

Facilitation of Regional Transit Trade in CAREC

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- Team Leader/Trade Facilitation Specialist



FINAL WORKSHOP

Baku, Azerbaijan

7th and 8th December 2016



TA Rationale and TTFS Strategic Framework

- CAREC Transport and Trade Facilitation Strategy (TTFS) 2020 signed in October 2013 highlighted 2 strategic objectives:
 - **Trade Expansion:**
 - Through transport connectivity, the facilitation of the cross-border movement of goods and people, trade liberalisation and energy trade.
 - **Improved Competitiveness:**
 - Through transport connectivity, improved transport infrastructure, the development of competitive corridors across the CAREC region and energy sector cooperation.

CAREC investment and Focus

- **Investments**

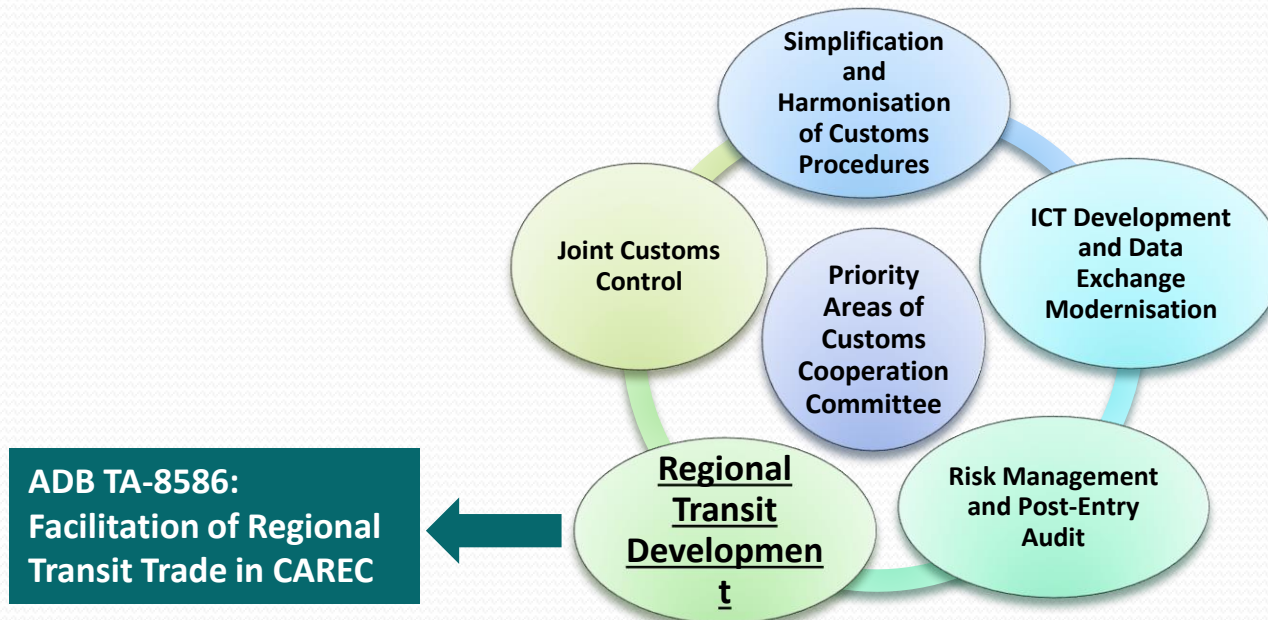
- USD 247 million in 2001 for 6 projects.
- USD 24.6 billion for 156 projects up to 2014.
- USD 43.4 billion planned for 2014-2020 for 108 new projects.

- **Focus**

- Improved transport and logistics infrastructure (multimodal corridor network)
- Improved **trade and transport facilitation** (improved trade and border crossing services and operational and institutional effectiveness).

Project Objectives

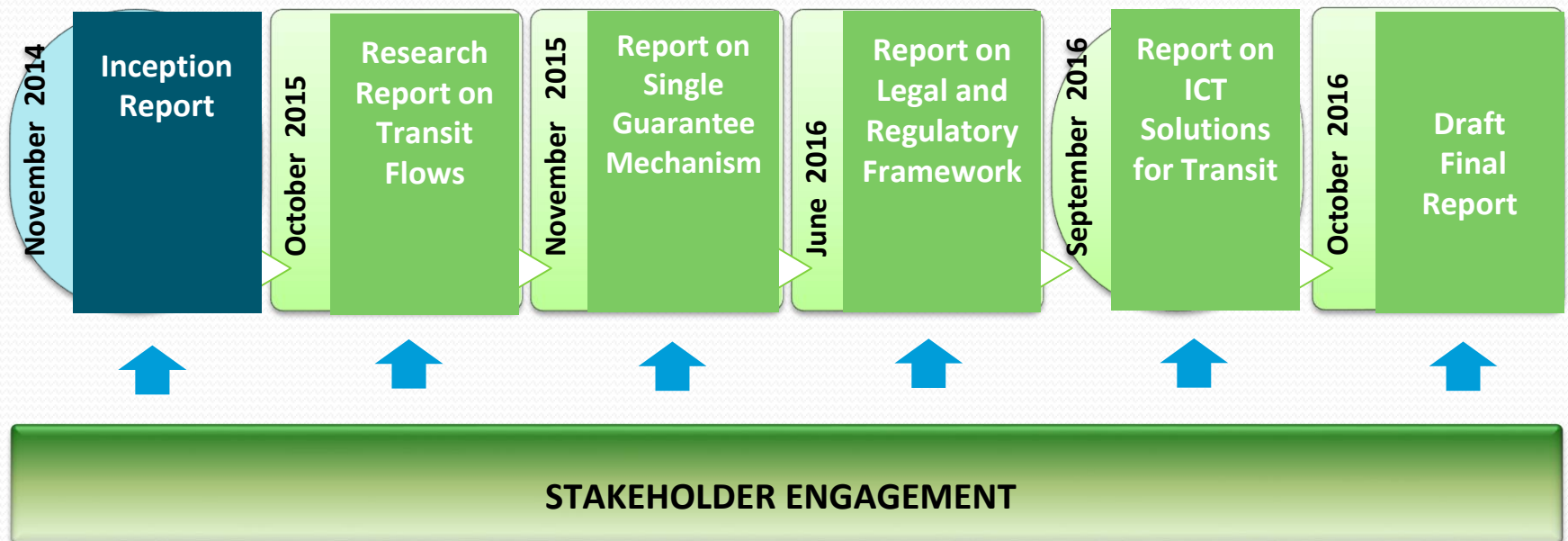
- To remove **customs-related impediments** to transit through the CAREC corridors.
- To develop a **Regional Transit Guarantee Mechanism (CGM)** to promote intra-regional trade amongst CAREC countries.



