

CAREC Consultation Meeting of National Focal Points, 27-28 September 2013, Bangkok

Summary of Discussions

1. A Consultation Meeting of the Central Asia Regional Economic Cooperation (CAREC) National Focal Points (NFPs) was held in Bangkok, Thailand on 27–28 September 2013. The objectives of the NFP Consultation were to review the deliverables and prepare for the 12th CAREC Ministerial Conference (MC) in Astana, Kazakhstan on 23-24 October 2013. Delegations from CAREC's 10 member countries participated. Representatives of some CAREC multilateral institution (MI) partners also attended. Mr. Klaus Gerhaeusser, Director General, Central and West Asia Regional Department (CWRD), Asian Development Bank (ADB) and Mr. Ayumi Konishi, Director General, East Asia Regional Department co-chaired the meeting. The agenda and list of participants are in the Appendix 1.

Session 1: Midterm Review of the Transport and Trade Facilitation Strategy

2. An update of the refined CAREC Transport and Trade Facilitation Strategy 2020 (TTFS) was presented by the CAREC Secretariat, incorporating comments received to date, most recently at the Joint TSCC and CCC meeting held in September 2013 in Astana, Kazakhstan.

3. The refined TTFS proposes a more integrated approach encompassing transport, logistics, and trade and transport facilitation. While the development of the six corridors remains a priority, selected corridor extensions will be established to link to CAREC countries to the gateway ports; alternate routes will be developed; missing links completed between corridors; and designated rail corridors introduced to increase reliability of rail to shippers. The refined TTFS also increases attention to operational and institutional effectiveness towards improved road maintenance and road safety, institutional capacity building, and strengthening monitoring and evaluation of the refined results-based framework.

4. Discussion focused on clarifying the connectivity to ports, building capacity to mobilize private sector investments, importance of software, and need for sound monitoring of results. The action plan to implement the TTFS involves 101 investment projects requiring an estimated \$38.7 billion in financing from CAREC governments and development partners, as well as increased private sector investment. Nonetheless, based on commitments to date, a financing gap remains. It was suggested that the TTFS could reflect more on the continued strong government commitment to finance their own strategic infrastructure, as well as innovative approaches to mobilize other sources of co-financing.

5. All the NFPs expressed their full support for the refined TTFS and endorsed it for consideration at the MC in October 2013.

Session 2: New Trade Policy Strategic Action Plan

6. Dr. David Tarr, Consultant, presented the progress on the implementation of the original Trade Policy Strategy and Action Plan (TPSAP) goals and the proposed draft of the new TPSAP, 2013-2017. WTO accession and implementation of WTO commitments remain priority goals in the new document. Two additional elements in the new TPSAP are: (i) increased focus on non-tariff measures and (ii) expansion of trade in services. The draft presented had incorporated several comments from the countries. Other outstanding issues raised in the

course of reviewing the draft were discussed, namely, those pertaining to liberalization of trade tax regime, tariff peaks, and removal of quantitative restrictions that are not compliant with the WTO. It was also noted that the draft should be worded to avoid affecting countries in the process of negotiating accession to the WTO. The NFPs expressed general support for the new TPSAP and endorsed the proposed timetable towards its adoption by the next TPCC on 22 October, and subsequently by the 12th Ministerial Conference on 23-24 October, subject to having the outstanding issues addressed in a revised draft. The revised draft will be circulated to member countries by 30 September, and they will provide comments by 16 October 2013.

Session 3: Review of DEfR Methodology

7. The CAREC Secretariat presented the rationale for, and approach to, a review of the DEfR methodology. The formulation of new or revised strategies at the level of the Program (CAREC 2020) and at sector levels (TTFS, TPSAP, EWP) marks a good time to undertake a review of the existing methodology underlying the DEfR.

8. Two options for proceeding with the review were presented by the Secretariat: Minor Review (Option A) to streamline the existing DEfR by picking out the more relevant outcomes and indicators and retaining the equal weighting scheme; Expanded Review (Option B) will cover the tasks under the Minor Review plus analysis of whether alternative outcomes and associated indicators may provide a better monitoring tool and a review of the weighting scheme. Option B will entail a longer timeline with consultations with member countries and sector coordinating committees. The NFPs endorsed the methodology review, suggesting Option A be followed, with the results of the Minor Review to be delivered at the October SOM for consideration of Option B to be decided at the SOM.

Session 4: Preparations for the 12th CAREC Ministerial Conference

9. Mr. Almas Baytenov, Deputy Director, Investment Policy Department, Ministry of Economy and Budget Planning, extended the Kazakhstan Government's invitation to the CAREC countries to the 12th Ministerial Conference to be held on 23-24 October, in Astana and briefed the CAREC delegations on the preparations for the Meeting. The following events will be held: (i) Trade Policy Coordinating Committee Meeting on 22 October, at the Rixos President Astana Hotel; (ii) Senior Officials Meeting on 23 October, at the Palace of Independence; and (iii) Ministerial Meeting on 24 October, also at the Palace of Independence. The theme of the Ministerial Conference is "Integrated Transport and Trade". The agenda for the SOM and Ministerial Meeting appears in Appendix 2. Mr. Baytenov also informed the meeting the Government of Kazakhstan proposed to commemorate the Astana MC with the launch jointly with ADB of a regional program for economic diversification in all CAREC areas of cooperation. The country delegations thanked the Kazakhstan Government for the invitation and promised to extend their full cooperation and support for the success of the Ministerial Conference.

Session 5: Energy Sector Coordination Committee Update

10. The Secretariat presented updates on the implementation of the six elements of the Energy Sector's Work Plan for 2013-2015. To build further consensus on Element 5, the list of priority projects, the ESCC has been mandated to expeditiously settle the issues raised. The Co-Chair noted the suggestions of some country delegations on the need to revisit how the CAREC consensus principle can be better applied in such situations. In response to the views

from the countries, the Co-Chair requested the Secretariat to instruct the ESCC to ensure no differentiation in due diligence requirements is applied to project selection in the formulation of the priority project list. The Co-Chair further noted that the spirit of cooperation in CAREC needs to be kept in high standing, and amicable solutions should be found.

Session 6: The CAREC Institute (CI) Update

11. The Co-Chair informed that consensus has been reached to locate the physical base of the CAREC Institute (CI) in Urumqi, PRC. The PRC subsequently extended its appreciation to the member countries and briefed the meeting on its plans to initiate (i) the formulation of the overall scheme for operationalizing the CI, including financing, timetable for operations, governance structure, and human resource plan, in cooperation with ADB and other members; and (ii) setting up internal working units, clarifying legal status, and preparing the required infrastructure, in coordination with the local government of the Xinjiang Uygur Autonomous Region.