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DIPLOMA THESIS

Impact of the WTO Accession on Tajikistan Agriculture

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ZADÁNÍ DIPLOMOVÉ PRÁCE

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European Agrarian Diplomacy

Název práce

Impact of the WTO Accession on Tajikistan Agriculture

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Cíle práce

Evaluation of the WTO accession on Tajikistan Agriculture. The goal is achieved through accomplishment of main following objectives:

- Identifying main markets of agricultural exports and imports of Tajikistan.
- Highlighting main responsibilities taken by Tajikistan during accession Process for agricultural sector.
- Comparison of obligations among main trade partners.
- Evaluating capacity and direction of influence into Tajikistan agriculture.

Metodika

The methodology of the thesis is based on statistical analysis of primary data on trade, tariffs and subsidies as well as relevant information on recent literature related to the issues of liberalization of agricultural trade. Trade statistics are obtained from quarterly reports of Customs Service of the Republic of Tajikistan that based on Harmonized System of Eurasian Economic Community and processed by author according to instructions of product classification and may vary insignificantly from official data of Statistic Agency of Tajikistan.

Most-Favored-Nation (MFN) applied and bound tariff statistics are obtained through web Tariff Download Facility of WTO as well as the report of World Tariff Profiles 2015 effective for each member in 2014. Non-Tariff measures applied by members in trade with goods are also obtained from WTO Integrated Trade Intelligence Portal (I-TIP). Commitments on subsidies and other form of obligations regarding trade regime and policy reforms are compiled from final reports of Working Groups on accession of each member country as well as from academic publication.

Final conclusions confront the obtained data on Tajikistan with the respective information on other accessed countries in order to identify the capacity of influence from membership to agricultural sector.

Doporučený rozsah práce

60 – 80 pages

Klíčová slova

World Trade Organization, Agriculture, Tajikistan, Agreement on Agriculture, Trade Policy, WTO Accession, Trade Liberalization

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Doporučené zdroje informací

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Declaration

I declare that the Diploma Thesis "Impact of the WTO Accession on Tajikistan Agriculture" is my own work and all the sources I cited in it are listed in Bibliography.

Prague 2015

Signature: ________________________________

Muhammadjon Mamadjonov

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Impact of the WTO Accession on Tajikistan Agriculture

Dopady vstupu do WTO na zemědělství v Tádžikistánu

Summary:

World Trade Organization is one of the most influential institution that deals with the rules of international trade and made a great impact on liberalization of world markets of goods and services. Accession to the WTO is a complex and continuous process of commitments and economic reforms of bringing the country in conformity with principles of fair trade. Tajikistan is developing country in Central Asia and has acceded to the WTO willing to increase the level of integration into the global system of trade and get access to new markets. For Tajikistan agriculture remains to have imperative role in specialization of the country. The purpose of this work is to identify and discuss the possible effects of accession to the WTO in agricultural sectors of Tajikistan.

As a starting point, this thesis defines the place of agriculture in a context of the WTO legislative framework. It then outlines the agricultural sector of Tajikistan and its place in trade relations with main partners. Further it identifies obligations of the country in trade with goods and particularly with agricultural products. Main focus is done at commitments in market access and domestic support and comparison of these terms among CIS countries. Finally the paper makes some general points on possible opportunities opening for external economic relations of Tajikistan with WTO members and concludes that there is no direct and significant effect that should be expected in the short-term.

Keywords: World Trade Organization, Agriculture, Tajikistan, Agreement on Agriculture, Trade Policy, WTO Accession, Trade Liberalization

Souhrn:

Světová obchodní organizace je jedna z nejvlivnějších institucí, která se zabývá pravidly mezinárodního obchodu a přispěla k liberalizaci světových trhů se zbožím a službami. Vstup do WTO je složitý a znamená to nepřetržitý proces závazků a ekonomických reforem, které mají za účel dovést zemi k zásadám poctivého obchodního styku (fair trade). Tádžikistán je rozvojová země ve Střední Asii, která vstoupila do WTO, je ochotná zvýšit svou úroveň integrace do globálního systému obchodování a získat přístup na nové trhy. Zemědělství má pořád významnou roli ve specializaci země. Cílem této práce je identifikovat a probírat možné dopady vstupu do WTO na zemědělství v Tádžikistánu.

Jako výchozí bod, práce definuje místo zemědělství v kontextu legislativního rámce WTO. Dále pak nastiňuje zemědělství v Tádžikistánu a jeho místo v obchodních vztazích s hlavními obchodními partnery. Dále identifikuje obchodní závazky země se zbožím, a to zejména se zemědělskými produkty. Hlavní důraz je na závazcích v přístupu na trh a domácí podpora a srovnání těchto pojmů mezi zeměmi Společenství nezávislých států (SNS). Závěr práce rozebírá některé možné příležitosti pro otevření vnějších ekonomických vztahů Tádžikistánu s členy WTO a konstatuje, že neexistuje žádný přímý, ani významný vliv na zemědělství Tádžikistánu, který je třeba očekávat v krátkém časovém rámci.

Klíčová slova: Světová Obchodní Organizace, zemědělství, Tádžikistán, dohoda o zemědělství, obchodní politika, vstup do WTO, liberalizace obchodu

Content

1. Introduction

In March 2013 the Republic of Tajikistan became a full-fledged member of the World Trade Organization after consistent rounds of negotiations that lasted 12 years. Thereby Tajikistan has taken a range of obligations and commitments on reforming trade regime and market access tariffs that should be applied from January 1, 2016 (Working Group Report).

Among all of Central Asian countries, Tajikistan had the roughest way to the current state of economic development. After the collapse of Soviet Union country has faced a severe shortage of primary resources due to limited specialization of economy and high dependency from other former states. Despite the difficult period of civil war and transport isolation from the major world markets, it got possible to make significant progress to stabilize the economy and implement market reforms. Now, as for a transitional country for Tajikistan membership in the World Trade Organization is seen as an essential part of integration into international economy and a primary task in its economic development strategy.

For many years agriculture has been a prevailing sector that produced up to 20 percent of GDP, 30% of exports and employed 66% of economically active population of the country. At the same time, agriculture was an exceptional topic in a framework of the WTO rules and principles of trade liberalization, undermining tendency among members to protect this particular sensitive market and ensure food security and independency of their economies. Therefore many acceding countries dedicate special attention to obligations on agriculture during their negotiating process on their commitments.

The purpose of this work is to identify the possible influence to Tajikistan agricultural sector after accession to WTO. The task is undertaken through four main subject sections. In the first section emphasis is done to highlight the place of agriculture in the WTO regulations. The second section is dedicated to analysis of recent developments in Tajikistan economy, particularly to production and trade with agricultural products. The third section of the work reveals obligations of the country that come out from accession negotiations of Tajikistan into the WTO which shapes the trade regime and national treatment of agricultural sector. The last part compares accepted commitments by Tajikistan with commitments of main partners in CIS region which are WTO members in order to find the relative state of influence from accession.

2. Aim and Methodologies

The aim of this work is to research the possible impacts of the WTO into the agricultural sector of Republic of Tajikistan after its accession since 2013. A focus is done in the structure of Tajikistan agricultural market and trade of agricultural commodities, the legal framework of internal policies affecting Tajikistan trade in agricultural products with its major trade partners as well as the current state in the field of subsidies in Tajikistan agricultural sector. The goal is achieved through accomplishment of main following objectives:

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- Comparison of obligations among main trade partners.
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Methodologies

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Final conclusions confront the obtained data on Tajikistan with the respective information on other accessed countries in order to identify the capacity of influence from membership to agricultural sector.

3. WTO Agricultural regulation

3.1. Explaining the WTO

The World Trade Organization (WTO) is a multi-national institution established in order to manage a set of bounding international agreements primarily connected to trade rules and regulation. It also establishes a solid ground for bi- or multilateral negotiations between members to deal with further interpretations and alterations to these agreements, setting up a permanent forum. After 9 years of negotiations between 123 countries it came into official existence on January 1, 1995. In general terms the idea based in lowering trade barriers and to economic liberalization. Currently there are 160 member-states joined the organization. By now agreements signed within the WTO cover a wide range of economic and political spheres, not exclusively trade policy, but many other aspects of regulations such as environmental policy that counted to have indirect trade impact. All signed parties are expected to accord their internal law and policies in order to meet the requirements of WTO agreements.

Formation of the WTO was based in the ideas of economic views, so called in the early 90th the "Washington Consensus", when the experts on international economic were convinced that markets have much better performance and higher growth with less government influence. Although the Washington Consensus has still power to exist, since then it has lost much of followers, mainly due to early and a very recent global financial crisis of 2008. This movement pursued several general reforms, which included lowering trade barriers, privatization of state- owned companies and deregulating business and was driven primarily global financial institutions such as the World Bank and International Monetary Fund.

In 1995, as it was already mentioned, most of the world sovereign and recognized become founding members of WTO and since then the Organization has expanded to more bigger players in international trade, including China in 2001 and Russia in 2012. Only about 34 countries didn't join the WTO and most of these are willing to join in near future and carry status of observers. Most members sovereign states, but there are also exceptions. Even each 29 member of the EU is a member of the WTO, the EU itself is considered a distinct member. In negotiations all EU countries are represented as a single unit. Counter to EU, Hong Kong and Macao being official parts of China, represented in WTO as separate members. Chinese Taipei is also recognized as a separate member, despite its complicated status as part of China.

Graph 1 Map of WTO membership

Source: World Trade Organization. WTO.org

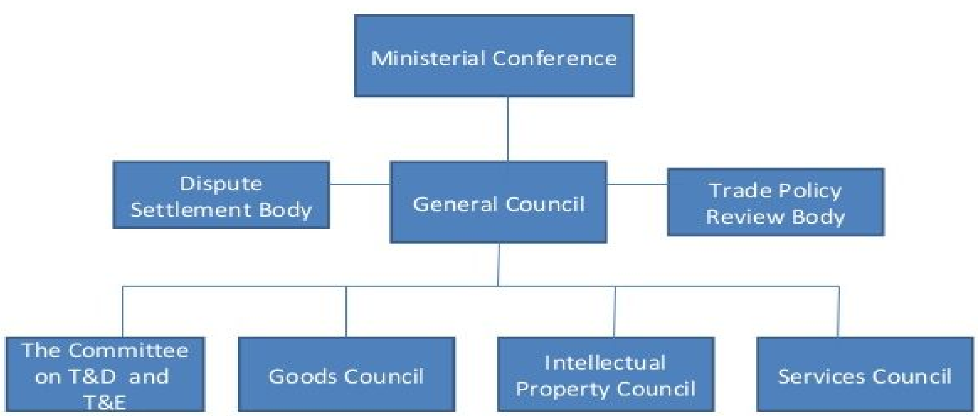
Most of the fundamental agreements of the WTO were developed and signed during a number of multilateral negotiations known as the Uruguay Round, which took place in 1986- 1994. These documents were drawn within consideration and collaboration with GATT (General Agreement on Tariffs and Trade), older set of International Agreements from 1947.

The agreements of Uruguay Round regulate a wide range of international economic policy, including tariffs, implementation of non-tariff trade barriers, subsidies, trade in services, foreign investment and copyright law. They also include provisions for their own alteration and extension within future negotiations. However not many changes have been made since then except to some time-dependent issues (expiration of the Agreement on Textiles and Clothing in 2005).

The WTO has more broad coverage of issues than GATT, extending trade rules to such areas as services and intellectual property rights. Agriculture is also covered within the founding treaties, even though it was less influenced by liberalization than other sectors. For years agriculture and textiles were counted as an exceptional topic. Counter to GATT, the WTO acquired much stronger system of control and enforcement, consisting of regular trade reviews of members-countries, independent dispute settlement institution, and a system of sanctions case of non-compliance or violation.

The organizational structure of WTO is similar to government with 3 branches. The legislative body is the Ministerial Meeting where members negotiate any changes and extensions to agreements. An executive branch, called General Council is permanently settled in Geneva and led by the Director-General of the WTO and manages everyday administrative tasks. And the third, Dispute Settlement Mechanism of WTO, which includes a Dispute Settlement Body and a standing panel of seven experts in international trade law called the Appellate Body.

Graph 2 Organizational Chart of WTO



Source: World Trade Organization. WTO.org

The shape of the WTO was not finalized by the Uruguay Round . It was expected to be as a platform which could be modified within future negotiations and agreements. Therefore, every two years the WTO organizes Ministerial Meetings. Ministerial Meeting consists of official representatives of member countries headed by their Ministers of trade or economy and most of the decisions are taken in these meetings. Ministerial Meeting usually finish by signing token agreements, but till now such agreements mainly covered the terms of future negotiations rather than specific binding laws. A new agreement requires unanimous consent of all members and negotiations are often contentious.

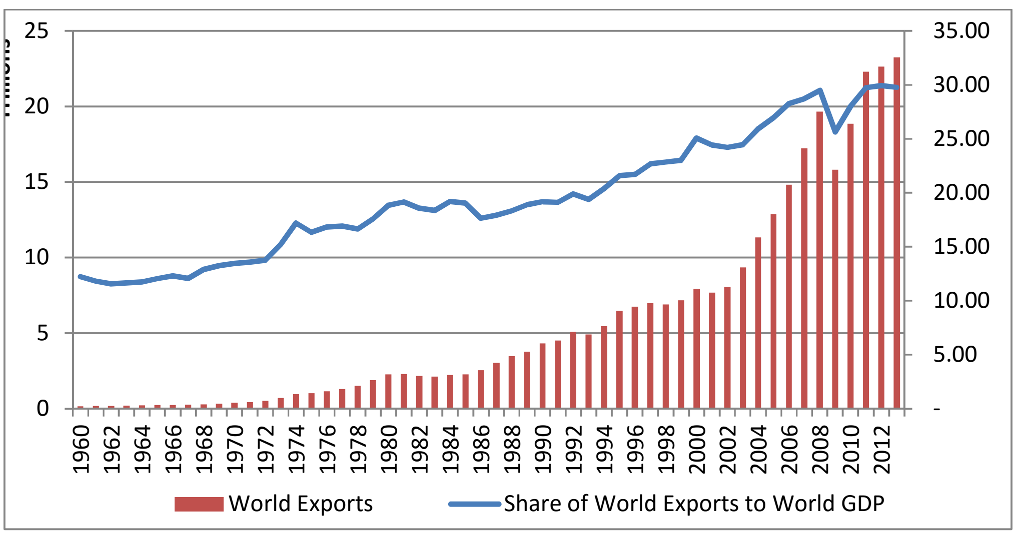
Dispute Settlement Body (DSB), which basically represented by members of General Council deals with trade disputes among members. According to practice of Dispute Settlement Mechanism, a member or a group of member countries can rise a suit against one or other members if they believe that they are violating obligations taken within the WTO, for instance if they increase tariffs limits that were previously agreed for products. Three experts are then chosen from the Appellate Body to form a panel to evaluate the case. The panel issues a recommendation and then the DSB meets to accept or reject the recommendations. If the defending member is found to be in violation, they are required to render compensation and change their policy. If they fail to do so, the members which brought the suit are given permission to launch sanctions on the offending member. The Appellate Body consists of professional functionaries rather than representatives of members. Those serving upon it are barred from holding any concurrent official positions in their home country.

