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DIPLOMA THESIS

Impact of the WTO Accession on Tajikistan Agriculture

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Summary

World Trade Organization is one of the most influential institutions 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 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

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). For a transitional country as 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.

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:

- 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.

Methodologies

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 publications.

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.

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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