Specific Objectives

- To identify the **major CAREC corridors** and their transit operation characteristics;
- To identify **major impediments** within current transit systems;
- To make recommendations for a Regional Transit Guarantee Mechanism –**the CAREC GUARANTEE MECHANISM (CGM)**
- To identify the **legislative and regulatory requirements** for the **CGM**;
- To recommend an **ICT system** to support the **CGM**; and
- To identify a **PILOT CORRIDOR** to test the recommended transit regime involving 2 or more countries.

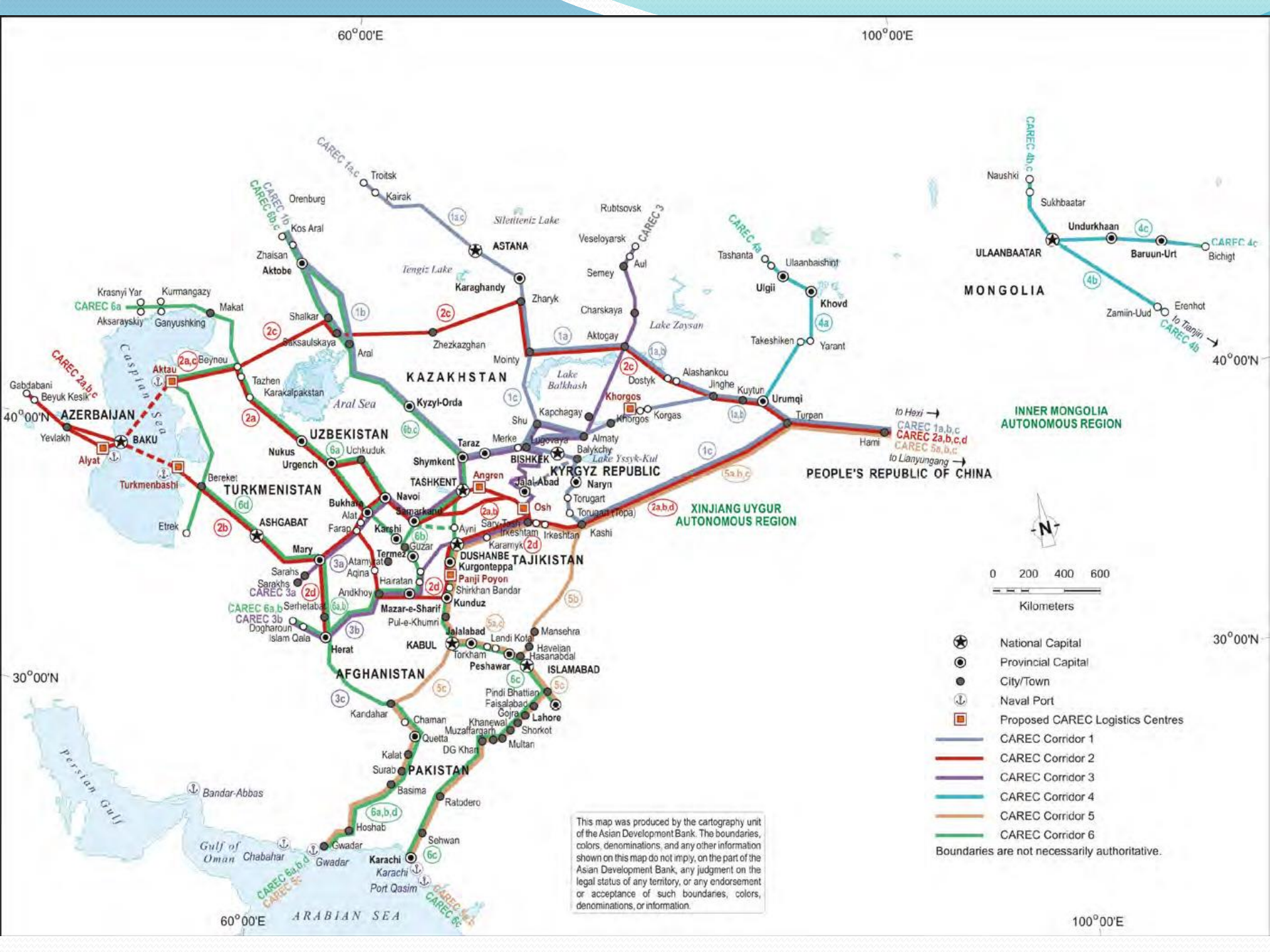
Summary of Deliverables and Program



Pilot Corridors

Alternative Options

- **Option A:** Corridor 1: Sub-Corridors 1b and 1c involving Kazakhstan, the Kyrgyz Republic and the PRC.
 - BCP at Khorgos/Korgas between KAZ and PRC
 - BCP at Torugart/Torugart(Topa) between KGZ and PRC
- **Option B:** Corridor 2: Sub-Corridor 2a involving Azerbaijan and Kazakhstan
 - BCP at Alat/Aktau with maritime crossing

