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 became 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