

THE ALMATY-BISHKEK ECONOMIC CORRIDOR



Border Crossings:
No. who crossed Kazakhstan (KAZ)-Kyrgyz Republic (KGZ) border: around **30,000** per day (2016)




Trade:
exports in \$ millions
KAZ→KGZ: 376
KGZ→KAZ: 151
(2016, UN Comtrade)

Agriculture Exports in \$ millions
KAZ→KYR: 39.2 cereals,
0.15 vegetables, **2.7** dairy
KYR→KAZ:
0.98 live animals,
10.5 dairy (2016, UN Comtrade)



Tourism:
international arrivals
KAZ: 21% from **KGZ**
KGZ: 70% from **KAZ**
(2014, UNWTO)

Education:
No. of universities
Almaty: 40
Bishkek: 39
(2016)

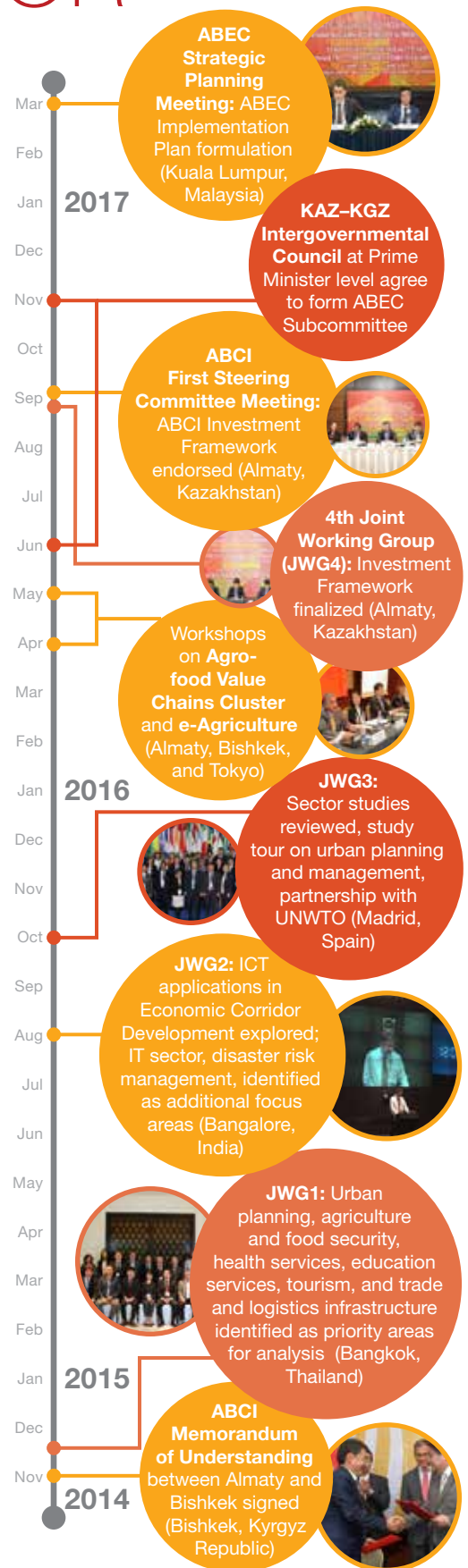
Health:
No. of tertiary hospitals
Almaty: 45
Bishkek: 28
(2016)

ICT:
internet penetration
KAZ: 73%
KGZ: 30%
(2015, World Bank)

Kazakhstan and Kyrgyz Republic are following a bold vision in the heart of Central Asia: to see the potential of the dense economic centers—Bishkek and Almaty and the area around them, when considering them as one economic space. The two cities are only 240 kilometers apart but, at the moment, traveling from one city to the other takes around five hours, including a cumbersome border crossing in between. This makes exchange difficult and renders trade below potential.

The concept is straightforward. The two city regions can achieve far more together than what can be achieved by either alone. The Almaty-Bishkek Economic Corridor (ABEC), which emanated from the Almaty-Bishkek Corridor Initiative (ABCI), transforms the area into a single space where exchange of ideas, movement of goods and meeting people is fast, easy, and free of barriers. The cross-border agglomeration will allow businesses to specialize more, operate at a larger scale and achieve greater diversification and competitiveness with the purpose of exporting goods and services to the world.

ABEC gives both countries the chance to design cooperation and coordinate the steps toward each other—a process that is guided by growing mutual trust in the benefits for both sides. They committed to integrate further under the umbrella of the Eurasian Economic Union which offers greater access to markets resulting in opportunities but also more competition. To begin the implementation of the corridor, both countries have agreed to coordinate ABEC at the highest level through the Intergovernmental Council, which is chaired by the two Prime Ministers. With continuous support from the Asian Development Bank, sectoral working groups are being formed to implement pilot projects in agriculture and tourism sectors, while the institutional setup and projects in other sectors like health, education, and transport are in preparation. (More on carecprogram.org)



Economic Corridor Development

The myriad examples of successful corridors in other countries, especially in Asia, show the power of such an instrument in mobilizing both private and public investments, in promoting high-quality growth and jobs, raising the knowledge-intensity of exports, and setting an example to the rest of the country. Corridors have also proven to be powerful vehicles for sophisticated infrastructure development.

ECD is concerned with the spatial organization of economic activities. It brings together existing and new infrastructure, policies, and institutions to attract private investment that will create jobs and encourage growth. Infrastructure requirements encompass transport networks (primary and secondary roads, railways, ports, airports), energy, information and communication technology, urban infrastructure, and economic zones.

The Corridor is an important pilot for regional cooperation and economic corridors under the Central Asia Region Economic Cooperation (CAREC) program. The Almaty-Bishkek Economic Corridor is envisioned as a flagship of regional integration within the Eurasian Economic Union, and the potential of an integrated economic space represented by the Corridor is explicitly recognized in the EEU treaty.

What is needed to develop an economic corridor?

- (i) **Economic potential.** An economic corridor cannot develop from nothing; rather, it magnifies and builds on underlying economic potential, which can subsequently attract private investment. The starting point for economic corridor development is selecting and prioritizing a target geographical area based on identified economic potential.
- (ii) **Economic and technical analysis** to identify ways of building on economic potential and prioritize where and how resources should be allocated; and identify business opportunities, infrastructure needs, and policy and regulatory prerequisites.
- (iii) **Political commitment and coordination** among multiple stakeholders at various levels of government, diverse government agencies at each level, and countries (for cross-border economic corridor development).
- (iv) **Sustained commitment over a decade or more.** Since economic corridor development typically requires public and private investment in infrastructure, completing projects will take substantial time and resources.

References:

Asian Development Bank. 2016. *Growing Together: Almaty-Bishkek Corridor Initiative Investment Framework*. Manila. <http://www.carecprogram.org/uploads/docs/CAREC-Publications/2016-ABCI-Investment-Framework.pdf>

Asian Development Bank. 2014. *Operationalizing Economic Corridors in Central Asia: A Case Study of the Almaty-Bishkek Corridor*. Manila. <http://www.carecprogram.org/uploads/docs/CAREC-Publications/CAREC-ECD-study.pdf>

Economic Densities* in Almaty, Bishkek, and Nearby Cities



*Economic density is the ratio of city gross regional product over area.