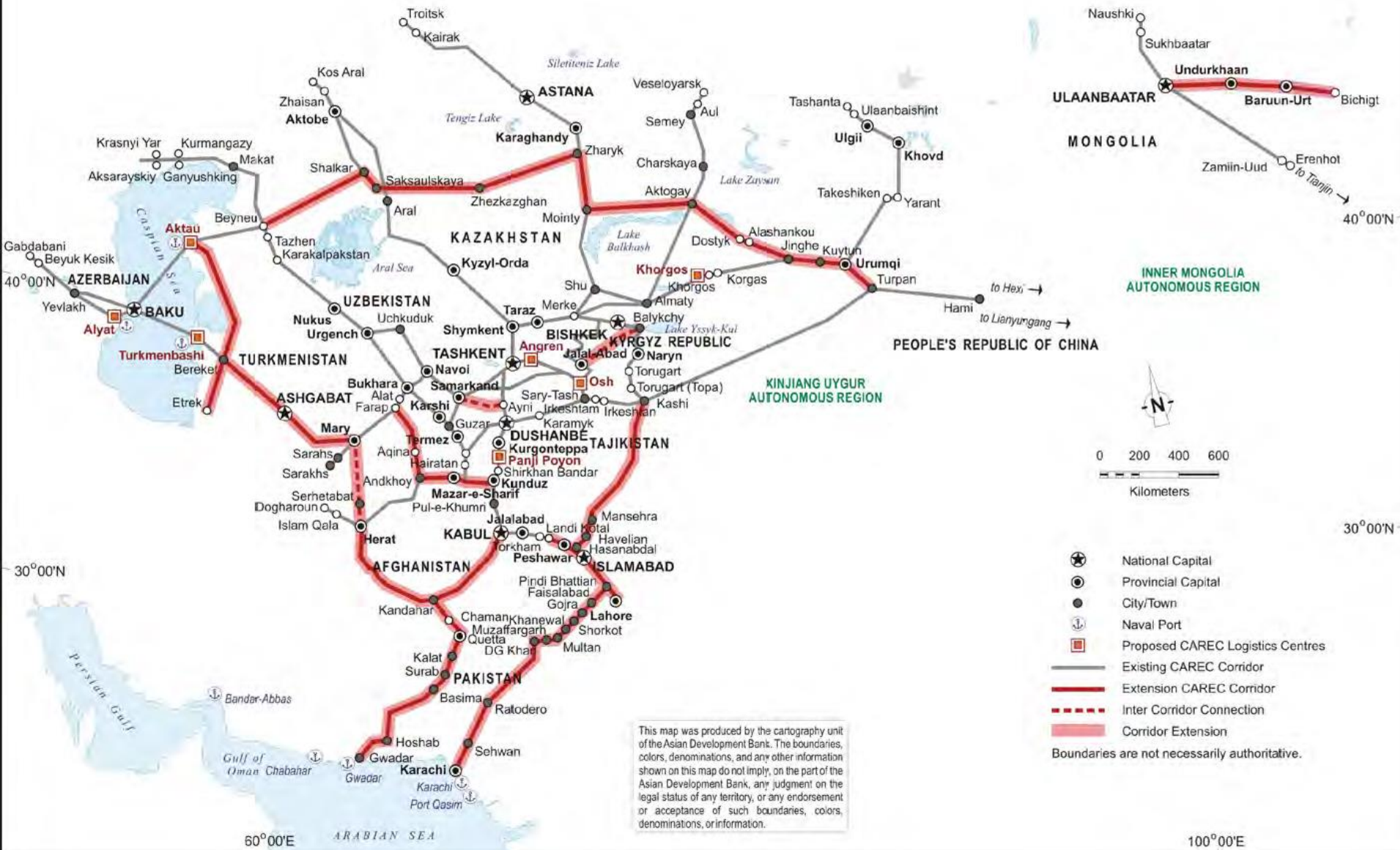


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- ★ National Capital
 - Provincial Capital
 - City/Town
 - ⚓ Naval Port
 - ▣ Proposed CAREC Logistics Centres
 - CAREC Corridor 1
 - CAREC Corridor 2
 - CAREC Corridor 3
 - CAREC Corridor 4
 - CAREC Corridor 5
 - CAREC Corridor 6
- Boundaries are not necessarily authoritative.

60°00'E

100°00'E



40°00'N

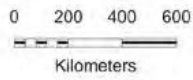
40°00'N

30°00'N

30°00'N

60°00'E

100°00'E



- National Capital
 - Provincial Capital
 - City/Town
 - Naval Port
 - Proposed CAREC Logistics Centres
 - Existing CAREC Corridor
 - Extension CAREC Corridor
 - Inter Corridor Connection
 - Corridor Extension
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Option A: Corridor 1

