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**TRADE FACILITATION AND INVESTMENT PROJECT
CONTRACT # 116-C-00-01-00015**

**EIGHTEENTH QUARTERLY REPORT
CONTRACT PERIOD 1 DECEMBER 2005– 28 FEBRUARY 2006**

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TRADE FACILITATION AND INVESTMENT PROJECT

ПРОЕКТ ПО РАЗВИТИЮ ТОРГОВЛИ И ИНВЕСТИЦИЙ



18th Quarterly Report December 1, 2005 through February 28, 2006

INTRODUCTION

Though typically a slow period in the region, the 18th quarter proved one of the most productive for TFI. The expansion of the association Partnership Program beyond Kazakhstan commenced with the approval of a grant to association partners in Astana and Karaganda, and the first stage of the training received high marks from the participants. In Kyrgyzstan, the government approved new and more stringent rule-making procedures and also radically reduced the number of products subject to government regulation. In Tajikistan, a study tour to Bishkek for Customs officers and businesses has helped stimulate more interest in Customs Consultative Councils, while in Uzbekistan a USG waiver was granted that allows TFI to restart its work with the central government on its WTO accession, which had been on hold since June 2005. These and other significant events are discussed in more detail in the summary to follow and in the constraint reduction tables at the end of the report.

REGIONAL ACTIVITIES

Multiplication Program – Mentoring Associations

As originally conceived at the TFI-EDP Association Conference in April 2005 in Almaty, the Multiplication Program is an effort to mentor associations outside Kazakhstan in effective advocacy techniques, particularly those developed by TFI for identifying legal and procedural constraints to business, developing recommendations for corrective action and presenting those to government authorities for action. This approach has been particularly successful in Kazakhstan and TFI is confident other Central Asian associations are prepared for a more systematic approach to improving the business environment and would find the Kazakh experience useful.

In February 2006, the EDP-TFI Grants Committee and USAID approved a grant jointly to the Astana Association for the Protection of Entrepreneurs Rights and the Association of Entrepreneurs of Karaganda Oblast (mentor associations) to conduct three trainings for 37 associations in Kyrgyzstan, Tajikistan and Uzbekistan over a period of three months. The first round of training commenced in Bishkek on February 22, 2006 for representatives of 14 business associations, followed by trainings in Osh, Tashkent, Khujand, and a final one in Dushanbe on March 3.

The participants were provided with first-hand information on TFI methodology on removal of investment constraints, supplied with the “RIC methodology” booklet, sample process maps and recommendations. The training session also introduced the participants to the regional web-site for business associations (www.ca-ric.com) as a useful networking and communication tool aimed at helping increase advocacy efforts throughout the region.

Before the next training in April, all trainees are required to identify and prioritize problematic administrative processes using their acquired knowledge on conducting focus groups, interviewing, process mapping and analysis. These will then serve as the basis for the Stage 2 of the training.

A post-training survey of the participants indicated that most found the training very useful, timely and crucial for the establishment of constructive business-government relations and a good tool to improve advocacy skills and efforts.

At the same time, the Partnership Program is in close cooperation with Prosecutors' Working Groups and Customs Consultative Councils, which continue their activities using much the same approach.

Transit Cost Analysis (Cost-to-Market)

TFI completed its transit cost analysis for five transit routes throughout Central Asia. The study was presented to USAID and provided to the AgFin+ project for its review. This study charts the main transit corridors in Central Asia and shows the distance, time and costs associated with moving a truck along each route. It also clearly demonstrates the over-regulated nature of transit routes in the region. TFI now plans to use this study as a tool to work with transport associations and national regulators to reduce the number and nature of the constraints identified as well as a source of valuable data to exporters. TFI has already compiled a list of recommendations for removing the identified barriers based on its own analysis and those of transporters. These will be presented first to the Customs Committee in Kazakhstan and to Russian Customs for further action.

At the request of USAID-CAR, TFI is also completing a transit map for shipments to Afghanistan.

CAC-MAS-Q

TFI completed the full transfer of the Secretariat of the Central Asian Cooperation (CAC) on MAS-Q from TFI to the National Institute of Standards and Metrology (NISM) in Kyrgyzstan. NISM was elected in November of last year by the members of the CAC-MAS-Q to act as the Secretariat. All materials have been transferred and responsible parties trained in the functions and responsibilities of the Secretariat. TFI has agreed to continue to provide material support, including translation assistance as needed until May 31, at which time no further assistance is envisioned.

COUNTRY ACTIVITIES

KYRGYZ REPUBLIC

TFI is pleased to report that in January the Government adopted amendments to its law drafting procedures (Reglament) that included TFI recommendations on a 60-day review and comment period, posting drafts on the Ministry of Justice website and the requirement for a cost-benefit analysis. To familiarize employees of ministries and other government agencies with the new Reglament, and to ensure their proper implementation, TFI, jointly with the Prime-Minister's office and Ministry of Justice, plans to conduct a training course in March 2006.

Progress is being made with regard to improving the business registration process. President Bakiev recently noted the necessity of introducing the *one-stop shop* principle and in January a Commission on the Creation of a *One-Stop Shop* was established. TFI is a member of the Commission and is working on finalizing the draft law On State Registration of Legal Entities and Private Entrepreneurs that includes, along with other new approaches, the principle of a *one-stop shop*. TFI expects this law to be completed in April and be considered by Parliament before the summer recess.

WTO

With assistance from TFI, the Ministry of Industry, Trade and Tourism (MITT) successfully completed its WTO Trade Policy Review Questionnaire. The purpose of the Trade Policy Review Mechanism ("TPRM") is to contribute to improved adherence by all Members to rules, disciplines and commitments made under the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements, and hence to the smoother functioning of the multilateral trading system, by achieving greater transparency in, and understanding of, the trade policies and practices of Members. The Kyrgyz review helps find out to what extent the country complies with the requirements and commitments undertaken within the framework of the WTO multilateral agreements. All WTO Members are subject to review under the TPRM. The TPR for Kyrgyzstan will take place in Geneva this year and should be headed by the Minister of Trade.

TFI also saw its work on the law On Customs Tariff come to fruition. Parliament passed the law in December and it is now pending the President's signature. The law means that tariff rates will be approved only when changes need to be made, rather than on an annual basis as before, which had caused unnecessary uncertainty in the trading community. In other words, the less often tariff rates are subject to change, the better for business.

After many delays, progress is finally being made in the area of technical regulation reform and the implementation of the new law. In January, a new regulation on Products Subject to Mandatory Conformity Assessment was approved that reduces the number of products regulated from over 5,500 to just over 2,000! While TFI believes the list is still excessive, it is nonetheless a positive first step and should lead to an immediate reduction in the level of regulation faced by importers and domestic producers and sellers. At the same time, the Government approved new procedures for importing goods subject to mandatory conformity assessment. The new procedures allow for proof of conformity through product marks and foreign test certificates, thereby reducing the need for redundant testing on importation. In other words, the new procedures do not require re-testing, re-certification or additional costs that are not consistent with the law and the TBT/SPS agreements.

On the institutional front, the structure and functions of a proposed National Accreditation Body (NAB) are being finalized with the assistance of Mr. John Gilmour of ITC. Mr. Gilmour is considered by many to be the world's leading expert on laboratory accreditation and has been collaborating with TFI and the World Bank to develop a common approach to accreditation reform in Kyrgyzstan. Mr. Gilmour, TFI and members of MITT and NISM are part of a working group drafting the structure and implementing regulations for an NAB that will be finalized within the next quarter. TFI is grateful for the participation of Mr. Gilmour in the process as it should insure a rational and internationally accepted approach to accreditation, both structurally and procedurally. Without the proper institutional arrangement international accreditation and mutual recognition of test results can never be achieved.

Finally, it appears that thanks to TFI's assistance the light manufacturing industry in the Kyrgyz Republic is being recognized as an important player in the national economy. TFI began working with the association of light manufacturers "LegProm" to bring members out of the shadow economy and allow them to compete legally, both internationally and domestically. One way to accomplish this was to simplify their tax treatment to encourage businesses to operate legally and prevent predatory and confiscatory taxes facing most firms. With TFI's consultation and the active support of the MITT, a proposal was made to allow companies engaged in this sector to qualify for a presumptive tax (patent) within the framework of the current Kyrgyz tax legislation. A resolution to this effect was drafted and later adopted by the government, greatly simplifying tax compliance, increasing transparency and effectively legalizing the industry.

TFI also helped the association secure a grant to organize a trade fair in Bishkek in March.

On January 25-26, 2006 TFI conducted a seminar for the prosecutors of Osh, Batken and Jalal-Abad oblasts with participation of the Kyrgyz Association for Protection of Intellectual Property Rights and the Southern Division of the State Agency for Intellectual Property under the Government of the Kyrgyz Republic (Kyrgyzpatent/Osh). The goal of the seminar was to increase government officers' knowledge of intellectual property law and increase communication between government agents and the private sector.

KAZAKHSTAN

Reduction of Trade and Investment Constraints

In December 2005 the Kazakh Parliament finally approved changes to the Administrative Code that reduce the level of fines for a variety of offenses. TFI had long advocated for such changes and worked with the Prosecutor's office and the Ministry of Justice for more than one year on the amendments. The changes are a victory for local businesses, especially SMEs, which had been particularly hard hit by sanctions and fines without regard to the size of their business and the magnitude of their offense. The changes lower fines across the board and establish separate sanctions for different sized businesses and individual entrepreneurs.

In the previous quarter, TFI successfully reduced 6 local barriers in 4 cities of Kazakhstan, three of which are thanks to the efforts made by our local partners – business associations and state bodies, and two from the work of Customs Consultative Councils. As is evident from these results, our local partners continue to be interested and engaged in reducing business constraints despite the fact that the project is nearing completion.

Details of these constraint reductions are contained in the attached constraint reduction table.

Prosecutorial Working Groups

Only one Prosecutor's working group was held in Astana during the quarter but did have a successful outcome. At this meeting, entrepreneurs identified the problem of obtaining a permission/approval from the Ministry of Industry and Trade (MIT) in order to get a license for the collection, processing, sale and storage of ferrous and non-ferrous metals. The approval was deemed unnecessary and the Prosecutor General's Office sent a letter to the MIT requesting they eliminate the requirement. MIT responded by agreeing to submit a draft decree eliminating the requirement from the legislation.

Trade Facilitation & Intellectual Property Rights

As a result of the IPR trainings for Kazakh Customs officers conducted in November with the participation of WIPO and WCO, TFI agreed with Customs and the IPR Committee to conduct further training for front-line Customs officers in four regions of Kazakhstan. All four trainings have now been completed (November-February) in Taldikorgan (on the border with China), Kostanai, Oskemen and Atyrau. A total of 71 customs officers were trained in the proper procedures for customs clearance and customs control of goods containing intellectual property objects; the procedure for including goods into the Customs Register of goods containing intellectual property; and understanding the current IPR enforcement practice used by Russian Customs and best international practice. Several key rights holders also participated and trained officers in how to identify counterfeit goods. In addition, some inconsistencies of the RK Customs Code with the WTO requirements (TRIPS Agreement) were identified and discussed. As a result of discussions, concrete recommendations on improving customs clearance procedures with regard to goods containing IP objects were developed. The necessity to strengthen interaction and cooperation between Customs and the IPR Committee was also pointed out. TFI, Customs and the IPR Committee are now developing an IPR enforcement manual to be sent to field offices and used as a training tool.

TFI also developed a package of amendments to the Kazakhstan Customs Code to bring it closer into compliance with the WTO TRIPS and submitted them to Customs for review. A roundtable discussion on these issues is scheduled for March in Astana.

Collaboration with the Kazakh Government

During this quarter, TFI and the Fund for Development of Small Business of the Republic of Kazakhstan completed a pilot survey of 170 entrepreneurs in three regions of Kazakhstan as part of the government program on "Rating the Freedom of Entrepreneurship in the Regions of Kazakhstan". This program was initiated in spring 2005 by the Presidential Administration (PA) in an effort to determine favorable the climate for SME growth and development is in the 16 regions of Kazakhstan. The survey was intended to test the validity and understanding of the questionnaire and the ease of completing it. As a result, a number of problems were identified and a full report with recommendations submitted to the PA and the MIT. TFI agreed through its partner associations to assist in the removal of constraints identified as a result of the survey.

TAJKIKISTAN

Reduction of Investment Constraints (RIC)

In Soghd Oblast, TFI has been quite successful in reducing tax related constraints for entrepreneurs in Kanibadam, Kayrokkum, and Isfara. With the help of local entrepreneurs, TFI examined the tax rates in all three cities and found that those set by state agencies on an annual basis were burdensome and confusing.

As a result, many businesses ended up paying too much in both official and unofficial payments. Working with both the tax inspectors and entrepreneurs in these cities, TFI was successful in getting the tax rates reduced based on industry and area specific needs.

For more information on these reductions please see the Tajikistan Constraint Reduction Table attached.

Harmonization of Laws and Regulations with the New Law “On Licensing”

Seven more laws were drafted with TFI’s assistance and have passed through Parliament bringing the total number of laws now in compliance with the newly adopted Law to 21 of 40. The other 19 are still in process but are expected to be enacted in the coming quarter.

The amendments to the Law on Licensing of Separate Types of Activity which were submitted to the President’s office last quarter are now being reviewed by Parliament and are expected to be passed early in the coming quarter. TFI still plans to conduct follow up seminars throughout Tajikistan once the amendments to the law are adopted.

Customs Consultative Councils

With AED’s support, TFI conducted a study tour to Bishkek in January for a group of eight Customs Consultative Councils members from around the country. In all, four customs officials from GBAO, Dushanbe, Sogd and Khatlon Oblast and four private sector representatives took part in the study tour. The program comprised meetings with the Kyrgyz Customs Brokers Association, standardization agencies, the Kyrgyz Customs Department and the Chamber of Commerce and Industry. Tajik representatives attended a regular session of the CCC of Bishkek and participated in the discussion of issues and resolutions in order to replicate the process Tajikistan.

As a result of this study tour, plans are underway to establish a fifth CCC in Tursan-Zade. TFI met with Customs officials there in January to discuss the plans. It is anticipated that an MOU will be signed and the first organizational meeting will take place in the early part of next quarter.

In Kurgan-tybe, the regular CCC meeting took place in December and valuation and temporary warehouses were discussed. Customs officials are reviewing questions raised by entrepreneurs concerning customs fees on warehoused goods and a decision is expected at the next meeting scheduled for March. Other agenda items for that meeting will include risk management, advanced declaration of goods, and post Customs controls.

In Dushanbe, the December Council discussed Customs Valuation. The new Customs Code regulations on how to apply Customs Values at border crossings were proving to be very confusing for both customs agents and entrepreneurs, therefore the CCC decided to clarify this issue for its members.

Technical Support and Training

With the support of USAID, the Tajik Delegation took part at the Sixth WTO Ministerial Conference held in Hong Kong, China in December. Additional assistance was provided to the members of the delegation at various meetings during the Conference to address such issues as the Cotton initiative, Small Economies Group, Land-locked Countries Group, and Heads of Delegations meetings. The delegation was headed by the Minister of Economy and Trade (MET).

TRIPS Legislation

TFI prepared comments to three draft laws on: (1) Trademarks and Service Marks, (2) Geographical Indication, and (3) Topology of Integrated Circuits, which were submitted by the Tajik National Patent Center. TFI’s recommendations were included in these drafts which were submitted to the appropriate state bodies for final approval. Once approved, they will be submitted to the Government for review and further approval.

MAS-Q

Tajikstandard provided the MET with two draft laws: “On technical rationing and standardization” and “On evaluation of conformity of technical normative legal acts and the documents in the area of technical rationing and standardization”. These two draft laws were based on Belarusian laws.

TFI analyzed these two laws and submitted their findings to the MET and presented them to the WG at a seminar on international MAS-Q requirements. The two alternative draft laws developed by Tajikstandard were eventually rejected by the WG and the draft prepared with TFI’s assistance was signed by the Deputy Minister of Economy and Trade (Chairman of the WG) and was sent to the appropriate ministries and agencies for their review. However, in keeping with the strained relationship between TFI and Tajikstandard, Tajikstandard filed a written complaint on the findings to the WG and suggested that the law selected by the WG was inappropriate for Tajikistan. They also wanted to reduce the number of WG members by getting rid of the representatives from the Ministries of Transport and Industry, among others.

UZBEKISTAN

WTO

In January, TFI was notified that the USG had renewed a “notwithstanding waiver” to continue assistance to the Central Government of Uzbekistan on its WTO accession. As a result, activities with the Central Government were reactivated and some of the activities with non-government partners have become subject to change.

One of TFI’s first actions was to meet with the recently appointed Minister of Foreign Economic Relations, Investment and Trade (MFERIT), Alisher Shaykhov. Mr. Shaykhov was previously the Chairman of the Chamber of Commerce and Industry and a long-time supporter of TFI’s WTO activities in Uzbekistan. During the meeting Minister Shaykhov requested TFI provide him a Draft Strategy for the WTO accession negotiations, which TFI completed and submitted in February for his review and consideration (attached herewith).

Based on the recommendations in the Draft Strategy, TFI provided MFERIT with three WTO questionnaires on Import Licensing, Customs Valuation and State Trading. All three are mandatory WTO documents that must be completed and submitted to the WTO prior to the next Working Party (WP) Meeting. MFERIT then requested TFI’s assistance in preparing the questionnaires, which we intend to do in the coming quarter.

TFI also reestablished direct contacts with the Uzbek Customs Committee on continuing the preparation of the draft new edition of the Customs Code. As with MFERIT, the Customs Committee also has a new Chairman and Deputy Chairman. In February, TFI met with the Deputy Chairman and other Customs officials to identify future work on the draft Code and the organization of seminars (WTO and TIR related).

According to the Deputy Chairman Customs, the priority at the moment is the implication of the GOU’s joining the Eurasian Economic Community (Eurasec). In principle, this should accelerate the process of preparing a new edition of the Customs Code. However, the GOU is waiting for the completion of the Basics of the Eurasec member states’ customs legislation before beginning their own revision. The President has also called for a new Customs working group to be formed, which has yet to be done, and TFI expects further delays in the process. As such, TFI made the following recommendations which are being considered by Customs:

- To submit WTO-related chapters of the new edition of the Customs Code to the WTO as soon as possible prior to the next WP Meeting in order to receive comments from WTO member countries.
- To fill-out and submit the WTO Customs Valuation Questionnaire prior to the next WP Meeting.
- To hold public discussions of the WTO-related chapters of the Draft new edition of the Customs Code among related ministries and associations during March-April period.
- To hold TIR carnet training for customs staff during April-May.

Other highlights include:

The draft new edition of the Copyright Law submitted to the Parliament has passed the 2nd reading without approval. A 3rd reading has yet to be scheduled.

The draft law on IPR enforcement measures has been prepared. At the request of the MFERIT, TFI provided its commentary, recommending, in particular, that the draft provided by TFI last year be considered in place of the existing law. Elements of the latter have already been submitted to the WTO, so any changes weakening the enforcement measures would not be well received by the WP.

TFI assisted in translation of WTO questions on agriculture from Australia and the U.S. Future steps are being discussed on organizing working sessions with the members of the Small Council on preparation of replies to these questions.

In December, Uzbekistan officially joined the Codex Alimentarius. Codex is a requirement of the WTO SPS Agreement and Uzbekistan's membership in Codex implies that the country will adhere to international standards in food products.

TFI funded the preparation and publication of 1,000 copies of "Incoterms – 2000", translated into Uzbek and Russian. This is the first time this information has been available in the Uzbek language and should help all businesses involved in international trade better understand the nomenclature and mechanics of international trade. Copies of the guide were disseminated among the members of the Association and interested GOU agencies and organizations.

TFI in collaboration with the Center of Legal Research and the Association of Advocates continued preparation of proposals concerning possible revisions to some of the trade-related provisions in the general part of the Uzbek Civil Code. So far, proposed amendments have been prepared to 211 articles. In the coming quarter, a table of recommendations will be submitted to the Ministry of Justice and others involved in the WTO accession process for consideration. TFI will further advocate for including these revisions in the Legislative Action Plan.

