

MINUTES OF MEETING

OF THE FIRST SESSION OF TURKISH-KYRGYZ WORKING GROUP ON TRADE

The 1st meeting of the Turkish-Kyrgyz Working Group on Trade (hereinafter “the Working Group”) which has been established in accordance with the Protocol of Turkish-Kyrgyz Intergovernmental Joint Economic Commission 9th Term Meeting and Action No.1 of its annexed Action Plan (hereinafter “Action Plan”) , took place by videoconference on May 21, 2020.

The Working Group was co-chaired by Mr. Fuat KASIMCAN, Deputy Director General on Turkish Side from Ministry of Trade and Mr. Bakyt SYDYKOV, Head of Department on Kyrgyz Side from Ministry of Economy.

The delegation lists of Turkish and Kyrgyz side (hereinafter “Both Sides”) are enclosed as Annex-1 and Annex-2.

First meeting of the Working Group was held in an atmosphere of mutual understanding and friendship, reflecting the willingness of Both Sides to further develop commercial and economic co-operation.

The agenda of Working Group consisted of three main subjects;

- 1) Current developments on Action Plan’s trade related items.
- 2) Promoting the bilateral trade of products within the scope of "Potential Product Lists” of arties and non-tariff measures applied to these products.
- 3) Customs valuation applications (Reference Price) of Kyrgyz side.

The results of the deliberations of the Working Group are summarized as follows:

1) Current developments on Action Plan’s trade related items

1.1. Both Sides discussed Action Plan’s trade related items (Action No: 1, 2, 3, 4, 5, 6, 7, 8, 10, 29 and 38) and informed each other on the latest developments.

1.2. Both Sides welcomed conducting the first meeting of the working group through videoconference and agreed to forward the minutes of meeting to the higher authorities.

1.3. Both Sides acknowledged that fairs, buyer, trade and sectoral delegation programs could not be realized as planned due to Covid-19 and agreed on conducting “Virtual Fair” and “Virtual Delegation” programs to bring the businesspeople of both countries together.

The Turkish Side stated that relevant organizations (TIM, TOBB, DEIK) will be noticed regarding the webinars and videoconference programs on promoting exports and investment opportunities in the Kyrgyz Republic when Kyrgyz Side provides information about these events.

1.4. Both Sides reached a mutual understanding that potential export products of each other will be introduced reciprocally to business people of the two countries and agreed on “sectoral buyer delegation programs” shall take place following the normalization of Covid-19 process.

1.5. Both Sides agreed that The Union of Chambers and Commodity Exchanges of Turkey (TOBB) will conduct a training program on the establishment and administration of Chambers of Commerce to Kyrgyz experts through videoconference.

1.6. Both Sides agreed that Issyk-Kul Investment Forum shall take place as soon as possible following the normalization of Covid-19 process.

1.7. Both Sides agreed to hold the 1st meeting of Joint Customs Council in the second half of 2020.

1.8. Both Sides agreed that the Turkish Side will explore the possibility for a training program for Kyrgyz experts on the legal framework and implementation of PPP Projects following the Kyrgyz side's official request to be received.

1.9. Both Sides agreed that "Virtual Training Program" on market access will be organized for Kyrgyz experts by Turkish Side. The Turkish Side will propose dates for this training program.

1.10. Both Sides, stressing the importance of direct contacts between their business communities in enhancing bilateral trade and economic relations, agreed to organize a "Virtual Business Council" meeting at the earliest convenience.

1.11. The Kyrgyz Side stated that Mr. Temirlan Sarlykbek UULU was appointed as the Kyrgyz Side's co-chair of the Turkish-Kyrgyz business council and official information regarding this appointment is sent to Turkish side through diplomatic channels.

The Turkish side stated that there is uncertainty about the counterpart organization to DEIK in Kyrgyz side and that a new "Counterpart Protocol" should be signed after the uncertainty is resolved.

Both sides agreed to encourage their relevant private sector institutions to come together and discuss the technical details.

