



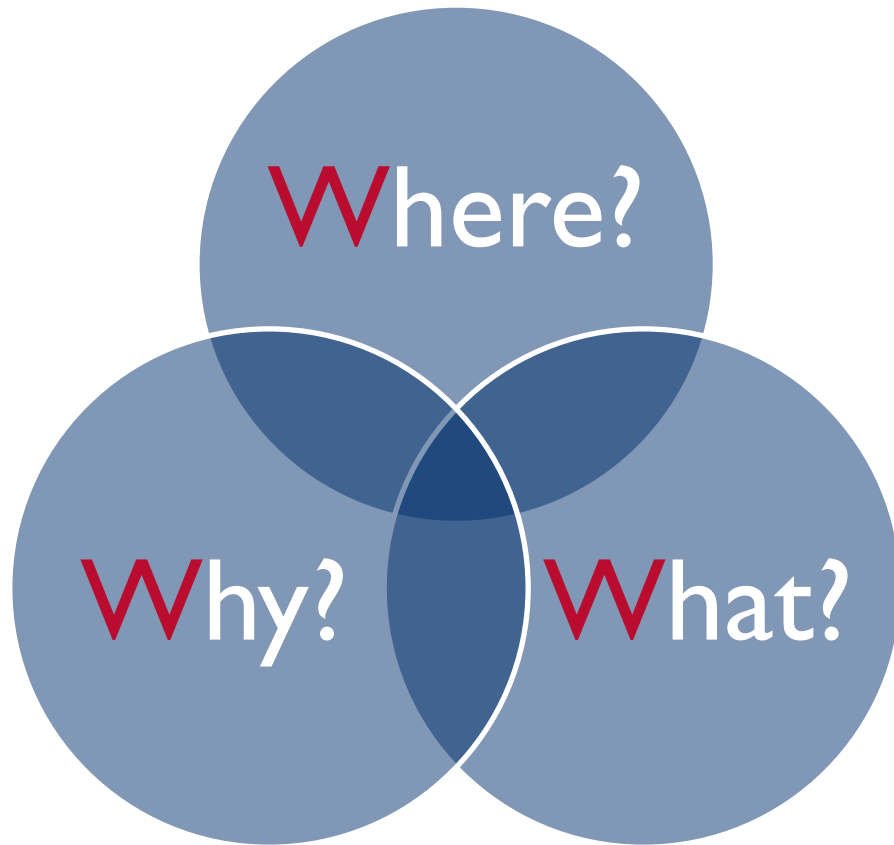
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CENTRAL ASIA TRADE FORUM 2024 “Trade Connections: Bridging Globally”

Session 1: “Unveiling New Markets”

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**USAID’S TRADE
CENTRAL ASIA
ACTIVITY**

3Ws



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Where?

- The EU - Central Asia trade has grown by almost 40% in the last decade
- Before February 24, 2022, around 80% of land trade between Europe and China passed along the so-called Northern Route
- In case of relevant investments and soft connectivity measures are implemented, the Trans-Caspian Transport Corridor free flow transit time might be 13 days leading to increase up to 470,000 TEUs by 2040