Sub-Corridors: 1b and 1c

Key Corridors 1b and 1c



— Corridor: 1b

— Corridor 1c

- 1 Urumqi
- 2 Almaty
- 3 Bishkek
- 4 Astana

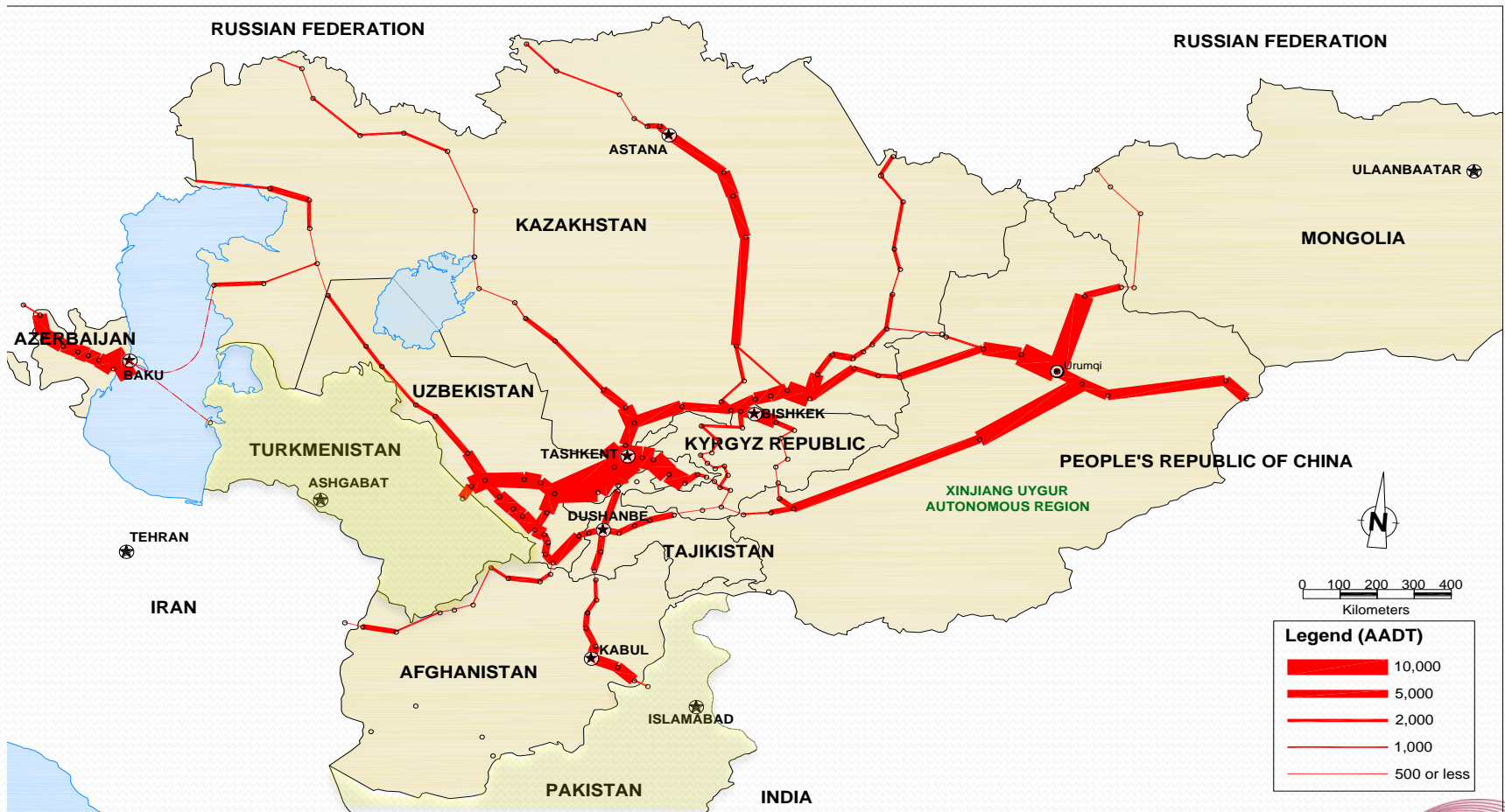


Rationale for Selection

- Traffic Density
- Volume of Trade
- Value of Trade
- Economic Importance

Traffic Density

Road traffic density (AADT) for road transport along the CAREC Corridors





Value and Volume of Trade

Value of Intra-regional trade amongst CAREC countries (USD Thousand) 2014†

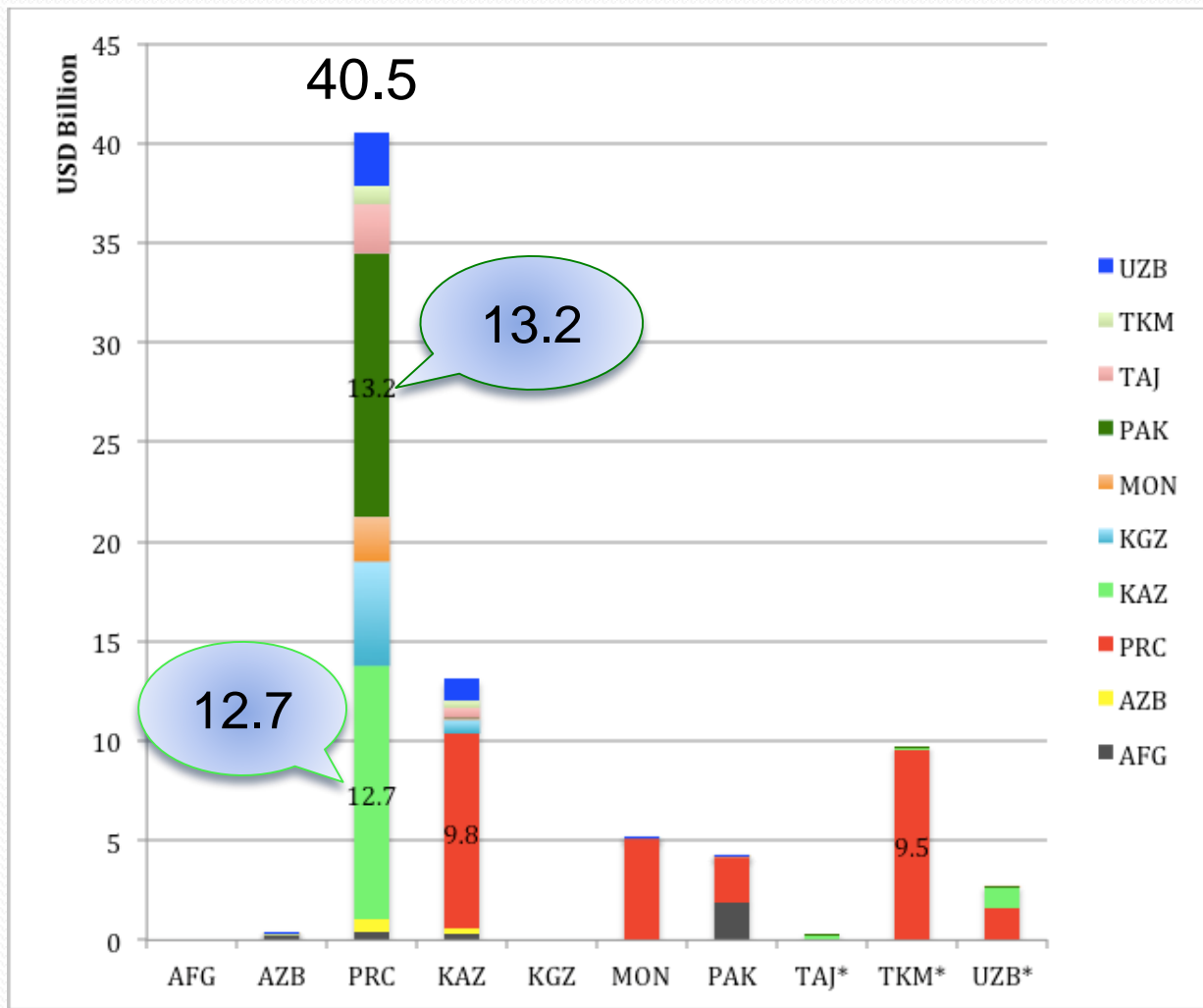
To / From	AFG	AZB	PRC	KAZ	KGZ	MON	PAK	TAJ	TKM	UZB
AFG		0	20277	0	0	0	198352	0	0	0
AZB	200,336		33,832	46,744	12,761	529	29	13,763	39,853	10,712
PRC	393,597	645,260		12,719,176	5,075,346	2,449,592	13,248,879	1,869,364	1,137,644	2,613,355
KAZ	333,539	220,026	9,815,017		670,671	62,768	505,36	5052	159,011	1,126,615
KGZ	12,281	4211	38,955	382453		4365	2455	50,535	5,052	159,011
MON	0	0	5,070,107	4,856	282		0	0	46	489
PAK	1,879,143	27,656	2,252,900	6,652	771	280		10,287	2,420	3,460
TAJ*	NA	188	47,691	72,081	3460	19	394		NA	NA
TKM*	NA	NA	9,516,158	121,245	1682	0	15780	NA		NA
UZB*	NA	23,512	1,597,121	1,017,978	97610	5415	685	NA	NA	