Finally, a series of articles on WTO related issues written by TFI experts has begun appearing in the local newspaper Business Week. So far, 5 articles have been printed and another 5 are expected between now and April. The topics include general discussions of WTO and more specific topics such as tariffs, customs, technical regulating, market access and IPR. The articles are written specifically for the layperson and raise questions about Uzbekistan's level of preparedness for accession. The first 5 articles were provided separately to USAID CAR in Russian.

At the request of the Chairman of the Chamber of Commerce and Industry, TFI assisted in the organization and setting up of a WTO related section in the Chamber's Library that will be available to businessmen, members and others. TFI provided some basic texts including the WTO Agreements, WTO World Trade Reports and recent TPR reports.

Progress toward the PMP

Reduction of Trade & Investment Constraints				
Country	CY 2005 - 2006		1 Dec 2005 – 28 Feb 2006	
	RIC	WTO	RIC	WTO
Kazakhstan	28	0	7	0
Kyrgyz Republic	15	0	7	0
Tajikistan	11	5	4	3
Uzbekistan	1	15	0	1

PART II: PROGRESS TOWARD WORK PLAN

**Trade Facilitation and Investment Project Quarterly Report
December 1 2005 – 28 February 2006**

KAZAKHSTAN			
<i>Reduction of Investment Constraints (RIC)</i>			
No.	Objective	Start Date	End Date
KZ RIC 01	<i>Nationally and Locally Imposed Constraints Reduced in Selected Oblasts</i>	1 Jun 2005	31 May 2006
Description	<i>National legislation and the locally created rules, processes or procedures that implement them create constraints for SMEs in Kazakhstan's oblasts. TFI consultants and existing members of the TFI partnership program will work with local government counterparts to reduce identified constraints.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Locally created constraints identified by TFI field offices and partner program members – Ongoing • Provide recommendations to reduce identified constraints to appropriate Kazakh government officials – Ongoing • When adopted, monitor implementation and impact – Ongoing 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	TFI and its partner associations successfully reduced 7 constraints in 5 cities over the course of the quarter. One of those constraints was at the national level and the remaining 6 were at the local level. For more information on all of the constraints, please see the Kazakhstan Constraint Reduction Table. At the national level almost all amendments proposed by TFI to the Administrative Code were adopted, which means that business environment in Kazakhstan became more favorable for private initiative and entrepreneurship development by the reduction in administrative fines and sanctions. Details of those reductions are contained in the constraint reduction chart.		
No.	Objective	Start Date	End Date
KZ RIC 02	<i>Technical Capacity and Sustainability of Local Organizations and Institutions Implementing Constraint Reduction Programs Developed</i>	1 Jun 2005	31 May 2006
Description	<i>TFI has expanded the scope and impact of its constraint reduction activities by supporting the development and technical capacity of local organizations and institutions as well as public/private partnerships. TFI successfully trained 34 business associations and local government bodies in the RIC methodology, supported the development of Customs Consultative Councils and is now advising the office of the General Procuracy on the establishment of working groups that will target illegal or outdated government acts for elimination. TFI will work with all of these organizations to develop their technical capacity and financial capabilities to continue to identify and reduce constraints after the conclusion of the TFI program.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Establish and conduct pilot Prosecutorial working group – 30 Sep 2005 - COMPLETED • Conduct baseline surveys of participants to determine effectiveness of Prosecutorial working groups in resolving issues of concern – 28 Feb 2006 - COMPLETED • Partner business associations provide training and mentoring to at least 8 other business associations in the RIC methodology – 28 Feb 2006 - COMPLETED 		

	<ul style="list-style-type: none"> • Business Plan to market training in the RIC methodology as a fee-based association-to-association service – 28 Feb 2006 – COMPLETED • At least five newly trained business associations reduce at least one constraint each – 31 May 2006 • At least one business association in Central Asia has contracted to receive fee based RIC training. – 31 May 2006 • Surveys of participants indicate at least 2/3 of respondents find Consultative Councils effective in resolving issues of concern - 31 May 2006 • Follow-up surveys of participants indicate at least 2/3 of respondents find Prosecutorial working groups effective in resolving issues of concern – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>TFI interviewed members of the Working Group to determine the effectiveness of its efforts. Five out of seven of the participants reported positive results of WG activity. At one of the WG meetings Mr. Lik (president of Association of Secondary Metallurgy) expressed his gratitude on behalf of the association members and himself.</p> <p>The Multiplication Program designed to have association-to-association training on the RIC Methodology is well underway and Phase I of the training is complete with 37 Associations in the Kyrgyz Republic, Tajikistan, & Uzbekistan trained. Two of TFI 's partner associations, the Astana Association for the Protection of Entrepreneurs Rights and the Association of Entrepreneurs of Karaganda Oblast, started the first series of presentations/trainings for potential partners in Kyrgyzstan, Tajikistan and Uzbekistan. Trainings are planned for Khujand and Dushanbe in the beginning of March. However, due to delay in project financing the trainings had to be started much later than originally planned. Therefore the business plan for fee-based training delivery has not yet been completed and needs to be postponed until the end of March.</p> <p>One Prosecutor's Working Group was held in Astana during the quarter. The meeting agenda included licensing for the collection, processing, sales and storage of ferrous and non-ferrous metals. The Ministry of Industry and Trade (MIT) was preventing the processing of these licenses by withholding its approval. As a result, the Prosecutor General's Office sent the letter to MIT stating that this process stage should be eliminated. MIT responded to the letter and a draft decree was developed and sent to the Government for review.</p>		
No.	Objective	Start Date	End Date
KZ RIC 03	Implement Electronic Governance Systems in Kazakhstan	1 Jun 2005	31 May 2006
Description	<p><i>During the previous two contract years, TFI successfully laid the foundation for E-governance - Implementing regulations have been drafted and a physical infrastructure has been developed to allow for business-to-government and government-to- business interaction; a pilot electronic government procurement system has been designed to allow for procurement of standardized goods such as office equipment and furniture, medical supplies, vehicles and spare parts. TFI will now work with the GOK and private sector counterparts to continue the implementation of electronic governance systems, including online business registration, online submission of statistics reports and will assist with further development of a national web portal. TFI will also assist in launching the electronic procurement system, which will increase the ability of SMEs to participate in a market that in 2003 was valued at 3.2 billion US dollars.</i></p>		
Intermediate Objectives	<ul style="list-style-type: none"> • Project proposal on electronic submission of statistical reports by SME drafted and submitted to the Agency on Statistics for consideration - 28 Feb 2006 (Expected Date of Completion 31 May 2006) • Provide commentary to GoK on draft e-commerce (and e-government) implementing regulations – 31 Mar 2006 (ONGOING) 		
Quarter	Status & Comments		

1 Dec 2005 – 28 Feb 2006	TFI designed a survey for SMEs in Kazakhstan to determine whether electronic submission of statistical data will allow them to reduce the costs of doing business. The results of the survey will show if there is general interest by SMEs in electronic submission of statistical data and will approximate the economic impact of implementation of such a system. These results will be incorporated in the project proposal for the Agency on Statistics of the Republic of Kazakhstan, which is currently being prepared by TFI. TFI plans to conduct the survey in March 2006.		
No.	Objective	Start Date	End Date
KZ RIC 04	Constraints Related to Permitting and Licensing Procedures Reduced	1 Jun 2005	31 May 2006
Description	<i>Excessive or redundant requirements relating to permitting and licensing procedures create considerable constraints to SME development. Duplications are found in licensing, accreditation, and standardization. The GoK has requested TFI's assistance to develop proposals to simplify permitting procedures and reduce the number of business activities subject to licensing.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> Identify constraints created by excessive and redundant requirements related to permitting procedures (licensing, standardization, certification, accreditation, attestation, permitting documents) – 31 Aug 2005 - COMPLETED Recommendations on eliminating redundant or unnecessary permitting procedures and documents are issued and submitted to the Government – 30 Nov 2005 - Ongoing When adopted, monitor implementation and impact – Ongoing 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>TFI in conjunction with its partners, the Association on Support of Pharmaceutical Activity and the Association of Pharmaceutical and Medical Producers is preparing a package of recommendations related to registration of pharmaceuticals, which cover issues on reduction of time limits, process stages, and costs. Some of the recommendations include:</p> <ol style="list-style-type: none"> Removal of an unnecessary and redundant approval requirements in the Pharmaceutical Registration and Re-registration Procedure; Reduction in the review process from 225 down to 65 days. Process compliance with the Law on Technical Regulation. <p>Monitoring of 11 processes (national level) associated with obtaining of different permits, licenses and certificates has been completed</p>		
World Trade Organization (WTO)			
No.	Objective	Start Date	End Date
KZ WTO 01	Increase IPR Enforcement in Kazakhstan.	1 Jun 2005	31 May 2006
Description	<i>Training front line customs officers in the identification and seizure of pirated goods will help Kazakhstan: (a) meet the standards set by the TRIPS agreement (b) achieve removal from the Special 301 Watch List; and (c) accede to the WTO.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> Comprehensive training on identification and seizure of pirated goods by Kazakh Customs Officers completed in Almaty, Shymkent, Pavlodar, Ust-Kamenogorsk & Uralsk – 28 Feb 2006 - COMPLETED As a result of Customs trainings, a statistical increase of at least 10% over the previous year in seizures of pirated goods and prosecution of counterfeiters – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	IPR trainings in Ust-Kamenogorsk and Atyrau were completed In February. About 40 Customs officers, officials from the KZ IPR Committee, local right holders and IPR specialists/lawyers from leading business associations that are TFI partners took part in the seminars.		

As a result of discussions, concrete recommendations on improving customs clearance procedures with regard to goods containing IP objectives were developed. The necessity to strengthen interaction and cooperation between Customs and IPR Committee was pointed out.

TFI developed a draft Table of Changes to the current RK Customs Code regarding IPR border measures and sent it officially to the Customs Committee. Upon the Committee's initiative, the draft Table of Changes was offered for discussion in the seminars and further meetings to discuss them are planned for March.

The IPR enforcement manual based on the trainings should also be completed by May.

Trade Facilitation (TF)

No.	Objective	Start Date	End Date
KZ TF 01	Transparency Increased and Transit Times & Costs Reduced for SMEs Importing, Exporting or Transiting Goods Through Kazakh Territory	1 Jun 2005	31 May 2006
Description	<i>Time frames and costs associated with importing, exporting or transiting commercial cargo through Kazakh territory is unacceptably high for most entrepreneurs. Streamlining the legal and regulatory framework for these processes, increasing the knowledge of Kazakh Customs Officers of the TIR system & other transit guarantee mechanisms and educating foreign and domestic traders of the cost to market for major Kazakh transit routes will greatly lower transit costs and timeframes.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> Contingent on World Bank funding in July 2005, the Transit Insurance Guarantee Mechanism will be drafted and submitted for approval to Customs – 30 Sep 2005 - (Expected Date of Completion 31 May 2006) Complete and distribute Cost to Market analysis for major Kazakh transit routes –28 Feb 2006 - COMPLETED Provide recommendations to reduce legal and regulatory constraints to transit trade in Kazakhstan to appropriate government officials – 28 Feb 2006 (Expected Date of Completion 31 May 2006) If approved for implementation by Customs, disseminate results through the ITG, CCCs, and other media – 30 Mar 2006 (Expected Date of Completion 31 May 2006) 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>According to Londongate, the Insurance Product has been completed and all documents are being translated for presentation to Customs and their review. The re-insurance has also been secured. TFI hopes to begin the discussion on implementation with all relevant parties in March.</p> <p>The Cost to Market Analysis of major Kazakh transit routes were completed and distributed among the Association of Road Carriers of Kazakhstan, Kyrgyzstan and Tajikistan.</p> <p>Currently, TFI's recommendations are being drafted based on the results of the analysis. Final versions will be sent officially to the Border Guard Service, Ministry of Transport, Customs, Ministry of Health, and Ministry of Agriculture in Kazakhstan and Kyrgyzstan by the end of March. The work on two more transit routes originating from Uzbekistan and going through the territory of Kazakhstan is under way.</p>		

Metrology, Accreditation, Standardization & Quality (MAS-Q)

KZ MAS-Q			
Description	<p><i>In the previous project year, TFI participated in the drafting of the law On Technical Regulation, which was adopted by Parliament in December 2004 and came into force in May 2005. TFI also provided Gosstandard of Kazakhstan with a Road Map for achieving international recognition of its conformity assessment results that focused on the technical and institutional reforms that need to be undertaken. Gosstandard has since advised USAID management, that while continued support from TFI is welcome, they will determine the pace of any work and reforms, including the implementation of and any possible improvements to the law On Technical Regulations. At the same time, other donor organizations are actively involved in similar activities in Kazakhstan. In June 2005, EU/TACIS will launch a 2-year assistance project to work with Gosstandard on the implementation of the law On Technical Regulation and compliance with the WTO TBT Agreement, while the International Trade Centre (ITC) will provide support on accreditation reform and the preparation of select laboratories for international accreditation in 2005-2006.</i></p> <p><i>TFI believes it can continue to provide valuable assistance to both government and the private sector in reforming MAS-Q structures, processes and procedures but will define any future objectives and tasks during the project year in response to direct requests from counterparts or by identifying gaps in other donor assistance projects once they begin.</i></p> <p><i>TFI will, however, continue to work toward implementation of the law On Technical Regulation and ensuring meaningful reductions in the scope of regulation and compliance costs to businesses posed by MAS-Q requirements, but will undertake these efforts as part of the RIC component of the Project. These activities are ongoing and are in direct response to constraints identified by our private sector counterparts, specifically Partner Associations and select working groups of the Center for Marketing and Analytical Research (CMAR)-J.E. Austin Kazakhstan Cluster Initiative.</i></p>		

KYRGYZ REPUBLIC (KG)

Reduction of Investment Constraints (RIC)

No.	Objective	Start Date	End Date
KG RIC 01	Improved Regulatory Drafting Procedures at the National and Local Level	1 Jun 2005	31 May 2006
Description	<p><i>TFI has been successful in supporting the adoption at the regional level of implementing regulations instituting the requirements for justification, impact analysis, review and comment by non-governmental parties for certain regulatory acts regulating business activities. However, the national government has been slow to adopt similar procedures and the necessary changes to the Law "On Normative Legal Acts" requiring 60-day comment periods, though approved by Government, have not been adopted by Parliament. Given the political uncertainty in the country, it is unclear whether a new national government will move to implement these procedures, though TFI will continue to promote their adoption and implementation with the new government after elections in July. At the same time, TFI will continue to promote the implementation model adopted in Osh, Bishkek, Issyk Kul, and Jalal-Abad in the previous project year in other regions of the country as well as assist in the implementation of working mechanisms to realize the benefits of the procedures to the business community.</i></p>		
Intermediate	<ul style="list-style-type: none"> • Submit recommendations to government counterparts regarding improving mechanisms, procedures and regulations necessary to 		

Objectives	introduce publication, comment and cost benefit provisions – 30 Sep 2005 - COMPLETED <ul style="list-style-type: none"> Government counterparts approve new procedures and implementation mechanisms – 31 Dec 2005 - COMPLETED Following adoption of procedures, seminars are conducted with government and association counterparts to increase familiarity with the procedures and encourage private-sector participation in the drafting process – 31 May 2006 In at least 2 regions, regulations are adopted using the new mechanisms for public involvement – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>In January the Reglament of the Government of the Kyrgyz Republic was adopted. TFI recommendations to require cost-benefit analysis, discuss draft regulatory acts with the private sector and post them on websites two months in advance were incorporated into the Reglament.</p> <p>In December, the elections for deputies of local Keneshes were held. Newly elected deputies have not considered changes into the Reglament of local Kenesh of Jayilsky rayon yet. The Association of Entrepreneurs of Jayilsky rayon plans to hold a meeting with deputies to discuss changes into the Reglament.</p> <p>In March 2006, TFI jointly with the Prime Minister's Office, and the Ministry of Justice plan to conduct training for ministry employees, government agency employees to familiarize them with the new Reglament.</p>		
No.	Objective	Start Date	End Date
KG RIC 02	Improvement of State Regulation of Licenses and Inspections of Entrepreneurial Activity	1 Jun 2005	31 May 2006
Description	<p><i>In 2004, draft laws on licensing and inspections support by TFI were submitted to Parliament as a package, but adoption has been delayed due to the revolution, parliamentary focus on constitutional and political issues, and new scheduled elections. The licensing law, if adopted and properly implemented, will radically change inefficient practices of state regulating, limit governmental discretion to create new licenses, extend the validity of licenses and institute judicial protections for license holders. The inspections law, if adopted and properly implemented, will institute provisions favoring compliance over sanction, provide for remedial periods, opportunities to seek relief for questionable inspections, and place burdens of proving violations on the government. If adopted, proper implementation of both laws will be necessary for business to benefit. It is anticipated that some bodies in the government may submit competing drafts which do not contain significant changes for business. Future TFI work in this area assumes the TFI-supported drafts will be adopted rather than competing versions.</i></p>		
Intermediate Objectives	<ul style="list-style-type: none"> If TFI-supported laws on licensing and inspections previously submitted to Parliament are adopted, provide consultation on the development of implementing regulations including recommending publication for private-sector comment, resulting in submission to the Government – 31 Dec 2005 (Expected Date of Completion 31 May 2006) Seminars are conducted for private sector and government representatives in Bishkek and Osh on provisions of the new laws in order to insure they are properly implemented – 31 Mar 2006 (Expected Date of Completion 31 May 2006) Monitor implementation of new licensing rules and if necessary work with counterparts and Prosecutorial Working Groups to take corrective action – 31 May 2006 Surveys of entrepreneurs indicate a decline in the level of harassment and illegal action by inspectors and a general improvement in the conduct of inspections – 31 May 2006 		
Quarter	Status & Comments		

1 Dec 2005 – 28 Feb 2006	The Speaker of Parliament sent the draft Law on Licensing to the Prime Minister's Office in order to encourage a decision. TFI has since been working with the Prime Minister's Office to explain provisions of the draft Law on Licensing. The law On Inspections should be sent to Parliament in April. Both laws were also reviewed by the IRT and they are preparing position papers on them, which may have also slowed their progress.		
No.	Objective	Start Date	End Date
KG RIC 03	<i>Procedures for State Registration and Liquidation of Business Entities are Simplified</i>	1 June 2005	31 May 2006
Description	<i>The process of registration and liquidation of enterprises is often lengthy, costly and non-transparent. The lack of coordination between government bodies also creates barriers to market entry and exit, reducing investments and the tax base, distorting official statistics and further encouraging informal business. In early 2005, draft laws and regulations that address these problems and introduce a true one-stop shop for business registration were developed. These now need to be adopted by Parliament and properly implemented by the relevant government agencies.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • If TFI-supported law is submitted to and adopted by Parliament, provide consultation on the development of implementing regulations governing simplified procedures for state registration of business entities, including publication for private sector comment, resulting in submission to the Government – 31 Jan 2006 (Expected Date of Completion 31 May 2006) • Following adoption of implementing regulations, seminars are conducted for private sector and government representatives in Bishkek and Osh on provisions of the new procedures to insure they are properly implemented – 31 May 2006 • Through a survey of at least 30 new registrants following implementation of new procedures, businesses indicate procedures have improved and the registration process conforms to the law – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	In January, the Prime Minister of the Kyrgyz Republic established a Commission to create a “one-stop” registration process for businesses. TFI representatives are members of the commission. The major goals of the Commission are to finalize the draft Law on State Registration of Legal Entities and Private Entrepreneurs and introduce the “one-stop” principle. TFI anticipates that the draft law will be submitted to the Government at the end of March.		
No.	Objective	Start Date	End Date
KG RIC 04	<i>Strengthen the Sustainability of Prosecutor's Office Working Groups with Private Sector Participation at the National and Regional Levels</i>	1 June 2005	31 May 2006
Description	<i>The interaction of the business community with Prosecutor's Office bodies in Joint Working Groups during the previous contract year has proven the effectiveness of such cooperation. For future sustainable work on identification of administrative barriers, the active and regular participation of businesses is required. TFI will implement sustainable partnerships between business associations and government counterparts as well as train them in the RIC methodology and operation of Prosecutor's Office Working Groups to expand advocacy opportunities for businesses at the national and multiple regional locations.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Working groups agree to collaborate with designated private sector counterparts in at least 3 areas of the country – 30 Jun 2005-COMPLETED • Associations and government counterparts are trained on RIC methodology as applied through Prosecutors' Working Groups to increase the efficiency and effectiveness of the groups as well as empower associations as advocates and increase business participation – 30 Sep 2005 - COMPLETED • Surveys of participants indicate at least 2/3 of respondents find Prosecutorial Working Groups effective in resolving issues of concern 		

