



Summary of Proceedings

16th CAREC Transport Sector Coordinating Committee Meeting

17-19 May 2017, Tbilisi, Georgia

Introduction

1. The 16th Meeting of the Central Asia Regional Economic Cooperation (CAREC) Transport Sector Coordinating Committee (TSSC) (the Meeting) was held on 17-19 May 2017 in Tbilisi, Georgia. The Meeting was attended by representatives from all eleven CAREC member countries, and was supported by development partners including the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the International Civil Aviation Organization (ICAO), the International Road Transport Union (IRU), Japan International Cooperation Agency (JICA), the United Nations Development Program (UNDP), and the World Bank. The Meeting agenda and list of participants are in Appendices 1 and 2. The Meeting was chaired by Tajikistan in its role as chair to the CAREC program in 2017, and was generously hosted by the Government of Georgia. The Meeting was preceded by the 3rd Meeting of the CAREC Railway Working Group, which took place on 15-16 May 2017, also in Tbilisi, Georgia.

Meeting Objectives

2. The stated objectives of the 16th TSSC Meeting were to: (i) review the implementation progress of the Transport and Trade Facilitation Strategy 2020 (TTFS 2020) and the Transport Sector Work Plan (2016-2018); (ii) discuss issues of key importance to the transport sector including railways, road safety, asset management and transport facilitation, and; (iii) examine new opportunities for the transport sector through Georgia's accession to CAREC, and through coverage of more modes of transport including aviation.

Session 1: Implementing TTFS 2020 – progress and remaining challenges

3. **Progress to date.** Participants reviewed and endorsed the Transport Sector Progress Report (2016), which summarizes the collective progress of CAREC member countries against the goals enshrined in TTFS 2020, on both hard infrastructure development as well as soft-side measures. With regards to the physical development of multimodal corridors, CAREC countries have met or surpassed their implementation targets for the areas of roads, railways, logistics centers, and border crossing points. On the improvement of operational and institutional effectiveness, participants also confirmed concrete progress as follows:

- **Railways:** Endorsement of the CAREC Railway Strategy by the 15th Ministerial Conference in October, 2016
- **Road Safety:** Endorsement of the CAREC Road Safety Strategy by the 15th Ministerial Conference in October, 2016
- **Road Asset Management:** Development of two publications, namely: (i) Compendium of Best Practices in Road Asset Management; and (ii) Performance Based Road Maintenance Contracts – Reference Note
- **Transport facilitation:** Accession of Pakistan and the People’s Republic of China (PRC) to the TIR Convention, as well as efforts to resume traffic under the Quadrilateral Traffic in Transit Agreement (QTTA) between PRC, Kazakhstan, Kyrgyz Republic and Pakistan.

4. **Country Action Plans.** Substantiating the above, each CAREC country presented on: (i) progress of implementation; (ii) actions envisioned for 2017-2019; and, (iii) knowledge and capacity-building needs. The presentations reconfirmed each country’s actions in the development of multimodal corridors, progress with institutional and regulatory reforms that will underpin CAREC investments, and efforts being taken under other bilateral and multilateral initiatives which also support regional connectivity such as the Belt and Road Initiative of the PRC, and the Lapis Lazuli Corridor.

5. Countries made requests to the development partners for further financing to complete CAREC corridors. Countries also requested technical assistance and capacity building in areas such as road safety audits, regulatory and institutional reforms for railways, automatic management systems for railways, control systems for efficient border crossing points, establishment of free economic zones, use of public-private partnerships (PPPs), and development of multimodal logistics centers and multimodal transfer terminals.

6. **Development partner feedback.** Development partners highlighted their ongoing efforts to support transport and trade facilitation in CAREC member countries, and reiterated their strong interest to continue supporting CAREC countries in financing viable infrastructure and in providing technical assistance. The partners noted their strong interest in investments that lead to benefits with respect to economic development, climate change adaptation/mitigation, disaster risk management, road safety, and asset management. Such support would assist countries in meeting the Sustainable Development Goals (SDGs).

Session 2: New opportunities for CAREC with Georgia’s accession

7. **Georgia’s contribution to regional connectivity.** Through presentations by Georgian representatives, participants learned of: (i) the strategic geographical location of Georgia in linking Asia with Europe; (ii) favorable business environment brought through macroeconomic and legal reforms; and, (iii) major infrastructure investments in air, rail, road, and sea, including the development of the Anaklia deep sea port, Baku-Tbilisi-Kars Railway and logistic hubs. Such efforts contribute to transit routes and corridors under initiatives such as the Trans-European Transport Network (TEN-T), TRACECA, and newly CAREC.

