



Central Asia Regional Economic Cooperation Program

**16th Ministerial Conference on
Central Asia Regional Economic Cooperation
Dushanbe, Tajikistan
27 October 2017**

Report of the Senior Officials' Meeting to the CAREC Ministers

1. A Central Asia Regional Economic Cooperation (CAREC) Senior Officials' Meeting (SOM) was held in Tbilisi Georgia on 20–21 June 2017. Delegations from CAREC member countries participated along with representatives of CAREC multilateral institution partners and the CAREC Institute (CI). The national focal points also met on 21-22 September in Dushanbe, Tajikistan.
2. Honorable Ministers, it is my privilege, as Chair of the Senior Officials' Meeting, to report to you the outcome of our meetings.
3. The SOM broadly endorsed the new CAREC strategy leading to 2030 including the overall directions, operational priorities and institutional arrangements set out in the new strategy. The SOM recognized the necessity to formulate a new CAREC strategy in response to the rapidly changing global and regional economic and social landscape and in better alignment with national development priorities and the 2030 development agenda including the sustainable development goals (SDGs) and COP21.¹ The SOM appreciated the consultative and participatory approach in developing the new CAREC strategy. Consultations led by the CAREC Secretariat were conducted in all CAREC member countries involving more than 350 stakeholders. The SOM endorsed the proposed mission statement for CAREC to serve as "*A Regional Cooperation Platform to Connect People, Policies and Projects for Shared and Sustainable Development*". It underscored that CAREC should continue to build on its comparative advantages to deepen its existing operations in the areas of transport, energy, trade, and economic corridors development, while selectively expending into new areas identified by member countries in an incremental and gradual manner.
4. The SOM endorsed the proposed five operational clusters under the new strategy. These include the clusters on (i) economic and financial stability; (ii) trade, tourism, and economic corridors; (iii) infrastructure and economic connectivity; (iv) agriculture and water; and (v) human development. The SOM considered that CAREC should also promote application of information and communication technology (ICT) across all clusters for e-commerce and digital economy development in the region. The SOM proposed that CAREC should better leverage private sector financing and engage SMEs in global value chains, and promote business-to-business and people-to-people contacts among member countries.
5. The SOM considered that appropriate institutional arrangements should be put in place to operationalize the five operational clusters while keeping CAREC's institutional structure simple, effective and efficient. The SOM reviewed the proposal for the Ministerial Conference (MC) to serve

¹ COP21 refers to Paris Agreement of 21st Conference of parties of UN Framework Convention on Climate Change.

as a high-level policy development forum and is hereby submitting for your endorsement. With the MC focused on policy and strategy issues, it was suggested that the SOM be empowered to monitor progress at the cluster and sector levels. At the same time, the SOM noted the important role played by sector committees and observed that such committees should be further strengthened and rationalized going forward. The SOM proposed to merge trade policy and trade facilitation related work to create a unified trade group for synergy, better coordination and effectiveness. Customs cooperation functions will continue to be carried out by the standing Customs Cooperation Committee (CCC).

6. The SOM agreed that CAREC needs to further enhance its value-adding knowledge services to member countries to inform policy development and noted the important role of the CAREC Institute (CI) in providing knowledge and analytical support. The SOM is pleased to report that the CI Intergovernmental Agreement (CI-IGA) took into effect after its ratification by four countries (PRC, Mongolia, Pakistan, Uzbekistan). The CI-IGA Effectiveness Celebration was held on 7 September 2017 in Urumqi, Xinjiang Uygur Autonomous Region, PRC together with the Second CAREC Think Tanks Development Forum. Ministers from six member countries presented at the event. The SOM believes that CI will play an increasingly important role in providing knowledge support to the overall CAREC program.

7. The SOM agreed that CAREC should position itself as an open and inclusive platform to invite existing and new development partner institutions, with the potential to add value, to join CAREC and support its activities and operations. The SOM recommended to coordinate and cooperate with existing and emerging regional initiatives including Belt and Road Initiative, Shanghai Cooperation Organization and Economic Cooperation Organization. Hereby, the SOM submits the new CAREC strategy, *CAREC 2030*, for your endorsement.

8. Noteworthy progress continues to be made in implementing priority projects and initiatives under the four areas of CAREC cooperation – transport, energy, trade facilitation, and trade policy as well as under economic corridors development.

9. On transport, the SOM expressed satisfaction that road and railway targets set for 2020 have been surpassed. The SOM noted achievements in the areas of railways strategy development, transport facilitation, road safety and road asset management. The SOM endorsed (i) implementing the CAREC Railway Strategy through continued support to the railway working group, including translation of the strategy into national action plans; (ii) enhancing transport facilitation by supporting full implementation of key international transport agreements; (iii) implementing the CAREC Road Safety Strategy 2030; and (iv) undertaking of further efforts to support road asset management. The SOM reaffirmed the importance of aviation cooperation for the landlocked CAREC region, thus welcomed a scoping study to identify specific areas for regional cooperation in aviation.

10. On energy, a CAREC New Energy Technology Roadmap is under preparation. Progress has been made in the cross-border energy projects. The SOM instructed the Energy Sector Cooperation Committee (ESCC) to intensify its efforts to establish markets for energy. The SOM endorsed the conduct of a mid-term review of the 2016-2020 ESCC Work Plan. The SOM is pleased to report that ESCC in cooperation with ADB, the Government of Kazakhstan and the Astana EXPO 2017, organized CAREC 2017 Energy Investment Forum on 18-19 July 2017 in Astana, Kazakhstan with a focus on financing clean energy investments. The Forum attracted about 300 participants. The SOM noted that Georgia expressed interest to host the Forum in 2018.

11. On trade facilitation, the SOM noted the need for CAREC to support member countries in meeting their WTO Trade Facilitation Agreement (TFA) related commitments, and welcomed the

initiative to undertake an assessment of the TFA implementation status in CAREC countries. The SOM appreciated the pilot initiatives of CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE) involving Azerbaijan, Georgia and Kazakhstan. The SOM noted the progress made on implementing the CAREC Common Agenda for Modernization of Sanitary and Phytosanitary Measures and standards for trade and instructed sector committees to undertake concrete actions on this agenda including building quality management infrastructure. The SOM also noted the efforts put up by the CAREC Federation of Carrier and Forwarders in supporting CCC pilot initiatives and expanding the Corridor Performance Measurement and Monitoring program.

12. On trade policy, the SOM stressed that with the 2013-2017 Trade Policy Sector Action Plan coming to an end, a new trade policy agenda needs to be agreed and developed. It emphasized that the new trade policy agenda should be consistent with the directions of the new CAREC long-term strategy. The SOM encouraged TPCC to continue working closely with the WTO and other partners on trade related capacity development and knowledge sharing activities.

13. On economic corridors development, the SOM is pleased to report that good progress has been made on the pilot Almaty Bishkek Economic Corridor (ABEC). The Kazakhstan-Kyrgyz Republic Intergovernmental Council led by the respective Prime Ministers has established an ABEC Subcommittee, which is chaired by the CAREC national focal points. A first joint subcommittee meeting to be held on 25 September 2017 in Bishkek will sequence ABEC investment projects in combination with regulatory reforms and outline the ABEC Implementation Plan.

14. Honorable Ministers, on behalf of the CAREC Senior Officials, we request your kind attention on the progress report I have presented. I respectfully submit the above recommendations for your consideration.

Thank you.
Ms. Gulru Kayumova
Deputy Minister
Ministry of Economic Development and Trade
Tajikistan