	- 31 May 2006		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>At the request of the Osh oblast Prosecutors Office, TFI conducted a seminar for the prosecutors of Osh, Batken and Jalal-Abad oblasts with the Kyrgyz Association for Protection of Intellectual Property Rights and the Southern Division of Kyrgyzpatent office. The seminar took place in January 2006. The seminar was held within the framework of Prosecutors Office Working Groups in order to increase government officers' knowledge of intellectual property law and increase communication between government agents and the private sector."</p> <p>The members of the Prosecutor's Working Groups participated at the first round of advocacy training conducted in Bishkek on February 22, 2006. The participants were provided with first-hand information on TFI methodology on removal of investment constraints, and supplied with "RIC methodology" booklet, sample process maps and recommendations.</p> <p>According to a preliminary evaluation the participants found the training very useful, timely and crucial for the establishment of constructive business-government relations and a good tool to improve advocacy skills and efforts.</p> <p>In December, The Prosecutor's Working Group in Jalalabad Oblast successfully identified and protested against a law that limited operational hours from 9 AM to 6 PM at private trade points and entertainment centers. The law interfered with business activities and contradicted legislation. The protest was satisfied and the order was canceled.</p>		
Trade Facilitation (TF)			
No.	Objective	Start Date	End Date
KG TF 01	Strengthen the Customs Consultative Councils with Private Sector Participation at the National and Regional Level	1 June 2005	31 May 2006
Description	<i>Customs Consultative Councils in Bishkek and Osh have proven to be valuable forums for discussion of trade-related business issues and for fostering dialogue between Customs and the private sector. For sustainability, private sector ownership of the groups is required. Private sector counterparts have been selected by the business community to work with Customs to manage those duties currently performed by TFI. To promote sustainability, continued, but decreasing support to associations and Customs is essential.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • TFI completes transition to the association counterpart for management of the agenda process – 31 Aug 2005 - COMPLETED • TFI completes transition to the association counterpart to effectively track results and expand business participation in the Council. – 31 Dec 2005 - COMPLETED • Surveys of participants indicate at least 2/3 of respondents find Consultative Councils effective in resolving issues of concern - 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>Tracking of the Consultative Council's issues and results has been transferred from TFI to the Council Secretary. The tracking chart was placed on the Customs web-site.</p> <p>CCCs continued to meet this quarter, raising and discussing issues including temporary regulation for exportation of engineering tools, equipment and parts, and pre-approval of visas. The agendas are developed by the Secretary of the Council who also monitors activities</p>		

between the meetings to ensure interaction between Customs and businesses to look for solutions.

Also, the Tajik delegation represented by customs officers and businesses participated in the 20th CC meeting and had a good opportunity to see the work of the Kyrgyz Customs Consultative Council and replicate their processes in Dushanbe and other cities.

World Trade Organization (WTO)

No.	Objective	Start Date	End Date
KG WTO 01	Strengthen the WTO Department and the Inter-Ministerial Commission on WTO	1 June 2005	31 May 2006
Description	<i>In the previous contract year, TFI provided significant support to the WTO Department within MEDIT to assist in the fulfillment of its duties in support of WTO compliance. Similarly, TFI has supported the activities of the Inter-Ministerial Commission for WTO for over 2 years as a coordination and monitoring body composed of the relevant ministries, state committees and select members of the private sector. At the same time, the relevant ministries and agencies each have a WTO specialist independently responsible for WTO compliance issues. TFI will seek to unify the WTO specialists assigned to various ministries into an expert group coordinated by the WTO Department responsible for reviewing and commenting on regulations for WTO compliance, transferring many tasks currently carried out by TFI, creating a support mechanism for the IMC and establishing a body of professionals whose expertise can be enhanced across the government. Additionally, following elections for President, a new government will likely assign new representatives to the IMC, which will require training and support.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Following elections, provide WTO training to any new members of the IMC – 31 Oct 2005 – COMPLETED • The IMC creates an expert group composed of specialists from relevant ministries – 30 Nov 2005 - COMPLETED • The IMC expert group is trained by TFI on agreed upon operational procedures and WTO principles – 31 Jan 2006 - (Expected Date of Completion 31 May 2006) • Through the combined activities of the IMC and expert group at least 4 draft regulations are reviewed and comments are provided to the government – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	TFI did not conduct special training courses to IMC experts; however TFI did provide training on operational procedures and WTO principles in the course of preparing KR replies to the WTO Trade Policy Review Questionnaire (TPR). The TPR was not anticipated by TFI but as it is required by the WTO and will be reviewed by a team in Geneva with the Trade Minister, TFI worked with WTO Department and IMC experts to prepare their replies review them for accuracy. In the course of preparing the replies, the experts had identified a draft law on tobacco that is in conflict with WTO rules. IMC experts from the Prime Minister's Office and Parliament also worked directly on the Law on Customs Tariff which was adopted by the Parliament in February.		
No.	Objective	Start Date	End Date
KG WTO 02	Identify and Implement Improvements to the Customs Code	1 June 2005	31 May 2006
Description	<i>In 2004, TFI assisted in the development of the Customs Code for the Kyrgyz Republic. While the Code is a significant improvement, minor modifications to further incorporate business-friendly provisions and international best practice are needed.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Review with Customs and private sector counterparts proposed changes to the Customs Code and implementing regulations and present to Customs final recommendations regarding proposed changes – 30 Nov 2005 – COMPLETED • Following submission of TFI-supported recommendations to the Government, lobby for adoption through informational meetings, 		

	roundtables, and other advocacy activities – 28 Feb 2006 (Expected Date of Completion 31 May 2006) • Following submission of TFI-supported recommendations to the Parliament, lobby for adoption through informational meetings, roundtables, and other advocacy activities - 31 May 2006		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	The potential changes to the Customs Code are pending final discussion by all interested parties in order to have the changes submitted to the Government. TFI submitted all its recommendations and Customs has accepted most of them. TFI anticipates a decision by the Customs Director on the changes to the Code and further submission to the Government by the end of April.		
Metrology, Accreditation, Standardization & Quality (MAS-Q)			
No.	Objective	Start Date	End Date
KG MAS-Q 01	Key Provisions of the Law “On the Fundamentals of Technical Regulation” Implemented that Reduce the Scope of Regulation and Compliance Costs for Business	1 Jun 2005	31 May 2006
Description	<i>To continue work in the area of technical regulation reform, regulations to implement the Law “On the Fundamentals of Technical Regulation” are necessary. Properly drafted and implemented regulations will reduce costs to businesses and simplify customs clearance of goods by reducing the number of regulated products. They will also allow for more flexibility in complying with mandatory requirements by offering conformity assessment choices. Considering recent political events, and uncertainty surrounding upcoming presidential and expected parliamentary elections, government policy and the ability to implement reforms in this area is unclear. However, it is hoped the development of the recommendations will spur attention to this area.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • First package of recommendations on mandatory conformity assessment finalized by the working group and submitted to the Government – 31 Aug 2005 - COMPLETED • Revised recommendations on accreditation finalized and submitted to the Government – 31 Mar 2006 • When adopted, public meetings for businesses and government representatives held to introduce the new regulations – 31 May 2006 • Adopted List of Goods Subject to Mandatory Conformity Assessment reduces number of items subject to conformity assessment by 50% – 31 Dec 2005 – COMPLETED 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>In December 2005, the Kyrgyz Government approved a Regulation on Mandatory Conformity Assessment and the List of products subject to Mandatory Conformity Assessment.</p> <p>The previous list of products subject to mandatory certification covered over 70% of all products to be assessed. It included about 5,556 positions and gave very general names of products, so neither entrepreneurs nor state agencies knew how many products should be certified. Mandatory assessment of conformity of products was introduced without taking into consideration public safety issues, and only regulated requirements for form, fit and function. Conformity assessment procedures were applied in violation of the requirements of the new law “On the Fundamentals of Technical Regulation”. They were duplicative, complicated and non transparent. TFI recommended redrafting both the procedures for certification and the list in full compliance with the law and the TBT agreement along with their 10-digit HS codes.</p> <p>The new list is based on safety, includes only those products that effect public health, safety or the environment, and applies the least</p>		

restrictive protective measures possible. All TFI recommendations were accepted by the Government. The new list significantly reduced the scope of regulation of products and processes in the Kyrgyz Republic. Now the list consists of 2,089 positions.

In January, the Kyrgyz Republic adopted new procedures on importing goods subject to mandatory conformity assessment and on recognition of conformity assessment results outside the Kyrgyz Republic. Prior to this, importing procedures were burdensome, complicated and not transparent. Customs officers arbitrarily decided which goods were assessed and set up their own procedures for importing leaving the entire process ripe for unofficial payments and barriers for Kyrgyz businesses.

Together with the members of the WG, TFI developed a new import resolution stipulating that only products on the list would be assessed, Customs and certification agencies would work according to unified procedures and not develop their own additional procedures and rules and conformance certificates are no longer required or for imported products marked with CE or for products being exported, which was previously the case. In other words the new procedures do not require re-testing, re-certification or additional costs that are not consistent with the law and the TBT/SPS agreements.

Preliminary draft regulations on accreditation were drafted. TFI experts raised critical issues such as restriction of competition in the accreditation area and provision of essential requirements for accreditation bodies. A memorandum on the WB grant was signed by the Government in February which will hopefully speed the work.

TAJIKISTAN (TJ)

Reduction of Investment Constraints (RIC)

No.	Objective	Start Date	End Date
TJ RIC 01	<i>Simplification of Business Registration Procedures</i>	1 Jun 2005	31 May 2006
Description	<i>TFI provided recommendations on creating a “one-stop-shop” business registration process in Tajikistan. Through TFI support, a working group developed a draft Regulation “On Business Registration”. This Regulation, when adopted, will coordinate the activities of several government agencies involved in the registration process, thus reducing registration costs, time and the number of documents required. Limiting the number of officials with whom entrepreneurs have direct contact with will also help reduce corruption by reducing opportunities for unofficial payments.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Draft (a) Presidential Decree directing the establishment of a “one-stop-shop” for business registration; (b) required amendments to the Law on Registration; (c) Government regulation on approval of the State Program on Measures for Simplifying Registration and Introduction of a “one-stop-shop” – 31 Aug 2005 - COMPLETED • If the proposed normative acts are approved, conduct seminars with government and private sector representatives to disseminate information on the new procedures - 28 Feb 2006 (Expected Date of Completion 31 May 2006) • Through a survey of at least 15 new registrants following implementation of new procedures, businesses indicate procedures have improved and the registration process conforms to the law – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	The proposed normative acts were submitted to the Ministry of Justice last quarter and have still not been approved by Parliament. In fact, they have not yet been submitted to Parliament by the MOJ due to funding issues. The scheduled meeting between TFI, the WG and		

	FIAS-MIGA for December was postponed until the end of February as FIAS-MIGA, the organization tasked with finding donor organizations able and willing to fund the Draft Registration Simplification Program, was unable to identify these donors. The original idea was to ask the World Bank to fund the project on its own. As a result of the budgeting stalemate the Tajik Ministry of Justice has not yet sent the 3 draft laws to Parliament for approval. FIAS-MIGA is continuing to work on getting donors to financially support the Program, and TFI anticipates conducting a roundtable discussion once the donors are identified in March.		
No.	Objective	Start Date	End Date
TJ RIC 02	Harmonization of Laws and Regulations with New Law “On Licensing”	1 Jun 2005	31 May 2006
Description	<i>The Law On Licensing was drafted with TFI’s support and enacted on May 17, 2004. While this is the most important legal act, over 40 existing laws still require amendments to comply with the new law on licensing. Regulations to implement the Law on Licensing are still pending approval by the Government. Once approved, they will require continued monitoring to ensure full implementation.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Amendments to bring all non-conforming laws into compliance with the newly adopted Law On Licensing drafted and submitted to Parliament for approval – 31 Oct 2005 - COMPLETED • Public seminars held to educate the public and government officials on key features of the new licensing regulation and to ensure its full implementation – 30 Nov 2005 - ONGOING • Monitor implementation of new licensing rules and if necessary work with counterparts to take corrective action – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>Seven more laws were drafted with TFI’s assistance and have passed through Parliament bringing the total number of laws enacted to 21 out of 40. The other 19 are still in process but are expected to be enacted in the coming quarter.</p> <p>The amendments to the Law on Licensing of Separate Types of Activity which were submitted to the President’s office last quarter. Currently they are being reviewed by Parliament and are expected to be passed early in the coming quarter. TFI still plans to conduct follow up seminars throughout Tajikistan once the amendments to the law are adopted.</p>		
No.	Objective	Start date	End date
TJ RIC 03	Simplification of Procedures for Issuance of Seals and Stamps for Businesses	1 Jun 2005	31 May 2006
Description	<i>A seal provided by the Ministry of Internal Affairs is required for opening bank accounts or signing contracts and is critical for conducting transactions, particularly with foreign businesses. Unfortunately, the Ministry of Internal Affairs is not authorized to provide stamps and seals to individual entrepreneurs. To address this deficiency TFI prepared a preliminary draft of an instruction to be passed by the MIA to modify the procedure and allow individual entrepreneurs to engage in foreign economic activity.</i>		
Intermediate objectives	<ul style="list-style-type: none"> • The final draft of the new instruction for issuing seals and stamps completed and presented to the Ministry of Internal Affairs - 30 Sep 2005 - COMPLETED • New procedures published and distributed to government and businesses - 28 Feb 2006 (Expected Date of Completion 31 May 2006) • Monitor implementation of the new instruction and if necessary work with counterparts to take corrective action – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	The long-awaited Instruction on establishing stamp engraver enterprises was approved by the Ministry of Internal Affairs (MIA) at the end of February. The approval was first sought from the Ministry of Revenue which took an inordinately long time in its review of the document, thus delaying its submission to MIA for review. MIA Minister received the Instruction on the 3 rd of February for review delaying his response. As the approval was delayed it is necessary to post-pone the publication of the new procedures.		

	The MIA has informed its regional departments of the Instruction approval, and the first meetings with MIA employees will be held in Dushanbe in March. TFI jointly with the MIA will present the new Instruction and TFI plans to publish 150 booklets on the Instruction and organize other meetings with government and businesses in Soghd oblast and Kurgan-Tube in the coming quarter.		
No.	Objective	Start Date	End Date
TJ RIC 04	<i>Establish and Promote Sustainable Public-Private Working Groups that Identify and Reduce Burdensome Regulations</i>	1 Jun 2005	31 May 2006
Description	<i>Many regulations adopted by local government bodies are ambiguous and often conflict with superior legislation. Through the establishment of public-private working groups that employ consultative practices proven successful elsewhere in Central Asia, businesses will be able to raise and advocate for the elimination of illegal and burdensome regulations while fostering constructive dialogue with regional government bodies.</i>		
Intermediate objectives	<ul style="list-style-type: none"> • Establish at least 3 local working groups with entrepreneurs and local administrations, beginning in Khojand – 31 Jan 2006 - COMPLETED • Working groups are trained on the RIC methodology and how to properly conduct a Consultative Council – 31 Jan 2006 – COMPLETED • Surveys of participants indicate at least 2/3 of respondents find Working Groups effective in resolving issues of concern - 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>Three Public Private Working Groups have been established in Khojand, Khorgan, and GBOA and trained on RIC methodology and the CC process.</p> <p>In Khojand the Tax Consultative Council met in December to discuss VAT and tax issues, specifically taxation of dekhan farms and potentially implementing offsets with other types of taxes and fees. Participants provided recommendations regarding regular seminars and trainings for entrepreneurs on VAT and retail tax as well as ethics training for tax agency representatives. In January the Tax CC identified an illegal fee that was costing 3 to 5 somoni per individual tax payer number and recommended the practice cease.</p> <p>Khurgan a Public Private Focus Group was established with entrepreneurs and interested local agencies including a representative of the Khukumat in attendance. The first meeting was an organizational meeting in which the members were chosen, officials were elected and topics of discussions for the next meeting were determined. The second meeting is planned for March and the agenda items include land and agricultural issues.</p> <p>The second meeting of the GBOA Public Private Working Group under the Khukumat of Oblast was held in December and the issues of near-border trade with China and Afghanistan and a business development plan for 2006 were discussed. As a result of the meeting, seminars and trainings for the organizations and entrepreneurs on near-border trade are planned for 2006. In addition the GBAO Khukumat will be advised on establishing a Foreign Affairs Ministry representative office in Khorog, GBAO will review plans to organize a wholesale trade center in Khorog, GBAO. The next meeting will be held in the middle of March, primer date is March 17th. Agenda items will be following up the prior themes that were discussed in earlier Working group session.</p>		

TRADE FACILITATION (TF)			
No.	Objective	Start date	End date
TJ TF 01	Promote the Sustainability of Customs Consultative Councils	1 Jun 2005	31 May 2006
Description	A critical factor in modern trade administration is the inclusion of all stakeholders in the development of trade policy and administrative procedures. Requiring customs administrators to consult with their “clientele” is a principle of the revised Kyoto Convention and has also been added, through TFI’s efforts, to the new Customs Code in Tajikistan. TFI established Customs Consultative Councils in Khojand and Dushanbe in the previous contract year but sustainability requires continued support from TFI and greater private-sector ownership of the forums.		
Intermediate Objectives	<ul style="list-style-type: none"> • Identification and training of private sector counterparts to coordinate Customs Consultative Councils in Khorog, Kurgan-tube and Khojand –30 Nov 2005 - COMPLETED • Surveys of participants indicate at least 2/3 of respondents find Customs Consultative Councils effective in resolving issues of concern - 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>As a result of the AED funded study tour to Bishkek, plans are underway to establish a fifth CCC in Tursan-Zade. TFI met with Customs officials there in January to discuss the plans. It is anticipated that an MOU will be signed and the first organizational meeting will take place in the early part of next quarter.</p> <p>In Kurgan-tybe, the second CCC meeting took place in December and valuation cost and temporary warehouses were discussed. Customs officials are reviewing questions raised by entrepreneurs concerning customs fees on warehoused goods and a decision is expected at the next meeting which is scheduled for March. Other agenda items for that meeting will include risk management, advanced declaration of goods, and post Customs controls.</p> <p>In Dushanbe the December Council discussed Customs Valuation Costs. The new Customs Code regulations on how to apply Customs Values at border crossings were proving to be very confusing for both customs agents and entrepreneurs, therefore the CCC decided to clarify this issue for its members.</p> <p>In Soghd oblast, customs officials were unable to conduct a meeting this quarter due to the demands of annual reporting requirements. The next meeting will be held in early March and the agenda will include Certification of goods, and procedures for mobile customs posts</p>		
No.	Objective	Start Date	End Date
TJ TF 02	International Trade Guide (ITG) of Tajikistan is Developed and Launched	1 Jun 2005	31 May 2006
Description	One of the main constraints to trade in Central Asia is the dearth of accurate information on the obligations and rights that traders have in relation to import, export, transit and other processes. The development of an International Trade Guide (ITG) and the integrated on-line tariff for each country is intended to eliminate this constraint and also help each customs administration to provide more uniform (equal treatment of competing traders), consistent (over time, and from office to office) and equitable (fair application and enforcement of level playing field) administration of trade legislation.		
Intermediate Objectives	<ul style="list-style-type: none"> • Test version of the ITG completed – 28 Feb 2006 -COMPLETED • Final version approved and launched – 31 Mar 2006 		

