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| **Kazakhstan** | |
| 1. Institutional weakness and inefficiency of government actors (ie, corruption, disconnect between policies and reality) | * Significantly high corruption and institutional weakness that inhibits efficiency * This contributes to the overall cost of trade |
| 1. Transparency and inadequate private sector\* | * Methods about how this data is collected is dubious; need better data collection methods * There is a perceived risk that businesses are not prepared for WTO accession |
| 1. EEU Harmonization\* | * Rules created in Moscow for EEU add to the cost of product production standards because they are focused on the Russian market, not Kazak economic opportunities. There is a perceived risk that WTO accession will put competitive pressure on unprepared companies * EEU policies are growth prohibitive. It is difficult to adjust standards of product, which are geared to Russia and not other markets |
| 1. Transport and Logistics\*   \* Numbers 2, 3, 4 are tied for 2nd place | * Rules that inhibit trucks from one country to pass into another country; the registration process; the cost of doing trade. Trade facilitation methods need enhanced (proper software and procedures) * Logistics adds 70% of the product costs versus 7% in places such as the US; lack of transparency; locals need R&D and access to finance, etc. * There needs to be better analysis to prioritize the infrastructure built. The benefits do not always match the cost requirement |
| **Kyrgyzstan** | |
| 1. WTO Implementation | * Kyrgyzstan is a WTO member but implementation is lagging * WTO rules, regulations, requirements are not made public * Lack of compliance with international safety standards * The CU and WTO need to be harmonized and the government is requesting assistance.   + There is a lack of information on the CU, legal reforms needed for accession, and unknown implications on WTO   + When they join the WTO there are special rates negotiated at a lower percentage. When Russia joined the WTO after KR, they negotiated rates at a higher rate than KR, so we don’t know how that will be affected when they join the CU. Rates expected to go up once KR joins CU; who will cover that “damage.” There is a lot of grid-lock in renegotiating the rates |
| 1. Formalizing the informal Sector | * Formalizing the informal sector will strengthen the tax base and would help the government provide services for its citizens * The shadow economy is estimated to be 50%. There are three types of businesses: 1) the informal; 2) the patent regime (semi-formal); and 3) formal.   + Since there is a significant time and cost requirement to become a formal business, most businesses remain semi-formal |
| 1. Corruption and its effect on businesses | * Corruption is a symptom of weak and inefficient institutions, which are a major issue * There is a lack of institutional memory within government institutions. * Lack of transparency * Need for good documentation for traders |
| **Tajikistan** | |
| 1. Corruption | * Deeply embedded in the system; when somebody is going to a certain gov’t position, it is assumed that person will take care of themselves and that is it; if somebody wants to be appointed as a customs rep for Afg, e.g., it costs $1M for one year, which they should recover $1M (e.g., $4M found in officials car) * Border management practices are not professionalized * Local businesses do not want to get too large or they will be taken over. * There is low capacity within the government |
| 1. Political willingness to trade among neighbors | * Visa issues for certain South Asian countries inhibits access and prevents trade. * Enhanced customs border coordination is needed, especially between Tajikistan, Pakistan, and Afghanistan * There are different trade regimes with its neighbors * Poorly implemented transit agreement with neighbors   + Uzbekistan imposes trade barriers that are in violation of the International Road Transport (TIR) rules |
| 1. Competitive Value Chains\* | * Tajikistan has a large trade deficit and is heavily reliant on remittances * Remittances make up approximately 50% pf GDP |
| 1. Logistics and transport\*   \*Numbers 3 and 4 are tied and number 4 is related to number 2 | * The single window is not implemented * Logistics costs are prohibitive * Security and transit through Afghanistan is a major issue |
| **Uzbekistan** | |
| 1. Isolated policies\* | * Overly regulated, restrictive trade policies aimed to bolster reserves and support the complex exchange rate regime |
| 1. Currency regime\* | * Significant, complex currency controls which contribute to significant market distortions |
| 1. Lack of reliable information\* | * Lack of information and existing information is not reliable |
| 1. Heavily regulated trade\*   \*Numbers 1 and 2 are tied and 3 and 4 are tied. Number 4 is related to number 1 | * Trade preference system has not been adopted * Quota system has not been adopted * Anti-dumping duties have not been set * Exports require 100% prepayment |
| **Turkmenistan** | |
| 1. Lack of government capacity to promote a business enabling environment | * Lack of a business enabling environment * Centralized, government controlled economy * Economic diversification is a government priority but there is limited capacity to develop the SME sector |
| 1. Conservative, isolationist policies | * State controlled economy   + Over-reliance on natural resources (ie, gas) * Private sector production is oriented for internal consumption * Rent seeking behavior |
| 1. Lack of information\* | * Lack of transparency and information * When statistics are available, they are perceived to be relatively accurate |
| 1. Visa difficulties\*   \*Numbers 3 and 4 are tied | * It is difficult to obtain a visa to enter Turkmenistan, which inhibits access and international trade |
| **Central Asia** | |
| 1. Un-harmonized trade regimes | * CU, EEU, and WTO regulations are not harmonized |
| 1. Weak value chains | * Value chains are weak and not competitive |
| 1. Corruption\* | * Significant corruption exists as a result of weak and inefficient government structures |
| 1. Trade and transport logistics | * Inefficient transport and logistics across the region resulting in high transportation costs * 90% of all cargo is transported by railway   + Trucks need special registration to cross the borders (there is a different regime) and is less efficient than rail * Transportation conventions and agreements are not signed and/or implemented * Deficient trading platforms |
| 1. Capacity building for government and private sector\*   Number 3 is related to 5 | * Inefficient government structures * There is a perceived risk that businesses are not prepared for CU, EEU, or WTO |
| **Afghanistan** | |
| 1. Security and stability | * Security is an issue, especially for transit of goods though Afghanistan * Corruption |
| 1. Trade harmonization | * Quality issues surrounding exports * Not a WTO member * Significant non-tariff barriers |
| 1. Transport and logistics\* | * Poor infrastructure which increases time and cost * Trucks registered in Tajikistan cannot move through Afghanistan and vice versa. Some people register trucks in both countries and they switch plates and documents * Railway cars from Afghanistan to Central Asia need to be offloaded by trucks and then reloaded * There are no air flights between Afghanistan and Central Asia. * Capital costs are high |
| 1. Weak value chains\*   Numbers 3 and 4 are tied | * Value chains are weak * Afghanistan produces similar goods as in Central Asia |
| **Pakistan** | |
| 1. Signing of conventions | * Need to liberalize its distorted trade regime * Needs to sign and leverage current trade agreements better * Flawed trade agreements |
| 1. People to people connections | * Visas are a major issue * No direct flights with neighboring countries * Lack of information |
| 1. Transport and logistics | * Poor transport infrastructure which increases time and costs * India trade is not connected through Pakistan |