NA=No data Available

* = Partner provided (Mirror) data

† = No data available for Afghanistan and the Kyrgyz Republic, 2014. Therefore 2013 data is used. (In matrix only)

Value of Intra-regional trade amongst CAREC countries (USD Billions) 2014 – Including the PRC



Volume of Intra-regional trade amongst CAREC countries† (Tons) 2013

To \ From	AFG	AZB	PRC	KAZ	KGZ	MON	PAK	TAJ	TKM	UZB
AFG	-	0	NA	NA	0	0	0	0	0	0
AZB	192,511	-	84,583	45,737	15,872	187	27	15,591	40,416	12,253
PRC	35,545	32,953	-	4,311,380	242,958	181,176	337,032	92,544	122,101	278,967
KAZ	490,216	1,052,034	19,642,477	-	1,626,259	4391	6,706	1,188,991	168,663	1,448,827
KGZ	14,909	1,862	141,019	165,864	-	2,377	750	201,430	12,448	602,400
MON	0	64	26,594,643	29	139	-	0	0	184	657
PAK	5,815,344	92,625	1,638,307	5,985	62	20	-	13,657	1,156	406
TAJ*	0	22	39,214	232,451	1,120	23	210	-	NA	NA
TKM	0	73,728	17,709,768	1,003,252	1,250	0	5,866	NA	-	NA
UZB	0	2,800	2,429,351	2,174,111	129,733	16,259	1,538	NA	NA	-

Source: ITC calculations based on UN COMTRADE statistics.

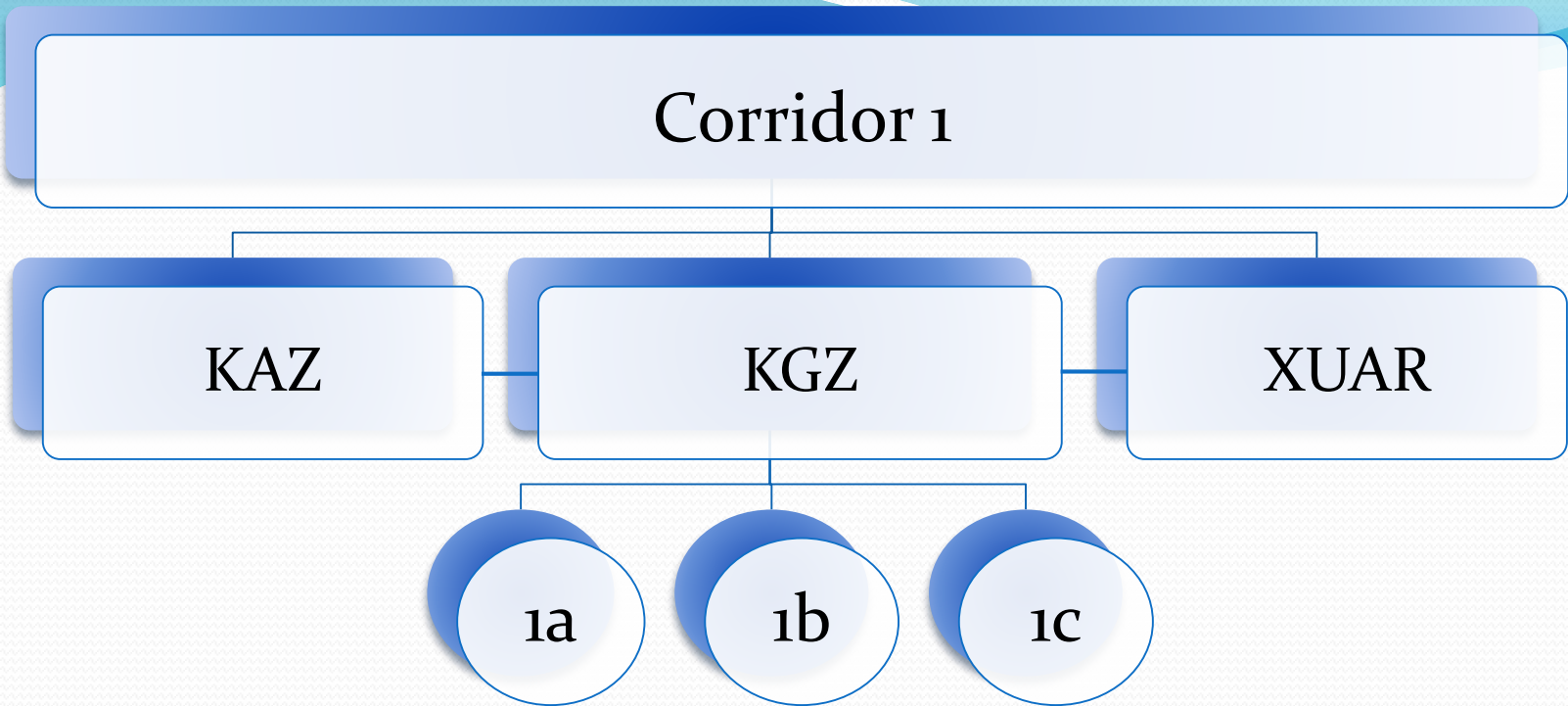
† = Representative sample of quantities obtained from top 3-5 most valuable bilaterally exported goods for each country. Equating to at least 66.67% of total bilateral exports.