The WTO's permanent secretariat in Geneva occupies a key position in the institutional structure of the WTO. It has no decision-making power, however is responsible for planning meeting logistics, for producing and circulating documents, and dispensing technical advice. At present it includes 629 staff, mostly economists and lawyers and mostly from Europe, the United States, and Canada. Like the Appellate body, the Secretariat is in theory absolutely neutral, serving only to facilitate the conditions for the member representatives to negotiate and make decisions. One of its roles is to undertake and write up a report critiquing the economic policy of any country undergoing a Trade Policy Review.

3.2. Effects of WTO to the economy

The main purpose of existence of the WTO as the driver of world trade is economic growth and this idea has been challenged with many analyses from different perspectives in recent years. One of the opponents of that idea Rodriguez and Rodrik (2001) analyzes the assumption that the reduction of trade barriers contributed to the economic growth of WTO member countries and they came to the conclusion that there is no convincing evidence of this relationship. Following them Rose (2004) argues that the WTO membership does not have a statistically significant impact on trade. In counter to them other studies (Tang & Wei, 2009) shows that in fact such a relationship has place to existence, however effects usually were not more than 5% for separate sectors of economy. Nevertheless, the overall effect on the growth of trade in these studies was positive. Other examples show that member countries could reach the level of 86% of increase in their mutual trade according to Herz and Wagner (2011), 72% by Tomz et al. (2007) and 60% by Liu (2009).

Graph 3 World Exports and Share of World Exports to World GDP



Source: World Bank Development Indicators, 2015

Subramanian and Wei (2007) in his researches point out that the real effect has much difference for separate group of countries depending on level of their development: developing countries couldn't even reach the level of 2% growth in their imports and the results for their exports were even not significant for discussion. However developed countries had almost double effects on the value of their imports after their accession. The same studies were done by Gowa and Kim (2005) where they come to conclusion that most positive effect on the growth in trade was reached generally by 5 developed countries, such as Britain, Canada, France, Germany and the United States.

Other works on the effect of the WTO study its influence on structural changes on commodity of trade (Dutt et al., 2011). The analysis showed that after accession to the WTO the number of goods in structure of trade of observed countries increases by an average of 29%. However with structural changes, the volume of trade remained without significant changes.

Goldstein et al. (2007) and Tang and Wei (2006, 2009) study the effects of WTO within the framework of fulfillment indirect commitments connected to internal reforms of a member country and indicate that positive effects on trade can be reached only if these commitments were really implemented. The positive impact was observed not only in trade but also in flow of foreign investment into economy, as the procedure of accession to the WTO undermines not only commitments on trade liberalization but also reforms of internal structures and policies of joining member. Authors point out the importance of these political commitments for the governments with a low quality of regulatory systems.

Another concept where a higher role of political reforms was highlighted by Rodrik (2002) in his work "Trade Policy Reform as Institutional Reform" written for Doha Round negotiations on developing countries. As he mentions, *Trade reform is only a catalyst for improving the institutional environment and, therefore, it gives impetus to economic growth*. Particularly he states that changes in tariff represent only a small part of a bigger process. The real effect lies down in transformation of structures and processes within the public sector and the attitude of the state towards private sector.

The policy of "harmonization" of the institutions in the country with institutions of its trading partners in framework the WTO provides for the introduction of institutions from the outside. This may be a consequence or result of market forces. However, in any case, the openness of the economy strongly influences national institutions. In this case, the borrowed institutions may be unsuitable or ineffective for the given economy. In this sense, successful institutional reforms involve a combination of borrowed institutions with non-traditional methods of their use.

WTO membership entails institutional reforms that are not only desirable, but also represent a special type of reform. The main objective that is reached through implementation of WTO rules is increased confidence in institutions. Thus, binding import tariffs, limiting non-tariff barriers to trade, adoption of the rules for granting subsidies and rules on investment measures (TRIMS) lead to the increased level of policy predictability, transparency and non-discrimination.

3.3. Agriculture in WTO Negotiation Process

Trade with Agricultural products still remains an exceptional topic within the WTO agreements. The fact that agriculture required a separate agreement is evidence to the special status with which it is regarded. Within the WTO law the Uruguay Round Agreement on Agriculture or just Agreement on Agriculture (URAA or AoA) remains the basic framework for regulating agricultural trade. It came into effect alongside to other founding treaties as the WTO was established in 1995, and has remained mostly unchanged since then. The URAA was drawn undermining it temporal existence, with article 20 indicating that it should be renegotiated in the following round of talks. However, the original schedule for the renegotiations was never met and most of the negotiations in the meantime have merely been over the terms of future negotiations. Although the URAA was the only agreement to concern itself exclusively with agriculture, other Uruguay Round agreements – notably the Agreement on Subsidies and Countervailing Measures – had significant implications for agricultural trade.

Main purpose of the URAA was to create the base ground for further negotiations on agricultural subsidies. It was and still considered as one of the most disputable topics in WTO dialogs. Despite the tariff commitments subsidies have much indirect and untraceable influence significantly affecting trade and distorting the rules of fair competition. Tariffs are basic and simple instrument of taxation of trade, generally imports, which protects national producers from external competition by increasing the price of imported goods.

Unlike tariffs, subsidies cover the production cost of domestic manufacturers and lower the price of goods in domestic market. Such difference plays an important role when it comes to the level of development of the country. While cost of subsidies is carried out from the government funds, tariffs appear to be the source of income and levied from imports. Developed countries have sufficient funds to cover the costs of subsidies, while developing countries tend to exercise tariff measure both for protection of national market and as way of revenue for government budget.

In Uruguay Round of negotiations developed countries have already had an advanced system of agricultural protection through subsidies and didn't will to abandon this type of instrument. Therefore the URAA was a balance between the interests of developed and developing countries by reforming the system and direction of subsidies. This brought the countries to negotiate and classify subsidies according to the level of distortion it makes to trade. As a result, the subsidy "box"-es of the WTO were created that consisted of "Green", "Amber" and "Red" boxes. Red box measures were generally any form of support that didn't fall in any other categories and was prohibited. The 'Amber Box' included those subsidies that had the most distorting effect on trade, lead to overproduction and export-dumping. The Green Box measures were considered safe and were not connected to production or land. Additional Blue Box was created with persist of European Union (Josling 2000) in order to contain subsidies which were linked to production but limited overproduction.

Except the Agreement on Agriculture, the other document directly influencing agricultural subsidies was the agreement on Subsidies and Countervailing (SCM). The SCM prohibits subsidies that harm other country production of same goods. As it is defined in Article I of the agreement subsidies *are direct payments by the government, tax breaks, provision of goods and services other than infrastructure by the government, purchase of goods from the party by the government, and the funding or empowerment by the government of a private group that in turn provides the type of support noted above*.

After the Uruguay Round in 2001 started the Doha Ministerial launched the second round of negotiations. It is also known as the Doha Development Round, as focus of issued was more directed into the problems of developing countries rather than to developed. One of the most contentious Ministerial Meetings was held in Cancun in 2003. The United States in collaboration with European Union defended their subsidy systems and opposed to any reforms that came out from developing group and lead to formation of G20 that stand for against their interests. As a result, any side refused for compromise blaming each other for imprudent irreconcilability.

In 2004 Australia, India, Brazil, EU and the US negotiated an agreement and took commitments on reduction the level of their subsidies and prolong the existence of blue box with series of restrictions.

Other consistent discussions were held in 2005 in Hong Kong where developed countries committed to slight reductions on their subsidy schemes. The breaking point in discussions was agreement to remove all export subsidies by 2013. Export subsidies are considered most harmful on international trade fairness as they directed to support exporting goods not production in general. In compromise developing countries agreed to accept commitments on reduction of import tariffs for non-agricultural products and services.

The process of negotiations on agriculture in WTO rounds interpreted in a very different ways. Some authors believe it was a great victory of the developing countries and a way to find a balance in fair trade. Others believe while developed countries, especially US and EU, agreed on slight concessions developing countries had to accept significant commitments and the deal for developing countries was too expensive.

3.4. Influence of WTO to agriculture

Evaluating the effects of the WTO on the agriculture sector has been more problematic in comparison to other sectors of economy, as in recent years countries had dual tends in implementation of their agricultural policies. In one hand obligations on tariffs in general had tendency to decline, while on the other hand non-market measures and other kinds of limitations were introduce in order to restrict free movement of goods, leading to increase of actual level of protection. While rates within aggregate average tariff declined, tariff rates for many sensitive products have actually increased since the Uruguay Round.

It is also difficult to estimate the level of reduction of export subsidies but according to notification given by countries to WTO since the AoA over 90 percent of export subsidy cuts were carried out by developed countries. 25 WTO members still obligated to reduce their total level of subsidies in over 400 product groups. Using subsidies developed countries keep their production artificially high and export their surpluses in dumping price to world market.

As example in 2000 UK was subsidizing the wheat production with 460 million pounds lowering the price of wheat to 70 pounds per tone. While the world price was 75 pounds, real production cost of 1 ton of wheat in UK amounted to 115 pounds, 45 pounds higher the selling price. (ActionAid 2002).

The same with production of sugar was observed in 2001 in EU. Dues to support with subsidies farmers kept producing high-cost sugar counter to low-price producers of South Africa which lead to losses in jobs and export market.(CAFOD 2002).

The same year United States paid a 4 billion dollars subsidies to support producers of cotton, while the amount of product in total valued to 3 billion dollars. Even the production cost in US is double the market price of cotton, exports share reached almost 30% of world exports of cotton. This lead, as evaluated, African countries to lose 300 million dollars, and several other countries amounted the damage to up to 2 percent of their GDP (ActionAid 2002).

According to Birovljev J. (2014) WTO could not achieve a fair and market oriented agricultural trading system. The WTO Agreement on Agriculture prohibits the developing members to use affordable tools of protection in order to maintain food security. Due to the historic differences in agricultural policy between developed and developing countries, it is necessary to differentiate between reforms directed at developing countries and those directed at developed countries.

Comparatively different conclusions made by Kym Anderson and Will Martin (2005) stating that in developing countries the poor would gain most from multilateral trade reform. Full global merchandise trade liberalization would raise real factor returns for the poorest households most, where for developing countries the biggest factor price rise is for farm land, followed by unskilled labor. Since farmers and other low skilled workers constitute the vast majority of the poor in developing countries, WTO reforms would reduce both inequity and poverty.

Quantitative restrictions may continue to affect market access of exports from least developed countries, such as sugar. In addition, a number of trade measures – including non-automatic import licensing, labeling requirements, state trading, administrative restrictions, standards and other measures related to the Agreements on Technical Barriers to Trade and on Sanitary and Phytosanitary measures – may affect market access for a number of agricultural products. A prominent example is Europe's continued de facto moratorium on the approval of genetically modified organisms, in place since 1998. WTO members are increasingly recognizing the importance of Sanitary and Phytosanitary measures as a potential hidden trade barrier, especially given the obligations under the Agreement on Agriculture enumerated above.

Diao, Agapi Somwaru, and Terry Roe (2001) find that freer trade results in more trade with eliminating most agricultural support and trade protection. World agricultural production, however, increases only marginally, while the developed countries, as a group, experience the largest decrease in production. As agricultural support and protection rates are higher in most developed countries than in the developing countries, and as the developed countries are major players in world agricultural trade, developed countries appear to benefit more from agricultural trade policy reform than developing countries. Within the developed country group they indicate to the major contributors to distorted world agricultural prices, which are the EU, the United States, and Japan plus Korea. However over time, worldwide agricultural liberalization generates larger gains than the short-time gains for most countries.

3.5. Accession Rules of WTO

Accession process to the WTO for each applicant country is unique and depends on economic development, level of independence and autonomy and ability to manage the trade regime of each country. It also requires time and effort. On average it usually lasts for five years, but may take much longer time up to decades and it needs to take se series of negotiations in order to regulate only the basic terms of the accession process, so called introductory step or formalities (Rabimov and Aquino, 2005).

Three main stages accession may be aggregated into:

a) preparing by candidate country Memorandum of Foreign Trade Regime (Memorandum), which describes in detail the policies and institutions of foreign trade;
b) the stage of questions and answers aimed at clarifying the facts of interest to the members of the WTO on the trade regime of candidate country;
c) the stage of negotiations.

General terms of accession is regulated by Article XII of the Marrakesh Agreement establishing WTO, which describes the framework of the whole process. Details are settled only in direct meeting between the members and the accessing country. As Lanoszka (2001) describes, Marrakesh Agreement has no particular description of the process which creates legal gap in regulations of the WTO. Most of the rules and administrative procedures are inherited from the experience of previous members' accession and construed as unwritten "law" (Drabek, 2010).

Once a candidate country sends an official request letter which expresses its desire to join the organization to the Director-General of the WTO, it is considered by the General Council of the WTO which is composed of representatives of all WTO members and meets periodically during the year. The WTO General Council in course of work makes a decision on the establishment of working groups with specific competence to deal with all the issues on the accession of the country to the WTO, and also appoints the chairman of the working group.

Participation in the working group is open to all WTO members. Upon accession to the WTO of big economies such as China or Russia working group may consist of big number of members. For smaller economies working group usually consists of the main players, such as Canada, European Union, Japan and the US plus a number of other Member States, including neighboring countries that have significant trade relations with the candidate country. This formal stage usually lasts no more than a few months.

Preparation of the memorandum of foreign trade regime, describing trade policies and institutions of the candidate country can be a significant challenge due to the large list of issues which should be reflected in it and the required level of details of presented in. Those issues include much more than just questions of trade in goods and services, although the description of the trade in services, including sectors of the financial, insurance, professional services, communication services, and so on. Important issues are the various aspects of managing the exchange rate of the national currency, investment and policies to promote competition, protection of intellectual and other property, as well as the privatization of enterprises. Responsibility for the preparation of the memorandum lies fully to the candidate country.

Even if the original text of the memorandum prepared quickly but considered not sufficient or detailed, or if the legislation does not meet the requirements of the WTO, the subsequent question and answer period may be extended.

After the memorandum is circulated among members of the WTO accession process enters the second phase in which the members ask questions and get clarification on various aspects of economic policy and the functioning of the institutions of the candidate country. It usually takes several months. The Working Group meetings do not usually start until memorandum is distributed and answers are prepared for their initial questions.

Detailed analysis takes place during this stage and potentially requires several meetings of the working group in order to provide information on status of laws and institutions of the candidate country. Candidate country is required to submit to the working group draft report on national legislation and regulation on various matters within the scope of WTO. If any member of the WTO finds that the responses to his questions and the measures taken to eliminate inconsistencies are inadequate they shift forward the question or other issues again on a new round of negotiations.

After receiving answers to most of the questions the candidate is asked to submit its schedule of proposals on market access of goods and services. This schedule includes:

a) details on tariffs that the candidate country intends to levy on imported goods and the level at which the country is going to "bind" their tariffs.
b) the obligations of the country on access to its market for services.
c) obligations on the level of state support to agriculture in relation to the base period (usually calculated for three years before applying for accession to the WTO), as well as on other aspects of support for agricultural trade such as export subsidies.

Once a schedule is provided to members of the working group the accession process reaches its final stage which includes the specific bilateral negotiations between the candidate country and each member of the WTO wishing to conduct such negotiations on the level of tariffs or the level of openness of the service sector. This stage may also be time consuming depending on the degree of openness of the trade regime, the proposed access to the market, etc.

