will not yield the expected results. A joint approach to education policies, NTMs, corridor management, and border crossing procedures would add considerably to more efficient movement of goods and people.

continuing liberalization in air-transport, railways, ICT would also be important.

c) Investing in skills. Educational programs and curricula should be aligned to labor market demands, and access to education at all levels should improve.

d) Finally, improving the overall investment climate and the quality of institutions. Further opening up of the economies, currently dominated by the public sector, ensuring rule of law and improving governance should be a priority.

a) Improving access to Central Asia markets, including through WTO accession but also forging closer links with emerging growth poles, including China, India, and Pakistan.

b) Simplifying and automating trade procedures, and increasing institutional capacity in the private and public sector to reduce costs of trading.

c) Reviewing and streamlining NTMs to promote trade in goods.

d) Supporting services trade which plays a central role in facilitating FDI, provides critical inputs to other economic activities, and contributes to competitiveness and diversification.

. Better infrastructure and skills and more







<p>an important partner, China and Turkey are emerging as new trade partners, at the expense of the EU.</p>	<p>exports in Central Asia countries has reflected sector and geographic factors rather than an improvement in competitiveness.</p>	<p>documentary requirements required for complying with non-tariff measures provide considerable scope for administrative discretion and time-delays in trade.</p>
<p>Intra-regional trade has declined in importance over the last decade. This reflects policy decision of the authorities, but also low complementarity of the economic structures.</p>	<p>Expansion of exports beyond commodities and sustainably developing the resource sectors will require upgrading of the assets of Central Asia countries. Better infrastructure, more productive labor and efficient institutions will increase the sectors in which Central Asia can</p>	<p>Connectivity has been slowly improving, and while bottlenecks in physical infrastructure still exist, the challenges are increasingly being</p>
<p></p>	<p></p>	<p>measures and institutional performance.</p>

competitively compete  
on a global scale.

Standard trade analysis toolkits do not indicate significant under-trading given the level of endowments, although there appears to be unexploited opportunities in goods trade with South Asia as well as in services trade with all regions.

Industrial policy may work only when it is consistent with the  
of natural, human, physical, and institutional capital.