NA=No data Available

* = Partner provided (Mirror) data



Economic Importance and Growth

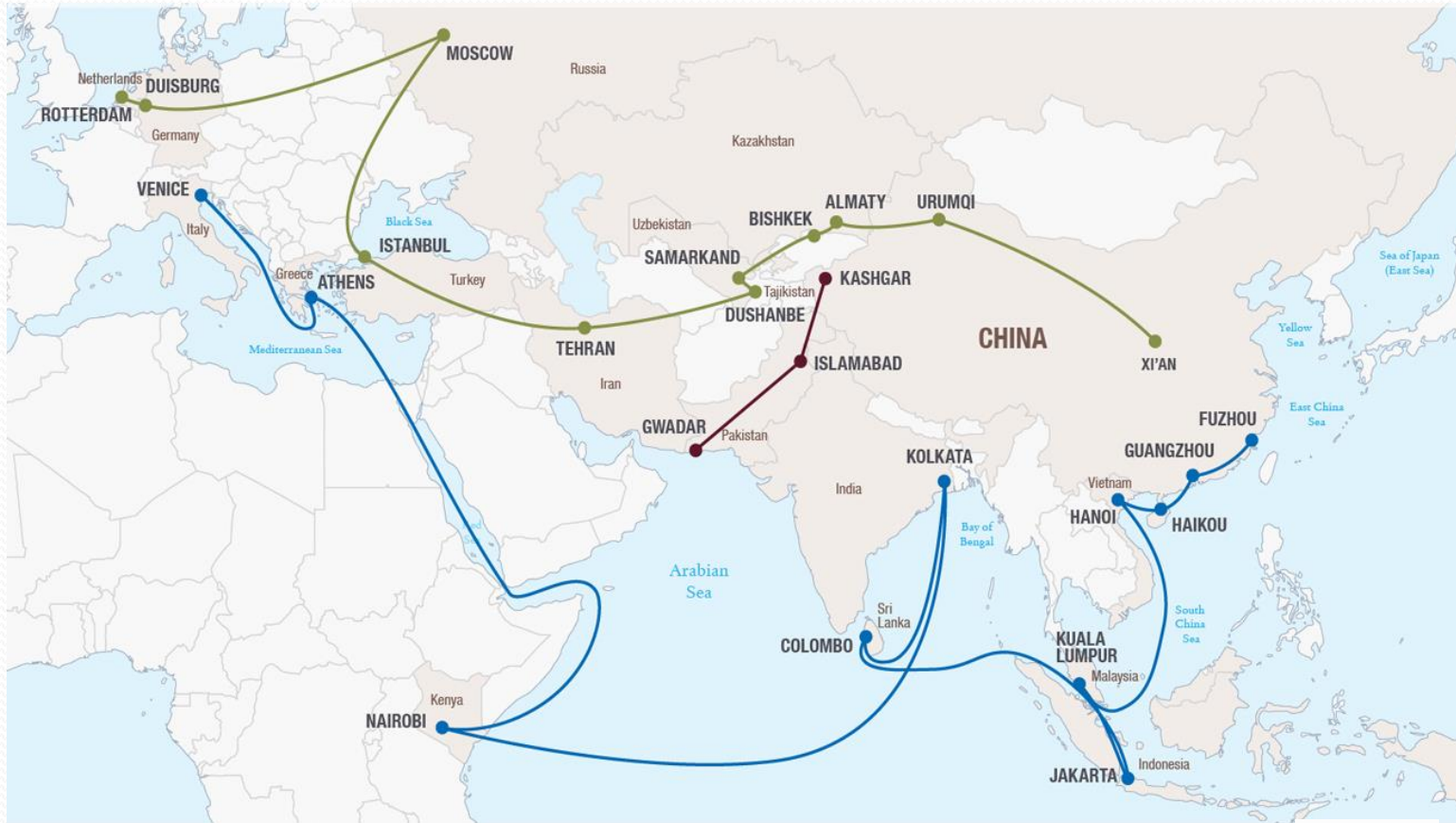


- Most strategic CAREC corridor connecting with KAZ and KGZ with XUAR (PRC)
- Trade between Kazakhstan and XUAR = \$22.81 bn in 2013.
- Accounted for 51% of total trade from XUAR (PRC)
- 1b and 1c pass through densely populated centers such as Urumqi, Almaty, Bishkek and Astana.
- Bishkek-Almaty economic corridor being developed by ADB

The Future

- One Belt, One Road
- China Pakistan Economic Corridor (CPEC)