When negotiations are near completion and the candidate country ensures the adoption of legislation and creation of institutions necessary for compliance with the provisions of the WTO the Secretariat prepares a draft report on the accession of the country to the WTO including the schedule of the agreed commitments of the country's trade in goods and services and submits to the working group. After approval by the working group, the report is sent to the WTO General Council. Following the approval of the General Council of the WTO this country is invited to sign a protocol on accession to the WTO.

Even accession of a country to the WTO is seen through the prism of positive moves there is significant costs and losses that need to me considered by each candidate in spite of level of economic development. Especially for emerging and least developed countries the role of supporting partners in facilitation of financial support, technical assistance, training and intellectual aid becomes a breaking point in future membership of country (Drabek, 2010).

Hoekman (2005) indicates that current rules of the WTO does not facilitate necessary capabilities for each interested party and many participants have to bear the outlay of accession on their own expenses. There is also discussion on level of fairness between acceding and accede countries. It is believed that each new applicant has to make more amount of concessions and commitments that the previous members.

Nevertheless the accession process to the WTO is sophisticated and time consuming requiring each country to mobilize and concentrate its power in order to create a strong will and commitment to changes and conform to norms and standards of organization.

4. Tajikistan as member of WTO

4.1. General Socio-Economic situation

Tajikistan is an agrarian country in Central Asia with no access to sea and promontory relief of which 93% mountains and area of 143 thousand square km. The country has borders with Uzbekistan 910 km, Kyrgyzstan 630 km, Afghanistan 1 030 km and China 430 km. General road system is integrated to the north of country linking with Uzbekistan and Kyrgyzstan, and the only international railroad to Uzbekistan leaving access for Tajikistan mainly to markets of CIS countries.

Table 1 General macroeconomic indicators

	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**Jan-June 2015**
Gross domestic product in current prices, bln. US dollars	5,0	5,6	6,5	7,6	8,5	9,2	3,28
Growth rate, %	103,4	106,5	107,4	107,5	107,4	106,7	106,4
Per capita, US dollars	663	742	847	952	1051	1114	392,7
Volume of industrial production bln. US dollars	1,51	1,8	1,6	2,1	2,2	2,3	0,929
Growth rate, %	93,7	109,7	105,9	110,4	103,9	105,1	114,2
Agricultural production *bln. US dollars*	1,90	2,1	3,2	3,5	3,5	4,2	0,852
Growth rate, %	110,5	106,8	107,9	110,4	107,6	108,5	106,9
Capital Investment *bln. US dollars*	0,9	1,0	1,1	0,9	1,2	1,5	0,692
Inflation, за период, *%*	5,0	9,8	9,3	6,4	3,7	7,4	6,3
Unemployment, *%*	2,2	2,3	2,6	2,5	2,5	2,5	2,6
Trade turnover mln. US dollars	3578,7	3853,1	4443,3	5137,6	5284,8	5316,2	2009,1
Growth rate, %	76,4	107,6	115,4	115,1	102,9	106,6	78,1
Export mln. US dollars	1010,0	1195,2	1256,9	1359,4	1163,4	977,7	434,4
Import *mln. US dollars*	2568,7	2657,8	3186,4	3778,2	4121,3	4338,8	1574,7
Exchange rate of Somoni to Dollars	4,1	4,4	4,61	4,76	4,77	4,76	5,83

Source: Statistic Agency of the Republic of Tajikistan

According to official data of the Statistics Agency of Tajikistan in 2014 gross domestic product amounted 9.4 billion US dollars, which is compared to prices of the previous year 6.7% higher. GDP per capita in 2014 amounted to the value of 1114 US dollars with increase from 2013 in 5.9%. The priority sectors of the economy in 2014 were agriculture, with 21.1% share in GDP, industry and energy - 13%, trade - 15.7%, construction - 10.2%.

The main commodity markets of Tajikistan in 2013 were: the market of vehicles, petroleum products, chemical products, precious metals and food market.

In the external relations of the Republic of Tajikistan main partner constantly through previous years maintained Russia with 1.0294 billion US dollars turnover and share of 19.5% (in 2013 - 20.8%). Second place went to Kazakhstan with 711.3 million US dollars of turnover (increase of 0.8%) and share of 13.5%. Third place went to China with 682.1 million US dollars (increase by 1.9%) and share 12.9%. In fourth place was Turkey with 656.0 million US dollars and highest increase of 9.2%. Turkey's share in foreign trade turnover of Tajikistan amounted to 12.4%. Also export of Tajik products to Turkey is 40.7% of the total exports of the country.

The development of the economy in 2014 was driven with growth of industrial production, agriculture, retail trade turnover, capital investment, and the growth of foreign trade turnover. In 2014, Tajikistan's industrial companies produced products, including electricity, gas and water supply, totaling 2.286 billion US dollars, which is 5.1% more than in 2013. Growth of Industrial production was provided mainly due to increasing the output of enterprises of the Ministry of Energy and Industry, in particular, production of electric power and alternative sources of energy, processing and maintenance of oil and gas, coal mining, mining of precious metals, engineering, defense and chemical industries and the light industry.

The most intensively developments were observed in agricultural sector of the country. As a result, the growth of production in agriculture has exceeded growth in the industrial sector by 3.4%. The volume of gross agricultural output in all categories of farms in 2014 increased in comparison with 2012 by 8.5% and amounted to 4.2172 billion US dollars, including production of crop and livestock by 7.6% and 7.5%, respectively. In sectoral structure of the economy agriculture has traditionally ranked first (21.1%), but at the end of 2014 there was a decrease of this index by 2.2% compared with 2013.

Second place for several years is trade with 15.7% share in the GDP of Tajikistan in 2014, compared with 2013 increased by 0.7%. In third place is the transport and communications with a share of 13.9%, which is 1.1% less than in 2013. Industry in the GDP at the end of 2014 took the fourth position with 13%, and decreased compared with 2013 by 1.4% percent. Fifth place in the structure of GDP in 2014 went to construction industry 10.2%, increasing the value compared with 2013 by 1.8%.

Average monthly nominal wages in 2014 amounted to 146.5 US dollars and increased compared to 2013 to 25.6%. The minimum wage in 2014 was 250 somoni (52.5 US dollars). The level of real wages and salaries (deflated by the CPI) in 2014 compared with 2013 increased by 22.7%, as compared to December 2012 - increased by 18.6%. The highest wages were in the construction - 453.2 dollars, electric power, gas and water supply - 439.9 dollars, mining and quarrying workers - 333.2 dollars. The lowest wages were for workers in agriculture, hunting and forestry - 59.7 dollars and fishery - 94.6 dollars.

Considering main socio-economic situation in the country it should be noted that in recent years the proportion of people living in extreme poverty (less than 2.5 dollars per day) significantly decreased and so far for this category fall about one-third (28%) of people in the country (the International Monetary Fund). In 2013 for the first time since Tajikistan's independence, the World Bank recorded in the country the emergence of the middle class. To date, the country has the highest of all the countries of the CIS population growth rate, and more than 50% of Tajiks are under the age of 18 years.

The economic situation in Tajikistan over the past few years continues to be unstable. Even with annual growth of the main macroeconomic indicators the country still has no effective domestic sources of growth. The most important factor in stabilizing the socio-economic status of the country is remittances coming mainly from the Russian Federation from labor migrants. The volume of remittances from Russian official statistics in 2013 amounted to about 4.2 billion dollars, or 49.5% of the country's GDP, which is 12% more than at the end of 2012 (3.7 billion dollars). According to the Federal Migration Service of Russia in the Russian Federation as of January 2014 lives and works more than 1.1 millions of Tajik citizens.

From these data it is clear that the international political and economic ratings of the Republic of Tajikistan remain very low, despite the rather optimistic national statistics.

The main limiting factor of growth of the economy is the deficit of electricity produced in autumn and winter which leads to the economic losses to 3% of GDP. In addition, the situation is complicated by the lack of supply of natural gas from Uzbekistan. Due to the chronic energy shortages a number of leading industrial enterprises of Tajikistan is idle most of the year. The negative impact on the economic situation of Tajikistan has a decline in prices on world commodity markets for the main export items - aluminum and cotton, the total sales abroad, which in 2014 amounted to 555.7 million dollars, a decline compared to 2013 in 27.7% or 213.1 million dollars.

In accordance with the program of economic development of Tajikistan for the period up to 2020, the priority areas of economic development of the republic are:

- The development of energy sector, with major long-term projects related to the development of hydropower and development of oil and gas fields;
- The development of infrastructure;
- Development and mining (gold, silver, precious stones, etc.);
- The development of the agricultural sector with a focus on increasing the export potential
  republic.

In economic relation with Tajikistan countries of the world community invest mostly in the construction of hydropower facilities, the development of mineral resources (gold, silver, copper, tin, uranium, etc.), in the construction of roads and rail links to transport goods to the border and neighboring countries.

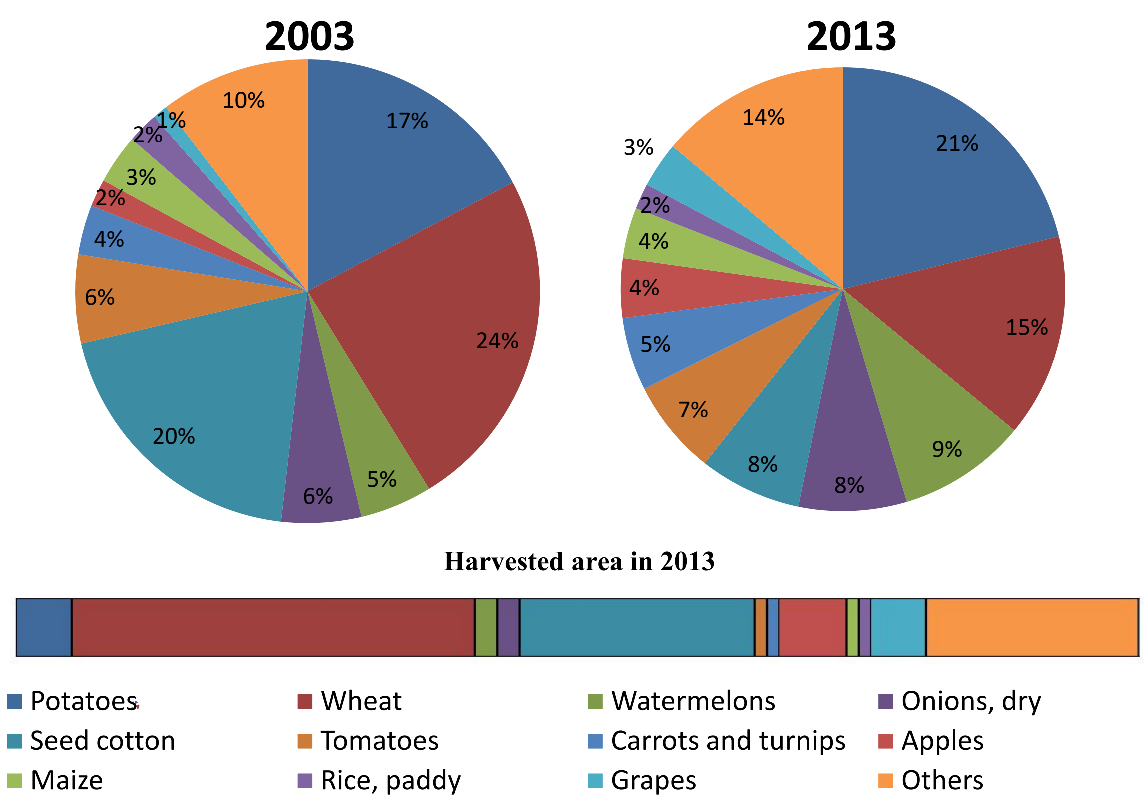
Tajikistan has huge natural resources. Hydropower potential of Tajikistan ranks second in the CIS region (after Russia) and eighth in the world. Total capacity of water and energy potential of the country is 527 billion kWh, while currently only used 12.5% of its total volume. Over 60% of the region's rivers originate in the Tajik mountains. The country is actively developing hydropower production in the past few years and built stations with a total capacity of about 1 thousand Megawatts. There are also more than 400 explored deposits of gold, silver, precious stones, uranium and other minerals, but at the moment from explored deposits operated no more than 100.

4.2. State of Agricultural Production

Agriculture is one of the most important sectors in the economy of Tajikistan which creates more than 20% of GDP, 66% (4,3 mln people) of population is engaged in production and processing and 1/3 of exports consists of agricultural products. From this sector government receives 39% of all tax revenues.

Most of the land surface of Tajikistan is covered by mountains and only 7% of territory is suitable for farming purposes. However favorable climate contributes greatly for the production of many types of crops, fruits and vegetables. Livestock production shares only a small part of agricultural production. Spring wheat, cotton and wheat account for 60% of all agricultural lands of Tajikistan, a significant portion of which is owned by farmers.

Graph 4 Structural Changes of Crop Production in 2000 - 2013



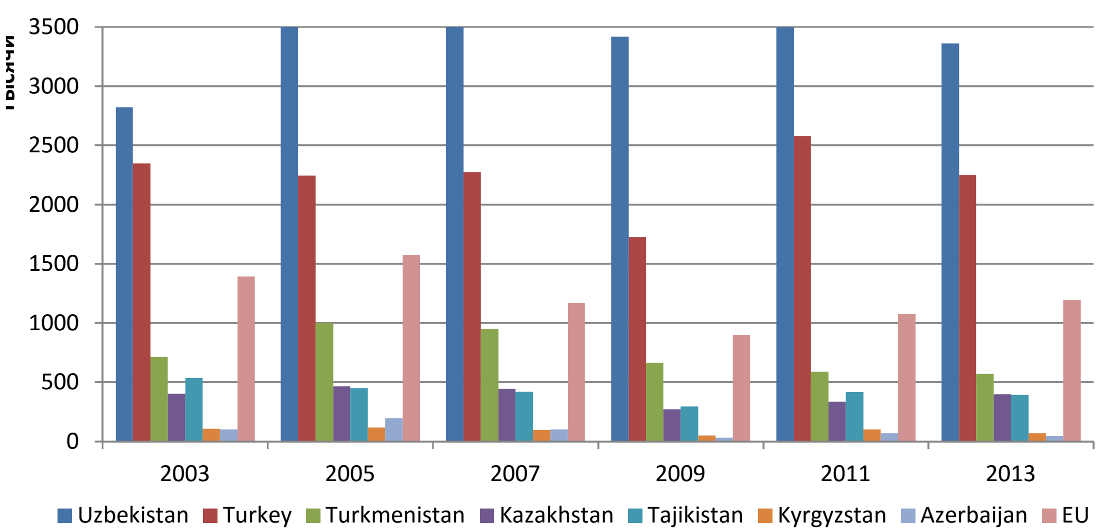
Source: FAO Statistic Database

The structure of types of agricultural production has been changing in recent decades: share of cotton and fruits in physical values have been decreasing since 2000 while volume of crops, vegetables and feed corn grew.

In 2013 from all categories of crop production in Tajikistan was produced cereals 1392620 t, potatoes 1115595 t, vegetables 1490482 t, melons 495262 t, fruits 329283 t and grapes 175386 t, which in comparison to the previous years is 9.8% higher in average.

One of the most important agricultural product is for a constituent period of time is seed cotton. In 2013 more than 20% of agricultural land was engaged in production of cotton. In a recent years volumes of harvest has been growing after a several years of recession in years 2008-2009 falling to level of 300 thousand tons per year. In 2011-2012 production recovered to the level of 400 thousand tones, but no yet reached peak years of 2002-2004 with 500 thousand tones of production. The most amount of cotton is produced within farms. Generally importance of seed cotton for the economy of Tajikistan decreases.