	<ul style="list-style-type: none"> • Public Information Sessions on the ITG held – 31 Mar 2006 • Monitor usage and, if feasible, survey users to determine overall usefulness of the site and its content – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	The first draft of the ITG test version was completed in February. The ITG working group met on a regular basis with TFI to ensure that the draft contained all Customs export, import and transit procedures. The test version will be reviewed by TFI Customs experts in March and once approved will be launched in March. TFI will follow up public information sessions throughout Tajikistan throughout the coming quarter.		
WORLD TRADE ORGANIZATION (WTO)			
TJ WTO 01	Progress Toward WTO Accession Achieved through Technical Support and Training	1 Jun 2005	31 May 2006
Description	<i>The Tajik Government successfully completed the first two WTO Working Party Meetings and made significant progress in bringing its legislation into WTO compliance. While Tajikistan's target date for achieving WTO membership is within the next two or three years, it is important to continue the progress made thus far and assist in ensuring that the required documentation is properly submitted. It is anticipated that the 3rd Working Party Meeting will be held in early 2006.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Customs Code is translated and submitted to the WTO Secretariat – 31 Dec 2005 (Expected Date of Completion 31 May 2006) • Replies to questions from WTO Working Party members are prepared and submitted as needed – 31 Dec 2005 ((Expected Date of Completion 31 May 2006) • WT/ACC4 document updated and submitted to the WTO Secretariat – 31 Dec 2005 (Expected Date of Completion 31 May 2006) • Replies to WT/ACC4 follow-up questions/requests completed and submitted to the WTO Secretariat – 31 Dec 2005 (Expected Date of Completion 31 May 2006) • Comments and revisions to the Factual Summary of Points Raised prepared – 31 Dec 2005 (Expected Date of Completion 31 May 2006) • Responses to WTO Working Party Members' questions on market access to goods reviewed and answers provided – 31 Dec 2005 - COMPLETED • Responses to WTO Working Party Members' questions on market access to services reviewed and answers provided – 31 Dec 2005 - COMPLETED • WTO Legislative Action Plan updated and submitted to the WTO Secretariat prior to the 3rd Working Party Meeting – 31 Dec 2005 (Expected Date of Completion 31 May 2006) • Technical support and advice provided in preparation for the 3rd Meeting of the Working Party and bilateral negotiations – 28 Feb 06 (Expected Date of Completion 31 May 2006) • Trainings on WTO agreements provided as needed – Ongoing 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>After WTO Secretariat discussions, it was decided that the Third Meeting of the Working Party on accession of Tajikistan will be held at the end of April or beginning of May 2006. Documentation submissions dates have accordingly been delayed.</p> <p>Answers to questions posed by US and EU were finalized and submitted to the WTO Secretariat. TFI worked on revising replies to questions posed by Australia and submitted it to the Ministry of Economy and Trade. It is expected that replies to questions from</p>		

	<p>Australia will be submitted by the end of March.</p> <p>The Customs Code was translated and ready to be sent, however the Tajik WTO Working Group decided to submit all necessary legislation to the Secretariat at the same time. The remaining legislation is being translated by several donor organizations and have not all been completed as yet. As all of these documents must be sent in advance of the next Working Party Meeting, the submission will take place in late March or early April.</p> <p>Necessary data is being collected for updating the WT/ACC4 and follow-up questions. Training and follow-up work on revision of ACC4 document is planned for the beginning of the next quarter.</p> <p>Review of the Factual Summary of Points Raised was postponed since the revised version has not been received from the WTO Secretariat yet. It is expected that WTO Secretariat will send this document early next Quarter.</p> <p>Working Party Member's requests on market access on goods and services have been reviewed and would be discussed during the next round of bilateral negotiations.</p> <p>The Tajik Delegation took part at the Sixth WTO Ministerial Conference held in Hong Kong, China from 13-18 December 2005. TFI provided assistance to the members of the delegation at various meetings during the Conference, including: Cotton group, Land-locked Countries, Heads of Delegations, Developing countries, Plenary sessions and accession of Saudi Arabia.</p>		
No.	Objective	Start Date	End Date
TJ WTO 02	Secondary Customs Legislation Drafted, Adopted and Implemented	1 Jun 2005	31 May 2006
Description	<i>Tajikistan's new Customs Code was enacted and entered into force on January 1, 2005. After thorough TFI analysis, it was determined that the Customs Code is not fully compliant with the Revised Kyoto Convention but meets most of the WTO Agreements' requirements. TFI is now involved with Tajik authorities in the development of the regulations (by-laws) pursuant to the new Code. In this regard, we are continuing our efforts to improve transparency in customs administration in Tajikistan and to introduce measures to facilitate trade.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Regulations on IPR border measures approved by the Government – 31 Oct 2005 – COMPLETED • WTO Customs Valuation Interpretative Notes submitted for approval to the Government – 31 Oct 2005 - COMPLETED • Regulations establishing cost-based customs fees developed and submitted to be adopted – 31 Oct 2005 (Expected Date of Completion 31 May 2006) • Monitor implementation through Customs Consultative Councils and, if necessary, work with counterparts to take corrective action – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	The WTO Customs Valuation regulations were submitted to the Government in October and TFI is still awaiting approval of those regulations. The Customs Fees as previously reported have been adopted on a six month trial basis starting on January 1, 2006. However, WTO inconsistencies were identified by TFI who recommended that the trial period not take place. Customs has started to re-draft the regulation to address the inconsistencies. TFI anticipates that Customs will finish the first re-draft in the coming quarter and TFI will review it to ensure the inconsistencies have been addressed.		
No.	Objective	Start Date	End Date
TJ WTO 03	Complete Steps Required for TRIPS Implementation	1 Jun 2005	31 May 2006

Description	<i>Compliance with the requirements of the WTO Agreement on Trade Related Intellectual Property Rights (TRIPS) is one of the key conditions for acceding countries. Tajikistan's IPR laws and mechanisms do not meet minimal standards set by the WTO TRIPS Agreement. Therefore, Tajikistan is continuing to bring its IPR legislation into conformity with the TRIPS Agreement, which includes revision of existing laws and joining international conventions on IPR.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Draft regulations on patent duties and duties levied for trademark registration drafted and enacted – 31 Dec 2005 (Date Change 30 April) • Accession to the Rome Convention completed – 31 Dec 2005 (Expected Date of Completion 31 May 2006) • The Law on Trademarks and Service Marks drafted and submitted for Government approval – 31 Jan 2006 (Expected Date of Completion 31 May 2006) • The Law On Geographical Indication drafted and submitted for Government approval – 31 Jan 2006 (Expected Date of Completion 31 May 2006) • IPR enforcement provisions are drafted and introduced in relevant legislation – 28 Feb 2006 (Expected Date of Completion 31 May 2006) • Amendments to the Copyright Law and Related Rights drafted and submitted for Government approval – 28 Feb 2006 (Expected Date of Completion 31 May 2006) • The Law on Topology of Integrated Circuits drafted and submitted for Government approval– 31 May 2006 • Should any of these acts be adopted in a WTO-compliant form, conduct trainings for government and business in proper implementation – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>The Law on Trademarks and Service Marks, the Law On Geographical Indication, the Law on Topology of Integrated Circuits have all been drafted by the National Patent Center. TFI provided comments and recommendations which were accepted by the Patent Center and included in their latest drafts which are currently being reviewed by pertinent government agencies. The agencies' comments are expected by the middle of March and will be reviewed by the National Patent Center for inclusion in the final drafts which will be submitted to the government for approval by the end of April.</p> <p>Accession to the Rome Convention has passed approval from the lower Chamber of the Parliament. It is expected that the Upper Chamber will review this issue during the next Quarter.</p>		
No.	Objective	Start Date	End Date
TJ WTO 04	Complete TBT and SPS Implementation Steps Required for WTO Accession	1 Jun 2005	31 May 2006
Description	<i>With TFI's assistance, the Tajik Government has made some progress in TBT and SPS compliance. For example, the WTO Information Center is serving as the interim TBT and SPS Inquiry Point and a first draft law on technical regulations was prepared and submitted to the members of the working group for review. However, much more needs to be done. TFI will continue to support the Tajik Government in its WTO accession efforts and help ensure that the work done thus far will not be negated.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • WTO-compliant law on Technical Regulations drafted and submitted to Parliament for approval - 30 Apr 2006 • Permanent TBT and SPS Inquiry Point established and WTO Working Party notified – 31 May 2006-COMPLETED 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	In December, Tajikstandard provided the Ministry of Economy and Trade (MET) with two draft laws: "On technical rationing and standardization" and "On evaluation of conformity of technical normative legal acts and the documents in the area of technical regulating		

and standardization". These two draft laws were based on Belarusian laws. TFI analyzed these two laws and submitted their analysis to the MET. The analysis underlined the fact that draft law "On technical regulation" has already been developed and working group has been working over a year and its contents are in compliance with WTO requirements and international practice.

The laws were further discussed a WG seminar in January where TFI again pointed out inconsistencies in WTO requirements and international practice. As a result of TFI's arguments against the deficient Belarusian based laws, members of the WG voted to continue to review the original TFI recommended draft.

The draft law was finalized and signed by the WG Chairman and sent to all ministers and agencies for review. The WG will gather their questions and comments for review in March and consider all comments and questions and incorporate them in the final draft for submission to the Parliament.

The draft Law On Technical Regulation provides for the establishment of a TBT and SPS Inquiry Point. Until the law is passed, an Enquiry Point is likely not to be permanently established. In the meantime, the Ministry of Economy and Trade has notified the WTO that the temporary Enquiry Point is the GATS Enquiry Point at the WTO Information Center in the Ministry. Therefore, TFI considers this objective completed.

No.	Objective	Start Date	End Date
TJ WTO 05	Implement the WTO Legislative Action Plan	1 Jun 2005	31 May 2006
Description	<i>WTO legislative compliance is a pre-requisite for the WTO membership. Tajikistan has submitted to the WTO its updated Legislative Action Plan listing legislation it intends to revise or adopt for the purpose of bringing them into compliance with the requirements of WTO agreements. A number of legislative acts were adopted and remaining acts are being drafted. TFI will focus on the specific items of the Action Plan where target dates for adoption before May 31 were set by the Tajik Government. Depending on the plans of the Government, the work plan could be revised to add new legislation.</i>		
	<ul style="list-style-type: none"> • New regulations eliminating restrictions on export and import of precious metals and stones drafted, enacted, and submitted to the WTO Secretariat – 31 Dec 2005 (Expected Date of Completion 31 May 2006) 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	While the drafting of new regulations eliminating restrictions on export and import of precious metals and stones was raised at the 2 nd Working Party held in April 2005, the Tajik government has not considered it a priority issue and therefore no work has been done. TFI is planning to raise the issue with USAID in hopes they can influence the government to act on this before the end of the project. Otherwise, this item may need to be deferred to a later date and considered not achievable in the current project year.		

Metrology, Accreditation, Standardization & Quality (MAS-Q)

No.	Objective	Start Date	End Date
TJ MAS-Q 01	Illegal, Unjustified and Non-WTO-compliant Practices in Standardization, Certification and Accreditation Eliminated	1 Jun 2005	31 May 2006
Description	<i>TFI conducted a full review of the legal acts and practices of Tajikstandard in the areas of standardization, certification and accreditation and found that some of them contradict international practice and, in some cases, violate Tajik legislation. The practices are regularly cited by businesses as some of the most intrusive and costly, not to mention unnecessary as they duplicate other forms of regulation.</i>		

	<i>TFI plans, therefore, to work closely with USAID and other donor organizations, in addition to Tajikstandard, to encourage reforms that will have an immediate and positive impact on local businesses.</i>
Intermediate Objectives	<ul style="list-style-type: none"> • Prepare and present analysis of certification system to the Tajik Government, USAID, and other donor organizations involved in SME and trade development - 31 Jul 2005 - COMPLETED • Prepare a package of recommendations for approval by the Government that address, at a minimum, the legalization, registration and publication of Tajikstandard fees; the exclusion of all services from the List of Goods and Services Subject to Mandatory Certification; reduction in the number of goods subject to mandatory certification; and the legalization, registration and publication of the List of Goods and Services Subject to Mandatory Certification – 31 Oct 2005 - COMPLETED • If these recommendations are approved, conduct a series of seminars to disseminate information to promote full implementation – 28 Feb 2006 (Date Change 31 May 2006) • Survey EDP clients and other counterparts to monitor implementation and, as necessary, work with counterparts to take corrective action – 31 May 2006

Quarter	Status & Comments
1 Dec 2005 – 28 Feb 2006	<p>As previously reported TFI prepared recommendations and presented them to a number of Government agencies and donor organizations, including USAID, in hopes of gaining wider support for these needed reforms. So far, the recommendations have been accepted by the World Bank-IFC-funded FIAS-MIGA Program, which has incorporated them into the Tajik Government's Action Plan on Business Environment Reform. TFI continues to push these recommendations to any and all willing agencies. Most recently TFI has been working through the Ministry of Justice (MOJ) on a revised List of Goods and Services Subject to Mandatory Certification proposed by Tajikstandard.</p> <p>Tajikstandard is in now the process of collecting comments from various government agencies on their draft list of goods and services subject to mandatory certification. Although Tajikstandard did not ask, nor indeed want TFI input on their draft list, TFI was asked for comments and recommendations by the MOJ. The MOJ accepted TFI's comments and recommendations and submitted them to Tajikstandard as their own. Of the fifteen ministries and agencies asked to review the draft only the comments made by the MOJ opposed the draft in its current form as it provides no reduction in the current list of products and it would grant Tajikstandard unlimited control over the list once it is approved by Government, meaning they could add even more to the list.</p> <p>The MOJ has been made aware of these deficiencies and TFI is working with them to ensure that this draft does not make it to Government. These comments were further passed to USAID in hopes of getting their support.</p>

UZBEKISTAN (UZ)

Reduction of Investment Constraints (RIC)

No.	Objective	Start Date	End Date
UZ RIC 01	Regulations and Procedures Governing Land Site Acquisition and Improvement for Commercial Purposes Revised and Adopted in Ferghana	1 Jun 2005	31 May 2006
Description	<i>The process of obtaining permission to acquire land to engage in construction of commercial building or even repair of a building is lengthy and non-transparent. TFI studied the process of land acquisition in the Ferghana region and determined that the main barrier for</i>		

	<i>businesses is the absence of a clear regulatory framework with identified criteria for the Mayor's office to issue or reject permission for land site acquisition and improvement.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Regulation containing procedures for land acquisition and improvement and establishing timeframes and criteria for refusal, revocation and suspension of the permits, and appeals procedures, prepared and presented for adoption – 31 Dec 2005 (Expected Date of Completion 31 May 2006) • Amendments to local acts compliant with national laws prepared and presented for adoption to the local Government - 28 Feb 2006 (Expected Date of Completion 31 May 2006) • If adopted, assist in the implementation and monitoring of the new amendments and, as necessary, work with counterparts to take corrective action - 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	The regulations were submitted to the prior leadership in the Regional Khokim. However, due to the change of management in the Regional Khokim Office in October 2005, this work has been stalled. All issues related to drafting the new regulation on land acquisition have yet to be considered by the local government and they have expressed great reluctance to consider them. As such, amendments to other acts and actions toward implementing the new requirements have been delayed. TFI will continue to advance this reform, but given the present environment, i.e. new leadership, a rather sensitive issue (land) and a reluctance to engage too visibly with international organizations, we expect little if any progress on this before the end of the Project.		
No.	Objective	Start Date	End Date
UZ RIC 02	Strengthen Collaboration with Local Partners to Identify and Reduce Constraints in Ferghana	1 Jun 2005	31 May 2006
Description	<i>In order to effectively advocate for the interests of their members, local associations and Chambers of Commerce often require technical and methodological assistance. Through the continuing cooperation of TFI, the activities of these partners will be enhanced in order to identify constraints, develop recommendations and implement solutions. Thanks to TFI efforts in Ferghana, the Mayor's office approved the establishment of a Consultative Council with representatives of various government agencies as well as businesses to address business constraints. TFI also collaborated successfully with the Ferghana branch of the Chamber of Commerce and its members to prepare a draft regulation on obtaining business permits in Ferghana. TFI plans to focus its continuing efforts on these groups to strengthen their ability to identify and reduce constraints.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> • Together with the Chamber of Commerce and the Ferghana Consultative Council develop a work plan for reducing identified constraints in the area of import/export operations for local businesses. – 30 Nov 2005 COMPLETED • New regulation on obtaining permits for conducting certain types of businesses, including retail and wholesale trade in food products, personal services, opening food facilities (restaurants, cafes, etc.), small and medium size production sites (bakery, etc), adopted by the Ferghana Region Khokim. The new regulation shall include the timeframes for completion of permit review and approval procedures and criteria for rejection, revocation and suspension of permits – 31 Dec 2005 COMPLETED • Work plan implemented and at least four constraints reduced – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	The Consultative Council has been assisting the local government to provide explanatory work to local businesses on the recently issued Presidential Decree on elimination of the permit system, licensing requirements and other regulations affecting business activities. As a result of the Consultative Council decision, the letter drafted and signed by the Regional Khokim addressed to the Prime Minister on the issue of elimination of customs duties and other payments requirements with regards to the Uzbekistan beekeepers transporting honey		

	to Uzbekistan. If the decision is taken to eliminate all payments including customs duties, a barrier for the Association of beekeepers will be removed which will result in significant increase of honey production in the region.		
No.	Objective	Start Date	End Date
UZ TF 01	Develop Informational Tools for Road Carriers and Freight Forwarders in Collaboration with the Association of International Freight Forwarders (AIFF)	1 Jun 2005	31 May 2006
Description	<i>Absence or lack of information is a serious barrier to conducting import/export operations in Uzbekistan. To address this deficiency, TFI has agreed to work with the AIFF to develop informational tools containing data on existing rules and practices on the borders, customs, import/export regulations, route maps, TIR carnets and other relevant information for road carriers and freight forwarders that would be easily accessible to the Association's members.</i>		
Intermediate Objectives	<ul style="list-style-type: none"> Determine what information is required for businesses to conduct import/export operations in Uzbekistan – 30 Sep 2005 COMPLETED Place the available information on the AAIF website – 31 Dec 2005 (Expected Date of Completion 31 May 2006) Publish booklets with Uzbek-English translation of Incoterms and commercial glossaries – 31 Dec 2005 COMPLETED Monitor the impact of publications distribution and website information by surveying Association members – 31 May 2006 		
Quarter	Status & Comments		
1 Dec 2005 – 28 Feb 2006	<p>1000 copies of "Incoterms 2000" in Uzbek-Russian published and disseminated among Association members and other related institutions both government and non government.</p> <p>In December, a round table was held with members of the association (over 50 participants) to discuss problems in the industry and the main barriers to its development. At that time, TFI reviewed a draft Law on Freight Forwarding Activity prepared by the Association to address these issues. TFI, however, recommended against a law and proposed instead to draft specific amendments to existing legislation that addressed each of the Association's concerns, which were enumerated at the roundtable. These recommendations address the state monopoly in the area of railway and air shipments; incorrect taxation of freight forwarders and road carriers (taxing profit, instead of the fee only); discriminatory VAT on domestic suppliers of services, whereas foreign suppliers are exempt from VAT under the Investment Law; unbearably high tariffs and excise taxes for importation of vehicles for road carriers, which put the domestic suppliers at a greater disadvantage compared to foreign suppliers of services, as domestic suppliers can't receive payments for their services in hard currency under the local regulations, which puts them to disadvantage compare to foreign suppliers. TFI is helping the association prepare a package of concrete amendments to be submitted to the proper authorities.</p>		
World Trade Organization (WTO)			
UZ WTO			
Description	<i>Should USAID funding become available to continue technical assistance to the Uzbekistan Central Government during the course of this contract year (2005-2006), and subject to modification based on discussions between USAID and TFI to take into account such factors as time remaining on the Project, personnel availability and other relevant factors, WTO accession-related objectives may be added to this work plan.</i>		
Promotion of WTO accession process – Amended December 2005			
No.	Objective	Start Date	End Date
UZ WTO 01	Promote the Adoption of a WTO-compliant law "On Technical Regulating and Conformity Assessment"	1 Oct 05	31 May 06