8. Informed by the above, participants considered how Georgia's accession to CAREC can catalyze regional connectivity in the region, and how CAREC corridors may be refined to this effect. The following principles were identified for consideration in determining such corridor refinements:

- Ability for such corridor refinements to cater to traffic to/from the ports on the Black Sea, which allow connections between CAREC countries and outside markets such as the European Union, Turkey and beyond
- Hinterland connectivity from such ports
- Compatibility with existing corridor initiatives such as TRACECA
- Augmentation of physical investments with soft-side efforts on customs and border crossing procedures across all CAREC member countries
- Consideration of countries which are not members to CAREC (e.g. Iran and Turkey).

9. The Government of Georgia, supported by the CAREC Secretariat, will consider the above principles in determining how CAREC corridors may be extended in its territory.

10. **New CAREC strategy.** Following a Mid-Term Review of the current CAREC Strategy 2020 conducted in 2016, the 15th Ministerial Conference tasked the CAREC Secretariat to prepare a new overarching strategy for CAREC (CAREC Strategy 2030). CAREC Strategy 2030 will address the changing policy and trade landscape both regionally and globally, and take into account new regional frameworks and multilateral initiatives including the possibility of a broader mission and sectoral coverage for CAREC. The ability to engage the private sector may also need to be addressed through the new Strategy. Such changes may require alterations in the institutional framework for CAREC. The broad timeline for CAREC Strategy 2030 entails sharing a “zero” draft with the Senior Officials Meeting (SOM) in June 2017, followed by further refinement and submission to the 16th Ministerial Conference in November 2017. Transport is expected to remain a major sector in CAREC Strategy 2030, with deeper coverage of existing topics and subsectors, and expansion into new areas such as aviation.

11. As part of an ongoing consultation exercise on CAREC Strategy 2030, the TSCC Meeting reviewed and commented on the proposed strategy outline. Questions were posed on whether the addition of new sectors may be overly-ambitious in terms of CAREC's capacity, especially considering the current targets and workloads. A request was made to introduce better coordination between the TSCC and the Customs Coordinating Committee. Participants also noted the need for better coordination at the country and CAREC level, e.g. through a council of permanent representatives. Participants also voiced the need for CAREC to involve new multilateral institutions and relevant non-member countries, namely Iran, Russian Federation and Turkey. These comments from the TSCC will serve as valued inputs for the CAREC Secretariat in drafting CAREC Strategy 2030.

Session 3: Progress in each Priority area

12. **Railways.** The session began with project update presentations from three countries, namely Georgia, Pakistan and Uzbekistan. Then, in view of the CAREC Railway Strategy, the TSCC participants confirmed and endorsed the Strategy's implementation recommendations and actions, which were prepared at the 3rd Meeting of the Railway Working Group (RWG) held on 15-16 May 2017 in Tbilisi. These actions, which target the overarching objective of creating financially- and economically-viable network projects, include the following: (i) translation of the Strategy into national action plans; (ii) development of study on corridor bottlenecks and gaps as an input into new investment plans; (iii) formalization of corridor teams; (iv) review and consideration of model agreements on topics such as tariffs, customer feedback, and cross-border processes; (v) preparation of case studies on information technology, unified bills, automatic management systems, and environmental issues; and (vi) creation of information exchange mechanisms for RWG members. Countries and development partners agreed to continue to support the RWG's activities.

13. **Transport Facilitation.** Despite significant improvement of linear infrastructure in most CAREC countries, CAREC Corridor Performance Measurement and Monitoring (CPMM) shows that the outcome level indicators of the TTFS 2020 have not improved (e.g. average traffic speed and border crossing times). Participants requested more information on the methodology and other details supporting each performance measure, such as whether delays are due to congestion, road conditions, or border crossing issues. The Secretariat agreed to provide such details, and to develop recommendations on how to address them.

14. Notwithstanding the above, participants noted significant qualitative changes in the cross-border transport facilitation landscape in the CAREC region. With the joining of Pakistan and PRC into TIR by January 2017, all CAREC countries are now covered by TIR. Attention now needs to be given to implementing TIR in full. IRU offered to support such efforts, including with respect to use of electronic systems and making border crossings paperless. Participants also noted the availability of a publication from IRU and the World Bank on reform guidelines for road freight.

15. In 2016, QTTA operations were resumed. Despite challenges of transit through PRC, CAREC countries expressed their firm commitment to fully operationalize QTTA. Furthermore, all member countries of the Shanghai Cooperation Organization (SCO) completed ratification of the SCO cross-border road transport facilitation agreement and the same became effective on 5 January 2017. This agreement is open for accession by non-SCO member countries and creates new opportunities for cross-border trade and transit among the CAREC countries.