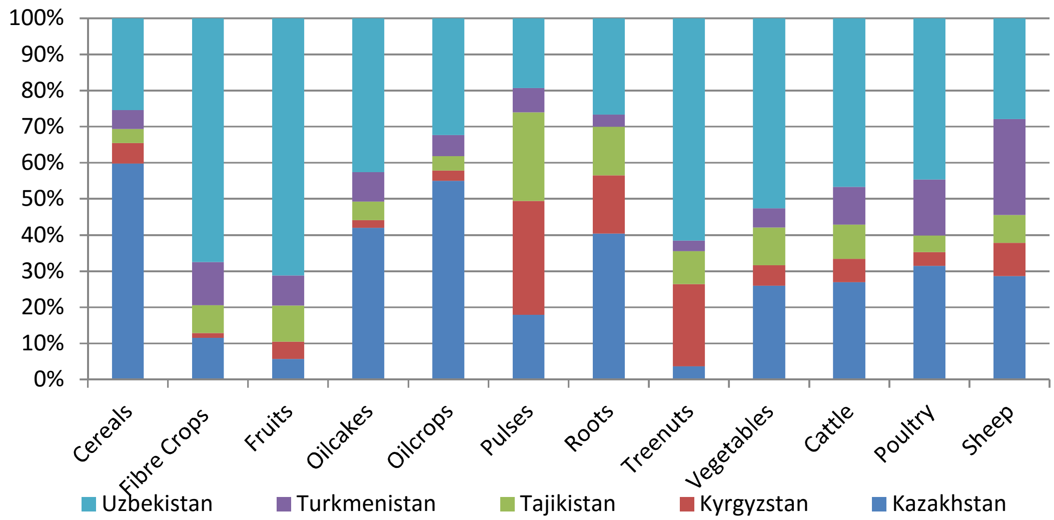
Graph 5 Dynamics of Regional Seed Cotton Production



Source: FAO Statistic Database

According to reports of mission of EBRR which leads the Program of Financial Aid to the Agricultural Sector of Tajikistan, in terms of limited area of agricultural land and high competition from other Central Asian countries in production of cotton and wheat, it is important to reorient the agricultural lands into production of more high-yield crops, such as fruits and vegetables.

Graph 6 Share in Production of main agricultural products between CA countries in 2013

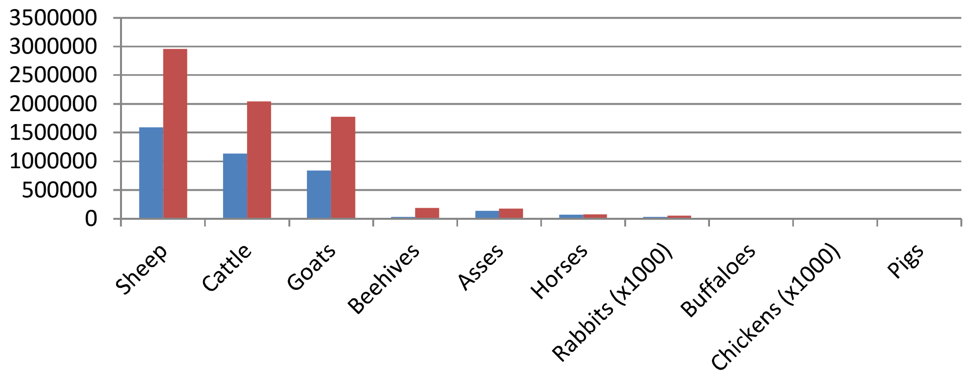


Source: FAO Statistic Database

The structure of the livestock population has hardly changed over the past ten years, only slightly decreased the proportion of horses and sheep, and increased the share of goats. In January 2014 number of all cattle reached 2090.2 thousand heads with annual growth rate of 2.4% from which 92.4% belongs to households. Volume of meat production from all categories in 2013 made up to 172 988 tones with 6.8% increase from the previous year.

The resource base of agriculture is characterized by limited arable land, high dependence on irrigation and extensive areas of permanent pasture. From 4.1 million Ha of Agricultural land is arable approximately 850,000 which is 0.21 ha per capita of the rural population. Approximately 85% of the arable land is irrigated (720,000 hectares), but in a constant use there is only 515,000 hectares. Two-thirds irrigation is carried by low-cost flows from rivers and the rest is carried out by irrigation pumps.

Graph 7 **Animal production in 2003 and 2013**



Source: FAO Statistic Database

The major irrigated crops are cotton, wheat, fruits and vegetables. In contrast to treated land 3.3 million Ha is used as permanent pastures for livestock. All land is state property. The productivity is extremely low not only in comparison with Western Europe, but also to other comparable developing countries (table below)

Table 2 Comparison of agricultural land, fertilizer spending and productivity

	Value added per HA	Arable land per capita	Arable land in %	Fertilizer spending in arable land kg/ha	Productivity of wheat t/ha	Productivity of seed cotton t/ha	Productivity of potato t/ha	Milk production l/head
Armenia	1126	0.16	50.2	157	2.19	na	14.71	1781
Azerbaijan	484	0.22	72.6	63	2.58	1.52	13.08	1070
Uzbekistan	651	0.18	88.7	1614	3.72	2.27	16.45	1592
Kyrgyzstan	411	0.27	75.6	208	2.37	2.63	18.44	2148
Tajikistan	350	0.21	68.0	175	1.87	1.91	17.87	762
EU-15	-	0.21	19.8	2032	5.55	3.13	35.25	6181

Source: Statistics Agency of Tajikistan

The structure of agricultural system of Tajikistan is divided into 3 categories according to the type of ownership and production: 1 Big capital-intensive collective and state farms inherited from soviet era, 2. Smaller private farms formed on the base of state and collective farms as a result of lands reforms, whom was given right of ownership inheritance, 3. Small labor-intensive plots of land of 0.1-0.3 ha which was given for free by state to households.

Table 3 Land ownership categories in Tajikistan

	Plot of land	Private Farms	Collective and State Farms	Total
Number of farms	--	16433	522	--
Average arable area	0.1-0.3 ha	14.6 ha	865.5 ha	
Arable area	194917	240132	451800	886849
% to value	*22.0%*	*27.1%*	*50.9%*	*100.0%*
Irrigated area (ha)	95851	167157	328007	592006
% to value	*16.2%*	*28.2%*	*55.6%*	*100.0%*
Productivity of				
Seed cotton	--	1.85	1.82	--
Wheat	2.17	1.90	1.90	--
Gross Production Value (in thousands somoni)	540267	197483	271119	1009229
Value in %	*53.6%*	*19.6%*	*26.0%*	*100.0%*
Productivity (in somoni per ha)	2771 s/ha	822 s/ha	600 s/ha	1138 s/ha

Source: Statistics Agency of Tajikistan

Food industry Tajikistan is mostly represented by enterprises of meat, milk and canned production. Other smaller industries are baking, milling, brewing and wine-making. A significant part of the production intended for domestic consumption. The main directions of export of food products are Russia and Kazakhstan.

According to the Food and Agriculture Organization of the United Nations, much of the livestock owned by households and is focused on the production of milk that, as a lack of fodder crops restrains the development of the meat industry. On the other hand, about 25% of domestic demand for poultry meat is provided by 16 large poultry farms.

Despite the fact that only 13% of the milk produced by collective and state farms, they share 36% of all sold milk. Large milk processing enterprises mainly operate in the old Soviet equipment and use milk produced by farmers. Smaller businesses are also getting milk from the traders, and they, in turn, from small farmers or directly from households. Among other produced products there are ice cream, cheese, cottage cheese and sour cream.

The Government of Tajikistan has also increased aid to development of agricultural sector and has fulfilled “State Program of Investments, Grants and Capital Constructions for 2012-2014”. Generally for the development of agriculture and irrigation were drawn 60 projects with values of 210 mln USD, which is 16% of all allocated founds of the Program.

Despite the increase in 2014 (according to the official statistics) in agricultural production, the situation in the agricultural sector of the country as a whole cannot be considered successful. Lack of agricultural equipment, fertilizers and labor (due to the mass migration of the male population to work in the spring and autumn period) negatively affect the production volumes of certain products in the first place - cotton, which for many years along with aluminum remains the main Tajikistan's export commodity.

According to the Tajik statistics, the volume of gross agricultural output is increasing annually, but according to several independent experts, the official figures do not correspond to reality. Tajikistan's agricultural sector is currently experiencing major problems not only with the financing, providing equipment, seeds, irrigation and the search for markets, but also the problem of land degradation. According to analysis, the industry is in critical condition: the system of irrigation is practically destroyed, due to lack of means of chemical protection the country annually loses up to 40% of the cultivated crop, more than 90% of agricultural machinery has worn off and mass migration of men forces the use of hand labor of woman and children in agriculture.

4.3. Trade with Agricultural Products

In 2014 trade turnover of Tajikistan was equal to 5319.1 mln USD which is 2.9% or in 146.7 mln USD higher than in 2013. Overall Tajikistan had trade relations with 99 countries of world. Annual increase in turnover of trade was mostly due to increasing value of imports in the last decade. As it shown in following graph, Tajikistan is becoming more dependent from goods of other countries.

In 2014 Trade balance was negative and reached its all-time low level of -3361.9 mln USD since independency of the country. This deficit is covered mainly by money transfers of almost 1 millions of migrants that work in Russian Federation. The amount of these transfers equals to 35%-41% of GDP of Tajikistan.

In Tajikistan, there is an asymmetry between the trends of import and export, which, in recent years, has a tendency to growth. Geographical location of Tajikistan and the underdeveloped transport lines, coupled with weak regional trade ties rather strongly affect the structure of foreign trade.

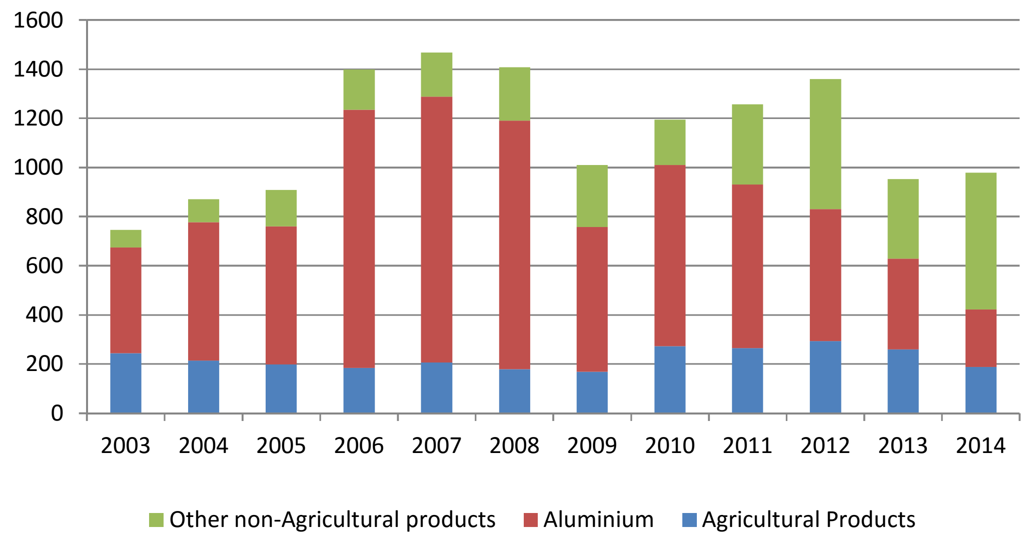
Graph 8 Dynamics of Trade in 2003-2014 (in thous. US dollars)

Source: Statistics Agency of Tajikistan

According to the Statistics Agency of Tajikistan, currently the main partners for export are Russia, Kazakhstan, China, Iran, Turkey and Afghanistan. At the same time most of the goods exported to Turkey, which accounts for almost 40% of total exports. Second place in the list shares Iran, which imported 13.7% of exports of goods.

Over the entire period of market reforms commodity structure of foreign trade and domestic production structure of the Republic of Tajikistan has not changed since independence, reflecting slow progress on structural and economic reforms. In modern terms, exports of cotton and aluminum continue to generate about half of GDP and two-thirds of the annual foreign exchange earnings and a quarter of tax revenue. While cotton production sector in Tajikistan is diversified between different farmers and land owners, production of aluminum is represented by single factory built in a soviet period. Therefore, excluding production of this only factory from our calculations, structure of exports of Tajikistan acquires totally different picture.

Graph 9 Structure of Exports in 2003-2014 (in thous. US dollars)

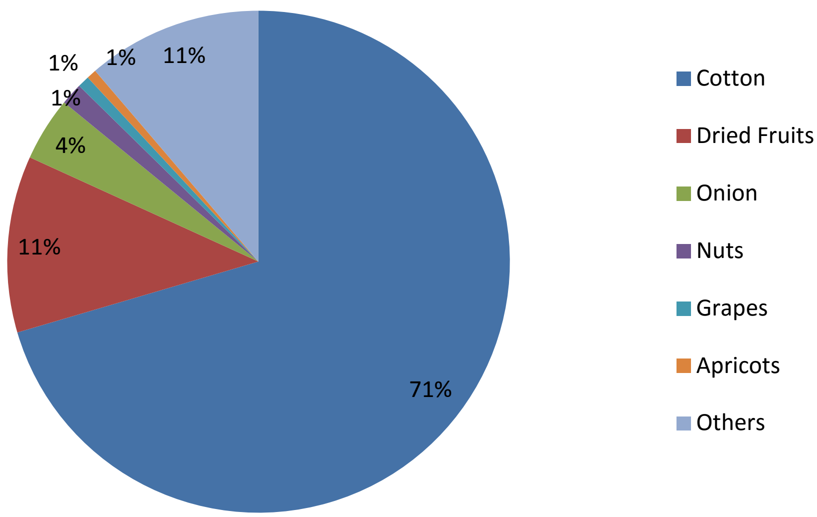


Source: Statistics of Customs Service

As it shown in the graph above, agriculture represents 21% of total exports but for many years, excluding exports of aluminum, agricultural products prevailed in total exports. Only in recent years share of other non-agricultural goods started to increase, showing some level of diversity in total exports. However, agriculture still remains one of the most important sectors in the economy and trade.

As in case of total exports structure analysis of exports of agricultural products shows how low the level of diversity is. Only exports of cotton provides 71% of total agricultural sells. Remaining 11% share is represented by dried fruits,4% onion and rest of the goods with less than 1% share. Such limited range of products in commodity structure makes export earnings of economy highly vulnerable and dependant from world commodity market prices for cotton.