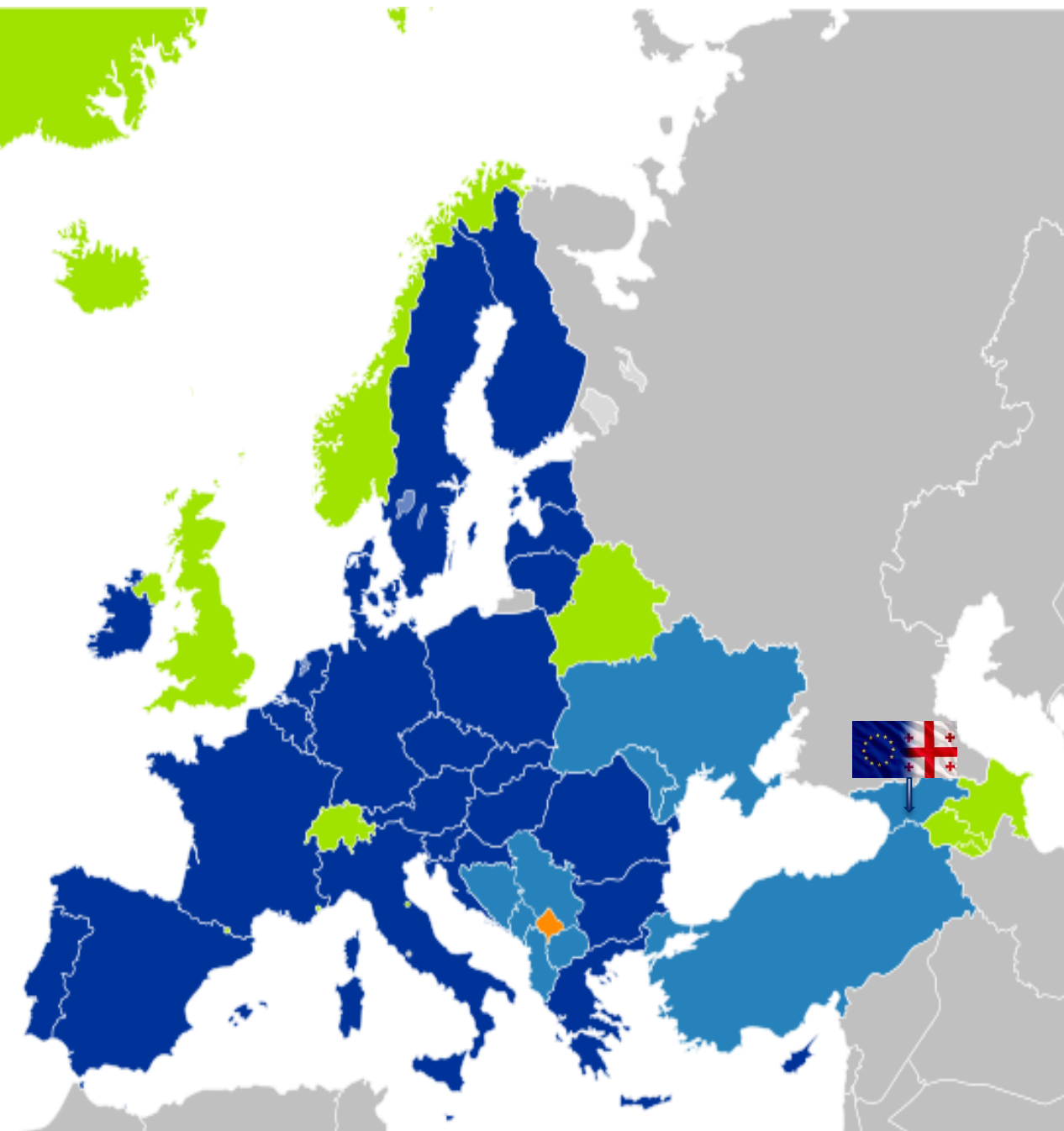
Where?

- In 2022 and 2023, the Central Asian Heads of State and the President of the European Council held their first-ever high-level meetings
- EC Executive VP Dombrovskis announced an overall commitment to invest €10 billion in sustainable transport connectivity in Central Asia
- In a Team Europe approach, aim is to mobilise up to €300 billion in public and private investments by 2027



Where?

- Georgia, which has gained the EU membership candidate status last year, embodies a unique geographical and geopolitical significance for Central Asia as an entry point to the EU market
- It represents a win-win for all parties involved:
 - ✓ for Central Asia, a gateway to Europe;
 - ✓ for Georgia, an opportunity to solidify its role as a regional hub; and
 - ✓ for the European Union, a chance to diversify and secure its trade flows.





Georgia

can be used not only as a transit corridor but a regional hub for manufacturing?

- The Association Agreement, including Deep and Comprehensive Free Trade Agreement (DCFTA) was signed in 2014
- All goods originated in Georgia can enter the European market duty free.
- In addition, the agreement envisages removal of non-tariff barriers to trade as well.
- Georgia has free trade agreements with all the “post-soviet countries”, Turkiye, EFTA, China and Comprehensive Economic Partnership Agreement (CEPA) with the UAE

