

## **BUSINESS FOR DEVELOPMENT: IMPLICATIONS FOR EXPORT STRATEGY-MAKERS**

# **THE REPUBLIC OF TAJIKISTAN**

## **TRADE RELATED TECHNICAL ASSISTANCE: WHAT WORKS AND WHAT DOESN'T**

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The Republic of Tajikistan pays significant attention to the development of foreign economic relations both on bilateral and multilateral levels. By 2002 the Republic of Tajikistan has established trade-economic relations with more than 80 countries. The main form of the foreign economic relations of the Republic of Tajikistan is foreign trade.

Since gaining independence, the foreign trade and foreign trade regime of the Republic of Tajikistan have been constantly progressing. Considerable changes occurred in the geographical orientation of the export. The share of the foreign trade turnover with non-CIS (Commonwealth of Independent States) countries increased from 15-20% in early 1990s to 45-50% in 2000-2001. Export to European countries has grown significantly due to supply of aluminium and cotton to these countries. However, CIS countries are still main importers of Tajik commodities. The foreign trade turnover of the Republic of Tajikistan in 1996-2002 was equal to US\$1.3-1.5 bln.

In accordance with the priorities of the Government of the Republic of Tajikistan, that were declared in the several program documents and resolutions, the country aims to deepen the integration of its national economy into the world economy. In this context, one of the key issues of the external economic policy of Tajikistan for the nearest future will be accession to the World Trade Organization.

The Republic of Tajikistan is currently engaged in the accession to the WTO. The WTO is rendering technical assistance in this process to Tajikistan. WTO technical assistance is currently focused on better participation of Tajikistan in the multilateral trading system, through dissemination of information and knowledge on the WTO Agreements.

WTO technical assistance programme is cumulative and targeted at various levels of decision-making within national administrations and across the region. Collaboration with other international, regional and sub-regional organisations has been developed and strengthened (through close cooperation with UNITAR, SECO, ECO, UNCTAD, ITC, JVI, bilateral donors). In the past, the countries of the Central Asian region were excluded from WTO's technical assistance programs. The situation has significantly changed after the establishment of the WTO technical assistance Global Trust Fund. More activities have been scheduled for countries of Central Asia in the 2003 Technical Assistance Plan since then.

The role of trade capacity building for trade integration, will include support for policy and regulation formulation, development of capacity to implement policy, sector-specific support, infrastructure support (for example, energy, transportation, communication, information technology, customs modernization, laboratories for testing to meet international standards, etc).

In July 2001, Tajikistan was officially recognized as an observer state in WTO. Therefore, the Government of Tajikistan appealed to donor countries and organizations to assist Tajikistan to facilitate its accession process to the WTO.

After the official request of the Government of Tajikistan for Technical Assistance several donor countries and international organizations rendered assistance to Tajikistan in the process of the accession to WTO. The main donor countries and organizations that provided this assistance included Switzerland (through UNITAR/SECO project) and United States of America (through USAID/CAR-PRAGMA Corporation) as well as ITC, IDB and others. All of these organizations conducted several training workshops for public and private sectors representatives of Tajikistan on trade related issues and WTO.

Special attention should be given to the technical assistance provided by UNITAR and SECO. These organizations endowed assistance in the preparation of the Memorandum on Foreign Trade Regime of Tajikistan for the submission to WTO and other WTO related issues. In addition, they provided the government with advisory services, designed and conducted training programs in cooperation with other institutions. The work on the training programs included the development of curricula, identification of resource persons, evaluation and monitoring of results achieved. These organizations also provided financial support and monitored the implementation of the program, provided consultants in the field of trade related technical assistance. The assistance of UNITAR and SECO to Tajikistan is still in progress.

The significant technical assistance was provided by USAID. Several seminars for public officials, private sector representatives and academicians of Tajikistan were organized within the framework of the Memorandum of Understanding between the Government of the Republic of Tajikistan and USAID. National Trade Council (consisting of representatives of private sector and academicians) was created in order to strengthen the potential of the governmental bodies of Tajikistan in formulation and

implementation of trade policy. NTC should assist Tajik government in the negotiations with WTO concerning the membership of Tajikistan.

Recently USAID has started assistance to the Customs Office of Tajikistan to improve the system of the appreciation of the goods. USAID also works with "Tajik-Standard" (National Standards Body) in perfection of the standardization, metrology and certification of goods as well as adoption of ISO standard.

At the same time, it is necessary to indicate that above-mentioned technical assistance was provided primarily for public officials. However, it is obvious that specialized training for the businesses (like in export management) is essential and can be effective only if it is built on the existing capacity to provide general business education and produce competent professional managers. Unfortunately, lack of qualified business managers is currently one of the biggest problems faced by the companies in Tajikistan. The training programs for business representatives should be more applied and practical with regards to the industry specificity. They should be more information-based and oriented to the training of the competent specialists.