Graph 10 Structure of Exports of Agricultural Products in 2014

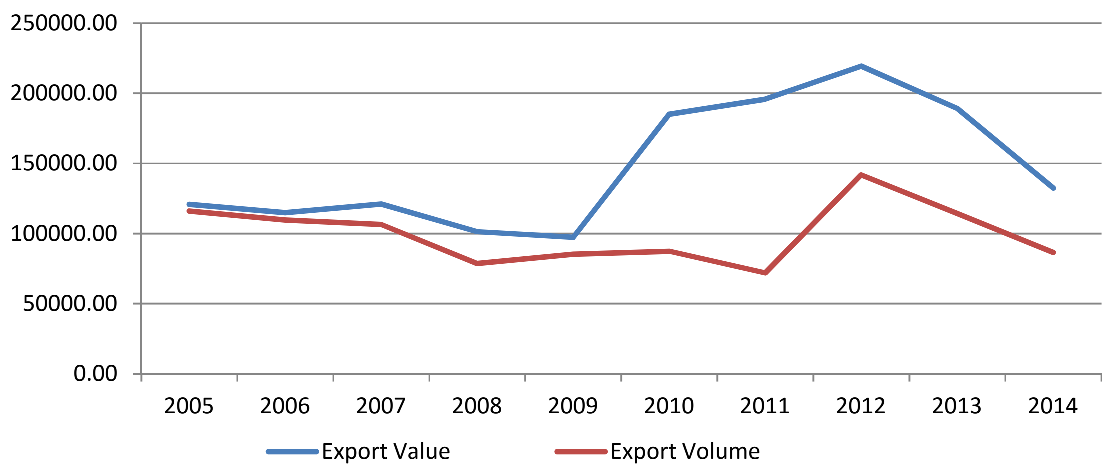


Source: Statistics of Customs Service

Only analysis of cotton sector may provide enough information of total situation with exports of agricultural goods. As it shown in graph below, great increase of cotton price in world market in 2010-2011 was the main reason of growths for agricultural exports and increase in total volume of cotton exports maintained high level of shares for 2012.

However starting from 2013 volumes and price of cotton started to fall, leading the whole agricultural sector to decline.

Graph 11 Export Value and Volume of Cotton in 2005-2014



Source: Statistics of Customs Service

As in case with general exports, main markets for agricultural products still stay Turkey, Iran, Kazakhstan, Russia and Pakistan covering together almost 90% of agricultural exports. While almost all of these countries are net buyers of tajik cotton, Kazakhstan is the only partner which has made its share on the rest categories of goods. Excepts cottons, more than 80% of rest of the agricultural products is sold in Kazakhstan market.

From all that main agricultural goods, we can observe that 32% of goods and 21% of cotton exports goes to non-WTO members. Other main buyers of tajik products are members of the Organization, however, in terms of access of agricultural goods of Tajikistan to other countries within the framework if WTO only Turkey and China will be effected.

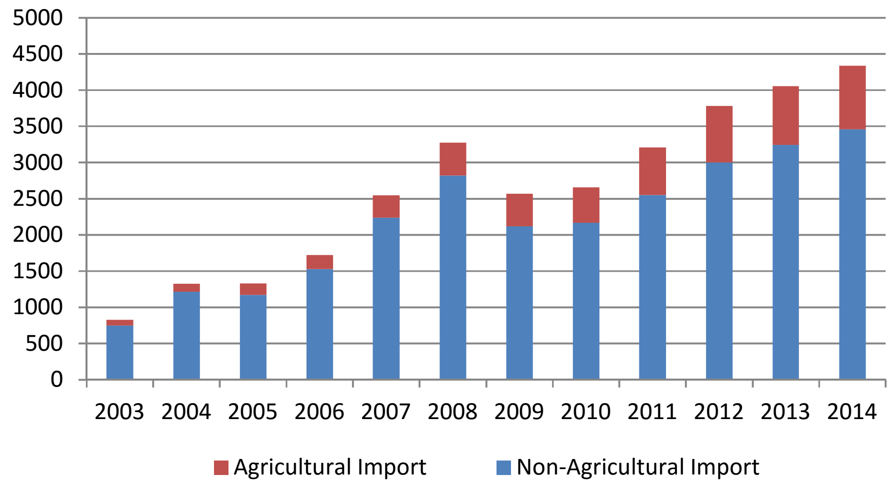
Table 4 Markets of Main Exporting Products of Tajikistan in 2014

	Cotton	**Dried Fruits**	**Onions**	**Nuts**	***Total***	***In %***
	$132.3 mln.	*$21.4 mln.*	*$7.7 mln.*	*$2.6 mln.*	*$164 mln.*	***100%***
Turkey	40.7%	1.0%	0.0%	19.5%	*54.57*	***33%***
Iran	21.4%	1.0%	0.0%	4.0%	*28.63*	***17%***
Kakakhstan	0.0%	78.0%	91.3%	57.6%	*25.22*	***15%***
Russia	15.7%	3.0%	0.0%	0.0%	*21.41*	***13%***
Pakistan	13.4%	0.0%	0.0%	0.0%	*17.73*	***11%***
China	2.2%	1.0%	0.0%	7.4%	*3.32*	***2%***
Belarus	1.0%	6.5%	0.0%	3.0%	*2.79*	***2%***
Iraq	0.0%	3.7%	0.0%	1.0%	*0.82*	***0%***
Afganistan	0.0%	0.0%	3.4%	3.0%	*0.34*	***0%***
Others	5.6%	5.8%	5.3%	4.5%	*9.18*	***6%***

Source: Statistics of Customs Service

Dynamics of structure of imports in the last decade shows the increasing dependency of Tajikistan on agricultural and food products from abroad. In early 2000s economy of Tajikistan was relatively self-sufficient with food products. However, since 2003 share of agricultural products in total imports increased from 9% to 20%, showing much higher growths rate than rest of the products.

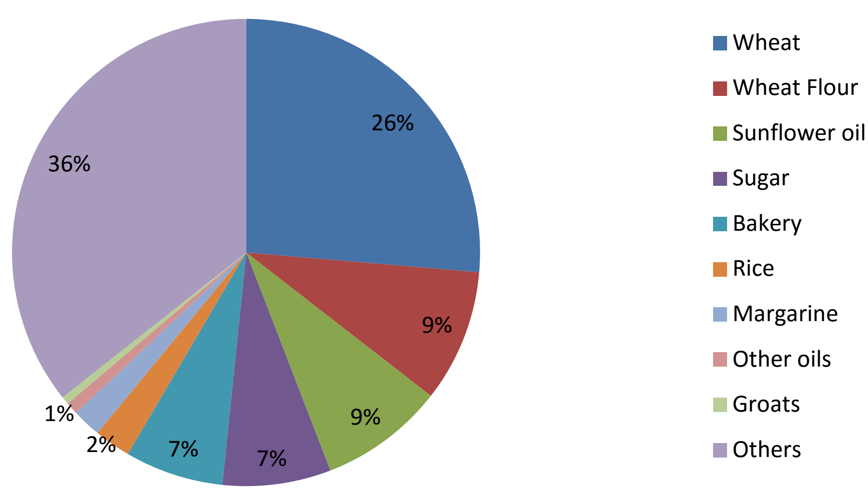
Graph 12 Structure of Imports in 2014



Source: Statistics of Customs Service

Structure of agricultural imports shows much higher level of diversity, nevertheless there is still high dependency on imports of wheat and wheat flour. There is also a distinct pattern in high dependency of crop production in general, which is due to lack of harvesting area and mountainous character of landscape in Tajikistan. Therefore animal and meat production is less represented in imports, as domestic production fulfills internal demand.

Graph 13 Structure of Imports of Agricultural Products in 2014



Source: Statistics of Customs Service

As it was in case with exports, structure of markets in imports in general remains the same with Pakistan, Afghanistan and Turkmenistan increasing their shares.

Table 5 Countries of Origin of Main Importing Products of Tajikistan in 2014

	Wheat	**Wheat Flour**	**Sunflower oil**	**Sugar**	**Bakery**	**Rice**	**Margarine**	**Total**	**In %**
	$231.5 mln.	*$80.6 mln.*	*$75.7 mln.*	*$65.6 mln.*	*$59.8 mln.*	*$22 mln.*	*$17.6 mln.*	*552.8 mln.*	***100%***
Kazakhstan	99.9%	95.9%	13.4%	-	18.8%	38.6%	-	338.4	**61%**
Russia	-	4.1%	32.9%	-	44.7%	35.1%	92.3%	78.9	**14%**
Pakistan	-	-	-	62.7%	-	3.3%	-	41.9	**8%**
Turkmenistan	-	-	50.4%	-	-	-	-	38.2	**7%**
Afghanistan	-	-	-	24.8%	-	15.3%	-	19.6	**4%**
Iran	-	-	-	-	21.3%	7.0%	-	14.3	**3%**
Belarus	-	-	-	5.9%	-	-	-	3.9	**1%**
Kyrgyzstan	-	-	-	-	3.1%	-	-	1.9	**0%**
Azerbaijan	-	-	1.4%	0.9%	-	-	-	1.7	**0%**

Source: Statistics of Customs Service

However, only among these main importing products Kazakhstan with Russia supply 75% of imports, or 417.3 mln USD value of products, and only from Kazakhstan imported all wheat and Wheat flour. Pakistan and Afghanistan remain main suppliers of sugar. In this case its worth to mention, that sugar imported from Afghanistan originates from Pakistan and in real, all sugar is Pakistani. Turkmenistan also shares greatly in imports of sunflower oil.

Among these countries Kazakhstan, Turkmenistan, Afghanistan and Iran are not members of WTO, and trade relations of Tajikistan with these countries lies outside regulations of WTO. Nevertheless, Russia is a WTO member, terms of trade between our countries, including Kazakhstan is mainly regulated with Free Trade Agreement among CIS countries.

4.4. Tajikistan Accession Process

In 2001 the Government of Tajikistan made an official request of willing to join the WTO and in July after consideration of the request Tajikistan was accepted as an observer country and formed its Working Party to lead the process of accession. (MEDT, 2005). The decision on either to accept the request or not is considered in a WTO General Council's session. Representatives of 12 countries showed their will to support decision of

Tajikistan to star the accession process (European Union as single member of Organization, United States of America, Switzerland, India, Pakistan, Turkey, Kyrgyzstan, Thailand, Honduras, Zimbabwe, Mauritius and Romania. As it was mentioned in their final statement on this issue, Tajikistan has progressed in recent years in implementation of economic reforms and trade liberalization and has full right and all chances to be a full member of Organization.

After only 10 years of independence especially for Tajikistan with its developing and transiting economy such progress had a great meaning form the point of view of integration into International Trade System and receiving such appreciation on the way of market reforms.

The United States and Government of Switzerland were the first countries that showed their readiness to support the Government of Tajikistan on its way of accession. In the early years in close cooperation with UN Institute for Training and Research and US Agency for International Development were organized training programs for specialists in trade and law sectors in order form a group of quality experts in a field of International trade relations and start the negotiating process on behalf of the Government of Tajikistan

Since 2001 special representatives of Tajikistan were invited to participate in high forums of the WTO, Minister of Trade and Economic Development participated in a Ministerial Conferences that were held in Doha, Cancun and Hong-Kong. With the aim of proper preparation and understating the processes going within the WTO members of the Working Group were undergoing trainings in a secretariat of the WTO in Geneva.

By the end of 2002 Working Group has drawn a consolidated report on foreign trade regime and national policies reflecting trade relations of Tajikistan and presented to Secretariat of the WTO for further examination. Alongside with the report representatives of Tajikistan have prepared answers for the questions of interested members on trade policies. Negotiated questions were mostly consisted of topics:

- access to the market of goods and services (tariff lines and duties);
- subsidies on agriculture sector of the country;
- state of technical barriers in trade and rules of sanitary and phytosanitary measures;
- issues of protection of intellectual property rights;

- timelines for reforms and accordance of national law;

First members that showed their particular interest in report on trade regime of Tajikistan were European Union, United States and Australia. They have made comments and addressed questions and by the time of first meeting negotiating group of Tajikistan was ready to present detailed answers. The first meeting of the Working Party was held in February 2004 in the Head Office of WTO in Switzerland.

At the same time representatives of Australia, Estonia, Switzerland and Turkey requested Tajikistan to launch bilateral negotiations on tariff lines and commitments on goods and services (MEDT, 2009).

March 2005 was held a second Working Party meeting where Tajikistan presented revised offers and commitments on market access on goods and services as well as the roadmap of the accession with concrete plans on improvement of foreign trade regime. Japan, United States, European Union and Australia requested for bilateral meetings on revised market access of goods and services. By the time of accession Secretariat of the WTO organized 5 meetings of Working Party on the accession of Tajikistan to the WTO consisting of 30 WTO members with 27 countries of the EU as 1 member (MEDT, 2009).

In general negotiating process of Tajikistan was directed in two main ways – bilateral and multilateral. Multilateral meetings were in a form of Working Group meetings where member countries and representatives of Tajikistan discussed general issues of foreign trade regime. Bilateral meetings were held directly with interested members to negotiate the market access for goods and services based in initiatives of Tajikistan side on level of tariff lines. Overall 13 countries participated in bilateral negotiations with Tajikistan on the topic of tariff for goods and 7 countries initiated meeting with Tajikistan representatives to discuss tariff offering for market of services. By the time of accession Tajikistan has signed 20 protocols and memorandums of understanding with those countries which had shown their support on the accepting Republic of Tajikistan to membership in WTO.

During the negotiating process Tajikistan managed to come to agreement with its partners in relatively favorable trade regime and maintained enough protective capacities in comparison to other countries. Average level of commitment for the market access was set at level of 8.1% which is even higher than the applied level by the time of accession –

7.6%. Regional countries of CIS have negotiated their protective level at lower levels, as for Moldova it is 7.2%, Russia 7.9%, Kyrgyzstan 7.4%, Georgia 7.5%.

In negotiations with access to the market services Tajikistan took obligations on 111 sectors from existing 155, which is the lowest among the group of CIS. Kyrgyzstan has commitments in 135 sectors, Georgia on 125 sectors, Ukraine on 136, Moldova on 148 and Russia on 121 sectors on market of services.

Tajikistan successful accession to the WTO was due to several factors that come out from the 11 years of negotiating process. First of all, political decision of the Government was formed with strong belief that successful integration of the economy of the country to the global trade system possible through membership to such organization and may open great opportunities for national business circles as well as attraction of foreign investment to internal projects.

Secondly, from the early stages of accession the expert group has formed an comprehensive action plan that had been amended through the whole process of negotiation, but remained a base for actions need to take.

Third, with the purpose of effective fulfillment of established goals, two-level commission was formed:

Leading commission was formed from Ministers of Trade and Economic Development, Agriculture, Finances, Foreign Affairs, Head of Committee of Investments and National Bank of the Republic of Tajikistan. The key objectives were to coordinate the second level commission on the matters of strategic issues such as approval of amendments to national policy regulating trade regimes, elimination of barriers and identifying political position in meetings.

The lower level commission was formed among the group of experts that were directly involved in transaction of bilateral and multilateral negotiations with partner countries on the matter of technical questions of market access, comments on questions, forming reports to the Secretariat and initiating commitments and amendments to the current legislation. At the same time, the quality and expertise of the group played a leading role in the process of accession, as from the first date of application to membership trainings and workshops were organized by the WTO and supporting countries.

Also, mobility of the negotiating team was financed and supported by the Organization in allowing them to visit and hold direct meeting with other member countries as well as to be represented in WTO Office on Geneva.

The Final Accession documents of Tajikistan were approved by the General Council on December 2012 and the Protocol of Accession of Tajikistan to the WTO was signed by the President of Tajikistan, Emomali Rahmon and the WTO Director-General Pascal Lamy. On January 2013 The Protocol of Accession was ratified by the Parliament of Tajikistan and the Notification on Ratification was directed to the WTO Secretariat. Tajikistan became the 159th WTO member on 2 March 2013.