1.12. Turkish Side remarked that a draft text of Action Plan on the implementation of "Cooperation Agreement on Technical Regulation, Standardization, Conformity Assessment, Accreditation and Metrology" will be shared with Kyrgyz Side before the end of June, 2020.

1.13. Both Sides emphasized the importance of increasing the trade of agricultural products.

Turkish Side remarked ongoing projects on the production and diversification of dry beans in the Talas Region/Kyrgyz Republic, and expressed its interest in developing similar projects for lentil and chickpea and stated that official request will be forwarded to Kyrgyz Side through diplomatic channels.

Kyrgyz Side expressed its satisfaction with the project on dry bean production and diversification carried out by Turkish Side and stressed its support for upcoming agricultural projects.

2) Promoting the bilateral trade of products within the scope of "Potential Product Lists" and non-tariff measures applied to these products

2.1. Both Sides reiterated their determination to reach the target of USD 1 billion for bilateral trade, highlighted by H. E. Recep Tayyip ERDOĞAN, President of Turkey, and H.E. Sooronbay JEENBEKOV, President of the Kyrgyz Republic.

2.2. Both Sides exchanged lists of products, which would be considered potential export products for increasing trade between both countries and agreed to promote bilateral trade of these products by eliminating non-tariff measures applied to them.

Both Sides agreed to provide each other with detailed information about; sanitary and phytosanitary measures, charges and other kinds of fees, required documents during the import and other non-tariff measures on the basis of the products within the potential product list of the other party individually.

Both Sides agreed to use the classification defined in "UNCTAD International Classification of Non-Tariff Measures-2019" while informing the other side on non-tariff measures.

2.3. Kyrgyz Side emphasized the importance of establishing joint-venture in the Kyrgyz Republic on production to access not only to Kyrgyz market but also Eurasian Economic Union market.

Referring to the deep-rooted cooperation between the two countries, the Turkish Side stated that direct investment to Kyrgyzstan is an important method for free access of Turkish investors to the Eurasian Economic Union market and welcomed the idea of joint-venture projects.

2.4. Both Sides agreed to work together on encouraging the use of the "Baku-Tbilisi-Kars" railway line and "Middle Corridor" logistic route in order to decrease the logistic costs of both country's products in each other's markets.

2.5. Turkish Side stressed some measures which should be taken by Kyrgyz Side to facilitate trade, pursuant to WTO-Trade Facilitation Agreement such as;

- Procedures for importation, exportation, and transit required forms and documents,
- Applied rates of duties and taxes, fees and charges,
- Rules for the classification or valuation of products for customs purposes,
- Laws, regulations, and administrative rulings of general application relating to rules of origin,
- Import, export or transit restrictions or prohibitions,
- Penalty provisions for breaches of import, export, or transit formalities,
- Procedures for appeal or review,
- Agreements or parts thereof with any country or countries relating to importation, exportation, or transit and procedures relating to the administration of tariff quotas

shall promptly published by Both Sides in a non-discriminatory and easily accessible manner in order to enable policy makers, traders, and other interested Both Sides to become acquainted with them.

- The legislation regulating trade should be published in publicly available sources, if possible, on the internet, in a clear, current and transparent manner,
- Commercial fees and formalities should be appropriate, predictable and transparent,
- Customs procedures should facilitate and simplify, accelerated customs procedure system should implement, minimum documentation and single window system should be implemented.

Kyrgyz Side stated that the Kyrgyz Republic is a developing country and it is working to implement the necessary reforms step by step within the framework of the WTO's Trade Facilitation Agreement, and in this direction, the "Facilitation of the Commercial Transactions Committee" was established.

Both Sides agreed to develop the level of cooperation in above mentioned areas within the context of WTO's Trade Facilitation Agreement at Joint Customs Council meeting.

