



Central Asia Regional Economic Cooperation Program

**Joint Ministerial Statement  
13<sup>th</sup> Ministerial Conference on  
Central Asia Regional Economic Cooperation  
Bishkek, Kyrgyz Republic  
6 November 2014**

**Linking Connectivity with Economic Transformation in CAREC**

*Representing the Governments of Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan, Ministers adopted the following statement at the conclusion of the 13<sup>th</sup> Ministerial Meeting on Central Asia Regional Economic Cooperation (CAREC) in Bishkek, the Kyrgyz Republic, on 6 November 2014.*

**I. Translating Strategies into Action**

1. We noted with satisfaction that the implementation of the refined strategies and work plans, endorsed since the 12<sup>th</sup> Ministerial Conference, has commenced in the four priority areas of cooperation—transport, energy, trade facilitation, and trade policy. The planned initiatives build on past accomplishments and address emerging challenges in CAREC's regional and global environment. Recognizing the volatility of the global environment, we have set the course for regional cooperation to support corresponding national efforts at economic transformation so that economic growth can be sustainable, inclusive and resilient. To strengthen knowledge creation and sharing, and enhance the effectiveness of CAREC Program operations, we established the physical base of the CAREC Institute and initiated improvements in the monitoring of CAREC Program interventions.

2. We are pleased that cooperation strategies in CAREC's four priority sectors have been refined to align more closely with CAREC 2020's strategic objectives, and that work plans to implement them are more focused and targeted. Following the endorsement of the Transport and Trade Facilitation Strategy 2020, the Transport Sector Work Plan 2014–2016 has been formulated with country- and subregion-specific targets and concrete actions at the country and subregional levels. The refined multimodal transport corridors will connect Central Asia to large, efficient seaports to enable CAREC countries to trade with major world markets. The length of expressways or national highways built or upgraded in 2013 was 1,312 km, exceeding the 2013 target of 1,200 km. By the end of 2013, 4,970 kilometers (km) or 64% of road sections targeted for 2020 were completed. The Transport Sector Coordinating Committee has initiated two policy and institutional strengthening initiatives, namely: the regional road safety strategy preparation and the South-South knowledge cooperation, for which work will be launched in 2015. Progress was made in implementing the Energy Work Plan (EWP) 2013–2015, notably, in the initiatives to enhance the Central Asia-South Asia energy corridor. Technical support activities covered methodological and technical barriers facing regional power trade in Central Asia, understanding of climate change-induced energy sector vulnerabilities, and on mobilizing funds

to build energy assets. Other areas of capacity development were energy efficiency and regional energy trade. The Energy Sector Coordinating Committee has initiated discussions on the formulation of the EWP 2016–2020 which is a deliverable in 2015. Consistent with the integrated approach, the trade facilitation program has been aligned more closely with priority transport corridors. Customs cooperation continued to make progress as more pairs of border crossing points agreed to implement joint customs control and pilot the electronic exchange of cargo manifests. Other customs cooperation initiatives are well underway, namely: support to the accession to the Revised Kyoto Convention by five CAREC countries, assessments of existing risk management systems to formulate improvement plans and national planning workshops to conduct Time Release Studies. In addition, implementation of the initiative on promoting cooperation in sanitary and phyto-sanitary measures for trade facilitation is on track. Monitoring systems for transport and trade facilitation are being enhanced through expansion of corridor performance measurement and monitoring and the deployment of the Geographic Information System technology to create a CAREC transport database. CAREC countries have taken steps to implement the Trade Policy Strategic Action Plan 2013–2017 in two new areas—non-tariff measures and trade in services. Knowledge sharing and capacity-building activities have been conducted in these two areas and will continue in the coming years.

## **II. Linking Connectivity with Economic Transformation**

3. We are encouraged by ongoing initiatives in the CAREC countries to move to the next stages of their economic transformation. Policies on urban agglomeration are transforming spatial distribution, the structure of economic activities and organization of industries, and patterns of consumption, employment and migration within countries with spillover effects across the region. Policies to improve the business and investment climate have gained momentum. As CAREC countries transform from low to middle income, from agricultural to industrial, connectivity—which has been the centerpiece of the CAREC Program—will acquire new dimensions beyond physical links.

4. We recognize that regional cooperation must augment the process of economic transformation in the CAREC countries through more deliberate approaches. To guide this process, we have endorsed a framework for corridor development along three tracks: (i) transport corridors to rebuild and reinforce domestic networks; (ii) transit corridors to expand connectivity with neighbors, and (iii) economic corridors to connect markets by leveraging on physical connectivity to enhance regional spillovers of national efforts at economic transformation. We are pleased that the Governments of Kazakhstan and the Kyrgyz Republic have agreed to pilot an economic corridor approach between the cities of Almaty and Bishkek. A Memorandum of Understanding on the Almaty Bishkek Corridor Initiative (ABCI), signed by the two cities, will provide the framework for cooperation, and for collaboration in planning, knowledge sharing and conducting multi-sector dialogues. An inter-governmental Working Group on the ABCI will be established shortly by the two governments. The Working Group shall work closely with the CAREC Program in directing, monitoring and assessing the next phase to develop the economic corridor, and report on its outcomes next year. We are confident that this joint endeavor, initiated for the first time at the local level, will establish a new benchmark for regional cooperation in the CAREC region.

## **III. Building a CAREC Knowledge Base**

5. We are pleased to announce that the CAREC Institute's physical base in Urumqi, Xinjiang Uygur Autonomous Region, the People's Republic of China, is ready. We have agreed on the guiding principles, purposes, governance structure, and organization, management and

staffing of the CAREC Institute. A 10-member Governing Council is established to ensure that the CAREC Institute's activities link with, and support, the CAREC Program's priorities. In the interim period, the Governing Council is comprised of the CAREC National Focal Points. We call on the CAREC Institute to prepare a medium-term work program that will augment existing sector priorities, propose new initiatives to complement efforts by member countries towards economic transformation, and identify potential interventions in second tier areas to address social and other aspects of trade expansion and increased competitiveness.

#### **IV. Enhancing Institutional Mechanisms**

6. We commend the CAREC Secretariat and the sector coordinating committees for their work in refining the methodology, processes and indicator system for monitoring the CAREC Program results. We note that these improvements have been reflected in the 2013 Development Effectiveness Review (DEfR) Report. To enhance CAREC Program performance, we join the sector committees to consider how best to respond to recommended priority actions in the Report.

7. We are grateful for the continued technical and financial support of our multilateral institution partners to various CAREC initiatives and for their participation in this Conference. We also thank the participating bilateral development partners active in the region and encourage greater coordination whenever possible where their respective programs intersect with CAREC priority areas. We look forward to increasing engagement with the private sector to encourage innovation and enterprise, and as a partner in development finance.

#### **Conclusions and Acknowledgement**

8. As the CAREC Program moves into more complex and challenging dimensions of regional cooperation, we will need to reach a deeper and better understanding of the stakes involved. It is only when this clarity has been achieved that we can aspire to a shared vision on which to anchor our efforts. For the past 13 years, the CAREC Program has provided a platform for dialogue and understanding that enables us to embark on collective pursuits while unleashing the potential of our respective economies. We are confident that our enduring commitment to the CAREC Program, and the trust and understanding that we have built through the years, will carry us through the challenges ahead as we strive to realize the vision of CAREC 2020.

9. We thank the Government of the Kyrgyz Republic for chairing and hosting our 13<sup>th</sup> Ministerial Conference, and our Secretariat, the Asian Development Bank, for the excellent arrangements made. We look forward to our 14<sup>th</sup> meeting to be held in 2015 in Mongolia.