5. Obligations of Tajikistan under WTO

5.1. Regulations in trade with goods

As the Protocol of Accession entered into force on March 2 Tajikistan got accepted to WTO as full member bounding itself by all WTO Agreements mentioned in Marrakech Agreement, which undermine one single commitment. Following these, Tajikistan also should undertake commitments which are scheduled in Protocol of Accession. Schedule of Concessions and Commitments on Goods of the Protocol is a base of the country commitments on tariff bindings which require more strict attention than any other rule.

Like several other countries previously joined to WTO, Tajikistan also agreed to be in full conformity with its obligations by the date of acceptance and follow a timetable for implementation "legislative action plan". Other obligations follow from the rounds of separate bilateral negotiations and agreements with other WTO members within the framework of accession process.

Counter to obligations there are certain rights and privileges that Tajikistan benefits from as a member of WTO. Rights and obligations of the country in terms of trade with agricultural products as well as trade with goods in general are brought in the Annex 1A to the WTO Agreement and include following:

- The General Agreement on Tariffs and Trade 1994 (GATT);
- The Agreement on Agriculture;
- The Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement);
- The Agreement on Technical Barriers to Trade (TBT Agreement);
- The Agreement on Trade-Related Investment Measures;
- The Agreement on Implementation of Article VI of the GATT 1994 (the Agreement on Customs Valuation);
- The Agreement on the Implementation of Article VII of the GATT 1994 (the Antidumping Agreement);
- The Agreement on Preshipment Inspection;
- The Agreement on Rules of Origin;
- The Agreement on Import Licensing Procedures (the Agreement on ILP);

- The Agreement on Subsidies and Countervailing Duties (the SCM Agreement);
- The Agreement on Safeguard Measures**.**

Membership in WTO gives a country an extensive rights and obligations that influence business. In the following section is described the most common and pertinent rights of Tajikistan coming out from the agreements on trade with goods and which has the most impact on appropriate sector.

One of the most fundamental obligations that come out from membership in WTO is **Tariff Rates** that each country agrees apply and not allowed set it higher than committed rate for each specific commodity group within scheduled time. As the outcome, any other WTO member country is not allowed to set import duty rates higher than the level of their commitments for products imported from Tajikistan.

The Most Favored Nation (MFN) obligation is another measure of treatment that eliminates discrimination among WTO members in importing products. If a country or a custom territory sets a lower rate of duty to a separate member for a certain product, such king of favorable measure extends automatically and without any conditions to all other members of Organization. The MFN includes all duties that charged in points of importation and exportation and methods of calculation of these charges, all formalities that involved within the process of trading operation and other internal measures.

Under the General Agreement on Tariffs and Trade all parties are forbidden from using quantitative restrictions on imports and exports. Such measure comes out from basic principle that undermines that in an open market economy tariffs are used as the only instrument of protection of internal economy. By the majority of traders tariffs are considered as clear and effective measure with predictable consequences and calculable affects. On the other hand, quantitative mechanism is more convenient for the governing authorities as it makes simple to forecast and adjust macroeconomic policies, even thought effects of such measures beyond calculation. However, such measure are prohibited within the WTO Agreement. Such requirement means that other countries included in WTO will not apply any restrictions toward goods imported from Tajikistan, neither they can limit the export to Tajikistan imposing quotas, export or import licenses or other types of restrictive instruments, which are equally forbidden. Even on certain circumstances when such measures arise, they should not be discriminative or country-oriented. In practice all quotas should be equally diversified among those members which share the marked of specific type of product.

Another non-discriminatory obligation is covered under the principle of **National Treatment**. Any WTO member cannot levy internal taxes or other type of charges from imported goods regarding the same products that locally produced. Such measure secures that as soon as the imported goods from Tajikistan are cleared from custom duties, they should be equally treated in the internal market of importer, regardless its origin. Except Internal taxes and charges this measure also requires national legislation, regulations and standards that affect internal sale, offering, transportation and distribution to be in line with non-discriminatory principles.

However there are circumstances foreseen in certain Articles of The GATT when exceptions are made. The most relevant foresees exceptions to these obligations that business should also be aware of. The most relevant conditions are of exceptions to these rules include:

- Article XI allows implementation of quantitative restriction or ban of exports in cases if the is a strong shortage for essential goods and food products in the internal market, or while there methods and standards are being in process of implementations for proper classification of goods, or in terms of special government policy for the agricultural of fishery products.;
- Article XIX permits exercise quantitative restrictions or tariff increases as Safeguard Measures under specific conditions or security reasons.
- Article XX covers cases of exceptions in relations to products that considered by the exercising country has impact on *"public morals, human, animal or plant life or health, national treasures, or exhaustible natural resources and for issues of national security"*. Implementations of preventive measures under this clause fall under certain requirements or inspections in order to abandon discriminatory or abusive use of protection**;**
- The Enabling Clause granted to developing or least developed countries to be legally able to violate the MFN treatment on non-reciprocal basis. Tajikistan is not subject of this closure as it did not claim for eligibility during the

accession process.

Topic of **Subsidies** have role of a high importance within the WTO restrictions and one of the most negotiated principle. It is covered under The Agreement on Subsidies and Countervailing Duties (SCM Agreement) and secures from cases of unfair subsidization of specific sectors of economy aiming to damage respective sector of competing WTO member. Therefore, any WTO member cannot apply subsidy which directly affects its exporting capabilities or supports domestic products to counter imports. Such subsidies are considered injurious and forbidden under the WTO.

Other subsidies that determined as destructive to the domestic production of the other member countries or *"serious prejudice"* are also forbidden an may be subject to counter measures.

There are specific measures and instruments described in The SCM Agreement to counter against countries that are known to subsidize their domestic production in an incompatible way described in the agreement.

The is also specific consideration of agricultural sector in terms of subsidies and described separately in **Agreement on Agriculture**. According to that, countries may subsidize their agricultural production and exports within the level bound and specified in the *"Schedule of Concessions and Commitments on Goods"*. Those subsidies which are specified as no threatening are not subject to reduction, however the WTO should be informed prior to their application. More in details the subject of agricultural subsidies is described in following section of the work.

The **Agreement on Customs Valuation** regulates rules of calculation the dutiable value, which was in fact the main issue of consideration among Tajik traders. According to that rules, dutiable value is determined by the price actually paid by importer and not any other method. There is a specific hierarchy of methods with the most to least level of preference to use by customs representative:

(i) the transaction value of the goods;
(ii) the transaction value of identical goods;
(iii) the transaction value of similar goods;

(iv) the deductive value;

(v) the computed value;

Under the Agreement on Customs Valuation traders obtain right to directly appeal the decision taken by the customs representatives when the price of duty determined.

The Agreement on Import Licensing Procedures (Agreement on ILP) regulates rules of issuance of **import licenses** in countries where such procedures are operated. These rules of member countries have to be reasonable and fair. The licensing measure should to be proven not to block import unreasonably, discriminatively or trade-restrictively in favor of exporters or national production. Generally speaking, according to the Agreement on ILP controlling authorities have to:

- Publish necessary rules and requirements on import licensing prior to 21 days before they are taken into effect.
- Ensure that application forms and procedures are simple
- And applications are not refused on bases for minor errors or variations in value or other measurements respective to values on the licenses.

Protective Rights

Except obligations there are number of protective instruments any WTO member allowed to apply in case if other member violates trade rules against them. One o the relevance for the traders in this case brings the **Anti-dumping Agreement** and Article VI of the GATT which grants parties the right to employ anti-dumping measures against products that are sold in “dumped” prices (In a price less than the price in a domestic market of exporter country which). However, prior to application of these rules there should be proven reasons and evidence of fact of dumping. In this case Tajik export may not be subject to any anti-dumping measure until special investigation is performed revealing “dumping” character of Tajikistani goods having negative influence on domestic sectors of importing country.

There are specific rules and methods of conducting such investigation determined by the Anti-dumping Agreement. If according to listed criteria exported goods are determined as dumping product, there are also set of methods to initiate preventive measure and launch anti-dumping measure with confirmed capacity and duration.

It is clear that basically revealance of dumped price occurs by simple comparative method of selling price and a price for the product in internal market of exporter. In this case, Tajikistan status in WTO is non-market economy. Therefore according to the rules and practice of the WTO for determination of value of domestic product to compare with selling price, parties are allowed to refer to prices of the thirds countries domestic prices. However implication of “non-market economy” rule is not a strictly applied for the whole economy and may alter from separate sectors depending on level of marketization and openness of each and treated accordingly.

Similar to anti-dumping duties there is also possible to apply **Countervailing Duties**. If any WTO member reveals that imported goods from Tajikistan are being subsidized and such measure of Tajikistan harms domestic production of receiving country, a member my apply countervailing measures. As it was mentioned before, in order to apply such protection for each case should be launched compulsory investigation.

Under the Agreement on **Safeguard Measures** and Article XIX of the GATT WTO members gain preventive right to apply safeguard measures in special cases when the quantity of importing product is in a such amount that it may cause inevitable and serious damage to domestic sectors of economy that produce same competitive goods. The Agreement has clear definition of such “serious damages” and classification of factors that may be considered harmful. As form of safeguard measure member country may apply quantitative restriction or increase tariff rates for importing products and may be exercised only for the duration of time to prevent the damages, usually not more than 4 years. However application of such protective measure is scarce among member countries and requires special investigations and studies to prove that such measure are necessary to apply.

Also such measures have to be implemented based on a MFN principle, which means any country shall not be treated unequally. In case of adoption of quotas, applying country should equally diverse the amount of quotas amount the exporting partners, of should conclude agreements with partners concerning allocation of these quotas.

The is also a special safeguard measures (SSG) for treatment of agricultural products which is foreseen in Agreement of Agriculture. According to that, if a member country has negotiated the right to imply such measures for a specific group of product that is sensitive for its economy during the accession process, a country may apply such measure and increase tariff rates as an exception to their commitments/

According to The Agreement on **Technical Barriers** to Trade and The Agreement on the Application of **Sanitary and Phytosanitary Measures** members are entitled to impose requirements on importing goods to meet special standards to protect safety and health of population and keep safe environment. That gives Tajikistan right to rise adequate measures to protect economy from import of harmful good. At the same time trading companies of Tajikistan have to be ready to need the same demand in foreign countries and make their product competitive for the foreign market quality and safety restrictions. However no member can impose such measure unless there is solid proof or scientific evidence of presence of harmful elements or pestids in good imported from other WTO member.

When technical regulations are used by WTO member, TBT Agreement requires they shall not discriminate product of same category of domestic production other country and should not be more technically complicated than necessary to regulate designated area. Under the Technical Regulations may fall such measures as requirements of labeling, packaging and marking, and such characteristics of products that fall under certain accepted standards.

These standards are preferably to be internationally known and accepted, however TBT and SPS agreements do not limit member countries on use of their own national requeremnts, undermining that specific analysis and studies had been conducted and these measure a scientifically proven to be fit in each particular economy. In order to flatten the inequalities in such measure WTO encourages members to harmonize and set negotiation on mutual recognitions and equivalence of such measures and minimize barriers that created separately by each territory under the SPS and TBT measures.

5.2. Obligations for Agricultural Sector

Tajikistan is highly dependent on imports of agricultural products and products of food industry. As it was shown in previous section prevailing agricultural product in import are cereals, product of milling industry, palm and vegetable oils, margarine, sugar and products made of sugar. According to the statistics of Food and Agriculture Organization, more than half of consumption of wheat and wheat flour is supplied by imports. Almost all sugar and 2/3 of oil is supplied by import. Main suppliers of these products are CIS countries, such as Russia, Kazakhstan and Kyrgyzstan and also, Pakistan.

Agreed tariff on agricultural products do not greatly differ from tariff of other sectors and not carry special treatment. Average bound tariff for Tajikistan for the agricultural products equals to 10,4%, while in 2011 it was reported to be in level of 11.2%. At the same time average rate for all products stay at level of 8.0%. That means, starting from 2016 new rate will be applied and agricultural imports should be slightly cheaper. However, this reduction on tariff is obligatory only for the members of WTO and may not be applies to non-members. Tajikistan reserves the right to set custom rates as it may want to such countries as Kazakhstan and Algeria.

Market access: benefits

With all existing benefits applicable to members of WTO on access to other markets Tajikistan might not face great changes, as even before accession the economy and market regulation was considered highly liberal. Even before joining the WTO Tajikistan benefited from privileges of MFN and preferential market access, as well as enjoyed access to CIS markets within framework of Free Trade Agreement.

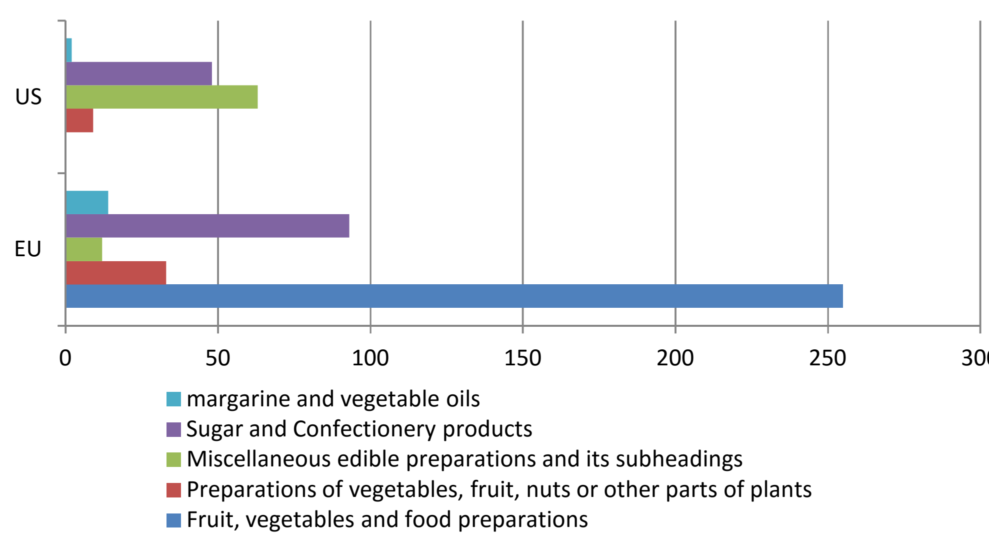
As it was mentioned above, WTO Members are not allowed to set higher custom rates than in MFN rates and are forbidden from setting up non-tariff measures on agricultural products. If such cases occur, violating members are subject to counter measures or other sanctions.

Worth to mention that each WTO member maintains rights to conduct bilateral negotiations in a process of accession with new members. There are number of non-WTO members like Kazakhstan, Iran, Afghanistan, Algeria etc which are main destinies of Tajikistan export. Since their process of negotiation still in progress, Tajikistan may promote its interest. As for example, Iran import tariff level for cotton set at level 47% and success in negotiation may open a great market for Tajikistan traders.

Market access: constraints

As it was described before members of WTO may use special safeguard measures (SSGs) provided within Agreement on Agriculture for certain agricultural goods. If a member country manages to negotiate such rights, it may apply these measure as soon as any certain reason occurs. This might be quantitative measure, when amount of import overwhelming and reaches agreed level, or price level, when such amount drops import price. In case of Tajikistan European Union and United States have identified categories of agricultural products that may fall under SSGs and in cases undermined in their agreements may impose additional tariffs.

