

# Central Asia Regional Economic Cooperation (CAREC) Program

## Progress Report

Senior Officials' Meeting

14 September 2004

Almaty, Kazakhstan

### Transport

#### Actions Requested by 2nd MC and SOM

- Improve transport systems in the region, in particular, develop East-West and North-South transport corridors and harmonize regulatory framework (JMS 11, 14).

#### Progress/Remarks

- Transport projects approved:
  - ✓ Dushanbe-Kyrgyz Border (ADB)
  - ✓ Mongolia Regional Road Development (ADB)
  - ✓ Aktau-Atyrau for KAZ (EBRD)
  - ✓ Hacıqabul-Kurdamir (EBRD), Ujar-Yevlax (ISDB) and Yevlax-Ganja (ADB, feasibility study) of the Baku-Georgia Road for AZE
  - ✓ TA for Transport Sector Strategy for KAZ (WB)

<b>Transport</b>	
<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
	<ul style="list-style-type: none"> <li>• Transport projects to be approved in 2004:               <ul style="list-style-type: none"> <li>✓ South Kyrgyz Transport Corridor (ADB)</li> </ul> </li> <li>• ADB has offered support to CACO for developing the Transport Consortium concept.</li> </ul>

<b>Transport</b>	
<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
<ul style="list-style-type: none"> <li>• Strengthen sector coordination by reactivating sector committee (April SOM)</li> <li>• Regional Transport Agreement (April SOM)</li> </ul>	<ul style="list-style-type: none"> <li>• The first sector committee meeting was held on 30 June – 1 July 2004 in Almaty and discussed investment requirements and future joint work programs.</li> <li>• Draft concept ready.</li> </ul>

<b>Trade Facilitation</b>	
<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
<ul style="list-style-type: none"> <li>• Explore regional projects (JMS 14)</li> </ul>	<ul style="list-style-type: none"> <li>• Customs projects to be approved:               <ul style="list-style-type: none"> <li>✓ Regional Customs Modernization and Infrastructure Development for TAJ and KGZ in 2004 (ADB)</li> <li>✓ Customs Modernization Project for KAZ (WB, dialogue ongoing)</li> </ul> </li> </ul>

<b>Trade Facilitation</b>	
<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
<ul style="list-style-type: none"> <li>• Implement an action plan for customs cooperation (JMS 12, April SOM)</li> </ul>	<ul style="list-style-type: none"> <li>• The 3<sup>rd</sup> CCC meeting of Heads of Customs is tentatively scheduled on 1-3 December 2004 to be hosted by AZE Customs.</li> </ul>

<b>Trade Facilitation</b>	
<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
<ul style="list-style-type: none"> <li>• Implement an Action Plan for customs cooperation (JMS 12, April SOM)</li> </ul>	<ul style="list-style-type: none"> <li>• For training and knowledge sharing:               <ul style="list-style-type: none"> <li>✓ Development of Simplified Transit Systems (21-23 February, Bishkek)</li> <li>✓ Customs Reforms and Modernization (21-24 April, Beijing)</li> <li>✓ Private-public partnership for Customs Modernization (14-16 October, Manila)</li> <li>✓ Workshop on Risk Management and Customs Intelligence (November, Tashkent)</li> </ul> </li> </ul>

<b>Trade Facilitation</b>	
<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
<ul style="list-style-type: none"> <li>• Implement an Action Plan for customs cooperation (JMS 12, April SOM)</li> </ul>	<ul style="list-style-type: none"> <li>• Bilateral customs cooperation:               <ul style="list-style-type: none"> <li>✓ Signing of a transit agreement between KGZ and KAZ (6 March)</li> <li>✓ Pilot-testing of joint-border processing between KGZ and KAZ (effective July 2004)</li> <li>✓ Proposed transit agreement between KGZ and TAJ</li> <li>✓ A data-sharing agreement between KGZ and PRC (to be signed in late September)</li> <li>✓ Preparation of a framework agreement on customs cooperation between PRC and UZB</li> </ul> </li> </ul>

<b>Trade Facilitation</b>	
<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
<ul style="list-style-type: none"> <li>• Others on trade facilitation</li> </ul>	<ul style="list-style-type: none"> <li>• UNDP plans to implement a Silk Road Area Development Program (Phase II) for 2004-2005 linking PRC with CARs.</li> <li>• WB sponsored a regional seminar (12-14 November 2003, Almaty) together with USAID/Pragma and Eurasian Economic Community to discuss the concept and implementation plan for a recently developed customs risk management system.</li> </ul>

<b>Trade Facilitation</b>	
<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
<ul style="list-style-type: none"> <li>• Others on trade facilitation</li> </ul>	<ul style="list-style-type: none"> <li>• WB sponsored a regional conference (April 2004, Bishkek) jointly with USAID/Pragma to establish Congress of Business Associations of Central Asia and Russia.</li> </ul>