3) Customs Value Correction (Reference Price) implementation of Kyrgyz Republic

3.1. Turkish Side stated that, due to "Customs Value Correction" (CVC) application in Kyrgyz customs, exporters are offered to pay the amount of guarantee arising from the difference between export price and reference price or to withdraw the customs declaration and that, exporters generally accept the reference prices stated in the CVC list and make their customs payments according to these amounts in order to take back their products and avoid storage costs.

Turkish Side stated that, according to General Agreement on Tariffs and Trade (GATT) Article 7, and WTO Valuation Agreement, the customs value of imported goods shall be the transaction value, that is the price actually paid or payable for the goods when sold for export to the country of importation and stressed that, if the value cannot be determined by this method, the customs administration has right to investigate the truth and accuracy of the documents or declaration, on the other hand, if the liable person is able to explain and prove the value which is lower than the reference price, then this declaration should be accepted.

Turkish Side emphasized that, according to the feedbacks received from exporters, the application of CVC has become a common method in imports from Turkey rather than the suspicious situations, which increases the market prices of Turkish products by 15-20%.

3.2. Kyrgyz Side stated that; in Kyrgyz Republic, Eurasian Economic Union (EEU) customs legislation has been in effect since 2018 and the customs valuation methods carried out according to this legislation comply with GATT Article 7.

Kyrgyz Side emphasized that, risk management system is applied at customs and an average rate is determined according to the risk profile, if the customs administration requires, it can investigate the products and determine its value, and the main purpose of this application is not to disrupt the free market conditions but to prevent tax evasion.

Kyrgyz Side underlined that, Turkish exporters are taken as conscious companies that carry out the export procedures in accordance with the relevant legislation of Kyrgyz Republic and for more than 90% of the transactions regarding Turkish exporters, prices stated in customs declaration documents are taken as basis, only for individual cases where the real value can't be determined CVC application is applied.

Kyrgyz Side expressed that CVC application is usually practiced by all EEU members.

3.3. Both Sides agreed to discuss the reference price issue in more detail at the Joint Customs Council meeting

Both Sides agreed to hold the Second Working Group meeting on a date to be mutually agreed upon through diplomatic channels.

Done on 21 May 2020 in English language.

13.10.2020 / 2449

Turkish-Kyrgyz Working Group on Trade

21/05/2020, Ankara

Turkish Delegation List

Name	Ministry	Title
1. Mr. Fuat KASIMCAN	Ministry of Trade	Deputy Director General
2. Mr. Ahmet Yavuzhan ERDEM	Ministry of Trade	Head of Department
3. Mr. Ferhat ÇOLAK	Ministry of Agriculture and Forestry	Head of Department
4. Ms. Nejla TUĞRUL	Ministry of Trade	Trade Expert
5. Ms. Zeynep KÖMÜRCÜOĞLU	Ministry of Trade	Trade Expert
6. Mr. Gökhan KARACA	Ministry of Trade	Trade Expert
7. Ms. Dilek KOÇ SUBAŞI	Ministry of Trade	Export Promotion Expert
8. Mr. Kerim Özgür HEMDİL	Ministry of Trade	Export Promotion Expert
9. Ms. Alsu Ahmedova	-	Translator

Kyrgyz Delegation List

Name	Ministry	Title
1 Mr. Bakyt SYDYKOV	Ministry of Economy	Head of External relations and Donor Help Department
2 Ms. Bubusara TOKTONALIEVA	Ministry of Economy	Head of Trade Policy Department
3 Mr. Ermek OMURALIEV	Ministry of Foreign Affairs	Head of Economic Diplomacy Department
4 Mr. Nurlan ARIPOV	Investment Promotion and Protection Agency	Head of Export Development and Promotion Division
5 Mr. Nurlan DZHUSUMALIEV	Ministry of Economy	Head of Trade Policy and Export Development Division
6 Mr. Aidarbek SAMYKBAEV	Ministry of Economy	Head of Customs Policy and Tariff Regulation Division
7 Mr. Chynybek NURMASHOV	Ministry of Economy	Leading specialist of Trade Policy and Export Development Division