Graph 14 Number of Tariff lines with SSG in Certain Export Markets' Goods Schedule



Source: Business Guide on Tajikistan's WTO Accession Commitments

Constraints from SPS and TBT measures

Export of agricultural products from Tajikistan may struggle counter much complicated barriers to access other members' markets due to Sanitary or Technical regulations. Such measure are mostly occur in international exchange of goods and there are numerous cases. As example of such restrain, in 2008 exporters from Tajikistan were shipping pistachios to one of the European Union countries and dispatched their cargo from Turkey. However, the shipment was refused at border due to the inadequacy and unconformity of accompanying sanitary documents.

In order to avoid such restrains any WTO member raising such measures towards other members have to show scientific proof based on international standards of evaluation that particular animal or plant product from desired region has hazardous nature and may lead to damage or harm of nature and health condition in country. Therefore, Tajikistan exports may no longer be subject of any restrains unless the product is proven to contain any specific pest or disease.

The same non-discriminatory rules apply also for technical barriers. Any WTO member cannot set technical barriers particularly aimed for exports from Tajikistan or in general the level of restrictive measures is much higher than the necessary level to regulate particular sectors. If Tajikistan traders face such discriminative measure toward their production which does not meet the agreed principles, they may address the issue to the Government which should launch investigation and raise a case in Committee on Sanitary and Phytosanitary Measures and Committee on Technical Barriers to Trade or at severe cases of violation open a dispute before WTO Dispute Settlement body. However except the mentioned protective measures exporters of Tajikistan should follow the mandatory rules and procedures of importing country in order to succeed in business.

Domestic agricultural support measures

Under the Agreement on Agriculture WTO members are allowed to support their agricultural sectors according to specific rules and capacities specified in details in agreement and in their commitment documents of accession to the Organization. These rules come on lex specialis basis meaning the law the governs this specific section overrides the law that governs general matters. In this particular case the sectoral law is The Agreement on Subsidies and Countervailing Duties (SCM). However these Agreements forces members gradually eliminate those subsidies, which are harmful and trade distorting.

In order to classify those measure WTO uses groups so called “boxes” with defined colors of green (permitted), amber (to be reduced) and red (forbidden). However there is no defined red box, as all measure that doesn’t fit in first two ones are considered forbidden. And as a matter of exception there is a Blue Box to identify subsidies tied to programs and limiting production.

According to the Agreement on Agriculture Members of WTO members are allowed to support their agricultural sector under the “green box” measures. Such instruments are considered safe and non distortive for trade. This king of support is to be funded by the budgetary money of governments and not lie on prices of products neither be price supportive. Such measure may undermine funding of research programs, pest and disease control, training, marketing and promotion, construction of infrastructures such as power plants and water pump facilities, realizing food security programs etc. Total list of accepted measures are identified in Annex 2 of the Agreement on Agriculture.

Additionally to the green box measures, WTO members are allowed to use some of trade-distortive measure in acceptable amount and levels. These measure fall under the “amber box” subsidies, and in a long term period should be gradually eliminated. The acceptable level is defined in a committed schedules of each acceding country plus the minimal level of 5 percent for developed countries and 10 percent for developing countries from the total amount of agricultural production. These measures include price supports or subsidies that directly related to production quantities.

There is also a special treatment for developing and low-income countries in use of domestic support. These countries are allowed to conduct special development programs for recovery of agricultural and apply investments to support producers in order diversify the production or reorient the nature of agricultural sector. Usually such measures are managed under special development programs of each government and passed with approval of the WTO with exemption from general rules of subsidies and supports.

Agricultural Subsidies

From 2003 till 2010 Tajikistan provided subsidies to support agricultural sector that fall under green box measures with average of 8.1 millions of USD annually. Most of the value was directed to infrastructure, researches, pest and disease control and assistance of structural changes.

Table 6 Support measures under "Green Box" in 2003-2010 (in thous. USD)

	2003	2004	2005	2008	2009	2010
Research	217	503	513	1586	1531	1793
Pest and disease control	311	998	980	1291	1277	1474
Training services	131	177	338	728	726	710
Inspection services	33	74	117	54	54	62
Services on distribution of information, expertise and knowledge	0	0	0	28	0	0
Infrastructural services	2408	6553	7445	4139	3144	2747
Public stockholding for food security purposes	0	0	3048	0	0	0
Regional assistance programmes	0	0	963	0	0	0
Assistance of structural changes through investment stimulation	0	0	0	482	789	1,607
Total	3101	8306	13404	8308	7520	8393

Source: Working Party Accession documents WT/ACC/SPEC/TJK/3/Rev.2 and Rev. 3

As it is stipulated in Article 6.2 of the Agreement on Agriculture, Tajikistan as developing country is qualified to continue the support measures under development programs subsidizing agriculture sector from foreign investment funds. Annually foreign aid to agricultural sector is expended in average USD 74 millions aiming to compensate deficiency in government funds to promote processes of privatization, sharing of experience and improvement of learning programs.

Additional to above measures Tajikistan has bound level of support under the "amber box" subsidies which set at level of USD 182 millions. From the reports of working group for accession of Tajikistan to WTO it comes out, that this value was an average of "amber box" subsidies granted to agriculture in 2008-2010 years and set as bound limit. Specifically, in 2009 cotton production in Tajikistan was subsidized with USD 548 millions, that caused to such high average in reported period. Although, there were other product-specific subsidies, but in much less amounts to potato, corn and wheat production.

According to Working Group Report subsidies that fall under "amber box" were:

(i) exemptions from VAT for import of agricultural equipment

(ii) exemptions from VAT for imports of feed for poultry

(iii) price reduction for electricity for irrigation water pumps

Table 7 Support Measures under "Amber Box" in 2008-2010 (in thous. USD)

	Year	Product-specific AMS	Gross production	Current Total AMS (aggregate) %	
Potato	2008	381	213939	0.17	0
	2009	0	226662	0	0
	2010	1348	265364	0.5	0
	Average	576	235324	0.24	0
Corn	2008	381	48354	0.78	0
	2009	0	0	0	0
	2010	0	34023	0	0
	Average	127	22682	0.55	0
Wheat	2008	355	284381	0.12	0
	2009	0	231973	0	0
	2010	0	212455	0	0
	Average	118	272936	0.04	0
Cotton	2008	0	250966	0	0
	2009	548,000	199561	274.6	548,000
	2010	0	698760	0	0
	Average	182,667	383096	48.7	182,667
				Total	**182,667**

Source: Working Party Accession documents WT/ACC/SPEC/TJK/3/Rev.3

During the accession process Tajikistan agreed for commitment not to exceed "amber box" measure from the average amount of base years of 2008-2010 to the level of USD 182.6 millions. At one sight such commitment may limit Tajikistan ability to support agricultural sector in future but in other sight during any other years Tajikistan didn`t support this sector with such amounts of fund. With current economic situation and agricultural production such limit gives enough capacities for maneuvers of agricultural policy.

Further to amber box Tajikistan is free to keep or increase subsidies under green box measures with prompt notifications and transparency before WTO secretariat. As developing country Tajikistan may maintain developing programs and investment grants for renovations and research programs in agricultural sector.

6. Comparison of commitments among CIS countries

6.1.Domestic support

By now there are seven members of CIS countries (Armenia, Georgia, Kyrgyzstan, Tajikistan, Ukraine, Russia and Moldova) accepted to WTO and four countries (Kazakhstan, Uzbekistan, Azerbaijan and Belarus) have status of observer while they are in their accession process. Under the Agreement on Agriculture of WTO six states carry out domestic support measures as developed countries and only Tajikistan has negotiated eligibility to apply for provisions as developing country. This is due to the fact that the above-mentioned six countries have used support measures that fall under development box during the base period and used minimal 5 percent criteria to remove some of these measures. According to the agreement level of AMS is determined according to real data and methodology that had been used in calculation of support in a base period. During its base period Tajikistan has excluded some of these measures from Development box and applied for developing countries criteria of 10 percent de minimis.

The agreement also foresees cases of transitional period if accessing country manages to negotiate such terms. By now there are only two CIS countries that claimed and used such provisions. After accession Armenia was allowed to apply provision of 10 percent de minimis in 2003-2008s, until started to meet its obligations of 5 percent support in 2009.

Russia has also managed to obtain transitional period of six years until 2018 for agricultural support after accession. However, there are some restrictions obliged for Russia to exempt support under AMS for certain category of goods until the transition period expires.

Table 8 Annual levels of AMS in transitional period for Russia (in bln. USD)

BASE AMS	2012	2013	2014	2015	2016	2017	Final AMS 2018
4.4	9.0	9.0	8.1	7.2	6.3	5.4	4.4

Source: Working Party Report on Accession of Russian Federation

More specific on level of support during the base period and committed level of AMS and schedules is compiled in the following table for member countries of CIS:

Table 9 **CIS Commitments on Domestic Support**

	Year of Acession	Currency	Base AMS	Transition period	Final Bound AMS	De minimis %
Tajikistan	2013	mln USD	182.7		182.7	10%
Russia	2012	bln USD	4.4	2012-2018	4.4	5%
Ukraine	2008	mil UAH	3043		3043	5%
Armenia	2003	USD	0		0	5%
Moldova	2001	mln SDR	16	2001-2004	13	5%
Georgia	2000	GER	0		0	5%
Kyrgyzstan	1998	KGS	0		0	5%

Source: Members Working Party Reports on Commitments and Schedules

As it is indicated in table, members are not restricted to determine their commitments on AMS in any specific currency. All countries are free to use either their national or any of world currencies. Tajikistan and Russia have determined their commitments in U.S. dollars. Moldova used in this case Special Drawning Rights (SDRs) of the International Monetary Fund and Ukraine has expressed the value of AMS in it national currency – Hrivnas. However, all members are required to report to WTO concerning their annual level of support using the same way as it is used in calculation of the base years. Therefore countries that have used currencies other than their national are doing so in order to cover losses of denomination and keep the level of support in preferred level.

Ukraine has joined WTO in 2008 and set its level of base AMS on national currency and since that time value of Hrivna declined significantly that greatly decreased the capacity of support available for Ukraine government to agriculture. In contrast to that Russia and Tajikistan are using dollars and Moldova is using SDRs in order to determine the base AMS. While in 2014 Russian ruble and Tajik somoni dropped up to 30%, the real value of support mechanisms dodged serious threats.

Contrariwise to these situations, Kyrgyzstan, Armenia and Georgia have no serious issues with devaluation of their support, since they accepted zero level of final bound AMS and operate based on de minimis level of AMS, which is calculated according to value of production which is adjusted to world prices values on annual bases.

6.2. Market access

When it comes to tariff commitments among the WTO members rates and levels may vary significantly and there is no single measure that country should accept upon accession. Each acceding country builds up its commitments on tariff rates in a unique way and sets up different levels for every specific group of product depending on how important the considered sector is for economy and how strongly it needs to protect each specific sector.

As for CIS countries, average level of bound tariffs lie in almost same range starting from 14.7 for Armenia and lowest 10.9 for Ukraine. This is due to the similarity of economic policies of the countries and high level of harmonization of trade rules due to regional integration through CIS agreements and Zone of Free Trade. In contrast to CIS countries there are other WTO members who have agreed on different levels of tariffs. India on one hand having one of the highest level of 113.5, European Union with 12.5, US 4.8.

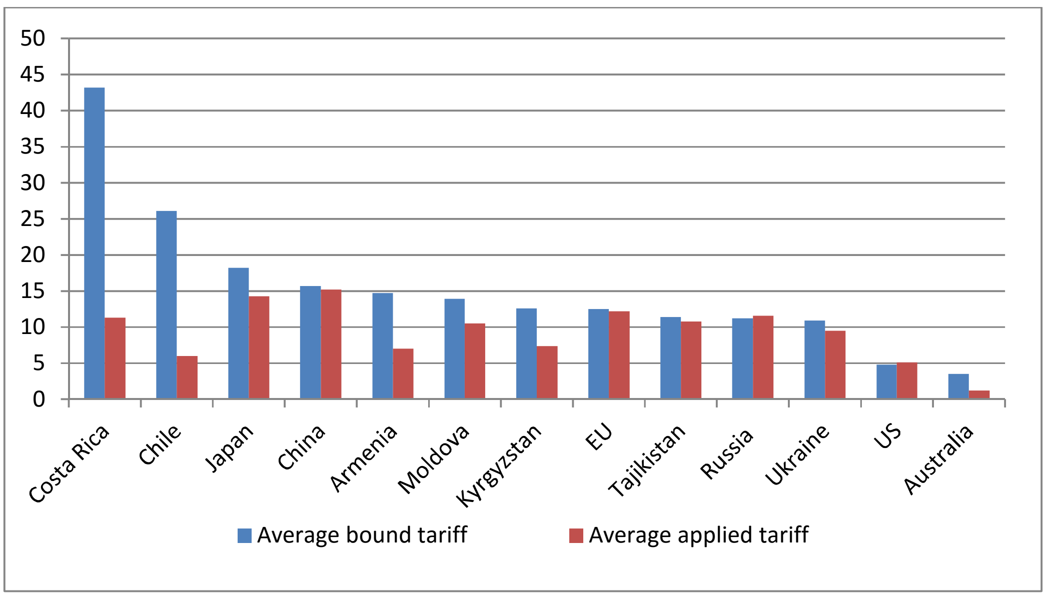
Table 10 Applied Tariffs of CIS countries

	Member since	Average bound tariff	Average MFN applied tariff		
			2011	2012	2014
Armenia	2003	14.7	-	7.0	6.8
Azerbaijan	-	-	14.1	13.4	13.3
Belarus	-	-	15.2	13.4	11.5
Georgia	2000	13.0	7.2	6.7	6.4
Kazakhstan	-	-	15.4	13.4	11.6
Kyrgyz Rep.	1998	12.6	7.5	7.4	7.6
Moldova	2001	13.9	10.5	10.5	10.4
Russia	2012	11.2	14.3	13.3	11.6
Tajikistan	2013	11.4	11.2	10.8	10.7
Turkmenistan	-	-	-	-	-
Ukraine	2008	10.9	9.5	9.5	9.2
Uzbekistan	-	-	-	19.2	18.8

Source: WTO Trade Profiles 2012, 2013, 2015

However, the bound tariffs is not what actually a country is using to imports, but a commitment to WTO as a maximum level that will not be exceeded. It`s up to each state to vary the tariff levels on non-discriminatory basis. In reality, countries set import duties in lower levels that what indicated in their bound tariffs. In 2014 Armenia and Georgia were applying the lowest levels differing from their bound to 7.9 and 6.6 percents respectively. In general, among CIS countries those which are WTO members have notably lower tariff lines than those which are not. Azerbaijan, Belarus, Kazakhstan and Uzbekistan keep their lines in slight higher level between 11.5 and highest 18.8 percent, though notable declines were observed for Kazakhstan from 15.4 to 11.6. Overall, there had been general tendency of tariffs to decline among all countries.

Graph 15 Average Bound and Applied Tariffs for Agricultural Products



Source: WTO Trade Profiles 2015

Considering the contrast between the bound tariffs, it is worth to mention other non CIS members, who managed to negotiate their commitments on agricultural products in levels way higher than most of other members. Costa Rica has bound rates at 43 percents average on imports of agricultural products, however in 2014 the countries reported to have it applied tariff level on 11 percent – the rate average among CIS countries. The same situation is with Chile, which has commitments on level of 26 percent, but apllied rates is among one of the lowest in world and the lowest comparing to CIS countries. Such gap between bound and applied rates enables these countries with enough space to maneuver their trade policy, without being accused to severe protectionism. Counter to these two countries United States has bound tariff at level of 4,8%, however in 2014 it was reported that applied tariff were 5.1 percent, higher than committed level. Although accession to US market is considered quite liberal, the fact of negative disparity in tariffs lines may lead to trade disputes in a court of WTO.

