

Project Concept Note Template for the follow-up meeting of the 2010 SPECA Economic Forum

Ashgabat, 7-8 June 2011

Project Title	Support for developing free trade agreement(s) between Afghanistan and its Central Asian neighbours	
Outcome	Increased capacity of Afghanistan and its northern neighbours to develop and implement free trade agreement(s) with harmonized clauses	
Indicative Funding Requirements	Total estimated budget:	\$ 280,000 (over two years)
Potential Sources of Funding	[Donor(s)]: [Development Bank(s)]: Other Resources:	\$ 280,000
Expected start date	January 2012	
Expected Duration	2 years	
Implementing Organisation(s)	UNECE, UNESCAP, UNCTAD (in collaboration with various national agencies in Afghanistan and its Central Asian neighbours to the North)	
Country/Countries	(1) Afghanistan ; (2) Tajikistan, Uzbekistan, Turkmenistan, Kazakhstan	
Submitted by	UNECE	
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1 Background

UNECE's studies and experience on trade in Central Asia have indicated that the creation of a more integrated regional market (among the countries rather than with other groupings and large neighbours) would create an attractive environment for foreign investments that would bring new technologies needed for the modernization of the economies of the region. Tariffs have been brought down through a "spaghetti bowl" of FTAs among the former Soviet Republics in Central Asia, but this process did not include Afghanistan. Moreover, trade among the Central Asian countries and between them and Afghanistan still needs a firm normative basis for trade facilitation, in order to eliminate serious procedural barriers to trade. Afghanistan has recently signed a trade agreement with Pakistan, which has been a major step ahead for the stabilization of this country, and similar steps with its Central Asian neighbours would be necessary.

2 Justification

Developing the legal basis for regional trade is a key issue for the stabilization of Afghanistan. Facilitating legitimate trade and eliminating the trafficking of illicit goods are two of the key challenges for the stabilization of the State of Afghanistan. Whereas the Afghanistan-Pakistan Trade Agreement (APTA) has signaled a significant step ahead for Afghanistan's relations with its key neighbour, more has to be done with respect to establishing the proper legal basis for trade with its Central Asian neighbours.

UNECE and the other UN agencies have rich experience in supporting countries to develop free trade agreements. UNECE has supported the countries of Southeast Europe in developing and

implementing the CEFTA 2006 agreement. UNESCAP and UNCTAD have supported several agreements in Asia and the Pacific and in other developing regions for decades.

3 Expected Output(s)

Increased capacity of Afghanistan and its Central Asian neighbours to develop and implement free trade agreements.

4 Proposed Approach & Strategy, including Capacity Development Response

The implementation strategy of this project will be based on the following steps:

- 4.1 Study the existing trade agreements of Afghanistan, Tajikistan, Uzbekistan, Turkmenistan, Kazakhstan, and other countries, the existing trade regimes and the need to sign (bilateral or multilateral) trade agreements between Afghanistan and its Central Asian neighbours.
- 4.2 Organize seminars raising the awareness of the benefits of FTAs, as well as the challenges related to them. Organize discussions between representatives of the different countries.
- 4.3 If the discussions lead to more interest in developing free trade agreements, assist the countries in setting up Working Group(s) consisting of representatives of the interested countries; and develop Action Plan(s).
- 4.4 Provide guidance in the next steps to develop a more detailed plan of activities, including technical assistance. If a multilateral agreement is not possible, several bilateral agreements, with harmonized texts, may be developed. These may cover the following areas:
 - General obligations in trade in goods (basic duties and fees, quantitative restrictions, etc.)
 - Industrial products (elimination of Customs duties)
 - Agricultural products (elimination of duties, concessions and agricultural policies, Sanitary and Phytosanitary Measures)
 - Technical barriers to trade (including trade facilitation and security issues)
 - General provisions (*Operating rules* of: origin, Customs co-operation, fiscal issues, payments, exceptions, Competition, State monopolies and State trading enterprises, State aid, anti-dumping measures, safeguards, conditions for taking measures, balance of payments difficulties, etc.)
 - New trade issues: *services*, *e-commerce*, investment, government procurement, protection of intellectual property, etc.)
 - Functional rules: fulfillment of obligations and consultations, arbitration, transparency, entry into force, duration and denunciation, application of WTO rules and procedures, co-operation and assistance
- 4.5 Assist the national partners to identify co-financing for the continuation of the project with other partners. Cooperation on previous stages has indicated that there are many potential partners and donor assistance for such innovative projects that would raise both efficiency and governance in the countries.

5 Annual Work Plan

Year: 2011

PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				PLANNED BUDGET
	Q1	Q2	Q3	Q4	Amount
1. Activity: Study on the existing trade agreements and trade regimes (first draft)			√	√	40,000 US\$
2. Activity: Opening seminar (location t.b.a.)			√		40,000 US\$
3. Activity: Consultations with the Afghan agencies				√	20,000 US\$
4. Activity					
TOTAL					100,000 US\$

Year: 2012

PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				PLANNED BUDGET
	Q1	Q2	Q3	Q4	Amount
1. Activity: Consultations in Tajikistan	√				25,000 US\$
2. Activity: Consultations in Uzbekistan		√			25,000 US\$
3. Activity: Consultations in Turkmenistan			√		25,000 US\$
4. Activity: Consultations in Kazakhstan				√	25,000 US\$
TOTAL					100,000 US\$

Year: 2013

PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				PLANNED BUDGET
	Q1	Q2	Q3	Q4	Amount
1. Activity: Study on the existing trade agreements and trade regimes with proposal for next steps (model text of an agreement) (final draft of the study)	√	√			40,000 US\$
2. Activity: Closing seminar (location t.b.a.)		√	√		40,000 US\$
3. Activity:					
4. Activity					
TOTAL					80,000 US\$