The PRC's Proposed New Silk Roads



— SILK ROAD ECONOMIC BELT

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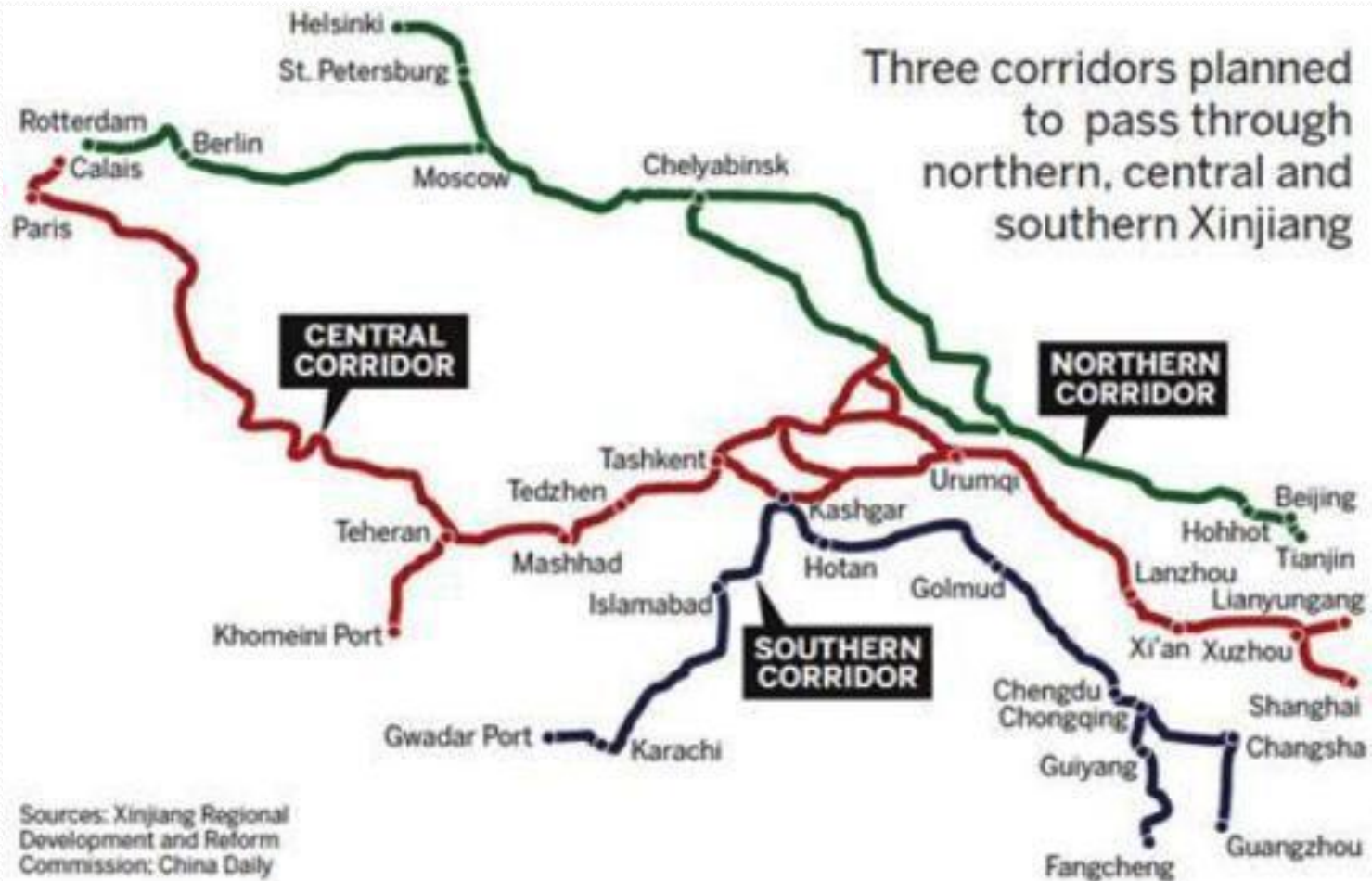
— CHINA-PAKISTAN ECONOMIC CORRIDOR

Source: Xinhua News Agency

James McBride, Julia Ro

RELATIONS

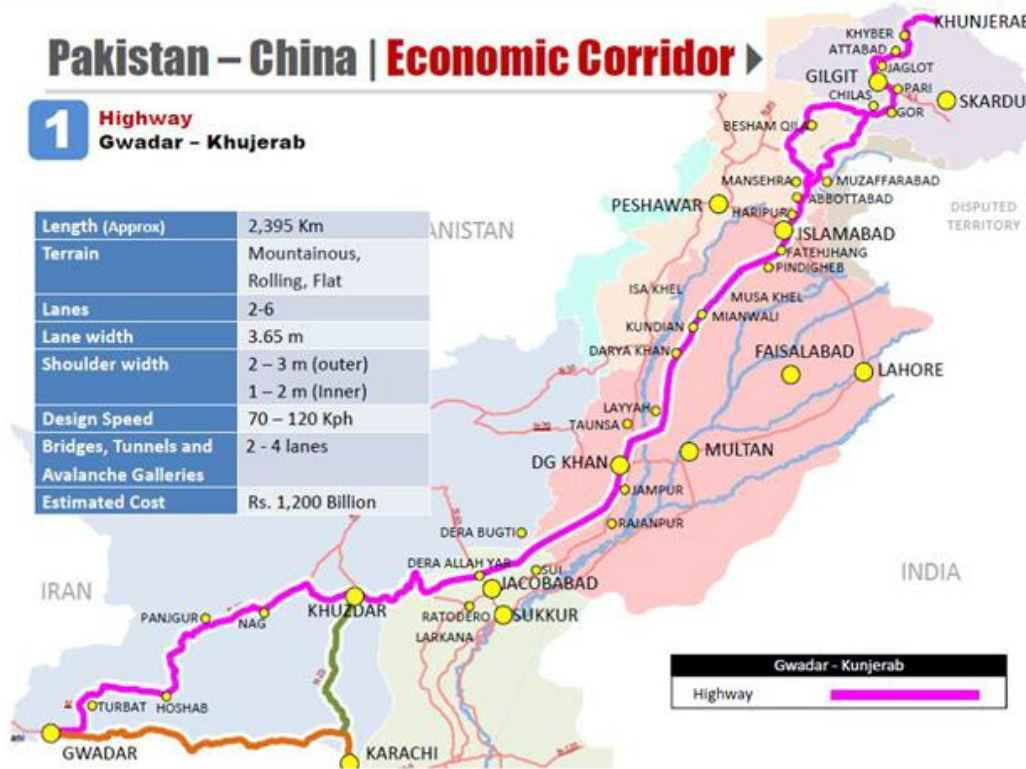




Pakistan – China | Economic Corridor

1 Highway Gwadar – Khujerab

Length (Approx)	2,395 Km
Terrain	Mountainous, Rolling, Flat
Lanes	2-6
Lane width	3.65 m
Shoulder width	2 – 3 m (outer) 1 – 2 m (inner)
Design Speed	70 – 120 Kph
Bridges, Tunnels and Avalanche Galleries	2 - 4 lanes
Estimated Cost	Rs. 1,200 Billion



Option B: Corridor 2

Sub-Corridor 2a.