As for Russia the applied tariffs are higher than the average bound tariffs but with obvious trend to decline to the obligatory level. Taking into account the fact of recent accession and transitional period of country it is possible to conclude that Russian Federation in fulfilling its commitments according with the WTO rules.

Tajikistan has obligation to keep the tariff levels maximum at 11.4 percents and by the date of accession applied level was 11.2 percents, which is lower, and it was not necessary for country to decrease the level even after accession.

The average bound and applied tariffs of Table however shows general picture of the protection of industry hiding variations among separate sections of product lines and particular group of goods. More specific tariff rates are compiled in Tables 8 and 9. In table 8 shown the range of average tariff levels for product groups in CIS countries in year 2014. Table 9 also provides data on highest bound tariffs observed among these product groups.

Armenia in this group has quite low difference in average bound without extremum from general average for agricultural products as well as applied level is in conformity with committed obligations.

Georgia on other hand has product groups with higher and lower rates from general average. There is no duty for oil products as well as country didn`t agreed for higher capacity for bound level. For cotton there is a significant gap to increase however there is no applied duty as well. For tobacco and beverages Georgia maintains the highest rate of protection among other countries but applied rates lower than in Russia and Tajikistan.

Kyrgyzstan maintains relatively equal levels of tariff lines with maximal rate on tobacco and beverages, although the applied tariff are in accordance with commitments and do not exceed them.

Table 11 Average Applied and Bound Tariff

	Armenia		Georgia		***Krygyzstan***		Moldova		***Ukraine***		*Russia*		***Tajikistan***	
	Bound	***App.***	Bound	App	***Bound***	***App***	Bound	App	***Bound***	***App***	*Bound*	*App*	***Bound***	***App***
Animal products	**15**	**7**	11	8	**10**	**8**	17	15	**13**	**11**	23	20	**9**	**10**
Dairy products	**15**	**10**	12	5	**12**	**11**	15	15	**10**	**10**	15	17	**13**	**13**
Fruit, vegetables	**15**	**9**	13	9	**16**	**10**	14	13	**13**	**10**	9	11	**13**	**12**
Coffee, tea	**14**	**9**	12	5	**11**	**7**	11	8	**6**	**6**	6	7	**7**	**7**
Cereals & preparations	**15**	**5**	14	7	**12**	**8**	13	10	**13**	**13**	10	12	**11**	**10**
Oilseeds, fats & oils	**14**	**8**	3	0	**11**	**6**	11	6	**11**	**8**	7	8	**7**	**7**
Sugars and confectionery	**15**	**8**	12	11	**10**	**4**	56	19	**18**	**18**	13	13	**10**	**6**
Beverages & tobacco	**15**	**8**	39	24	**19**	**15**	16	13	**9**	**12**	24	29	**31**	**31**
Cotton	**15**	**0**	9	0	**10**	**0**	0	0	**1**	**1**	0	0	**20**	**15**
Other agricultural products	**15**	**3**	11	0	**10**	**2**	9	5	**8**	**6**	5	6	**7**	**7**

Source: WTO Trade Profiles

Same like Kyrgyzstan there is a higher average tariff for tobacco and beverages in Moldova, but the most significant level of protection is observed for sugar products. Applied level is lower that committed but there is not significant reductions in most of the product groups. Speaking about specific products there is a highest peak of 75 observed for confectionery and 70 for tobacco product, while in other categories there is no significant imbalances.

Ukraine is a good example of tariff diversity among the agricultural products both in average and bound groups. Lowest bound and applied rate 1 for cotton and highest average 18 for sugar and confectionary. There are product groups for which Ukraine doesn't apply lower rates as many other states do and fixed at the same level as bound tariffs. In case of tobacco and beverages country uses a higher rate than bound, which is as case may be subject of WTO dispute and violation of obligations of the country. Observation of the peak tariffs for specific product in categories show there is now high extremums except the categories of tobacco and sugar, same as in other previous members.

Table 12 Maximal Bound Tariff in CIS Countries

	Armenia	Georgia	Kyrgyzstan	Moldova	Ukraine	Russia	Tajikistan
Animal products	15	12	15	26	20	80	15
Dairy products	15	25	15	36	10	34	15
Fruit, vegetables, plants	15	30	20	20	20	15	23
Coffee, tea	15	20	15	15	20	13	15
Cereals & preparations	15	28	20	20	20	85	20
Oilseeds, fats & oils	15	12	15	20	30	25	20
Sugars and confectionery	15	12	30	75	50	48	15
Beverages & tobacco	15	382	141	70	65	278	278
Cotton	15	12	10	0	5	0	20
Other agricultural products	15	15	20	20	20	10	20

Source: WTO Trade Profiles

Russia is the only country among the group with significant amount of product categories where applied tariffs exceed bound MFN rates. In 2014 only cotton and sugar categories were in compliance with obligations of country. However more detailed analysis of tariffs in recent years of accession shows expressive reductions in all categories. While average applied and bound tariffs for Russia is in the same scope of tariffs of other countries, only in Russia there are specific products in each category that protected with much higher rate of tariff hidden under average units. Except for cotton, Coffee, Tea, fruits and Vegetables the country has set maximal tariffs between 25 for oil to 278 for tobacco and beverages.

Among all CIS countries Russian agricultural imports is almost two times larger than the sum of the rest. Therefore Russia had a very difficult accession process negotiating particular details of tariffs and other measures of protection on its agricultural sector. Therefore, they managed to negotiate dual tariffs on quota basis for meat products and poultry. The minimum rate is applied until the amount of imports is below the set values, and as soon the volume exceed the limits automatically applies a higher rate. The quota is distributed among the main exporting partners according to principle of non-discrimination of the WTO. As for example such measure for beef and pork meat is due until the 2020. After that year, Russia is obliged to eliminate quotas and apply bound tariff at level of 25.

Tajikistan`s tariffs show a significant level of liberalization, taking into account recent accession. Applied tariffs are set at almost same rate as bounded commitments, except for animal products, exceeding obligatory point in 1 percent. Tariff peaks also do not occur as in cases of Russia, Ukraine or Moldova and maximum applied rates for specific products are in same range of average applied tariffs. The only exception as in all other members of the group is beverages and tobaccos with higher level of 278 percents.

Overall picture of the group shows common share of protection in beverages and tobacco and for sugar and confectionary. While rates for tobacco is mainly applied due to safety and health reason a higher rates for sugar and confectionary show common specialization of country, mainly in Ukraine, Moldova, Russia and Kyrgyzstan. Tajikistan is the only country protecting cotton production with the highest import rates, both for bound and applied while the rest of the group applies no tariffs for this particular sector.

6.3. Non-Tariff Barriers

Except the market access measure there are number of restrictions that considered as non-tariff barriers and have significant use among member countries. Such measures are: Anti dumping, Countervailing, Import licensing, Quantitative Restrictions, Safeguards, Sanitary and Phytosanitary, Special Safeguards, Technical Barriers to Trade, Tariff-rate quotas and Export Subsidies.

As it was informed by member countries on their implications on such measure in 2014 the amount of non-tariff barriers reached almost 40000 measures. The highest number of measure is observed prevailingly among developed countries. United States had the highest amount of non-tariff barriers of 4642, twice as much as Chine, the second in rank.

Table 13 Non-tariff measures applied by WTO members in 2014

	ADP	CV	LIC	QR	SG	SPS	SSG	TBT	TRQ	XS	Total
World	***1881***	***177***	***643***	***1087***	***299***	***14002***	***658***	***19494***	***1256***	***429***	***39926***
USA	297	89	15	31	10	2762	173	1200	52	13	4642
China	112	5	4	21		1019		1082	10		2253
Brazil	199	5	2		4	1055		755	1	16	2037
EU	131	21	18	11		552	27	908	87	20	1775
Canada	70	30	17	26	3	937		585	21	11	1700
Japan	5		17	42	1	420	97	720	18		1320
Israel	9		2		2	9		866	12	6	906
Chile	2		1		15	507		380	1		906

Source: WTO Integrated Trade Intelligence Portal Database

Most of the measures are raised in temporarily basis to oppose certain disease or harmful nature of the product. Therefore, most used instrument is sanitary and Phytosanitary restrictions. The second most used restriction among WTO members are Technical barriers. Japan, EU and USA apply special safeguard measures on agricultural products. At the same time these countries together with Canada and Israel still exercise export subsidies.

CIS countries are among the countries with the lowest use of non-tariff barriers in their trade. Most of the barriers fall under Russia and Ukraine due to recent developments on their political relations and raised during 2014 and many of that measure are aimed to aone another.

Table 14 Non-Tariff Measures Applied By CIS WTO Members

	LIC	QR	SG	SPS	TBT	TRQ	Total
Armenia				12	13		25
Georgia	2	2		18	8		30
Kyrgyzstan			2	2	1		5
Moldova	1		1	3	6		11
Russia	4	17		86			107
Tajikistan	1						1
Ukraine	1			96	7	1	105
Total	9	19	3	217	35	1	284

Source: WTO Integrated Trade Intelligence Portal Database

Any of the CIS countries applies anti-dumping policy, countervailing measures, special safeguards or Export subsidies. Ukraine is the only country applying Tariff-rate quotas for specific agricultural products.

Tajikistan has the lowest number of barriers for agricultural product among the CIS and world in general. The only exercised instrument is compulsory licensing for imports of tobacco and beverages.

Most of the restriction carried out in general terms and applied to all WTO members or specific regional groups where the products originate from. However, certain countries may raise country-oriented measures, mostly sanitary and Phytosanitary in order to impose those goods to additional restrictions.

As it is compiled in table 14 there are 13 countries that apply specific sanitary measure directed to goods from CIS countries as group, or separately to each country. Among them Russia and Ukraine are the only countries that have restrictions to CIS countries directly.

Tajikistan has direct restrictions for import of animals, animal meat and garlic from Albania, Saudi Arabia and United States. Kyrgyzstan is the most restriction free among the CIS countries, to whom applies only sanitary measures of United States on garlic. Counter to that, Russia is the only country the has been restricted by all the apposing countries.

Table 15 **Specific SPS Applied Directly to CIS Countries by the Rest of WTO Members**

	China	Korea	Philippines	Chinese Taipei	Russia	Ukraine	Albania	EU	Saudi Arabia	Arab Emirates	United States	Costa Rica	Ecuador
Armenia											Garlic		
Georgia		Some veg. prod.			Some veg. prod.					Live sheeps and goats	Garlic		
Kyrgyzstan											Garlic		
Tajikistan							Live animals		Ban of meat and meat products		Garlic		
Ukraine	Fraxinus	Some veg. prod.			Live pigs, Plant prod., potato prod, milk prod.		Live animals			Live sheeps and goats	Garlic		
Russia	Fraxinus	some veg. Prod.	Ban of meat and poultry	Plants or plant products		Pigs and pork prod.	Live animals	Pine trees, Meat prod.	Ban of meat and meat products	Live poultry	Garlic	Certain rutes and tubes	Live animals
Moldova					Processed meat prod., Fruits						Garlic		

Source: WTO Integrated Trade Intelligence Portal Database

7. Discussions

Structural analysis of trade with agricultural commodities has shown that main market of imports for a consistent period of time remains CIS countries. Kazakhstan and Russia share 75% of main agricultural imports of Tajikistan. Trade relations between CIS countries have higher level of liberation than within WTO members due to functioning of Free Trade Agreement. Commitments on market access under the framework of WTO bound tariffs in general may not have a high influence to production of main agricultural commodities. As trade statistics show, in recent 10 years Tajikistan has already substituted domestic wheat to imports from Kazakhstan and has focused on increasing production of other food commodity groups. Also, the applied tariff before accession in 2012 were set below the bound limits and considered by WTO highly liberal which didn't force country for drastic reductions. However, as international experience shows Tajikistan could have negotiated much higher bound tariffs recalling issues of food security and high dependency on foodstuff imports. Nevertheless Tajikistan remains enough gaps of 1 to 5 percents to increase tariff rates for protection purposes.

Considering the markets of Tajikistan exports of agricultural products, there are more countries that fall under regulation of WTO, such as Turkey, China, Pakistan, which potentially could raise any discriminative measures against non-WTO members. Accession to WTO has eliminated the risk of illegitimate measures from these countries toward Tajikistan goods. At the same time there is number of countries seeking membership to the WTO and currently at the stage of their accession process. Geographically these countries situated in a close neighborhood with Tajikistan. Afghanistan, Turkmenistan, Uzbekistan, Iran, Azerbaijan, Iraq are huge developing markets for agricultural goods. Earlier membership of Tajikistan to WTO facilitates a great chance to participate in negotiating process of these countries and bargain favorable regimes to certain goods.

Among all accessed CIS countries Tajikistan has managed to negotiate a higher level of committed domestic support to agricultural sector. It is the only country eligible to concessions for developing economy. Thereby the Government has kept the right to support national farmers directly influencing the price and production with annual ceiling of 182 million dollars plus the amount of 10% de minimis of production value, not to mention that there are no limits to exercise measures that fall under the "green box" subsidies. All other member agreed to have de minimis level set at 5%, and except Russian Federation and Ukraine have committed to set non-de minimis support level to zero. Such conditions leave enough space to perform effective agricultural domestic support for farmers without violation of WTO rules.

Due to lack of financial resources in recent years Tajikistan had no ability to exercise measures falling under export subsidies. Therefore official obligation not to employ such measure under WTO ruling involves no significant influence into the current trend of developments in agriculture.

Worth to mention that current shape of WTO is not logically finalized to constant state and rather it is an ongoing process of negotiations and deals. With such a vast number of participants WTO is one of few international organizations where vote of each member counts equally. Obtaining a vote in a negotiation process in current stage may play into hands in future for opening new markets or bargaining favorable terms. Ongoing discussions on cotton market have become a crucial issue on the agenda of producers from developing regions. Engaging to “Cotton Four” group of Benin, Burkina Faso, Chad and Mali in a Cotton Sub-Committee Director-General’s Consultative Framework might also protect this particular sector of agriculture of Tajikistan from unequal competition of subsidizing countries.

8. Conclusion

General overlook into the commitments taken by Tajikistan in agricultural sector reveals no significant changes in policies and trade regime that was applied before accession. Negotiated terms are at acceptable level allowing smooth transition of economy without withstanding drastic competitive pressure from external markets. Moreover, for a small economy like Tajikistan, with immature and low-diversity agricultural production it is not possible to reach level of self-sufficiency in a future perspective and rather more important to liberalize food market with purpose of lowering prices and covering shortages of provisions. That would make possible to identify competitive sectors and concentrate limited opportunities in their development.

However boost of trade flows and obvious improvements from better trade conditions should not be expected in a short term conditions. Amends from accession to WTO is rather a long-term unquantifiable investment. For vulnerable economies like Tajikistan significant effects reached through indirect influences, such as of being under the protective shield of dispute settlement mechanism, defense of national interests in negotiation processes, technical support in reforms of government institutions, increasing investment attractiveness and credibility of country. Nevertheless it is only up to each government how it will manage to minimize negative effects and benefit mostly from opportunities of membership.

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