



**17th Ministerial Conference on
Central Asia Regional Economic Cooperation
Ashgabat, Turkmenistan
15 November 2018**

Report of the Senior Officials' Meeting to the CAREC Ministers

1. A Central Asia Regional Economic Cooperation (CAREC) Senior Officials' Meeting (SOM) was held in Bangkok, Thailand on 27–28 June 2018. Delegations from CAREC member countries participated along with representatives of CAREC multilateral institution partners and the CAREC Institute (CI). The national focal points also met on 9-10 October in Ashgabat, Turkmenistan.
2. Honorable Ministers, it is my privilege, as Chair of the Senior Officials' Meeting, to report to you the outcome of our meetings.
3. The SOM noted the positive regional dynamics of the CAREC region marked by the revival of growth, pick up in trade, improvement in economic fundamentals and greater openness to regional cooperation which provided further momentum for the implementation of the CAREC 2030 strategy. The SOM expressed satisfaction on the overall progress in the five operational clusters since the adoption of CAREC 2030 in October 2017, including activities and ongoing scoping studies under the new sectors and areas, as well as the continuous knowledge dissemination and profile-raising activities for increased general awareness of the CAREC Program.
4. On Macroeconomic and Financial Stability, the SOM welcomed the CAREC High-Level Forum “Macroeconomic Policies for Economic and Financial Stability” co-organized by the Asian Development Bank (ADB), the International Monetary Fund (IMF), and the World Bank in Astana in May 2018. The SOM discussed the future cooperation activities and acknowledged the importance to undertake high-level policy dialogue among CAREC member countries to improve macroeconomic policies, promote financial stability, and strengthen investment climate in the region. The SOM noted that mitigating price volatility is important for the CAREC countries, and countercyclical policy is an effective option to achieve stability during periods of economic slowdown. The SOM welcomed the recommendation of conducting annual high-level macroeconomic policy dialogue among CAREC ministries of finance, central banks, financial regulators, think tanks, and private sector practitioners. The SOM also deliberated and agreed in principle a draft Terms of Reference (TOR) which highlighted the principles for selection of themes and topics, possible scope of activities, frequency and format of the dialogue, and proposed programs for the next two years.
5. On Transport, the SOM expressed satisfaction with the implementation of the CAREC Transport and Trade Facilitation Strategy 2020 and the CAREC Transport Sector Work Plan 2017–2019, with road and railway infrastructure improvement targets set for 2020 having been

surpassed. The SOM noted achievements in the areas of railways, road safety, road asset management, cross-border transport facilitation, and aviation, including (i) practical measures to implement the CAREC Railway Strategy 2030 through compilation and sharing of best commercial and operational practices; (ii) development and dissemination of three manuals on road safety engineering in advancing the CAREC Road Safety Strategy 2030; (iii) promotion of robust road asset management practices through knowledge sharing and implementation of performance-based road maintenance contracts; (iv) cross-border transport facilitation through assisting in improvement of border crossing infrastructure and implementation of the key international transport agreements and conventions within the entire CAREC region; and (v) dissemination of the CAREC Aviation Scoping Study findings. The SOM called for support in advancing aviation cooperation, and endorsed plans for the preparation of the CAREC Transport Strategy 2030, to be completed in 2019.

6. On Energy, the SOM acknowledged the progress achieved by the Energy Sector Coordinating Committee (ESCC) on the key cross-border energy connectivity projects, and the efforts to move toward establishment of a common energy market in CAREC, to increase regional power supply and power trade, including off-grid solar technology and grid integration pilots. The SOM recognized the need to accelerate state-owned enterprises reform in the power utility sector to bring in private sector investment to narrow the financing gap. To this effect, the 3rd Energy Investment Forum with the theme “Financing High Technology for CAREC” was held on 11–12 September 2018 in Batumi, Georgia, where a range of new energy technologies that could be quickly adopted in the CAREC region were discussed. The SOM deliberated the CAREC High Technology Roadmap for the energy sector and supported its submission to the Ministers for endorsement. The SOM supported the ongoing mid-term review of the ESCC Strategy and Work plan 2016–2020 and welcomed the subsequent formulation of a renewed CAREC Energy Strategy leading to 2030.

7. On Trade, the SOM supported the overall framework of the CAREC Integrated Trade Agenda (CITA) 2030 comprising three pillars: (i) trade expansion from increased market access, (ii) greater diversification, and (iii) stronger institutions for trade. The SOM appreciated the consultative and participatory approach that was followed in CITA 2030’s formulation. At the request of the SOM, the full draft CITA 2030, its accompanying 3-year Rolling Strategic Action Plan (RSAP) 2018–2020 and results framework were further reviewed and refined. Taking into account feedback received at the National Focal Points’ Meeting, the SOM considered CITA 2030 and RSAP 2018–2020 ready for Ministers’ endorsement at today’s meeting. The SOM was also apprised of the inaugural meeting of the Regional Trade Group (RTG) in June and endorsed its TOR. The SOM agreed on the need for close coordination and cooperation between the RTG and the Customs Cooperation Committee (CCC) with the RTG leading the coordination and discussion on over-arching trade issues. The SOM noted that the CCC has reviewed and re-aligned customs’ priority areas of work in line with the evolving role of customs authorities and CITA 2030.

8. The SOM appreciated the progress made on customs cooperation, implementation of the World Trade Organization Trade Facilitation Agreement, improvement of border-crossing points, and implementation of the CAREC Common Agenda for Modernization of Sanitary and Phytosanitary Measures for Trade (CAST). The SOM welcomed joint initiatives between Georgia and Azerbaijan on construction of a border-crossing point (BCP) with joint customs control and a pilot project to modernize SPS measures in a railway BCP. The SOM endorsed the establishment of a regional SPS working group within the framework of the RTG and stressed the need to assess laboratory capacity for managing plant health, animal health and

food safety. The SOM welcomed the proposed regional initiative to set up a CAREC Food Safety Network while requesting a concept paper for conducting further in-country discussions.

9. **Results Framework.** The SOM welcomed the work undertaken in refining the results framework to better align with the CAREC 2030 strategy and noted the progress made in developing the results frameworks for the transport and trade sectors. The SOM agreed on the phased approach in the construction of the overall results framework. The SOM endorsed the proposed timeline of developing the draft transport results framework by end 2018 for CAREC members' inputs and comments, and the consolidated program results framework by 2020.

10. The SOM commended the CAREC Institute (CI) on progress made in implementing the CI 2018 workplan and expected the approval of CI Strategy 2018-2022 and 2019-2020 Rolling Operational Program during its Governing Council meeting in December 2018. The SOM looked forward to the CI's role in strengthening knowledge support for the CAREC Program by providing evidence-based research, capacity building services and networking with research institutions.

11. Honorable Ministers, on behalf of the CAREC Senior Officials, we request your kind attention on the progress report I have presented. I respectfully submit the above recommendations for your consideration.

Thank you.

Mr. Ezizgeldi Annamammedov
Deputy Minister
Ministry of Finance and Economy
Turkmenistan