Description	<i>In June 2005, TFI and the Agency on Foreign Economic Relations completed an alternative draft law “On Technical Regulating and Conformity Assessment” that addressed the WTO compliance issues missing in the draft law prepared by Uzstandard. TFI will now work with its private sector partners and other donors, such as the new EU-TACIS Project on Standards and WTO working directly with Uzstandard, to promote the adoption of a WTO-compliant and more business-friendly law, improve the certification process and reduce the number of products subject to mandatory certification.</i>		
Intermediate Objectives	Conduct a presentation and discussion of the law On Technical Regulating, the Rules of Certification and the Cabinet of Ministers Resolution on the list of products subject to mandatory certification with the members of the Chamber in Tashkent. – 30 Nov. 2005 COMPLETED		
Quarter	Status and Comments		
1 Dec 2005 – 28 Feb 2006	<p>A presentation and discussion of the draft law on Technical Regulating prepared by TFI and the Ministry of Foreign Economic Relations, the Rules of Certification and the list of products subject to mandatory certification was held at the end of November for the members of the Chamber and other related state bodies. There are currently two alternative drafts. Originally, only Uzstandard was assigned by the GOU to prepare draft legislation compliant with the TBT and SPS Agreements. Uzstandard prepared two draft laws, on Technical Regulating and on Conformity Assessment. Neither draft is considered compliant with the TBT and SPS Agreements. Major principles of these Agreements are not contained in those drafts and Uzstandard seems to be attempting to retain its control of standards and certification. As a result, the GOU tasked the Ministry of Foreign Economic Relations, Investment and Trade (MFERIT) to prepare an alternative draft law on Technical Regulating that would also incorporate provisions on mandatory conformity assessment procedures, in accordance with the TBT and SPS Agreements. TFI assisted in preparation of this alternative draft Law and it was the subject of the presentation in November. As a result of the presentation and discussion, additional changes were introduced into the draft and it was sent to Minister Shaykhov (MFERIT) and other key ministries for comment. TFI is advocating that this draft be sent to the WTO for review prior to the next WP meeting.</p> <p>Uzbekistan joined Codex Alimentarius (international standards for food products), one of three international conventions for implementation of the WTO SPS Agreement.</p>		
No.	Objective	Start Date	End Date
UZ WTO 02	Promote the Adoption of WTO-compliant Amendments to the Civil Code	1 Oct 05	31 May 06
Description	<i>Bringing laws into conformity with WTO rules and best business and regulatory practices cannot be done successfully without also reforming the major Codes that supercede such laws. The Civil Code is one of the primary sources of law in Uzbekistan, but many of its provisions do not conform to the requirements of the WTO and even to newly prepared legislation in specific areas, such as the Copyright Law and the Technical Regulation Law. At the same time, the Civil Code contains certain restrictions that do not conform to best international business practices in the area of land ownership, land acquisition, licensing, trading rights, etc. One of the main problems of the current Code is that it addresses the issues of regulating contractual disputes by public means, i.e. governmental intervention. Such fundamental provisions of the Code such as definitions of legal commercial entities are flawed and therefore have the potential for creating many administrative barriers. At the same time, restrictions and distinctions in the trade regime for physical and legal entities has become one of the major issues for import/export operations. This creates, and will continue to create, confusion and difficulty in properly implementing TFI reform efforts in Uzbekistan. For this reason, TFI believes it is important to promote amendments to the Civil Code in addition to WTO and RIC-related legislation. TFI plans to undertake this work together with the members (lawyers) of the Association of Advocates of Uzbekistan. The adoption of a new Civil Code is included in the President’s Reform Agenda for 2006.</i>		
Intermediate	<ul style="list-style-type: none"> Identify areas of non-compliance with WTO Agreements and in contradiction to international best business practices in the current 		

Objectives	Civil Code. – 30 Nov 2006 - COMPLETED		
	<ul style="list-style-type: none"> Support the Association of Advocates in promoting the adoption of a revised Civil Code that supports the rule of law, market-oriented business practices and meets WTO requirements. - Ongoing 		
Quarter	Status and Comments		
1 Dec 2005 – 28 Feb 2006	<p>Areas of non-compliance with WTO Agreements and contradictions to international business practices identified in the Civil Code include the following: the status of legal entities in the current Code is not clear; an understanding of what constitutes “commercial entity” is not clear; the government procurement mechanism is unclear; sales of agricultural products are restricted in the Code; erroneous duplication of copyright rules in the Civil Code.</p> <p>Necessary literature for the work on the revision of the Civil Code was obtained in Moscow and proposals for possible amendments to 211 articles have now been drafted by several national experts with the support of TFI. TFI expects drafting of the possible amendments to the General Part (First Part) of the Code to be complete by April 2006.</p>		
No.	Objective	Start Date	End Date
UZ WTO 03	Promote Public Awareness of WTO Principles and Agreements and the Benefits and Challenges of Membership	1 Oct 05	31 May 06
Description	<p><i>The WTO accession process requires public awareness of the benefits and challenges of WTO membership. Greater involvement of domestic industries, businesses, academia, journalists and NGOs is essential for successful accession and achieving the benefits that membership offers. Therefore, it is important to conduct awareness seminars for the public at large. In the previous project year, TFI conducted three such seminars in different regions of Uzbekistan with the participation of the Chamber of Commerce and Industry. TFI and the Chamber will continue these in other regions with the involvement of other local groups as well.</i></p>		
Intermediate Objectives	<ul style="list-style-type: none"> Promote other forms of public awareness such as publication of articles, lectures and dissemination of information on WTO-related issues. – Ongoing 		
Quarter	Status and Comments		
1 Dec 2005 – 28 Feb 2006	<p>TFI articles on WTO related issues such as the WTO Accession process, WTO Background, Tariff Regulation and Services have been published in five separate editions of the magazine “Business Weekly”. At least five additional printings are expected on topics including Technical Regulations, Customs and IPR in the coming months. The newspaper has nation-wide distribution and has a wider readership than most business publications.</p> <p>The WTO-related seminars in the regions with the Chamber have been put on hold due to the Chairman’s departure and no replacement being named. TFI hopes to continue these after the March holidays.</p>		
REGIONAL			
Metrology, Accreditation, Standardization & Quality (MAS-Q)			
No.	Objective	Start Date	End Date
R MAS-Q 01	Promote Greater Regional Cooperation and Reform in the Fields of MAS-Q by Supporting the Activities of the Central Asian Cooperation on MAS-Q (CAC-MAS-Q).	1 Jun 2005	31 May 2006
Description	<p><i>TFI helped create and continues to support the CAC-MAS-Q as a regional cooperation body bringing together the respective National</i></p>		

	<p><i>standards, accreditation and metrology agencies (Gosstandards) of Central Asia. One of the primary goals of the CAC-MAS-Q is to achieve international recognition and acceptance of certification and accreditation results for products and services originating in Central Asia. In the previous project year, with TFI support, the CAC-MAS-Q achieved recognition by the International Laboratory Accreditation Cooperation (ILAC) as a regional accreditation coordination body and the International Accreditation Forum (IAF) has granted the CAC-MAS-Q special regional observer member status. The CAC-MAS-Q has also promoted regional harmonization of MAS-Q practices by sharing, translating, adopting and implementing specific international guides and standards on a regional basis. This, plus regional training on MAS-Q topics, has also encouraged greater cooperation and understanding between the Gosstandards in Central Asia and stimulated, to varying degrees, national-level MAS-Q reform efforts, such as the removal of thousands of mandatory documentary standards, new technical regulation reform in Kazakhstan and the Kyrgyz Republic and the reorganization of Kyrgyzstandard into the National Institute for Standards and Metrology (NISM,) transforming it from a primarily regulatory and enforcement agency to a service provider.</i></p> <p><i>The future success and sustainability of the CAC-MAS-Q depends on a number of factors, most crucially the continued cooperation and commitment of the individual members, which, unfortunately, has waned recently due to a number of factors. Since the revolution in the Kyrgyz Republic, the director of NISM, historically the strongest supporter of the CAC-MAS-Q, Mr. Davlesov, has been removed from his position and an interim director appointed. After Presidential elections in July, a new government will be formed, which may result in a new director at NISM. Recent events in Uzbekistan have also led to less direct support to the Government of Uzbekistan, which will limit TFI's ability to organize and direct the work of the CAC-MAS-Q. Moreover, the director of Tajikstandard, Mr. Khatamov, has shown little interest in undertaking reforms necessary for the CAC-MAS-Q to be successful, and finally, the director of Gosstandard in Kazakhstan, Mr. Kusainov, has recently advised USAID management that his organization prefers that any direct support to the CAC-MAS-Q continue to be provided by USAID/TFI.</i></p> <p><i>While TFI continues to believe that mutual recognition of accreditation and certification schemes is a critical factor in reducing transaction costs for cross-border regional trade as well as increasing local SMEs' access to international markets, it is highly unlikely, given the present environment, that the CAC-MAS-Q will be the driving force towards achieving this objective in the coming project year. In fact, until after the Kyrgyz elections and once the USG has determined its level of continued support to the Uzbek government no regional agreements or initiatives can even be undertaken by TFI. Should the situation in these countries change and a renewed interest and commitment in the CAC-MAS-Q become evident, TFI will reassess its assistance, considering the available resources remaining in the project.</i></p> <p><i>In the meantime, and if approved by USAID, TFI will continue to provide minimal support to the members of the various technical working groups under the CAC-MAS-Q to promote regional cooperation and encourage national-level reform efforts. These are described below.</i></p>
<p>Intermediate Objectives</p>	<ul style="list-style-type: none"> • Distribute to CAC-MAS-Q members information on new ISO/IEC standards on accreditation and other forms of conformity assessment and new joint ILAC-IAF requirements for regional accreditation bodies – 31 Aug 2005 - COMPLETED • Transfer the CAC-MAS-Q Secretariat from TFI to one of the CAC-MAS-Q members – 31 May 2006 - COMPLETED • Translate and distribute select guides and standards for the purpose of increasing awareness of international rules and promoting their adoption and implementation - Ongoing • Continue to increase the visibility of the CAC-MAS-Q among ILAC, IAF, BIPM, NCSL and others as required - Ongoing
	<p>Status and Comments</p>
	<p>TFI conducted the final CAC-MAS-Q meeting in October 2005 with members of the CAC-MAS-Q, World Bank, ITC and EU-TACIS. All documents of related to accreditation and mutual recognition were presented as were the ongoing projects of all the participants. A</p>

request was made by the members of the CAC-MAS-Q to the donors to continue supporting regional cooperation in MAS-Q.

In December 2005, as part of the agreement reached at the October meeting, TFI transferred the CAC-MAS-Q Secretariat to the National Institute for Standards and Metrology (NISM) of the Kyrgyz Republic. TFI helped train the representative of the Secretariat and has agreed to support it as needed through May, including providing translation services as requested.

TFI transferred information on the CAC-MAS-Q and its involvement in international organizations to the EU-TACIS WTO Support Project in Kazakhstan. The project is required to support the participation of Kazakhstan in select international organizations and expressed interest in meeting with the Secretariat of the CAC-MAS-Q to perhaps coordinate their activities for the benefit of the regional members.

TFI considers this work complete.

**ATTACHMENT 1: KYRGYZ REPUBLIC CONSTRAINT
REDUCTION CHART
1 DECEMBER 2005 – 28 FEBRUARY 2006**

Kyrgyz Republic					
Constraint Reductions					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
		Conformity assessment procedures applied in violation of the requirements of the new law “On the Fundamentals of Technical Regulation”. They were duplicative, complicated and non transparent. Alongside with certification there are other compulsory procedures of conformity assessment to mandatory state requirements, such as the hygienic conclusions, veterinary certificates, phytosanitary certificates, technical examination and expertise, and others.	- to redraft the procedures for certification from a business perspective. Quality requirements related to form, fit and function that do not have an impact on public health, safety and the environment should be considered voluntary.	measures possible. This allows for a significant reduction in the scope of regulation of products and processes in the Kyrgyz Republic and will have an immediate and positive impact on businesses by reducing their compliance costs. New procedures regulate how goods are certified and set up rules for the acceptance of certificates and marks of conformity from certification bodies outside Kyrgyz Republic. They eliminated duplication of conformity assessments provided by different government agencies and regulate products focusing on health, safety and environmental requirements. The new procedures streamline certification and eliminate the need to regulate product quality.	certainly, the economic impact of the new list is estimated to be $2000 \times 4,700 = 9,400,000 / 40 =$ \$235,000 annually . Additionally, as up to 5 days are required for issuance of a certificate, up to 10,000 regulatory days will be saved. Since inspections will no longer cover the free goods, inspection fines, bribes and time will also be saved.
3.	Bishkek – <i>Import of goods subject to mandatory conformity assessment</i> Date: Jan 2006	There was no specific regulation on importing procedures in Kyrgyz Republic. Importing procedures used to be burdensome, complicated and non transparent. Customs officers arbitrarily interpreted what goods should be assessed and set up their own procedures for importing. For example, customs officers requested redundant documents for types of goods having overseas certificate of conformance and tests results. Actually the measures undertaken by the customs did not provide the safety of goods. Moreover customs required certificate of conformance not only for	TFI recommendations were: - Products are not in the list should be imported without any certificates and testing results. - To develop unified procedures on importing products subject to mandatory certification. - Do not allow unjustified and redundant requirements set by conformity assessment bodies and customs. - Customs is not eligible to demand certificate of conformance for export. - Products with CE mark should	Resolution stipulates that only products in the list shall be assessed. The rest shall be imported without any document of conformity assessment. Customs and certification bodies shall work according to unified procedures. They are not eligible to develop their own additional procedures and rules. Customs do not longer have right to demand any certificate of conformance for export. Certificate of conformance is not required for products	Provisions of Regulations touch upon interests of all businesses including traders, manufacturers, conformity assessment bodies, testing laboratories. The implementation of Resolution will reduce customs clearance terms; time and costs for all stakeholders.

Kyrgyz Republic					
Constraint Reductions					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
		import but also for export that eventually created great trade barriers for Kyrgyz businesses.	not be subject to mandatory certification and testing.	marked with CE. The Resolution will come into effect in three months after promulgation. It will allow business be prepared for new rules. Customs and conformity assessment bodies shall bring their documents into compliance with new Resolution. These procedures do not require re-testing, re-certification or additional costs that are not consistent with the law and the TBT/SPS agreements.	
4.	Bishkek – <i>Recognition of conformity assessment results getting outside the Kyrgyz Republic</i> Date: Jan 2006	Although there was Regulation on recognition of conformity assessment results # 242 of 2002, procedures on recognition created administrative and trade barriers and placed a burden on business. This burden required business to have products re-tested or re-certified even though they have already been tested or certified in another economy. This substantially increased costs for business to enter the market. There was policy for acceptance of certificates of compliance covered under a multilateral agreement mainly between the CIS countries.	The main suggestion from TFI was “that countries shall ensure whenever possible that results of conformity assessment procedures including test reports, certificates and marks of conformity, in other countries are accepted”. Almost all of TFI recommendations were accepted by the members of the working group and the final draft was sent for the Government consideration.	The main attractive items of the regulation are: prohibition of unjustified requirements and testing of conformity assessment bodies and state agencies; reducing up to the minimum terms and costs of recognition for business; results of conformity assessment procedures getting from countries who are the parts of bilateral and multilateral agreements are accepted without any re-certification and re-testing in Kyrgyz Republic; Kyrgyz Republic manifests recognition of the results of conformity assessment from the number of countries: Iran, Turkey, Slovak Republic and products with CE mark shall not be assessed	One of the main difficulties businesses face is costly multiple testing or certification of products. As soon as the regulation is implemented the costs of businesses will be drastically reduced if a product could be tested once and the testing results be accepted in all markets.
5.	Bishkek – <i>New Reglament of the Government</i>	The Kyrgyz Government had not articulated a specific time for comment in the law, or implemented the law through secondary regulations at the	In October 2005, a working group was created to draft the new Reglament. Working closely with Government	In January 2006, the Reglament was adopted, with TFI’s recommendations by Resolution #1 of January 4, 2006 of the	Regulations and drafting procedures touch upon interests of the entire business community of the Kyrgyz Republic. According to statistical

Kyrgyz Republic					
Constraint Reductions					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
	Roza January 2006	Government level. Therefore, as a practical matter, the Government had to choose between following its internal regulations or the law when it came to the adoption of regulations. The common approach was to follow internal regulations and forego publication of drafts. Not only did the inconsistency exacerbate disregard for the rule of law, any benefits which inure from publication and comment were denied to the citizenry.	counterparts, TFI recommended provisions from the Law be included, and also that draft regulations be published for comment for 60 days, correcting an omission in the Law itself. Further, it was recommended that central website be used for all drafts so interested parties have a common source to search for information rather than relying on individual government bodies to post draft materials.	Government of the KR.	data, 524.4 thousand businesses and 159 thousand private entrepreneurs operate in the Kyrgyz Republic (as of October 1, 2005). Introduction of the 60-day period for publication of draft regulations allows entrepreneurs to respond in due time to new normative acts and makes it possible to comply or correct regulations that impacts them with reduced time and costs.
6.	Bishkek - <i>Improvement of procedures for obtaining permits for placement of temporary facilities in Bishkek City</i> Roza January 2006	The Mayor's Office of Bishkek city has not fully implemented provisions of Article 29, KR Land Code stipulating allocation of land plots in rural settlements under biddings procedures. The procedures for allocation of land plots for limited (temporary) use were carried out without biddings, non-transparently; businesses incurred unjustified financial costs (bribes) in the process of obtaining land plots so that to place temporary light-weighted facilities (pavilions, kiosks, summer grounds). The period for allocation of land plots varies from six months to one year. A businessman has to undergo complicated and costly mechanisms to prolong the term of lease of the land plot after expiration of that period.	TFI Project made the review and identified that the draft provides for a provision to cancel a leasing contract by the Mayor's Office on a unilateral basis. It was recommended amending the draft and stipulating that cancellation of leasing contract for a land plot is carried out under court proceedings. The Project "Land Market Development in Kyrgyzstan" has also supported TFI Project's recommendations, which were sent to the Justice Department of Bishkek City. The Justice Department of Bishkek City has fully supported USAID Project's recommendations.	In December 2005, Bishkek City Kenesh has adopted the Resolution "On Procedure for Granting Rights for Placing Temporary Light-weighted Facilities in Bishkek City" following the TFI recommendations. In January 2006 the given Resolution was registered by the Justice Department of Bishkek City and enacted.	The given resolution touches upon interests of businessmen of Bishkek City, willing to install light-weighted facilities. According to the data from the Mayor's Office of Bishkek City, over 300 summer café and 3000 pavilions and kiosks operate in the territory of Bishkek City. To get permit for placing a temporary facility 50 USD should be paid annually. Besides, bribes to install pavilions or kiosks would take 130 USD on the average (for architecture office, state rayon administration, public unions of citizens, Mayor's Office, etc.). The amount of a bribe for a summer café was 600 USD. To install a summer café businessmen have to pay 300 X \$600= \$180 000 unofficially, and to install pavilions and kiosks would