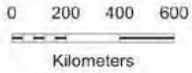


AZE	KAZ	KAZ	TKM	KAZ	TKM	KAZ	UZB	TKM	KAZ	UZB	UZB	UZB	UZB	KAZ	UZB	UZB	KAZ	KGZ	KAZ	KAZ	KGZ
IP101	IP10	IP107	IP105	IP3	IP103	IP105	IP3	IP101	IP13	IP16	IP33	IP18	IP104	IP7	IP30	IP19	IP6	IP7	IP102	IP103	IP105

AZE	AZE	AZE	AZE	AZE	TKM	UZB	TKM
IP5	IP1	IP2	IP4	IP3	IP104	IP105	IP102

AFG	UZB	UZB	AFG	AFG	AFG	TAJ	TAJ	TAJ	TAJ	TAJ
IP101	IP102	IP103	IP12	IP103	IP11.1	IP101	IP10	IP4	IP8	IP9

- National Capital
- Provincial Capital
- City/Town
- Proposed CAREC Logistics Centres
- CAREC Corridor 2
- Corridor Extension
- Railway
- IP Investment Project



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- AFG IP 11: 1. Shirkhan Bandar-Kunduz-Khoham-Nababad-Andkhoy Railway Construction
- AFG IP 12: Aqina-Andkhoy Railway Construction (Turkmenistan-Afghanistan)
- AFG IP 101: TKM Border-Herat Railway Construction
- AFG IP 103: Mazar-e-Sharif-Kunduz Road Rehabilitation
- AZE IP 1: East-West Highway (M2 improvement & 4-Laning; Yevlakh-Ganja, Gazakh-Border)
- AZE IP 2: Railway Trade and Transport Facilitation
- AZE IP 3: Acquisition of High Capacity Ferries and Ro/Ros by Caspian Sea Shipping
- AZE IP 4: Baku International Sea Trade Port Construction at Alyat
- AZE IP 5: Haygatut-Yevlakh and Ganja-Gazakh Roads
- AZE IP 101: LC Baku Port at Alyat
- KAZ IP 3: Aktau-Beyneu Road Rehabilitation (MFF Corridor 2 [Magystrau Oblast] Program)
- KAZ IP 6: Dostyk-Atlogay Railway Section Electrification
- KAZ IP 7: Aktogay-Moinly Railway Section Electrification
- KAZ IP 10: Aktau Port expansion
- KAZ IP 13: Zhekhazgan-Saksaulskaya Railway Line Construction
- KAZ IP 102: BCP improvement for Road Vehicles at Dostyk
- KAZ IP 103: BCP improvement for Trains at Dostyk
- KAZ IP 105: BCP improvement for Road Vehicles at Tazhen
- KAZ IP 107: LC Aktau Port
- KGZ IP 7: Osh International Airport Reconstruction
- KGZ IP 105: LC Osh
- TAJ IP 4: Kurgonteppa-Dusti-Panji Poyon Road Rehabilitation
- TAJ IP 8: Reconstruction of Sections of Dushanbe-Kurgonteppa-Dangara-Kulyab Road
- TAJ IP 9: Vahdat-Yevlan Railway Construction (New)
- TAJ IP 10: Construction of Railway Line Kolkhozabad-Dusti-Panji Poyon-Alghan Border
- TAJ IP 101: LC Panji Poyon
- TKM IP 101: Construction of Dashoguz-Shasenen-Gazojak Railway
- TKM IP 102: Construction of Atamyral-Ymamnazar-Aqina Railway
- TKM IP 103: LC Turkmenbashi
- TKM IP 104: Reconstruction of Ashgabat-Turkmenbashi Highway
- TKM IP 105: CAREC Maritime Transport Corridor Development
- UZB IP 3: Acquisition of New Cargo and Passenger Locomotives
- UZB IP 16: First MFF: CAREC Corridor 2 Road Investment Program (Phase 2)
- UZB IP 18: Electrification Marokand-Samarkand-Naroi-Bukhara Railway Section
- UZB IP 19: Reconstruction of Landing Strip at Andijan Airport
- UZB IP 30: Second MFF: Second CAREC Corridor 2 Road Investment: Program (Phase 3)
- UZB IP 33: Construction of Centralized Filling Station in Navoi Airport
- UZB IP 102: BCP improvement for Road Vehicles at Alai
- UZB IP 104: LC Angren (Extension)
- UZB IP 105: Third MFF: Third CAREC Corridor 2 Road Investment Program

Rationale

- Traffic density shows large trade flows along Corridor 2 with a high AADT moving towards Georgia and Europe.
- Potential for developing stronger links through to Europe via Georgia
- Azerbaijan has a very well developed IT system for transit, which is operational within the region
- The new port of Alyat is nearing completion.
- There are plans to develop a West–East Corridor via a land route from Kazakhstan to the PRC.
- This is a TRACECA corridor.

Pilot Phase: Implementation Schedule

- Phase 1: Project design

Pilot Phase: Implementation Schedule

- Phase II: Testing of Pilot

Latest Status

- Customs Cooperation Committee Meeting in Singapore in September endorsed the **Piloting of a regional Transit System including a guarantee mechanism (RTGM)** to the Senior Officials' meeting in Islamabad in Pakistan on the 25th October.
- The Senior Officials' meeting endorsed the **Pilot Scheme.**



**THANK YOU VERY MUCH FOR YOUR
ATTENTION**