In addition to training, it is essential in the international market to meet technical and quality requirements. Exporters should produce the products that would meet the mandatory and voluntary technical specifications of the targeted market. For this, exporters must obtain the information about mandatory regulations and voluntary standards used in the countries of import; then, these requirements should be adapted in the products of the exporters; and, at the end, all these achievements should be demonstrated to the buyer and regulatory authorities of the importing country. Tajik enterprises need assistance in all of these steps. The technical assistance in this area should be focused around following issues to deliver this support:

- *Assistance in standardization and quality assurance:* Assistance in the establishment of standards and help in obtaining the information on standards, technical regulations and conformity assessment procedures of the different countries is essential for the enterprises in Tajikistan. The information and training on ISO standards is also necessary for Tajik exporters to be able to compete at the international market. The introduction of these standards will assure the quality of the products produced by the companies in accordance with international standards.
- *The formal recognition of certification bodies and testing laboratories* is essential for promotion of Tajik goods at the international market. In this way the products once tested and certified in Tajikistan will be accepted worldwide.

The implementation of the above issues is complex and time-consuming, but it is fundamental aspect of ensuring the competitiveness of the exporting products. It is proven that introduction of international standards and quality assurance will lead to increased exports and as a result will be beneficial for the companies. Technical assistance of the qualified international organizations is essential for Tajik enterprises because the government has neither expertise nor financial resources to implement these issues.

Another critical aspect in national export efforts is the availability of the information. In the modern world nothing works without information. It provides the foundation for companies to design export strategy and means for strategy implementation. It is essential to decision-making within the enterprise and is therefore the information is in demand by the business community. The information is very important for the companies to be competitive in the international market. Lately, information acquisition has been revolutionized by new information technologies (such as Internet). However, in Tajikistan only big enterprises can afford Internet because of its high cost. Therefore, the creation of the international trade centers is necessary to help the local enterprises in acquisition of the necessary information. The information centers should be well equipped and be able to provide trade information services. The key elements of the information centers should include: skilled information specialists that will consult entrepreneurs on the different issues of the international trade and provide them with the latest information; and information recourses including reference materials, databases, journals etc. The centers must have an access to the Internet and provide exporters with electronic publications, trade leads, trade regulations and statistics, business opportunities, trade information services and products.

Presently, most of the technical assistance provided by the international agencies in Tajikistan works. However, it is necessary to provide a sharper strategic direction for Trade-Related Technical Assistance. In this context, the Government of the Republic of Tajikistan needs Technical Cooperation

Plan offered by Donors. Activities in this Plan must be based on several broad principal policy frameworks, which follow:

- **Mainstreaming and Integrated Framework.** The Donors have to conduct technical assistance activities, in coordination with other relevant agencies, in support of domestic efforts in Tajikistan to formulate trade policies coherent with associated macroeconomic and regulatory policies;
- **Implementation.** Execution of Technical Assistance and capacity building activities designed to assist Tajikistan to adjust to WTO rules and disciplines. Additional Section of the Plan: National Technical Assistance Programmes, includes activities at the national level which, for the most part, are designed to achieve the objective of facilitating and assisting country, in attaining implementation targets;
- **Trade Policy Capacity-Building.** Capacity building in the formulation and implementation of trade policy. This is one of the most pressing needs of our country;
- **Information Technology Tools.** Sharing the information and capacity building through the use of information technology;
- **Modernization and expansion of Technical Assistance Tools.** (Development of user-friendly dissemination and data analysis facility for Technical Assistance, Software Development)

To implement the request of Tajikistan with respect to technical assistance, the technical cooperation activities by the WTO, SECO, UNITAR, USAID and other International Organizations should be envisaged as follows:

- Meetings with delegations to seek their views on what they see as their main Technical Assistance needs;
- Organization of a workshop to identify special Technical Assistance needs;
- Donors' participation and contribution in seminars, workshops and major meetings organised by other intergovernmental organisations, focusing on relevant issues and latest developments in the work underway. This level of activity will enhance coordination;
- It should be envisaged that one or two regional workshops will be organized, to help Tajikistan identify its particular trade facilitation needs.
- Creation of institutional and legislative framework is important for development of a market economy and effective participation in international trade;
- Training seminars on specific aspects of international trade;
- Lock in the liberal trade regime by undertaking legal binding commitments regarding tariffs levels, non-tariff barriers and other trade practices;
- Improvement of efficiency and productivity of domestic industries and cheaper imported inputs for domestic production;
- Improved market access for export products – opportunities to develop more profitable and competitive export industries;
- Provide more efficient and improved quality services necessary for the development of different sectors (e.g. loan market, leasing system, etc.); this would also foster the development of medium and small entrepreneurship;