



Central Asia Regional Economic Cooperation Program

**11th Ministerial Conference on
Central Asia Regional Economic Cooperation
Wuhan, Hubei Province, People's Republic of China
30 October 2012**

**Report of the Senior Officials' Meeting to the CAREC Ministers
Mr. Chen Shixin
Chair, Senior Officials Meeting**

Thank you Chair.

Minister Xie, Mr. Haruhiko Kuroda, President of ADB, Honorable Ministers, Ladies and Gentlemen. Good morning.

1. I am very pleased to inform you that a Senior Officials' Meeting was held yesterday, the 29th of October, to review the progress made in CAREC priority areas, and to discuss the future directions of the Program in line with our new 10-year strategic framework – CAREC 2020 – which the Honorable CAREC Ministers endorsed at the 10th Ministerial Meeting held last year in Baku. It is my honor, as Chair of the Senior Officials' Meeting, to report to you the outcome of our meeting.

2. Significant progress continues to be made in implementing priority projects and initiatives under the four areas of CAREC – transport, energy, trade facilitation, and trade policy. We thank the sector committees for preparing results-based and action-oriented progress reports in these four areas.

3. In transport, the construction and improvement of expressways and national highways, as well as the rehabilitation of railways along the six CAREC transport corridors has been proceeding well. As of September 2012, about 3,970 kilometers of road sections or 51% of the total, and about 3,190 kilometers of railways or 44% of the total had been completed. The results in this sector have exceeded the 2012 target that was agreed under the CAREC Transport and Trade Facilitation Strategy and Action Plan. The remaining sections will be completed during the period up to 2017. A midterm review of the Transport and Trade Facilitation Strategy and Action Plan has been initiated and will be completed in 2013.

4. In energy, since 2009 more than 2,300 kilometers of power transmission lines have been built and are bringing reliable electricity to the people and businesses of the CAREC countries. The Energy Action Plan 2010-2012 – consisting of the three pillars of Energy Demand and

Supply Balance, Regional Dispatch and Regulatory Development, and Energy–Water Linkages – has been completed. A regional power master plan for Central Asia has been prepared. The capacity to implement regional dispatch and regulatory systems in power trading is under development. A common understanding has been reached on the initial need to develop the analytical tools for water management at the national and regional levels. The Energy Sector Coordinating Committee has submitted for endorsement a new Energy Work Plan 2013-2015, which will build on the Energy Action Plan and focus the agenda of the Committee on highly relevant issues in the sector.

5. In trade facilitation, several key accomplishments were made over the past year in the following areas: improvements in border services, expansion of joint customs control between Mongolia and the People’s Republic of China (PRC), capacity development for CAREC customs officials, identification of regional initiatives in sanitary and phytosanitary measures, and contribution of the CAREC Federation of Carrier and Forwarder Associations. These achievements have contributed to a quantifiable drop in the average time and cost to clear a border-crossing point along the CAREC corridors.

6. In trade policy, accession to the World Trade Organization for CAREC countries, which has been a key priority of the Trade Policy Coordinating Committee, was supported by intensive capacity-building and knowledge-sharing sessions in 2012. The Committee continues to monitor the implementation of the Trade Policy Strategic Action Plan through two key indicators, the trade liberalization index and the institutional quality index. The trade liberalization index has reported healthy progress over the period 2009–2012 both in reducing or eliminating specific quantitative restrictions and tariffs, and in simplifying tax regimes related to trade.

7. We noted the preliminary findings of a pilot study on CAREC corridor development. The study for CAREC corridor 5, which focused on corridor segments in the Kyrgyz Republic and Tajikistan provided interesting insights into some of the priority initiatives that will help transform the corridor into an economic one.

8. We request the Honorable Ministers to note the foregoing progress report.

Honorable Ministers:

9. Taking into account the recommendations of the CAREC sector coordinating committees at their meetings during the year, as well as discussions among the CAREC National Focal Points during the past two months, the Senior Officials deliberated on future priority actions in the operational priorities of CAREC 2020.

10. In this regard, the CAREC Senior Officials agreed on the “Wuhan Action Plan”, which will help chart the future directions of the CAREC Program. The Wuhan Action Plan embodies the following priority actions for the next five years, which our countries will collectively and individually undertake:

- Plan, prepare, mobilize financing for, and implement priority projects and activities in transport, energy, trade facilitation, and trade policy, as well as deliver the knowledge products and capacity development activities under the CAREC Institute.
- Establish and operationalize the CAREC Institute physical base in the region by 2014 to help provide, on a continuing and sustainable basis, the analytical underpinning for strategic-, sector-, and project-related work under the CAREC Program, and associated

capacity development for all CAREC bodies. We take note of the kind offer of Azerbaijan, the People's Republic of China and Kazakhstan to host the CAREC Institute Headquarters.

- Pursue a practical, results-oriented, and corridor-based approach to facilitate cross-border transport, which will take into account similar existing and planned arrangements in the region.

11. As regards the establishment and operationalization of the CAREC Institute in the region by 2014, the Senior Officials agreed to reach consensus on its location at the soonest possible time. The Senior Officials shared their views on the governing council, the advisory body, the organization and management structure, the staffing and financial modalities of the CAREC Institute. ADB will further facilitate the process of consultation and deliberation on the operational aspects of the CAREC Institute in line with the agreed time schedule.

12. Honorable Ministers, on behalf of the CAREC Senior Officials, I respectfully submit the Wuhan Action Plan for your consideration.

Thank you.