Kyrgyz Republic					
Constraint Reductions					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
					<p>cost 3000 X \$130=\$390,000. The amount of unofficial payments made up \$570,000 (\$180,000+\$390,000). The amount of bribes was identified in the course of surveys held among entrepreneurs. The survey was made by the TFI in Bishkek City.</p> <p>Presumably, upon introduction of new procedures, businessmen will not incur additional costs in the form of bribes and save about \$570,000 annually. At that, the level of bribes' decrease shall be identified as soon as the first bidding (sale) on land allocation takes place.</p>
7.	<p>Jalalabat – <i>On limitation of business hours of private trade and services shops</i></p> <p>Aidin</p> <p>Date: December 2005</p>	<p>Order No 1 by Kurmanbek Agricultural Council of Suzak rayon, of January 12, 2004, established working hours for the mentioned shops from 9 am to 6 pm. This restricted businesses' work.</p>	<p>Based on analysis and examination of normative legal acts received by Prosecutor's Office of Jajalabat oblast, it was found out that the Order is interference with activities carried out by businesses and this contradicts legislation.</p>	<p>As a result, on September 9, 2005 the Prosecutor's Office of Jalalabat oblast prepared Protest No 11/9-248-05 to the Kurmanbek Agricultural Council. In October the Protest was satisfied/met by the Council and this Order was cancelled.</p>	<p>There are about 10 trade shops and 3 billiard rooms in the territory of the Kurmanbek Agricultural Council. Peak of trade and services started after 6 pm. Due to this, each business lost about \$20 in average per week. It is 13 x \$20 x 4 = \$1040 per month.</p>

**ATTACHMENT 2: KAZAKHSTAN CONSTRAINT REDUCTION
CHART
1 DECEMBER 2005 – 28 FEBRUARY 2006**

Kazakhstan Constraint Reductions

1 December 2005 – 28 February 2006

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
1.	<p>Ridder (PP) – Allocation of Land Lots for Construction Purposes</p> <p>Date: December 2005</p> <p>Alexander Samoilov</p>	<p>The illegal inclusion of the “Technical Commission for Land Lot Selection”, which issued unnecessary and redundant approvals delayed the approval time. In addition, the absence of a unified process for allocating land lots for construction purposes resulted in a lack of uniformity and predictability in the process and acted as a disincentive for entrepreneurs to obtain appropriate permissions.</p>	<p>A working group formed by the Akimat reviewed applicable legislation and drafted a formal process map that set time limits and documentary requirements for each stage of the process. The working group also recommended eliminating the “Technical Commission for Land Lot Selection”.</p>	<p>The process map was approved by the Akim and its requirements are now mandatory. In addition, the Akimat eliminated the illegal “Technical Commission for Land Lot Selection”</p>	<p>Introduction of the unified process and elimination of the “Technical Commission for Land Lot Selection” will save approximately 40 working days.</p> <p>Approximately 70 entrepreneurs apply for land lot allocation annually.</p> <p>40 days * \$ 25 (one day earnings of Rider entrepreneur) * 70 (number of entrepreneurs involved in the process) = \$70,000</p>
2.	<p>Pavlodar (CC) – Risk Management Systems in Customs Clearance</p> <p>Date: December 2005</p> <p>Sergey Pyzhenko</p>	<p>Lack of information about the availability of the simplified customs clearance procedures for low-risk traders led to an unreasonably low number of entrepreneurs taking advantage of this benefit in Pavlodar. As a result, customs clearance times and costs for many companies were much higher than they could be.</p>	<p>TFI recommended that the Pavlodar Customs Department conduct an awareness campaign to increase the number of registered low-risk traders.</p>	<p>The Pavlodar Customs Department, jointly with TFI and local business associations, organized a series of meetings and round tables with businesses to explain the aim of the Risk Management Program, the procedures for registration as low risk company; the criteria under which they may be registered as low risk companies and benefits they will enjoy.</p>	<p>As a result, by December 2005, an additional 21 companies in Pavlodar oblast were included in the Register of low risk companies. By achieving low risk status these traders are able to save considerable time and money. Previously, clearing one customs cargo declaration could cost up to \$212 fees and storage. Now, with the low risk status, it costs only \$6 for 1 customs declaration. When you consider that the average trader makes 20 declarations per year, the potential savings to the participants of the RM program is \$86,500 annually.</p>
3.	Almaty/Astana	The main barriers in the previous	It was recommended to reduce	Based on recommendations	If we suppose that the number

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
	National level/Administrative Code Date: January 2006 Gulfiya Latypova	Administrative Code were too high amount of fines (maximum amount was equal to 2,000 MRI or \$15,700) as well as the fines were not differentiated depending on business size. It was quite often when the entrepreneurs had to close up their businesses due to high level of fines.	the amount of fines in some articles as well as to have the fines differentiated depending on the business size.	provided by the Forum, TFI project, and other associations the Ministry of Justice developed the draft law “On Amendments and Additions to the Code on Administrative Violations”, where the considerable reduction of fines in several articles and their differentiation depending on business size are specified. This draft laws was approved in the Parliament and signed by the State Head on January 20, 2006.	<p>of people brought to responsibility for administrative violations in the area of trade and finance in 2006 as well as in 2005 will be 54.315 and the amount of fines imposed in 2005 was \$395.731 the amount is reduced by 2 times and equals \$197.866, which results in saving the amount of \$197.866 in 2006.</p> <p>If we suppose that the number of people brought to responsibility for administrative violations in the area of taxation in 2006 as well as in 2005 will be 58909 and the amount of fines imposed in 2005 was \$20,457.998 the amount is reduced by 1.4 times and equals \$14,612.856 which results in saving the amount of \$5,845.142 in 2006.</p> <p>If we suppose that the number of people brought to responsibility for administrative violations in the area of customs activity in 2006 as well as in 2005 will be 11.826 and the amount of fines imposed in 2005 was \$644.922 the amount is reduced by 2.2 times and equals \$293.146 which results in saving the amount of \$351.776 in 2006.</p> <p>Thus, total annual amount saved is: 197.866 + 5,845.142 + 351.776 = \$6,394.784</p>

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
4.	<p>Pavlodar Obtaining of findings from the Department of State Sanitary and Epidemiological Supervision (DSES) for opening hairdresser's and beauty parlors</p> <p>Date: January 2006</p> <p>Tatyana Bakieva</p>	<p>The information on the process and all the preliminary permitting procedures (change of designated purpose of the apartment, placing in operation, execution of documents for additional allocation of land lot, etc) was unavailable for the entrepreneurs, which resulted in additional time and money costs. The entrepreneurs could get the required information only after consultation with the DSES head but it was so difficult to be accepted. It usually took about 2-3 days to make it.</p>	<p>The working group consisted of representatives of DSES, TFI, and business associations prepared the information on the process. At the working group meeting it was decided to publish the information brochure with detailed description of the process (with financing provided by the public association "Association Business") and provide the business associations with this information via e-mail.</p>	<p>1.Process description has been prepared; 1. The information brochure with detailed description of the process was published at the expense of the partner association "Association Business"; 2. The brochure and process description in electronic version were handed over to the business associations.</p> <p>Thus, process time was reduced by 2 days and cost saving is about \$26 per applicant.</p>	<p>64 new businesses have to get permits from the DSES annually throughout the oblast. Process time was reduced by 2 days per each of them as well as traveling costs were reduced and is now approximately \$6. Eventually, daily net profit of the entrepreneur is \$10 and the cost reduction will be as follows: [(10 * 2) + \$6] * 64= \$1,664</p>
5.	<p>Pavlodar (CC) Import and Export of Commercial Goods</p> <p>Date: January 2006</p> <p>Sergey Pyzhenko</p>	<p>Among the problems associated with import/export and transit of goods the entrepreneurs cited such barrier as time consuming control of goods on border check points, loss of time and finance due to the following:</p> <ul style="list-style-type: none"> Lack of due and effective interaction between government administrative and controlling agencies. Thus, the officials of customs, border, transport and veterinary control services inspect the cargos by turn; due to this it takes about 6 working hours to check one cargo. Poor technical equipment of border checkpoints. No modern equipment used for customs inspections and screening also delays control and customs clearance of cargoes. 	<p>On April 30, 2005, "The Review of Cross Border Problems for Kazakh and Russian Entrepreneurs" was sent by TFI project to the Economy Department of Pavlodar oblast with the following recommendations:</p> <ol style="list-style-type: none"> Ensure interaction between all state controlling bodies at the border checkpoints; Improve technical equipment level of the border checkpoints. 	<p>On December 21, 2005 a new single control & check point (SCCP) was opened at the "Urlutobe" border point. At present, all the agencies that are authorized to exercise control on the border (Customs, border guard service, sanitary service) are located in one place, exchange the operating information and there is no duplicating of controlling and customs clearance functions, which significantly reduces the time for control and clearance of passengers and goods on the border. After opening of the Urlutobe SCCP, the time for control and clearance of goods on this point reduced by 4 hours and takes now 2 hours on average. Moreover, the financial costs</p>	<p>In average, 365 shipments are registered per month. The entrepreneurs incurred the following expenses BEFORE Urlutobe SCCP opening: Control of goods on the border – about 6 hours; Transportation fees (\$28 for 6 hours on average); Loss of profits for 1 trader - \$10 per working day, for 6 hours - \$3. Based on these data, average annual losses are (\$3+\$28) x 365 x 12 =\$135, 875. The entrepreneurs incurred the following expenses AFTER Urlutobe SCCP opening: Control of goods on the border – about 2 hours; Transportation fees (\$9 for 2 hours on average);</p>

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
				were reduced (primarily at the expense of reduction of payments to the transport companies).	Loss of profits for 1 trader - for 2 hours - \$1. Based on these data, average annual losses are $(\$9+\$1) \times 365 \times 12 = \$43,800$. $\$135,875 - \$43,800 =$ \$92,075
6	<p>Ust-Kamenogorsk (PP) State registration of legal entities</p> <p>Date: January 2006</p> <p>Alexander Samoilov</p>	<p>The optimized procedure for state registration of legal entities based on “one stop” principle was implemented in the East Kazakhstan Oblast. However, the majority of entrepreneurs do not know the procedure sequence, list of documents required, etc. due to no step-by-step process map. As a result, the entrepreneur has to spend about 6 days for seeking the required information.</p>	<p>WG (TFI Consultants + Entrepreneur’s Trade Union) recommended the Department of Justice to compile a document with description of the procedure and distribute it.</p>	<p>1. The working group of the Department of Justice described the new procedure for state registration of commercial legal entities based on “one stop” principle. It looks like process flowchart and mandatory for state officials throughout the East Kazakhstan Oblast.</p> <p>2. The process was placed on the stand located in the Department of Justice and official website of Akim of Ust-Kamenogorsk.</p> <p>Time for process information seeking has been reduced from 6 down to 1 day.</p>	<p>The economic benefit due to removal of the information constraint will be as follows: 5 days * \$ 25 (daily earnings of one entrepreneur in East Kazakhstan Oblast) * 1,700 (number of entrepreneurs annually involved in the process) = \$212,500</p>
7.	<p>Kyzylorda (PP) Obtaining a Tax Liability Statement</p> <p>Date: January 2006</p> <p>Asiya Zhumina</p>	<p>The major problems cited by the entrepreneurs were as follows: 1. Lack of information on the procedure sequence; 2. Too lengthy time limit for issue of the Tax Liability Statement</p>	<p>The working group consisted of the representatives of the Tax Committee, Association of entrepreneurs and TFI Consultant analyzed the process and sent the letter to the Tax Committee with the following recommendations: 1. To approve a new process map with reduced time limits for issue of the statement. 2. To set up a system of information awareness of</p>	<p>The Expert Council under the Oblast Akim adopted the decision to simplify the procedure and improve information awareness.</p> <p>1. Time limit for issue the statement was reduced by 9 days and equal to 3-4 days; 2. The group responsible for providing consultations on all questions related to tax procedures has been created in the Tax Committee.</p>	<p>The average number of applicants is 5,700 entrepreneurs per year with the daily average earnings - \$30. Time reduced is 12 days. Total economic benefit is $5,700 * \\$30 * 12 =$\$2,052,000.</p>

KAZAKHSTAN					
#	City / Project	Constraint Details	Recommendations	Result	Impact
			entrepreneurs by means of consultations, placing information on the stands and publish information brochure.	<p>3. Information on process has been placed to the information stand located in the Tax Committee (time savings for the entrepreneurs – 3 days).</p> <p>Booklet “Execution of statement of good-standing on taxes, pension contribution and social taxes” with process description, application sample, list of normative and legal acts regulating the process and recommendations on how to obtain the statement of the required content at first attempt (at the expense of the Tax Committee the booklet was issued in 50 copies, and the form and size of the booklet allow to easily update it and print in number required). Booklets are available in departments of the Tax Committee, Department of Entrepreneurship and Industry and business associations.</p>	

**ATTACHMENT 3: TAJIKISTAN CONSTRAINT REDUCTION
CHART
1 DECEMBER 2005 – 28 FEBRUARY 2006**

Tajikistan Constraint Reductions

1 December 2005 – 28 February 2006

TAJIKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
1	<p>Khujand, Sogd Oblast, TJ</p> <p>Reduction of retail tax for Panjshabe Market Traders</p> <p>Date: December 2005 Sergey Panyutin</p>	<p>In 2004, TFI's work reduced the local sales tax in Khojand. At that time it was determined that the new lower rate would not be applied to Punjshanbe market traders in order to reduce overcrowding in the main bazaar.</p> <p>In the course of monitoring that constraint, TFI discovered that the Punjshanbe market traders were still being affected by this decision.</p> <p>The retail tax is 2% all Soghd entrepreneurs but for the Panjshabe market traders the retail tax was 3%. The Panjshabe market traders found this discriminatory and difficult to pay.</p>	<p>Working with the Punjshanbe Market Association, TFI facilitated meetings between the Association representatives and the Heads of the Khojand Khukumat Tax Inspection and Economic Departments.</p> <p>Recommendations were made to stop the discriminatory practice of charging a higher sales tax for Punjshanbe traders.</p>	<p>The recommendation was accepted and the Khojand Majilis reduced the sales tax for Punjshanbe traders to the universal rate of 2%. TFI, together with the Association held a meeting for entrepreneurs to inform them of the new lower retail tax rate</p>	<p>\$458,660 is potential annual savings from this constraint reduction.</p> <p>The total number of entrepreneurs affected = 1,349</p> <p>Each entrepreneur will save 7 somoni per month which is 84 somoni per year (which is \$28).</p> <p>Total savings = total number of entrepreneurs 1349*saved money of one entrepreneur per year (\$28) = \$37,772</p> <p>Entrepreneurs made unofficial payments in the amount of 80 somoni per month which is \$26 due to complicated tax procedures. Total amount saved = (1349) * unofficial payments per entrepreneur (\$26) * a year (12 months) and receive: 1349*26*12= \$420,888</p> <p>\$37,772 + \$420,888 = \$458,660</p>

TAJIKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
2.	<p>Kanibadam, TJ</p> <p>Reduction of retail tax for entrepreneurs in Kanibadam.</p> <p>Date: January 2006 Sergey Panyutin</p>	<p>One of the key constraints for entrepreneurs in Kanibadam was a high retail tax. According to TJ legislation retail tax is an indirect tax fixed by the state bodies every year. The Tax Code of Tajikistan fixes the responsibility of local Majlises of Deputies of corresponding regions according to which they can independently establish a retail tax. For example: Sughd oblast consists of 18 cities and areas (and all these areas independently establish a retail tax).</p> <p>In 2005 retail tax in Kanibadam was 3%, which most entrepreneurs found difficult to pay. On top of the tax, the entrepreneurs were making unofficial payments as the procedure was complicated.</p>	<p>TFI analyzed the retail tax. During the meetings with the chief of tax inspection of Kanibadam and representatives of Hukumat, TFI presented recommendations for necessities of reduction of the retail tax on 1 %, i.e. from 3 % up to 2 %. These recommendations have been supported by local majlis of deputies during the establishment of the retail tax.</p>	<p>In December 2005 local state representative body in Kanibadam and tax inspection supported proposals provided by TFI. The retail tax was reduced by 1% effective January 1, 2006.</p>	<p>\$142 387 is the potential annual savings of this constraint reduction.</p> <p>Number of affected entrepreneurs = 576. Each entrepreneur will save 14 somoni per month (which is \$4.6), per year (12 months) an entrepreneur will save $4.6 * 12 = \\$55.2$</p> <p>Total amount saved = $(576) * \text{saved amount of an entrepreneur per year} (\\$55.2) = \mathbf{\\$31,795}$</p> <p>Each entrepreneur made unofficial payments in the amount of 50 somoni (\$16). Total amount of on unofficial payments = $576 * \text{average unofficial fees of an entrepreneur } 16 * \text{per year (12 months) and receive} = \mathbf{\\$110, 592}$</p> <p>Total amount of saved money is: $110,592 + 31,795 = \\$142 387$</p>
3.	<p>Isfara Sogd Oblast, TJ</p> <p>Removal of retail tax on entrepreneurs selling wheat and flour by the Khukumat of Isfara</p> <p>Date: January 2006 Sergey Panyutin</p>	<p>Entrepreneurs involved in selling of flour and wheat in Isfara pay various taxes. However they were finding it difficult to pay the retail tax, due to high interest rates.</p> <p>When calculating the retail tax they owed, many entrepreneurs were uncertain of the rules on how to calculate it.</p>	<p>TFI developed recommendations on retail tax elimination and held meetings with the head of the tax inspection office and the Khukumat Deputy Chairman in Isfara.</p> <p>Corresponding recommendations were provided by TFI during the meetings.</p>	<p>The local Majilis of deputies in Isfara supported TFI's recommendations and decided that entrepreneurs involved in wheat and flour selling were fully free from retail tax till July 1, 2006.</p>	<p>\$ 9, 261 is the potential savings for the 6 months period of the tax exemption. \$9 261</p> <p>68 entrepreneurs selling flour and wheat in Isfara were exempted from retail tax payment for the period of 6 months.</p> <p>Retail tax = 20 somoni (\$6.7) per month. $68 * 6.7 * 6 = \mathbf{\\$2 733}$.</p> <p>Entrepreneurs made unofficial payments in the amount of 50 somoni (\$16) per month. $68 * 16 * 6 = \mathbf{\\$6 528}$</p>

TAJIKISTAN					
#	CITY / PROJECT	Constraint Details	Recommendations	Result	Impact
					Total amount of saved money is: 2,733 + 6,528 = \$ 9,261
4.	<p>Kayrokkum Sogd Oblast, TJ</p> <p>Reduction of retail tax for entrepreneurs in Kayrokkum</p> <p>Date: January 2006 Sergey Panyutin</p>	<p>In 2005 retail tax in Kayrokkum was 2%, which entrepreneurs were finding difficult to pay. The process was also confusing and many entrepreneurs were making unofficial payments just to get through the process.</p>	<p>TFI project jointly with tax inspectorate of Kayrokkum has developed recommendations and has presented it in local Majilis of deputies of Kayrokkum.</p> <p>The offer on reduction of retail tax on 1 % has been fixed in recommendations, i.e. from 2 % up to 1 %. And it was recommended for businessmen who are engaged in realization of a flour, butters, sugar and wheat to reduce the retail tax on 1,5 %: i.e. from 2 % up to 05 %.</p>	<p>In December 2005, the local Majilis of Kayrokkum supported TFI's recommendations the retail tax rates were lowered from 2 % up to 1 % in general.</p> <p>Businesses involved in the retail of flour, wheat, sugar and butter will pay a tax rate of 0,5 % from sale of goods (the decision local Majlis of deputies from December 26, 2005 № 37)</p>	<p>\$98 904 is the potential annual savings from the reduction of this constraint.</p> <p>The number of affected entrepreneurs in Kairokkum = 563. Each entrepreneur will save 9 somoni (\$3) per month. $(563) * (\\$36) = \mathbf{\\$20,268}$</p> <p>65 Entrepreneurs sell flour and wheat, sugar and butter. Accordingly one entrepreneur from mentioned above group will save 12.5 somoni (\$4.2) per month. $(65) * (\\$4, 2) * (12) = \mathbf{\\$ 3,276}$</p> <p>Totally tax savings = \$ 23,544 $(20,268 + 3,276 = 23,544)$</p> <p>Each entrepreneur made unofficial payments in the amount of 30 somoni (\$10) per month. Total amount of saved money from unofficial payments = $628 * 10 * 12 = \mathbf{\\$75 ,360}$ ($628 * 10 * 12 = 75 360$)</p> <p>Total amount of saved money is: $23,544 + 75, 360 = \mathbf{\\$98 904}$</p>