## Trade Policy

Actions Requested by 2nd MC and SOM	Progress/Remarks
<ul style="list-style-type: none"> <li>Set up a Sector Committee for trade policy to improve trade policies and establish conditions for trade development in accordance with WTO standards and effective mechanisms for preventing smuggling (JMS 12 and 16 April SOM)</li> </ul>	<ul style="list-style-type: none"> <li>The first meeting of a sector committee for trade policy was organized by the IMF in conjunction with the September SOM.</li> </ul>

## Energy

Actions Requested by 2nd MC and SOM	Progress/Remarks
<ul style="list-style-type: none"> <li>Explore and implement key regional projects (JMS 13, 14)</li> </ul>	<ul style="list-style-type: none"> <li>UZB-TAJ Power Transmission Modernization Project (EBRD and ADB)                             <ul style="list-style-type: none"> <li>✓ Loan and project agreements were signed in March</li> <li>✓ Negotiations for the power trade relations agreement have been completed</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>The first KAZ North-South Transmission Line Project (EBRD) was signed.</li> </ul>

<b>Energy</b>	
<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
<ul style="list-style-type: none"> <li>Strengthen the legal and regulatory basis for energy based on international standards (JMS 13)</li> </ul>	<ul style="list-style-type: none"> <li>ADB organized a meeting of Central Asia Electricity Regulators in Manila on 1-5 March 2004 to discuss power sector reforms and regulations. After suitable preparatory works, a Central Asia Electricity Forum will be launched by mid-2005.</li> </ul>

<b>Energy</b>	
<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
<ul style="list-style-type: none"> <li>Explore best solutions to energy and water nexus issue through energy-water working group (JMS 13)</li> </ul>	<ul style="list-style-type: none"> <li>WB has carried out analysis of regional power export potential and a report is being finalized.</li> </ul>
	<ul style="list-style-type: none"> <li>WB supported CACO in developing an agreed concept for a Water-Energy Consortium.</li> </ul>

## Donor Support

Actions Requested by 2nd MC and SOM	Progress/Remarks
<ul style="list-style-type: none"> <li>• Continue close MI coordination and establish an MI Coordination Group for effective coordination (JMS 17, 18)</li> </ul>	<ul style="list-style-type: none"> <li>• MI Coordination Group (CG) was created and coordinated effectively through a series of videoconferences.</li> </ul>
<ul style="list-style-type: none"> <li>• Call for further analytical works</li> </ul>	<ul style="list-style-type: none"> <li>• WB finalized its report on <i>Trade and Transport Facilitation in Central Asia: Reducing the Economic Distance to Markets</i>.</li> <li>• UNDP is preparing a second Central Asia Regional Human Development Report, which aims to demonstrate the importance of regional cooperation and integration. The Report will be finalized 2nd half of next year.</li> <li>• ADB is preparing a separate report on trade, transport and transit in Central Asia and by contributing a corresponding chapter to the UNDP's Report.</li> </ul>

## Cooperation with Neighbors

Actions Requested by 2nd MC and SOM	Progress/Remarks
<ul style="list-style-type: none"> <li>• Further examine cooperation prospects with neighbors including the membership issue (JMS 15)</li> </ul>	<ul style="list-style-type: none"> <li>• ADB convened a working group meeting on Central and South Asia Transport and Trade Forum in Dubai, UAE on 4-5 March 2004 (AFG, PAK, TAJ and UZB)</li> <li>• The first meeting of Trade and Customs Working Group is planned for 27-28 Oct and the Ministerial Meeting for Nov. 2004</li> <li>• UNDP organized A Ministerial Conference on <i>AFG's Regional Cooperation: Central Asia, Iran and Pakistan</i> in May 2004 in Bishkek, KGZ to discuss a range of issues pertaining to AFG's re-entry into the regional economy.</li> </ul>



## **Strengthening of OIF**

<b>Actions Requested by 2nd MC and SOM</b>	<b>Progress/Remarks</b>
<ul style="list-style-type: none"><li>• Prepare a report on capacity building and institutional strengthening tailored to country needs (JMS 19, April SOM)</li></ul>	<ul style="list-style-type: none"><li>• A detailed survey form was sent out to countries and an inception stage mission will be fielded to prepare a capacity building report.</li></ul>
<ul style="list-style-type: none"><li>• Develop a medium of information exchange such as quarterly newsletter on regional cooperation (April SOM)</li></ul>	<ul style="list-style-type: none"><li>• A sample newsletter was developed for consideration at the SOM.</li></ul>
<ul style="list-style-type: none"><li>• Greater participation of private sector in CAREC program with the establishment of CAREC Business Forum in longer term (April SOM)</li></ul>	<ul style="list-style-type: none"><li>• A concept note for Regional Business Roundtable was developed for consideration at the SOM.</li></ul>