



# ADB UNESCAP WTO CONFERENCE: PROMOTING CONNECTIVITY FOR AN INCLUSIVE ASIA AND THE PACIFIC

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## SESSION 5: THE FUTURE OF INCLUSIVE TRADE-DRIVEN GROWTH

- Trade promotes competitive sectors to thrive and thus leads to efficient allocation of resource within and across the markets
- Trade Create Winners and Losers
- Trade Adjustment underpins a mechanism to facilitate businesses to move from sectors who have become un-competitive due to trade openness to new competitive sectors.
- Role of public policy, private sector and entrepreneurial is vital to re-align with dynamic allocation of resources in an open economy
- Political Economy and other expediencies may have neglected those impacts

## SESSION 5: THE FUTURE OF INCLUSIVE TRADE-DRIVEN GROWTH

- While trade has lifted more than a billion people in less than three decades, but the income inequality within and across the economies have created a backlash both in developed and developing economies
- Brexit, Populism and debates on Immigrations have put a brake on globalization?
- Disruptive Technologies, AI and Automation will have more pronounced impacts on future jobs and employment

# WHAT ARE THE KEY DIFFICULTIES FOR THE CENTRAL ASIAN ECONOMIES IN PROMOTING TRADE AND HOW CAN THOSE BE OVERCOME?

- Resource based economies in an age of low oil prices
- Disruptive Technology: Shale technology disrupted OPEC collusion and drive down global oil prices
- Grid Parity : the ability of the renewables (solar, Wind) to compete with fossil fuels. (renewables per Kilo-watt-hour (KWh) cost are in the US\$ 0.03-0.07 range)
- Transition to market based economic system
- Nascent Private sector, SMEs and mSMEs
- Geography and endowments
- Domestic margin- less absorptive capacity, Human Development, institutional capacity constraints

# WHAT ARE THE KEY DIFFICULTIES FOR THE CENTRAL ASIAN ECONOMIES IN PROMOTING TRADE AND HOW CAN THOSE BE OVERCOME?

- Regional approach to solve common problems and leverage on opportunities
- Open regionalism
- Economic Connectivity and Corridor Development
- Regional clusters and cross-border free zones
- Private Sector development
- Regional industrial policy
- Sequence and calibrate liberalization to address development challenges
- Special and Differential treatment for CAREC landlocked economies especially Afghanistan, Tajikistan, Turkmenistan and Uzbekistan
- Preferential Market Access- Initiate a Generalized System of Preferences Scheme by pan-central Asia region economies (China, India and Kazakhstan) for above central Asian landlocked economies

## WHAT IS THE IMPORTANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) TO THE CENTRAL ASIAN ECONOMY, AND WHAT ARE THE KEY BARRIERS FACING THESE FIRMS?

- Domestic Margin and absorptive capacity of an economy is a pre-requisite to benefit from openness, Foreign Direct Investment and Integration
- Entrepreneurship is fundamental for productive economic activities and employment opportunities.
- Entrepreneurship at Micro, Small and/ or medium level are important segments of business space where innovation, risk and value exchanges are performed for capital formation
- Barriers: Lack of regulatory regime and financial incentives, under-developed culture, information asymmetry, institutional and market barriers

WHAT ARE THE ROLES OF THE PRIVATE SECTOR, DONORS/AID AGENCIES, AND MULTILATERAL DEVELOPMENT ORGANIZATIONS IN FOSTERING INCLUSIVE TRADE DRIVEN GROWTH, AND HOW CAN THEY WORK BEST WITH GOVERNMENTS OF THE REGION?

- Promote regional E-commerce cooperation frameworks and platforms with mSME and regional Value chain in Agriculture, Energy and Renewable trade
- Develop templates, frameworks and institutional capacity to deal with structural challenges
- Enhance the capacity to participate in WTO and other multilateral or regional initiatives
- Central Asia Landlocked regional bloc to deal with bargaining asymmetry and get Special and Differential Treatment in all bi-, pluri- or multi-lateral initiatives

# HOW CAN THE BENEFITS FROM TRADE BE SHARED MORE EQUITABLY TO ENHANCE INCLUSIVENESS?

- MDBs may support to develop
  - Trade Adjustment Scheme
  - GSP Scheme
  - Regional Cluster and Economic Zones
  - Private Sector Development
  - Education and Capacity Building
- Open regional collaboration for select sectors like Food and Agricultural trade, Tourism, Education, Health and Security
- Openness, Transparency and market based institutional reforms with focus on employment, income growth



Q & A