**ATTACHMENT 4: WTO ACCESSION CHECKLIST –
TAJKISTAN**

WTO ACCESSION CHEKLIST – TAJIKISTAN

Performance Monitoring Plan

Checklist of WTO accession procedures

	Steps	Status
Application		
1.	<i>Submission of application for membership in the WTO</i>	Application submitted in May 2001
2.	<i>WTO General Counsel meeting: Review of the application for membership – setting up the Working Party on accession.</i>	WTO General Council met in July 2001 and established a WP on accession of Tajikistan
3.	<i>Appointment of Chairman of the WTO Working Party on accession.</i>	Mr. Klyde Kull, Ambassador of Estonia to the WTO, was appointed as a Chairman of the WP on accession of Tajikistan
Accession documentation		
4.	Preparation and submission of the memorandum on foreign trade regime (FTM).	Foreign Trade Memorandum was submitted to the WTO Secretariat in February 2003
5.	Preparation of answers to FTM follow-up questions posed by WTO Working Party members.	<p>Answers to Questions posed by EU and Australia were submitted to the WTO Secretariat in September 2003</p> <p>Answers to Questions posed by US were submitted to the WTO Secretariat in January 2004</p> <p>Replies to additional questions from US were submitted on February 20, 2005</p> <p>Replies to additional questions from EC were submitted on February 20, 2005</p> <p>Replies to additional questions from Australia were submitted in March 2005</p> <p>Replies to additional questions from US were submitted in February 2006</p> <p>Replies to additional questions from EC were submitted in February 2006</p>
6.	<i>Information on Domestic Support and Export Subsidies in Agriculture is prepared and submitted to the WTO WP.</i>	Document in WT/ACC/4 format was submitted in February 2004
7.	<i>Prepare answers to ACC/4 follow-up questions</i>	
8.	<i>Submit updated ACC/4 document as necessary</i>	

9.	<i>Plurilateral Working Party meetings review the data in the ACC/4 tabulations.</i>	
10.	Information on Policy Measures Affecting Trade in Services is prepared and submitted to the WTO WP	Submitted as part of the FTM
11.	Prepare answers to ACC/5 follow-up questions	
12.	Submit updated the ACC/5 document as necessary	
13.	Checklist of Illustrative SPS Issues for Consideration in Accessions is prepared and submitted to the WTO WP	Document in WT/ACC/8a format was submitted in February 2004
14.	Prepare answers to ACC/8a follow-up questions	
15.	Submit updated the ACC/8a document as necessary	
16.	Checklist of Illustrative TBT Issues for Consideration in Accessions is prepared and submitted to the WTO WP	Document in WT/ACC/8b format was submitted in February 2004
17.	Prepare answers to ACC/8b follow-up questions	
18.	Submit updated the ACC/8b document as necessary	
19.	Implementation of the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS)	Document in WT/ACC/9 format was submitted in February 2004
20.	Prepare answers to ACC/9 follow-up questions	
21.	Submit updated the ACC/9 document as necessary	
WTO Legislative Compliance		
22.	Review of the foreign trade and investment legislation for compliance with requirements of the WTO Agreements	Initial review conducted and a memo provided to the MET in March 2003.
23.	Translate and submit existing and draft legislation to the WTO WP.	Ongoing.
24.	Prepare WTO Legislative Action Plan and submit to the WTO WP.	General legislative action plan was submitted in February 2004.
25.	Prepare Legislative Action Plans for implementation of specific WTO agreements and submit them to the WTO WP	
26.	Draft and enact necessary laws and regulations necessary for WTO compliance	Excise tax rates are brought into compliance with the WTO National treatment principle by the Resolution No. 153, "On Setting up excise tax rates on selected goods originated in the RT and imported into the territory of RT" adopted in April 2003. The Law On Normative-Legal Acts #54 adopted in December 8, 2003. The Law On Inventions was adopted in February 2004. The Law On Industrial Designs was adopted in February 2004. The Law On Amendments to the Law on

		<p>Foreign Economic Activity of December 27, 1993 was adopted in February 2004.</p> <p>The Law On Amendments to the Criminal Code (TRIPs compliance) was enacted on May 17, 2004.</p> <p>The Law On Licensing of Certain Types of Activities was enacted on May 17, 2004.</p> <p><i>Amendments to the Law “On copyright and neighboring rights” enacted on August 7, 2003</i></p> <p>Customs Code adopted by Parliament in November 2004 and entered into force on January 1, 2005.</p> <p>New Tax Code enacted and entered into force on January 1, 2005.</p> <p>Tajikistan has officially accepted the obligations of Article VIII of the IMF Agreement on 9 December 2004.</p> <p>Civil Code (Part III) enacted and entered into force on March 15, 2005.</p> <p>Regulations on IPR Border Measures was enacted on October 4, 2005</p>
27.	Regularly update the Legislative Action Plan and other specific action plans to show the progress in enacting necessary legislation and submit to the WTO WP	A revised WTO Legislative Action Plan was submitted to the WTO WP in April 2005.
Multilateral and bilateral negotiations		
28.	Conduct WTO Working Party meeting (multilateral) on accession	<p>1st Meeting of the WP was conducted on March 18, 2004.</p> <p>2nd Meeting of the WP was conducted on April 26, 2005.</p>
29.	Participation in preparation of the Report of the Working Party on accession which contains description of commitments taken by the acceding country	The initial draft of the Factual Summary of Points Raised is issued in April 2005.
30.	Initial offer on market access on goods is prepared and submitted to the WTO WP;	<p>Initial offer on market access on goods was submitted to the WTO in February 2004.</p> <p>Revised offer on market access on goods was submitted to the WTO in April 2004.</p>
31.	Conduct bilateral market access negotiations on goods	First round of bilateral negotiations with US, EU, Switzerland; Turkey, Canada, and Australia were conducted in March 2004.

		Second round of bilateral negotiations with US, EU, Australia and Japan were conducted in April 2005.
32.	Signing of bilateral protocols that reflect results of negotiations and submit to the WTO Secretariat	
33.	Initial offer on market access on services is prepared and submitted to the WTO WP;	Initial offer on market access on services was submitted to the WTO in February 2004. Revised offer on market access on services was submitted to the WTO in April 2004.
34.	Conduct bilateral market access negotiations on services	First round of bilateral negotiations with US, EU, Switzerland; Turkey, Canada, and Australia were conducted in March 2004. Second round of bilateral negotiations with US, EU, Australia and Japan were conducted in April 2005.
35.	Signing of bilateral protocols that reflect results of negotiations and submit to the WTO Secretariat	
36.	Preparation of the Consolidated Schedule of Specific Commitments on Goods and Services.	
37.	Approval and submission of the Working Party Report and draft Protocol of accession to the WTO General Counsel	
Institutional		
38.	<i>Inquiry point on TBT is established</i>	
39.	Inquiry point on SPS is established	
40.	Inquiry point on services is established	The WTO Information/Reference Center, which was launched on December 29, 2004, will serve as a GATS Enquiry point. The WTO Information/Reference Center, was officially notified to the WTO WP as Tajikistan's Enquiry Point on services.
41.	WTO Library/Information center established	The WTO Information/Reference Center was launched on December 29, 2004.
Accession to Plurilateral Agreements		
42.	Agreement on Government Procurement	Not obligatory unless acceding country agrees to accede.
43.	Agreement on Trade in Civil Aircraft	Not obligatory unless acceding country agrees to accede.
Doha Development Agenda Negotiations		
44.	Participation in the Negotiating Groups established under the Doha Development Agenda negotiations. Acceding country may be requested to join and implement new agreements and	Workshop: "Doha Development Agenda Negotiations – facing Hong Kong Ministerial" was conducted for the members

	provisions to be developed as a result of Doha Round multilateral negotiations.	of the Inter-Ministerial Commission on Accession to the WTO. Provided support for participation of a Tajik delegate at the Hong Kong Ministerial Conference in December 2005.
Final accession procedures		
45.	Approval by the General Council of the Working Party Report and the Protocol of Accession	
46.	The WTO Director General issues certified copies of the Protocol of Accession to WTO Members. The Protocol of Accession is registered with the United Nations.	
47.	Internal ratification procedures by the acceding country	
48.	Submission of the ratification instrument to the WTO Secretariat.	
49.	Thirty days after the submission of ratification instrument acceding country becomes a member.	
Public information and consultation		
50.	Throughout the accession process - regular meetings and round-table discussions on benefits and challenges of the WTO membership with industry representatives and private sector institutions.	Trade Consultative Council meeting was conducted with participation of MET representative in January 2004.
51.	Public information campaign upon accession	Interviews, articles and etc.
Post – WTO accession implementation issues		
52.	Institutional structures for post WTO accession implementation are established.	
53.	Notifications required under various WTO agreements are submitted on a timely basis	
54.	Implementation of various commitments reflected in the protocol accession of a particular member.	
55.	Review of various legislation of a member by relevant WTO committees.	
56.	Constant monitoring of legislative compliance – all trade related draft laws and regulations are reviewed for WTO compliance	
57.	Regional trade agreements – review by the WTO Committee on Regional Trade Agreements of a member's compliance with the WTO requirements	
58.	Participation in the new Doha round of multilateral negotiations	
59.	Implementation of results of the Doha Round of WTO negotiations by making necessary domestic policy changes	
60.	Accession to the plurilateral agreements if committed in the protocol of accession	

61.	WTO review of a member's trade policy.	

**ATTACHMENT 5: WTO ACCESSION CHECKLIST –
UZBEKISTAN**

Performance Monitoring Plan for Uzbekistan

	Steps	Status
Application		
1.	<i>Submission of application for membership in the WTO</i>	Application submitted in December 8, 1994
2.	<i>WTO General Counsel meeting: Review of the application for membership – setting up the Working Party on accession.</i>	WTO General Council met in December 21, 1994 and established a WP on accession of Uzbekistan
3.	<i>Appointment of Chairman of the WTO Working Party on accession.</i>	Mr. Supermanian, Ambassador of Malaysia to the WTO, was appointed as a Chairman of the WP on accession of Uzbekistan H.E. Mr. Hyuck Choi, Ambassador of the Republic of Korea appointed as a Chairman of the WP in 2004 May.
Accession documentation		
4.	Preparation and submission of the memorandum on foreign trade regime (FTM).	Foreign Trade Memorandum was submitted to the WTO Secretariat in 1998
5.	Preparation of answers to FTM follow-up questions posed by WTO Working Party members.	In document WT/ACC/UZB/3, dated of October 12, 1999, Uzbekistan submitted Replies to Questions posed by USA and EU. In document WT/ACC/UZB/4, dated of April 20, 2001, Uzbekistan submitted additional Answers to Questions posed as a follow up by WTO Working Party members on Foreign Trade Regime (FTM) document. In document WT/ACC/UZB/8, dated of September 16, 2003, Uzbekistan submitted additional Replies to Questions raised by EU and South Korea. In document WT/ACC/UZB/9, dated of November 26, 2003, Uzbekistan submitted additional Replies to Questions raised by USA In document WT/ACC/UZB/8/Add., Uzbekistan submitted revised Replies to Questions raised by EU In document WT/ACC/UZB/9/Add., Uzbekistan submitted revised Replies to Questions raised by USA In document WT/ACC/UZB/13, Uzbekistan

		submitted replies to questions raised by USA, EU, Australia, Kyrgyzstan.
6.	<i>Information on Domestic Support and Export Subsidies in Agriculture is prepared and submitted to the WTO WP.</i>	ACC-4 Checklist on domestic support and export subsidies in Agriculture submitted to the WTO WP in May 2004.
7.	<i>Prepare answers to ACC/4 follow-up questions</i>	
8.	<i>Submit updated the ACC/4 document as necessary</i>	
9.	<i>Plurilateral Working Party meetings review the data in the ACC/4 tabulations.</i>	
10.	Information on Policy Measures Affecting Trade in Services is prepared and submitted to the WTO WP	Submitted as part of the FTM
11.	Prepare answers to ACC/5 follow-up questions	
12.	Submit updated the ACC/5 document as necessary	
13.	Checklist of Illustrative SPS Issues for Consideration in Accessions is prepared and submitted to the WTO WP	- Document in WT/ACC/8a format was submitted in September 16, 2003 - Updated ACC/8a checklist in document WT/ACC/5/Rev.1 was submitted to WTO.
14.	Prepare answers to ACC/8a follow-up questions	
15.	Submit updated the ACC/8a document as necessary	
16.	Checklist of Illustrative TBT Issues for Consideration in Accessions is prepared and submitted to the WTO WP	- Document in WT/ACC/8b format was submitted in September 16, 2003 - Updated ACC/8b checklist in document WT/ACC/6/Rev/1 was submitted to WTO.
17.	Prepare answers to ACC/8b follow-up questions	
18.	Submit updated the ACC/8b document as necessary	
19.	Implementation of the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS)	- Document in WT/ACC/9 format was submitted in September 16, 2003 - Updated ACC/9 checklist was submitted to WTO in October.
20.	Prepare answers to ACC/9 follow-up questions	
21.	Submit updated the ACC/9 document as necessary	
WTO Legislative Compliance		
22.	Review of the foreign trade and investment legislation for compliance with requirements of the WTO Agreements	Initial review conducted and a memo provided to the MET in 1998.
23.	Translate and submit existing and draft legislation to the WTO WP.	Document WT/ACC/UZB13/Add.1 with the list and translation of existing and draft legislation submitted to WTO.
24.	Prepare WTO Legislative Action Plan and submit to the WTO WP.	The WTO Legislative Action Plan prepared and submitted to the WTO WP in June, 2004. Revised WTO Legislative Action Plan submitted to WTO in October 2005.
25.	Prepare Legislative Action Plans for implementation of specific WTO agreements and submit them to the WTO WP	
26.	Draft and enact necessary laws and regulations necessary for WTO compliance	The Law On Inventions and Industrial

		<p>Designs was adopted in 1994.</p> <p>The Law on Copyright and Neighboring Rights adopted in August 30, 1996, with amendments made in 2000.</p> <p>The Law on Breeding Achievements adopted in August 1996, with amendments of April 25, 1997.</p> <p>The Law on Protection of Computer Programs and Electronic Databases was adopted in May 6, 1994.</p> <p>The Law on Integrated Circuits was adopted in 2001.</p> <p>The Law On Antidumping and Countervailing Duties adopted in December 2003.</p> <p>The Draft Law on Technical Regulations The Draft Law on IPR legislative changes The Draft Law on Copyright and Related Rights The Draft Resolution on TBT/SPS Inquiry Point</p> <p>The Decision on joining the Bern Convention taken by the Parliament on August 27, 2004.</p> <p>The Decision on joining the International Plant Varieties Protection taken by the Parliament on August 27, 2004</p> <p>WIPO accepted Uzbekistan's decision to join Bern Convention on January 18, 2005</p> <p>GOU resolution on authorization of the Agency of Foreign Economic Relations as an authorized government body to conduct antidumping investigations.</p> <p>The Draft Customs Code</p> <p>Uzbekistan joined Codex Alimentarius in implementation of WTO SPS Agreement.</p>
27.	Regularly update the Legislative Action Plan and other specific action plans to show the progress in enacting	The revised Legislative Action Plan prepared and submitted to WTO in September 2005 in

	necessary legislation and submit to the WTO WP	the document WT/ACC/UZB/12/Rev.1
Multilateral and bilateral negotiations		
28.	Conduct WTO Working Party meeting (multilateral) on accession	1 st Meeting of the WP was conducted on July 19, 2002. 2 nd Meeting of the WP was conducted on June 29-30, 2004. 3d Meeting of the WP was conducted on October 14, 2005.
29.	Participation in preparation of the Report of the Working Party on accession which contains description of commitments taken by the acceding country	
30.	Initial offer on market access on goods is prepared and submitted to the WTO WP;	Initial offer on market access on goods is prepared and submitted to WTO WP in September 2005.
31.	Conduct bilateral market access negotiations on goods	Bilateral market access negotiations on goods commenced in October, 2005.
32.	Signing of bilateral protocols that reflect results of negotiations and submit to the WTO Secretariat	
33.	Initial offer on market access on services is prepared and submitted to the WTO WP;	Initial offer on market access on services is prepared and submitted to WTO WP in September 2005.
34.	Conduct bilateral market access negotiations on services	Bilateral market access negotiations on services commenced in October, 2005.
35.	Signing of bilateral protocols that reflect results of negotiations and submit to the WTO Secretariat	
36.	Preparation of the Consolidated Schedule of Specific Commitments on Goods and Services.	
37.	Approval and submission of the Working Party Report and draft Protocol of accession to the WTO General Council	
Institutional		
38.	<i>Inquiry point on TBT is established</i>	Decision taken by the GOU to establish TBT/SPS Inquiry Point
39.	Inquiry point on SPS is established	Decision taken by the GOU to establish TBT/SPS Inquiry Point
40.	Inquiry point on services in established	
41.	WTO Library/Information center established	
Accession to Plurilateral Agreements		
42.	Agreement on Government Procurement	Not obligatory unless acceding country agrees to accede.
43.	Agreement on Trade in Civil Aircraft	Not obligatory unless acceding country agrees to accede.

Doha Development Agenda Negotiations		
44.	Participation in the Negotiating Groups established under the Doha Development Agenda negotiations. Acceding country may be requested to join and implement new agreements and provisions to be developed as a result of Doha Round multilateral negotiations.	
Final accession procedures		
45.	Approval by the General Council of the Working Party Report and the Protocol of Accession	
46.	The WTO Director General issues certified copies of the Protocol of Accession to WTO Members. The Protocol of Accession is registered with the United Nations.	
47.	Internal ratification procedures by the acceding country	
48.	Submission of the ratification instrument to the WTO Secretariat.	
49.	Thirty days after the submission of ratification instrument acceding country becomes a member.	
Public information and consultation		
50.	Throughout the accession process - regular meetings and round-table discussions on benefits and challenges of the WTO membership with industry representatives and private sector institutions.	<p>Two -week seminar on WTO Agreements and Accession process held in March 2004. Negotiation Team was established by the GOU in December 2003.</p> <p>One-week Trade Remedies and State Trading Enterprises Seminar held in July 2004.</p> <p>One day round table held on the Draft Copyright Law and Bern Convention requirements in June, 2004</p> <p>One day round table held on the Certification Resolution in August, 2004.</p> <p>One day seminar on author's rights held in October 2004.</p> <p>One week training on drafting the initial market offers for services held in November 2004.</p> <p>Round tables for businesses on WTO held in Tashkent, Urgench and Bukhara.</p> <p>5 GOU officials and 1 academician participated at WTO annual Symposium in April in Geneva WTO headquarters.</p> <p>3 GOU officials took training on market offers for goods in Geneva.</p> <p>International conference on Bern Convention held in May 2005.</p>

		<p>Two weeks training on Trade Remedies and Agricultural support held in WTI in Berne for one Uzbek participant.</p> <p>Three day seminar with WTO experts on services held in September for interested agencies.</p> <p>Participation of one non government member from the Chamber of Commerce at the 3'd WP Meeting.</p> <p>Two day round table on technical regulating held for Chamber members and interested agencies in November.</p> <p>One day round table held for the members of the Freight Forwarders Association and Road carriers on the issues of transportation and transit.</p>
51.	Public information campaign upon accession	Ongoing Articles on WTO related issues being published in the Business Weekly Magazine.
Post – WTO accession implementation issues		
52.	Institutional structures for post WTO accession implementation are established.	
53.	Notifications required under various WTO agreements are submitted on a timely basis	
54.	Implementation of various commitments reflected in the protocol accession of a particular member.	
55.	Review of various legislation of a member by relevant WTO committees.	
56.	Constant monitoring of legislative compliance – all trade related draft laws and regulations are reviewed for WTO compliance	
57.	Regional trade agreements – review by the WTO Committee on Regional Trade Agreements of a member's compliance with the WTO requirements	
58.	Participation in the new Doha round of multilateral negotiations	
59.	Implementation of results of the Doha Round of WTO negotiations by making necessary domestic policy changes	
60.	Accession to the plurilateral agreements if committed in the protocol of accession	
61.	WTO review of a member's trade policy.	

