



## CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) REGIONAL TRADE GROUP (RTG)

### DRAFT TERMS OF REFERENCE

*as of 23 May 2018*

#### A. INTRODUCTION

1. The new strategy for the Central Asia Regional Economic Cooperation (CAREC) Program, *CAREC 2030* provides the new long-term strategic framework to create an open and inclusive regional cooperation platform that connects people, policies, and projects for shared and sustainable development. *CAREC 2030* envisages focus on five operational clusters going forward including the cluster of trade, tourism, and economic corridors.<sup>1</sup>

2. Amid the rapidly changing global and regional trade landscape, CAREC is repositioning itself as a catalyst for trade expansion and economic diversification in the region. However, CAREC countries are not well integrated into the global economy. Excluding PRC, CAREC shares only 0.7% of the global trade and recent data shows decline in trade. There is a room for CAREC to enhance trade by addressing the main challenges including poor market access, limited economic diversification and weak institutions for trade.

3. Towards this end, a CAREC Integrated Trade Agenda (CITA) 2030 is envisioned to assist member countries integrate further into the global economy through three Pillars, namely: (a) trade expansion through increased market access, (b) greater diversification, and (c) stronger institutions for trade. Market access will be enhanced through adoption of freer trade policies and strengthened customs cooperation and integrated trade facilitation to lower trade costs; Diversification will be promoted by creating an enabling environment that would mobilize adequate financing and establish linkages with global and regional value chains. Stronger trade institutions will be achieved through coordinated sectoral policies and priorities and evidence-based policy-making and negotiations. CITA 2030 will be implemented through a phased and incremental approach through a three-year Rolling Strategic Action Plan (RSAP) 2018–2020 which prioritizes investment projects, policy dialogue and cooperation, knowledge product and services interventions and actions. The three-year RSAP will be reviewed annually to maintain relevance. An institutional framework that is guided by strong country and development partner ownership and strengthened engagement with the private sector and civil society will be essential.

4. As envisioned under *CAREC 2030*, the Regional Trade Group (RTG) will be established to discuss and deliberate on the increasingly intertwined issues of trade policy and trade facilitation in a synergistic manner. In the past, there are separate strategies or action plans on CAREC's trade work, such as *Transport and Trade Facilitation Strategy 2020*, *Trade Policy Strategic Action Plan (2013-2017)* and *Common Agenda for Modernization of Sanitary and Phytosanitary (SPS) Measures for Trade*. Where before the Trade Policy Coordinating Committee (TPCC) was responsible for trade policy matters, the RTG will take charge of the integrated trade

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<sup>1</sup> The other operational clusters are on economic and financial stability; infrastructure and economic connectivity; agriculture and water; and human development— with use of information and communication technology (ICT) as a cross-cutting priority across the spectrum of CAREC operations.

work combining trade policy and trade facilitation and broader scope such as trade-related linkages with *CAREC 2030*'s operational clusters and priorities. Customs cooperation activities related to trade facilitation will continue to be the responsibility of the Customs Cooperation Committee (CCC).

5. The inaugural meeting of the RTG will be held back-to-back with the Senior Officials Meeting in June 2018 in Bangkok. The RTG is also expected to finalize the CITA 2030 and its accompanying RSAP 2018-2020 as a priority and as a key deliverable at the 17<sup>th</sup> CAREC Ministerial Conference in November 2018.

## **B. GENERAL PURPOSE AND REPORTING STRUCTURE**

6. The RTG will have the lead and full operational authority as the coordinative and consultative body for trade sector in the CAREC Program. It will champion CAREC trade sector priorities and make recommendations to the CAREC Ministerial Conference through the Senior Officials Meeting and National Focal Points (NFP) Meeting. Ad-hoc working groups and expert groups may be organized in new technical areas such as in SPS measures and technical barriers to trade (TBT), and other areas (e.g., services and investment).