#3

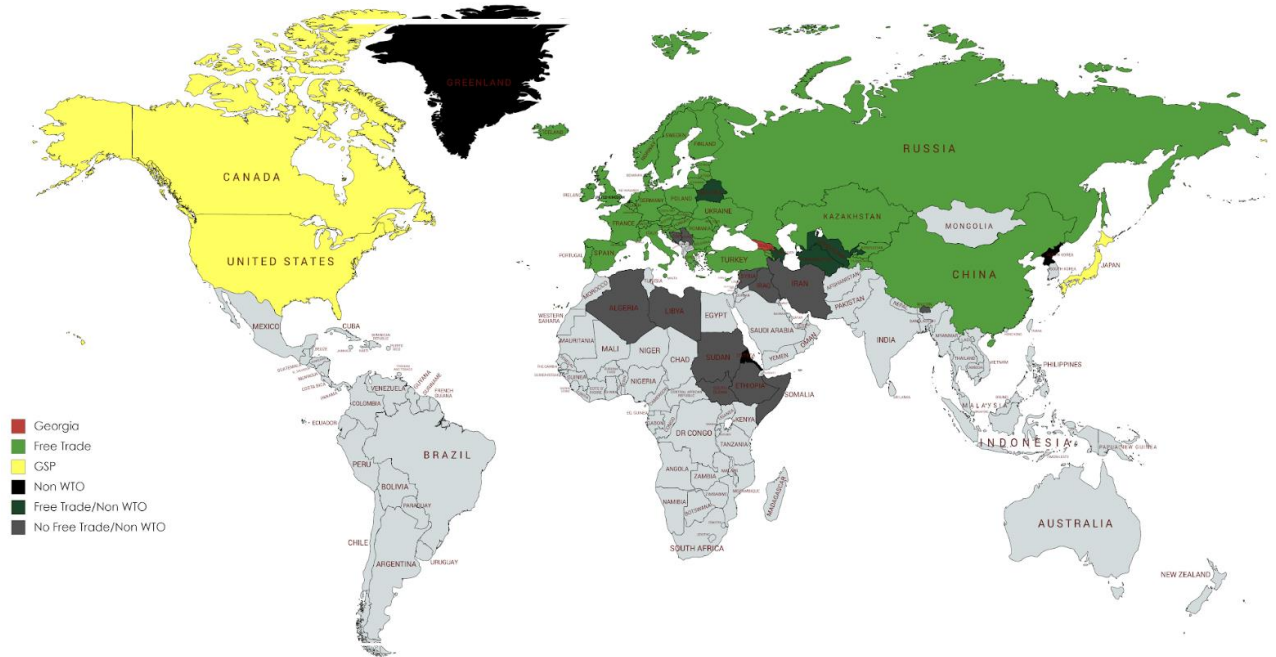
Least Tax Burden Country (WB)

#7

Ease of Doing Business (WB)

#8

Most Open Economy for FDI (OECD)





Generalized System of Preferences of the EU

	Standard GSP	GSP+	EBA
Beneficiaries	<ul style="list-style-type: none">• low or lower-middle income countries (as classified by the World Bank)• no other trade agreement with the EU in place	<ul style="list-style-type: none">• vulnerable developing countries, with limited export diversification and a low share of total imports from all GSP beneficiary countries	<ul style="list-style-type: none">• Least Developed Countries (as classified by the UN)
Preferences	<ul style="list-style-type: none">• full removal of tariffs for non-sensitive goods, applies to about 26% of tariffs lines• reduced tariffs for sensitive goods (30% for specific duties, 3.5% for ad valorem duties), applies to about 40% of tariff lines	<ul style="list-style-type: none">• full removal of tariffs for 66% of tariff lines	<ul style="list-style-type: none">• duty-free and quota-free access for all products except for arms and ammunition
Specific obligations	none	<ul style="list-style-type: none">• ratification of 27 international conventions with a commitment to active participation in the EU's monitoring dialogue	none

What?

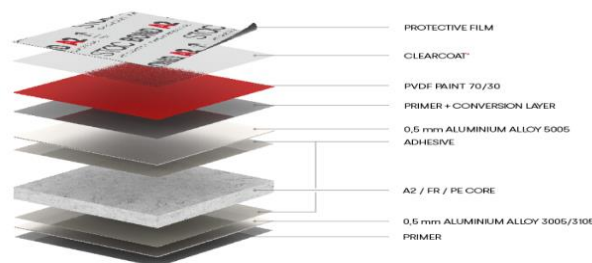
Sectors

can benefit from the regional value chains?

- Central Asian exports to the EU largely focus on a few commodities, particularly crude oil, gas, metals and cotton fibre.
- These are commodities which form important value chains, such as aluminium, plastic and textiles, for production of final products imported by the EU.

Aluminium

- ✓ Aluminium use will continue to grow, leading to a 40% increase in demand in Europe by 2050
- ✓ Key drivers of this growth are automotive, construction, packaging industries
- ✓ Kazakhstan has a production of high-grade primary aluminium and deep processing
- ✓ Product such as aluminium composite panel falls under 6% MFN duty of the EU



Plastic

- ✓ Plastics and Rubbers were the world's 6th most traded product in 2022
- ✓ The import of plastics to the EU was roughly 70 billion U.S. dollars in 2021
- ✓ Turkmenistan is one of the producers of polymers. It is exporting FIBC's
- ✓ Product such as FIBC falls under 7,2% MFN duty of the EU



Challenges

- Infrastructure in the Middle Corridor
- Awareness of the opportunities
- Knowledge for building value chains

Call to Action

- Central Asian countries and donors to speed up reforms and investments to remove soft (regulatory, procedural) and hard (infrastructural) bottlenecks in the Middle Corridor;
- Dive deep into the research of the opportunities for developing regional value chains and build awareness in the private sector;
- Attract foreign capital and know-how in setting up manufacturing facilities in value-added sectors.



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Thank You!