**ATTACHMENT 6: DRAFT STRATEGY FOR WTO
ACCESSION IN UZBEKISTAN**

Draft Strategy for the WTO the Accession Negotiations

Strategy

The purpose of this note is to outline, in as much detail as possible, the elements and issues, including the specific steps and their justification, as well as the institutional structures required to continue and finalize the WTO accession negotiations in the foreseeable future.

The strategy will have to be an evolving instrument and the activities outlined herein will have to be revised and adjusted in the light of the needs and developments of the national economy, the situation of the world economy, the outcome of the Doha Development Agenda Negotiations, the completion of the WTO accession negotiations of other countries in the region and other developments, including unforeseen circumstances.

The strategy considers, as a starting point, the need for an assessment and evaluation of the implications of WTO accession for the economy as a whole and for individual economic sectors.

The strategy foresees the intensification of the market access negotiations on goods and services in the coming months.

The strategy also considers the need for continued, intensified and coordinated technical assistance and capacity building by the donor countries and international organizations.

The strategy outlines the importance of the role of the Permanent Mission in Geneva in the continuation of the WTO accession negotiations. The strategy suggests that special attention should be given to certain developments in the Doha Development Agenda with respect to market access, agriculture and the Cotton Initiative, services, electronic commerce, the treatment of the small economies as well as the outcome of other WTO accession negotiations of countries in the region and elsewhere.

The strategy attempts to address the question of who, how and when will the specific issues be addressed in the framework of the existing institutional structures.

An outline of some legislative and institutional reforms, the immediate steps that need to be followed and possible capacity building events for GOU officials and the private sector is reproduced in the Annexes. The dissemination of information to all interested parties is seen as an essential element to maintain the transparency and inclusiveness of the WTO accession negotiations.

GOU through the relevant institutional structures, in consultation with WTO and its trading partners, will set the timing of the implementation of the strategy and the pursuance of the WTO accession negotiations.

The conclusion of the accession negotiations will be subject to the enactment of WTO consistent legislation implementing the WTO Agreements and the conclusion of the market access negotiations on goods and services on terms acceptable to GOU and its trading partners to be reflected in the final legal instruments consisting the Report of the Working Party, the Protocol of Accession to WTO, and the Schedules of Concessions and Commitments on Goods and Services.

Current Status of the WTO Accession Negotiations

In the recent period, the WTO accession negotiations of Uzbekistan have sustained a steady pace with substantive discussions on the foreign trade regime, the submission of the Legislative Action Plan to implement the WTO Agreements, the submission of responses to WTO questionnaires and the submission of initial market access offers on goods and services.

The Working Party held annual meetings in 2004 and 2005 and the next meeting is expected to take place in the second half of 2006.

In his Concluding Remarks at the end of the 3rd. meeting, the Chairman of the Working Party Ambassador H. Choi (Korea) outlined the future work and emphasized the need for continued and intensified technical assistance in this process by both donor countries and international organizations. In summary, Uzbekistan will have to answer the additional questions submitted by Members, Revise the Legislative Action Plan and submit draft trade related legislation, submit replies to the WTO questionnaires on import licensing procedures, customs valuation and State trading, revise and improve the scope and content of the market access offers on goods and services, revise the agriculture support data, and identify the elements to be included in the Factual Summary of the Discussions to be prepared by the Secretariat.

I ASSESSMENT OF THE POSSIBLE IMPACT OF WTO ACCESSION

A number of acceding countries with assistance from experts of the international community and international organizations have carried out analyses of the implications of the process of WTO accession, taking into account possible levels of concessions and commitments, and the expected minuses and pluses resulting from the trade liberalization outcome of the negotiations for the economy of the acceding country as a whole, at the level of expected rates of GDP growth, income, employment and investment, and also at the individual sectoral levels in agriculture, industry, and services as well as the potential creation of investment opportunities.

Who:

This assessment could be carried out by some of the existing think-tanks such as CER, CEER, and others, with the support of programmes aimed at supporting economic reforms such as Bearing Point, and the support of the World Bank, UNDP and others.

How:

The methodology includes the use of econometric models and simulation exercises such as the General Computable Equilibrium Model (GCE), G-cubed, which may use partial equilibrium analysis to estimate sectoral gains or losses.

The assessment should take into account not only the initial market access offers on goods and services but also the possibility of making revisions to the initial market access offers in certain sectors. GOU may also wish to consider the need to evaluate the implications for the process of WTO accession, of the recent accession to the Eurasian Economic Community (EuRaSec), to which Uzbekistan adhered in January 2006, and the market access commitments therein with respect to a common external tariff.

When:

The analytical assessment of the possible impact of WTO accession should be carried out in the first semester of 2006.

II THE INSTITUTIONAL STRUCTURES

Who:

The lead Governmental Agency in the process of WTO accession is the Ministry for Foreign Economic Relations, Investment and Trade (MFERIT). Within the Ministry, the Directorate General for Information and Analysis, the WTO Department, the Legal Department and other Divisions carry out the substantive WTO related work.

MFERIT operates jointly with the Inter Agency Commission on WTO Accession, the Small Council, the 8 Working Groups and the Permanent Mission in Geneva.

The Inter Agency Commission on WTO Accession organized by Resolution of the Cabinet of Ministers No. 364, of October 22, 2002 includes representatives from the Cabinet of Ministers, MFERIT, Ministries of Foreign Affairs, Justice, Finance, Economy, Agriculture, Health, Central Bank, Customs Committee, Uzstandart, Copyright Agency, etc. The last meeting of the Inter Agency Commission took place in July 2005 under the leadership of H. E. Mr. E. Ganiev. Because Minister Ganiev has taken new responsibilities, it would be important to appoint a new Chairman of the Inter Agency Commission. It will be the Commission's task to define the policies to guide the WTO related work in accordance with the agreed strategy, to monitor and maintain the momentum of the WTO accession negotiations and to help to formulate the national trade agenda.

The Small Council created in 2004, consists of 14 representatives from relevant GOU Ministries and State agencies. The last meeting of the Small Council took place in 2005 under the leadership of Mr. N. Safaev from the Cabinet of Ministers. Because Mr. N. Safaev has taken new responsibilities, it would be important to appoint a new Chairman of the Small Council. The Small Council is responsible for implementing the recommendations and decisions adopted by the Inter Agency Commission with a view to pursuing the WTO accession negotiations systematically and to report to the Inter Agency Commission.

The Inter Agency Commission established the following Working Groups with a mandate covering specific trade sectors: 1) market access for goods, 2) market access for services, 3) sanitary and phytosanitary measures, 4) technical barriers to trade, 5) intellectual property rights (both copyright and industrial property), 6) agricultural support, 7) group to assess consequences of the accession and 8) group on bringing the national legislation into conformity with the WTO agreements. The Working Groups consist of governmental experts in those specific areas. Some of the officials that participate in the Small Council are also members of the Working Groups. Each Working Group is headed by some high ranking official from the Inter Agency Commission. The Working Groups should be reactivated to address the preparation of replies to questions and other issues related to the implementation of the WTO Agreements and the drafting of legislation.

The Permanent Mission in Geneva is responsible for the relations with the Accession and Technical Cooperation and other Divisions of the WTO Secretariat and with other international organizations such as UNCTAD, ITC and ECE, relations with WTO Members in respect of WTO accession, maintaining the momentum of the accession process, the organization of multilateral, plurilateral and bilateral meetings and consultations, the follow up of these meetings and the consultations, the monitoring of the WTO accession negotiations of other countries in the region and elsewhere, monitoring and reporting about the Doha Development Agenda negotiations, the Cotton Initiative, monitoring of the Trade Policy Reviews, etc.

How:

Once the process of preparation and adoption of the WTO accession strategy is finalized, MFERIT could organize a round table in Tashkent with the participation of representatives of the Inter Agency Commission, the Small Council, the Working Groups and the Permanent Mission in Geneva, to review the strategy and allocate the responsibilities for its implementation.

This round table could be followed by a series of capacity building seminars with respect to the issues under consideration in each of the Working Groups.

TFI could prepare background briefs describing some outstanding issues that need to be considered by the Working Groups, for consideration by the MFERIT.

When:

A round table to consider the strategy could be organized during the first semester of 2006.

Immediately thereafter in 2006, each Working Group should organize at least one capacity building seminar aimed at reviewing developments in the implementation of the strategy, with the participation of international experts.

III IMPLEMENTATION OF THE WTO AGREEMENTS ON THE BASIS OF THE LEGISLATIVE ACTION PLAN CIRCULATED IN DOCUMENT WT/ACC/UZB/12/REV.1

The Legislative Action Plan (LAP) is the basis for the GOU's main legislative and institutional reforms in the framework of the WTO accession process. The LAP which presently includes some 25 legislative texts is subject to regular updates and revisions. WTO expects that the LAP will be revised and updated prior to the 4th. Working Party meeting and that the time limits for enacting WTO consistent legislation in certain sectors will be reduced to the extent possible. The revised LAP will need to be prepared by the Working Group on bringing the national legislation into conformity with the WTO Agreements. The revision should be consistent with the Legislative Plan for Economic Reform established by the Presidential Decree No. UP 3618 dated 14 June 2005 "On measures for accelerating the implementation of priority directions in the sphere of deepening market reforms and further liberalization the economy", reproduced in Annex 2.

Who:

MFERIT, the Ministries and Agencies concerned and the Cabinet of Ministers operating within the respective Working Groups established by the Inter Agency Commission.

How:

The main legislative instruments currently under consideration in the framework of WTO accession by GOU are the Customs Code to be adopted in 2007, the draft Law on Technical Regulating to be adopted in 2006 for Sanitary and Phyto Sanitary Measures (SPS) and in 2007 for Technical Barriers to Trade (TBT), and the new edition of the Copyright Law to be adopted in 2006.

Concerning the Customs Code, some differences of opinion still exist in respect of issues such as the inclusion of customs valuation and rules of origin in the Customs Code or in the Tariff Law.

The draft law on Technical Regulating prepared by MFERIT has been forwarded for comments to other Ministries and Agencies. Following the adoption of the Technical Regulating Law it will be possible to revise and reduce the list of products subject to mandatory certification and to implement institutional reforms concerning certification and accreditation.

The draft new edition of the Law on Copyright which has been submitted to Parliament for consideration may have to be supplemented by enforcement provisions and border measures consistent with the provisions of the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) if these are not already included. If this is the case, WTO consistent provisions may have to be incorporated in the near future into some other legal instruments.

Regarding the fact that draft texts have already been completed, the Inter Agency Commission should instruct the Small Council to convene the respective Working Groups to review the drafts institutionally, to consult private sector organizations, to settle the outstanding differences, and to finalize the draft texts. As soon as possible, the draft texts should be submitted to WTO for consideration of their consistency with the respective WTO Agreements, in order to avoid having to make changes to the legislation after adoption by the Parliament.

After being finalized, the drafts could also be published and presented to the consideration of business groups and other interested parties by the MFERIT and the respective Ministries and Agencies.

The Small Council, in consultation with the respective Working Groups, should establish a Plan of Action to address each of the other twenty three outstanding legislative texts systematically.

TFI could assist in the preparation of the Plan of Action.

When:

The draft legislative texts of the Customs Code, the draft Law on Technical Regulating and the new edition of the Copyright Law should be reviewed and finalized during the first semester of 2006, with a view to their submission to Parliament for adoption in 2006.

As foreseen in the LAP, the other twenty three outstanding legislative texts should be drafted, reviewed and finalized in 2006, 2007 and 2008, with a view to their finalization at the latest in 2009.

IV MARKET ACCESS NEGOTIATIONS ON GOODS AND SERVICES

GOU submitted to WTO the initial market access offers on goods and services in August 2005.

In the course of bilateral consultations, some Members asked that the goods offers be improved, the duty rates reduced to approximate the levels currently applied, and that GOU consider participating in some of the sectoral initiatives such as the Information Technology Agreement, textiles, chemicals harmonization and others.

With respect to services, some Members asked that the GOU consider increasing substantially the sector and subsectoral coverage requesting that the modes of supply 2 and 3 be bound without MFN or national treatment limitations.

So far only a few WTO members have expressed interest in entering into market access negotiations with Uzbekistan, namely: Australia, Canada, European Union, Japan, Korea and the United States. It is possible that other WTO Members such as Malaysia (on behalf of ASEAN), India, Turkey, Brazil, Cuba, Ecuador and others may wish to enter into market access negotiations later on.

Who:

Following the completion of the assessment of the possible impact of WTO accession, the MFERIT and the Working Groups on market access in goods and services should take the initiative to commence the preparation of revised market access offers for consideration by the Small Council and the Inter Agency Commission in mid 2006.

How:

MFERIT and the Working Groups on market access in goods and services should organize consultations with other Ministries and Agencies, the Chamber of Commerce and Industry and other relevant associations, including services enterprises associations, with a view to deciding the possible revisions to the initial market access offers on goods and services that will be submitted to the Small Council and the Inter Agency Commission for consideration and decision.

GOU should authorize the Minister for Foreign Economic Relations, or a Vice Minister, to sign the bilateral agreements with those trading partners ready to finalize the negotiations at the time of the next meeting of the Working Party.

With some other trading partners the negotiations may take longer and may require visits to the respective capitals in 2006 or 2007.

When:

Consultations with interested parties, revision of the initial market access offers on goods and services, and submission to WTO of the revised offers should take place in 2006.

The conclusion of market access negotiations on goods and services with interested parties in 2006 and 2007, if possible.

V PREPARATION OF REPOSES TO ADDITIONAL QUESTIONS AND OTHER DOCUMENTS SUCH AS THE RESPONSES TO THE WTO QUESTIONNAIRES ON CUSTOMS VALUATION, IMPORT LICENSING, AND STATE TRADING

Who:

MFERIT and the respective Working Groups acting jointly should prepare initial drafts of the replies to questions addressing subjects within their competence for submission to and clearance by the Small Council, prior to approval by the Inter Agency Commission and the Cabinet of Ministers, and subsequent submission to WTO.

How:

The head of the respective Working Groups together with officials from the MFERIT, with the assistance of experts and consultants, could prepare a first draft of the documentation.

Round tables would be organized with the participation of all the Ministries and Agencies concerned prior to the submission of the documentation to the Small Council and the Inter Agency Commission, for approval and submission to WTO.

When:

During the first and second semesters of 2006.

VI ELECTRONIC COMMERCE

Electronic Commerce is one of the issues being pursued in the Doha Development Agenda Negotiations that potentially could have a significant economic impact for the expansion of trade in Uzbekistan. The development of electronic commerce may have implications for employment, professional training and competitiveness and fiscal income. This is also an important subject in the Doha Development Agenda Negotiations.

Who:

The MFERIT through the Mission in Geneva should follow this issue closely with a view to ascertaining what the prospects are for consensus on an agreement on electronic commerce and its possible terms.

How:

The officials from the MFERIT, with the assistance of experts and consultants, could prepare a round table on electronic commerce to be held in Tashkent in 2006 with the participation of all the Ministries and Agencies concerned, the Chamber of Commerce and Industry and other interested associations, prior to the conclusion of the Doha Development Agenda Negotiations, or immediately thereafter

When:

In 2006, prior to the conclusion of the Doha Development Agenda Negotiations, or immediately thereafter.

VII COORDINATION OF TECHNICAL ASSISTANCE ACTIVITIES AND CAPACITY BUILDING IN THE FIELD OF FOREIGN TRADE

Several donors and international organizations are at present providing technical assistance and capacity building in the field of foreign trade.

Some of the donors have permanent offices in Tashkent while others use the services of temporary consultants.

Some donors have regional projects in Central Asia while others have national projects and programmes. MFERIT may wish to consider the convenience of continuing to receive assistance regularly from USAID and other donors through a resident adviser on WTO issues.

Who:

The donors include USAID, TACIS, Germany, France, Japan, Switzerland, UNDP, ECE, UNCTAD, ITC, World Bank, ADB, IDB, and others.

In the light of its functions, responsibilities and expertise, the MFERIT should perform the role of coordinator of trade related technical assistance and capacity building activities in Uzbekistan.

How:

MFERIT might invite donors to provide an outline of their current and future technical assistance projects and programmes in the field of foreign trade and relevant to the process of accession to WTO.

Thereafter, MFERIT could organize a round table in Tashkent with a view to agreeing how to coordinate the trade related technical assistance and capacity building activities over the next three year period or some other cycle.

With the support of the international community, including WTO, international trade relations may also be incorporated in the curricula of economic studies at the university level.

When:

The invitation to provide information on trade related technical assistance and capacity building activities could be made in the course of February 2006.

The round table to evaluate the responses and to try to secure the continuation, increase and the improved coordination of these activities could take place in March 2006.

VIII DISSEMINATION OF INFORMATION

In order to increase transparency and build up support for the liberalization of trade, MFERIT should provide regularly up to date information concerning the WTO, the Doha Development Agenda Negotiations and the WTO accession negotiations, through the mass media and specialized publications accessible to businesses, consumers, and other interested parties.

Who:

MFERIT should regularly publish up to date information aimed at the general public.

More detailed information aimed at certain professional sectors may also be made available through their specialized publications.

How:

With the support of donors and international organizations, including WTO, UNCTAD, AITIC and others, MFERIT may organize general public round tables and round tables for specialists. MFERIT may also wish to publish the full text, summaries prepared by the WTO and other organizations of articles relevant to foreign trade relations.

When:

MFERIT could organize in Tashkent and elsewhere in the regions, several round tables in the course of 2006, 2007 and 2008 in relation to certain events such as the conclusion of the WTO accession negotiations of certain countries in the region, important agreements reached in and the finalization of the Doha Development Agenda negotiations, trade policy reviews, etc.

Annexes**Annex 1:**

List of Documents to be Prepared in the Immediate Future

List of Events to be held in the course of 2006

Annex 2 :

Presidential Decree No. UP 3618 dated 14 June 2005 “On measures for accelerating the implementation of priority directions in the sphere of deepening market reforms and further liberalization of economy”
(Not provided in this report)

Annex 1

1. Documents to be submitted for the next Working Party Meeting:

- a. Replies to WTO questions
- b. WTO Questionnaires: Licensing, Customs Valuation, State Trading
- c. Accession documents: Update (ACC-8, ACC-5)
- d. New laws and regulations: Notifications to WTO
- e. Revised Goods Offer
- f. Revised Services offer
- g. Revised Agricultural Support Table

2. Events and steps before next Working Party Meeting .

- a. Round Table on the Strategy for the WTO Accession Negotiations (February)
- b. Two or three week sessions on the preparation of replies to WTO questions with Small Council members, Working Groups and other related agencies, once the multilateral questions are received. (March-April-May)
- c. One or two week sessions on preparation of responses to questionnaires on Customs Valuation, Licensing and State trading (March-May)
- d. Services Training (revision of offers) (April)
- e. Goods Training (revision of offers: could be in Tashkent or Geneva) (April-May)
- f. TBT/SPS Training (revision of the Draft TR Law) (March-April)
- g. IPR Training (on the acceptance and entry into force Rome and Geneva Conventions, the implementation of the Berne Convention and the new edition of the Copyright Law) (May-June)
- h. Customs Training concerning the new version of the Customs Code (July)
- i. Customs Training (TIR Carnet) (May)
- j. Agricultural Training (June/July)
- k. General WTO round tables for businesses (April- August)