

**Development Policy Analysis Division, DESA/Economic Cooperation and Integration
Division, UNECE
International Conference
2- 4 April 2008, Geneva
“Strengthening integration of the economies in transition into the world economy
through economic diversification”**

Round-table 3. Key issues of multilateral trade liberalization for economies in transition

Participants in the panel:

Rumen Dobrinsky, *Chief, Innovative Policies Development Section, Economic Cooperation and Integration Division, UNECE – moderator*

Sergey Afontsev, *Institute for World Economy and International Relations (The Russian Federation)*

Zdenek Drabek, *WTO*

Tatyana Starchenko, *Deputy Minister, Ministry of Economy (Belarus)*

Bojana Todorovic, *Assistant Minister, Ministry for Regional and Multilateral Economic and Trade Cooperation (Republic of Serbia)*

The *objective* of this round-table is to discuss a number of issues related to trade liberalization and access to external markets for the transition economies. The rationale behind this discussion is the incomplete nature of the multilateral trade liberalization for those economies, including delays in joining the WTO for a number of countries. On the other hand, there are justified concerns on the part of the transition economies about the benefits of trade liberalization for their economies, as well as about their ability to reconcile bilateral, regional and multilateral trade agreements.

The following *main issues* will be the focus of discussion:

- The WTO accession negotiation process: a country’s view
- The expected impact of the WTO membership on economic performance and diversification
- Activities of the UN system and the potential for further cooperation

The WTO accession negotiations process and the country-specific issues include preparedness for the membership (such as readiness to adopt tariff policy, to put in place an adequate custom administration, to meet necessary product standards, and also to guarantee investor protection rights) and expected benefits of the membership for their economies.

Participants from those countries that are still negotiation accession may describe the stumbling blocks in the negotiating process and approaches to resolve them, the expected impact of the prospective membership on their economies, and evaluate if the existing WTO members fulfill their commitments to facilitate accession of the transition countries. The participants may also clarify the opportunities for the UN system to assist them in the negotiation and accession process.

The possibly asymmetric nature of benefits of the multilateral trade liberalization for the transition economies and strategies to avoid such an asymmetry by negotiating temporary protectionist measures and gradualism in liberalizing certain sectors should be discussed. The

participants should describe the nature and degree of asymmetric preferences they would like to be granted to their countries and the time frame for gradual elimination of protective measures.

The following *additional questions/issues* could also be addressed in this panel while discussing the main questions (depending on the country's experience and policy challenges):

- The liberalization of services sector, associated prospective FDI inflows, and protection of intellectual property rights.
- The adjustment costs to trade liberalization, including the impact on employment and wages and appropriate policies to smooth such impacts.

- The consistency between bilateral trade agreements and regional trading blocks and multilateral trade liberalization and impediments they create for the MTL (in terms of use of negotiating resources, complexity of those free trade agreements and the corresponding adaptation of legislation, etc.) may also be discussed.
- The progress reached by the transition economies in bilateral trade liberalization, as well as in removing barriers to trade towards the developing countries.
- The optimal tariff policy and appropriate strategies to protect exporters, such as policies to rebate exporters on import taxes and institutional maturity to implement such programs, in order to provide exporters with the ability to import inputs duty-free.
- The possible impact of changing international environment, as the Doha Round of negotiations continues, provided the negotiations are completed successfully.
- The need to coordinate macroeconomic policies (such as exchange-rate, monetary and fiscal policies) arising from trade liberalization.
- The participants may discuss if the need for secure and predictable financing for technical and capacity building assistance, stressed in the Monterrey Consensus, is being met by the developed countries.

Structure of the panel discussion:

- the moderator introduces the topic and objectives of the roundtable; the panelist and asks the main questions and the additional issues which could be addressed depending on the country's experience and policy needs (10 minutes)
- each panelist provides country experience and policy discussion on the three questions (10 minutes per participant)
- the moderator takes questions from the audience (5 minutes)
- the panelists answer to those questions (10 minutes)

Expected outcome of the discussion: based on the presentations and suggestions by the participants, a list of recommendations should be proposed on the specific activities to be undertaken by the UN agencies to facilitate external trade of the transition economies.