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2012/0308 (NLE)

Proposal for a

COUNCIL DECISION

establishing the European Union position within the General Council of the World Trade Organization on the accession of the Republic of Tajikistan to the World Trade Organization

EXPLANATORY MEMORANDUM

I. INTRODUCTION

Members of the World Trade Organization (WTO) and the Republic of Tajikistan have reached the concluding stage of an agreement on the terms for the accession of the Republic of Tajikistan to the organization. This comes after 11 years of negotiations, which began when the Republic of Tajikistan submitted its application to join the WTO in 2001.

A Council Decision approving the terms of accession of the Republic of Tajikistan is required before the EU can formally support that approval in the WTO.

A summary of the terms of the accession is set out below.

II. SUMMARY OF TERMS OF WTO ACCESSION OF THE REPUBLIC OF TAJIKISTAN BY SECTOR

Schedule of commitments

The average final bound rate (FBR) in the accession schedule of Tajikistan is 7.5 %.

The average FBR is slightly higher at 8.6% for agriculture products than the 7% observed for industrial goods.

Tajikistan will implement the FBRs in 5 years from the date of accession.

These average levels for tariffs are quite reasonable considering the small size and landlocked character of Tajikistan's economy. Past EU practice has been to accept as reasonable these tariff levels for comparable-sized economies.

Industrial Goods

- The average FBR for non-agriculture products is 7%.
- The highest final bound tariffs are observed in footwear, with 20% average and peaks of 30%, and textiles with 10% average and peaks of 30%
- Tajilistan is joining the Information Technology Agreement (ITA) Agreement and consequently phasing out its ITA tariffs in 5 years time.

Agricultural goods

- The average FBR for agriculture products is 8.6%.
- The highest tariff peaks in agriculture are quite reasonable: in fresh tomatoes at 23% and in some other various fresh vegetables, cheese and tobacco at or slightly above 15%.

Services

Tajikistan's schedule of specific commitments in services is very satisfactory considering the size of this country's economy. Tajikistan will undertake substantial market access and national treatment commitments in a broad range of services sectors, including professional,

computer, R&D, rental/leasing and other business services, communication services (courier services and telecommunications), construction, distribution, private educational services, environmental, financial (insurance and banking), health, tourism, recreational and transport services.

Protocol commitments

In the final, multilateral stage of the accession process, WTO Members collectively sought to ensure the basic compatibility of Tajikistan's trade laws and institutions with WTO rules and agreements, setting these out in the Protocol of accession and Working Party Report. The following issues are of particular interest to the EU:

State Ownership, Privatisation and State-trading entities

From the date of accession, State-trading enterprises (including State-owned and State-controlled enterprises, enterprises with special or exclusive privileges, and unitary enterprises) in Tajikistan will make any purchases or sales, which were not for the Government's own use or consumption, solely in accordance with commercial considerations. Tajikistan further confirmed that these State trading enterprises will afford the enterprises of other Members adequate opportunity, in accordance with customary business practice, to compete for participation in purchases from or sales to Tajikistan's State enterprises. Any restrictions on exports of materials to ensure essential quantities of such materials to a domestic processing industry will not operate to increase the exports of, or the protection of, such domestic industry.

Trading rights

From the date of accession, Tajikistan will grant any natural or legal person, regardless of physical presence or investment in Tajikistan, the right to be the importer of record of any product allowed to be imported into Tajikistan, at any level of distribution. Full rights to import and to export will be granted in a non-discriminatory and non-discretionary manner from the date of accession, and any requirements for commercial registration or application for the right to import or to export will be for customs and fiscal purposes only, will not require investment in Tajikistan nor confer the right to distribute there, and will not constitute a barrier to trade.

Information Technology Agreement (ITA)

The Republic of Tajikistan has submitted its ITA Schedule to the ITA Committee for verification, in accordance with ITA procedures, in order to enable the Republic of Tajikistan to join the ITA when it becomes a WTO Member.

Customs valuation

From the date of accession, Tajikistan will apply its customs valuation laws, regulations and practices, including those to prevent undervaluation of goods, in conformity with the WTO Agreement, including Article I of the GATT 1994, the WTO Agreement on Implementation of Article VII of GATT 1994 and Annex I (Interpretative Notes).

Export duties

Tajikistan undertook comprehensive commitments limiting export duties.

Government Procurement Agreement

Tajikistan confirmed willingness to accede to the WTO Agreement on Government Procurement. Tajikistan will become an observer to the Agreement upon accession, and submit an application for membership with a coverage offer within one year after accession to the WTO.

Trade in Civil aircraft

Tajikistan will become a signatory to the WTO Agreement on Trade in Civil Aircraft upon accession.

III. RECOMMENDATION

In submitting the terms of Accession of the Republic of Tajikistan to the WTO for approval by the Council, the Commission considers these terms as representing a balanced and ambitious package of market opening commitments, which will bring substantial benefits to Tajikistan and its WTO trading partners alike.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 91, 100(2) and 207(4), in conjunction with Article 218(9) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) On 29 May 2001 the Government of the Republic of Tajikistan applied for accession to the Marrakesh Agreement establishing the World Trade Organization (WTO), pursuant to Article XII of that Agreement.

(2) A Working Party on the accession of the Republic of Tajikistan was established on 18 July 2001 in order to reach agreement on terms of accession acceptable to the Republic of Tajikistan and all WTO Members.

(3) The Commission, on behalf of the Union, has negotiated a comprehensive series of market opening commitments on the part of the Republic of Tajikistan which satisfy the Union's requests.

(4) These commitments are now embodied in the Protocol of Accession of the Republic of Tajikistan to the WTO.

(5) Accession to the WTO is expected to make a positive and lasting contribution to the process of economic reform and sustainable development in the Republic of Tajikistan.

(6) The Protocol of Accession should therefore be approved.

(7) Article XII of the Agreement establishing the WTO provides that the terms of accession are to be agreed between the acceding Member and the WTO, and that the Ministerial Conference of the WTO approves the terms of accession on the WTO side. Article IV.2 of the Agreement establishing the WTO provides that in the intervals between meetings of the Ministerial Conference, its functions shall be conducted by the General Council.

(8) Accordingly, it is necessary to establish the position to be taken by the Union within the General Council of the WTO on the accession of Tajikistan to the WTO,

HAS ADOPTED THIS DECISION:

Article 1

The position to be taken by the European Union within the General Council of the World Trade Organization on the accession of the Republic of Tajikistan to the WTO is to approve the accession.

Article 2

This Decision shall enter into force on the day of its adoption.

Done at Brussels,

For the Council
The President