16. **Road Safety.** Recalling the major progress made in road safety in 2016, culminating in the endorsement of the CAREC Road Safety Strategy by the 15th Ministerial Conference, the TSCC meeting discussed how the CAREC Road Safety Strategy should be implemented. Countries recalled that the TSCC is tasked to monitor progress against the results-based framework set out in the CAREC Road Safety Strategy, and confirmed where countries stand in 2017 – the first year of implementation. Participants broadly agreed that actions on road safety

need to be taken at country level, and decided to accelerate such actions to improve on the indicators year on year. In this regard, participants learned from Tajikistan about its contributions to implementation of the CAREC Road Safety Strategy, including through development of a road safety strategy and the conduct of awareness raising campaigns. Development partners, including the IRU, voiced their willingness to support countries on various aspects of road safety, including professional training.

17. Participants also reviewed three road safety engineering manuals developed by the CAREC Secretariat in response to requests from CAREC member countries in 2016. These were on: (i) road safety audit; (ii) roadside safety; and, (iii) safe road works. Participants agreed to apply these manuals on CAREC road projects. There were requests from CAREC countries to cover additional topics in these CAREC road safety manuals.

18. **Road Asset Management.** Improvement of road asset management (RAM) practices has been recognized as one of the key priorities under the TTFS 2020 and the rolling Transport Sector Work Plan. In response to requests from CAREC member countries to mutually share knowledge and experience in this field, the CAREC Secretariat prepared two draft knowledge products, namely: (i) a reference note on performance based road maintenance contracts (PBMC); and' (ii) a compendium of best practices in road asset management. Participants considered these two draft knowledge products and found them useful for assisting work on RAM in CAREC countries.

19. Participants agreed to support the further work on RAMs by: (i) completing a questionnaire to explore the requirements and support the conceptualization of projects to improve RAMs and support the implementation of PBMC; and, (ii) providing comments on the two draft knowledge products. The questionnaire will be sent to country representatives by the first week of June. Countries agreed to provide the Secretariat with their completed questionnaires as well as their final comments on the draft knowledge products by 17 June 2017. The CAREC Secretariat will then prepare a summary of the questionnaire findings which will be shared with participants, and will proceed toward publication of the knowledge products. Potential external financiers may then be attracted to provide RAM and PBMC implementation support. Participants also noted the importance of asset management in other sectors including in railways.

Session 4: Toward connected skies

20. **Background.** The strategic location of CAREC countries means that the region has the potential to serve as a hub for aviation, including for both passengers and freight. The land-locked nature of many CAREC countries makes air transport an essential mode. Based on a suggestion by the Prime Minister of Pakistan at the 15th Ministerial Conference to pursue air connectivity through the CAREC program, a CAREC Aviation Workshop was conducted in

Singapore in April 2017. There, countries shared information about their air transport conditions and investment needs.¹

21. **Open sky agreements.** Drawing upon inputs from the International Civil Aviation Organization (ICAO), participants noted the strong relationship between air connectivity and economic development, especially in areas such as tourism. Participants noted that while CAREC countries have benefited from improved air connections to countries outside of the CAREC region, air connectivity within the region is still developing. Participants agreed that open sky agreements between CAREC countries, especially for new unserved markets, could be further considered.

22. **Agreements and next steps.** Based on the recommendations from the Singapore Aviation Work Shop, the participants endorsed the inclusion of aviation as a new priority area for cooperation and coordination under the CAREC program. The participants also endorsed the development of a Scoping Study on CAREC aviation to understand the opportunities for coordination and investment. All countries have nominated two focal points to assist with the Scoping Study and the development of the CAREC aviation program. The participants also suggested forming partnerships with leading regional and global aviation organizations to ensure the quality of the Scoping Study.

Field visit to Georgian railway modernization project

23. Georgian Railway generously hosted a field visit to their Khashuri-Georgian Railway Modernization Project site on 19 May. The visit enabled participants to view the efforts of Georgia in improving vital transport corridors in support of regional connectivity.

Conclusion and Appreciation

24. Participants expressed their satisfaction with the consensus reached during the TSCC meeting, which will be presented to the CAREC Senior Officials' Meeting in June 2017.

25. Participants thanked the Government of Tajikistan for its active role in chairing the meeting. Participants further expressed their gratitude to the Government of Georgia for its warm hosting of the event. The delegates also expressed appreciation for the efforts of the CAREC Secretariat and the development partners for organizing and facilitating the meeting.

¹ Proceedings of the workshop are available at <http://www.carecprogram.org/uploads/events/2017/05-CAREC-Aviation-Workshop/2017-%20CAREC-Aviation-Workshop-Summary.pdf>