## **C. SCOPE OF WORK**

7. The RTG shall plan, discuss, deliberate, coordinate and monitor and implementation of the trade work under the CAREC program, specifically, the CITA 2030 and RSAP 2018–2020, including to undertake the following key functions and tasks:

### **(a) Policy Dialogue and Strategy Formulation**

- (i) To be an inclusive and constructive forum for policy discussions, consensus-building, cross-learning and cooperation in the trade sector with the objective of supporting CAREC countries' trade-related development strategies and furthering their integration into the global economy,
- (ii) Develop, refine and update a region-wide trade strategy – the CITA 2030 and its accompanying three-year RSAP 2018-2020, to maintain its relevance and responsiveness to the changing global and regional landscape, emerging challenges and priorities,
- (iii) Develop a results framework that will measure and assess progress in achieving the CITA, making use of selected broad or strategic indicators and following the whole-of-supply chain approach to assist in formulating, updating, and prioritizing recommendations. The tool will also build national capacities in statistical recordkeeping for management purposes,
- (iv) Provide updates and make recommendations to the MC through the SOM and NFP, as may be required, on policy issues and priorities for the CAREC region.

### **(b) Project Pipeline Development and Implementation**

- (i) Oversee the overall implementation, information dissemination and monitoring of CITA, specifically, to discuss and review on annual basis the three-year RSAP, and endeavor to prioritize investment projects, policy dialogue and coordination, knowledge products and services that are specific, measurable, achievable, realistic and timely;

- (ii) Identify mutually agreeable solutions and flexible operational arrangements (such as allowing two or more CAREC countries to initiate and implement regional projects and initiatives agreed on by all members) guided by international best practices and demonstrated results to implement and promote CAREC trade work,
- (iii) Provide advise and support as required, on the formulation and implementation of national plans with respect to CITA and RSAP implementation including to work with the National Committee on Trade Facilitation (NCTF) or similar inter-agency mechanisms in CAREC countries, to ensure country-level buy-in and proper implementation,
- (iv) Working closely with the CAREC Secretariat, develop sector-specific monitoring framework that may include a policy matrix to measure the progress in reforms; results-oriented framework with numerical targets and baselines used selectively in investment projects; and periodic reporting mechanism to MC through SOM and NFPs.

**(c) Institutional Strengthening and Stakeholders Coordination**

- (i) Support the establishment and/or strengthening of intergovernmental and cross-sectoral mechanisms (e.g., NCTFs) with the objective of better coordination of sectoral policies and priorities in the region,
- (ii) Promote evidence-based policy-making and negotiations including through improved data collection and cross-country analytical work and capacity-building for government officials in emerging trade issues and negotiations,
- (iii) Enhance linkages and strengthen synergy with initiatives from the real sectors that have trade implications, through coordination with other sectoral bodies including CCC, Transport Sector Coordinating Committee, Energy Sector Coordinating Committee, or sub-sectoral groups as may be established,
- (iv) Engage and strengthen dialogue mechanisms with the private sector (including through the CAREC Federation of Carrier and Freight Forwarder Associations (CFCFA)), to identify and address issues and challenges faced by the private sector in expanding trade,
- (v) To the extent possible, cooperate and coordinate with think-tanks and research institutions (e.g. CAREC Institute), international organizations (e.g., World Trade Organization and World Customs Organization), development partners engaged in trade sector activities in CAREC countries, and regional cooperation mechanisms (e.g., Belt and Road Initiative, Shanghai Cooperation Organization, Economic Cooperation Organization, Eurasian Economic Union, among others) to share knowledge, create synergy and optimize the use of resources.

**D. MEMBERSHIP, CHAIRING, SECRETARIAT AND TECHNICAL SUPPORT**

8. Membership of the RTG will be per country, represented by respective Appointed Representative of the Country (ARC) for the RTG.

9. The RTG meetings will be agenda-driven and issues-based to ensure in-depth discussions among relevant government agencies and help improve the effectiveness and efficiency of the RTG meetings. Each CAREC country may determine the size and composition of the country's delegation to the RTG meetings. The delegates to the RTG meetings shall

comprise senior-level representatives from trade-related agencies of CAREC countries and experts from development partners. The RTG may also invite international experts, resource persons and observers to the RTG meetings as may be required.

10. RTG shall meet at regular intervals, including an annual meeting prior to SOM, attended by ARC from each country and other delegates as may be nominated. A Chairperson shall be appointed by the host-country, which is designated following the same rotation among countries for CAREC hosting. To strengthen ownership and promote cross-learning, Country co-chair may be appointed during the RTG meetings based on the agenda and specific country expertise.

11. The secretariat for the RTG will be established at ADB to provide technical support in close coordination with the CAREC Secretariat.