



Reference Document
For Session 5 of the Senior Officials' Meeting
June 2018

17th CAREC Ministerial Conference Proposed Structure and Deliverables

**Senior Officials' Meeting
Central Asia Regional Economic Cooperation
27–28 June 2018
Bangkok, Thailand**

I. Proposed Theme of the 17th Ministerial Conference¹

“Trade and Competitiveness in Central Asia”

In formulating a new long-term trade agenda under the CAREC Program, it is opportune for the CAREC ministers together with development partners to revisit the changing trading paradigm and trading conditions and conduct meaningful dialogue on pragmatic ways of advancing the trade agenda for more fair, sound and transparent trading environment through regional endeavors, particularly in the context of rising trade protectionism sentiments. Trade can be an enabling driver for growth, economic diversification and competitiveness enhancement given that:

- (i) Trade is believed to promote efficient allocation of resources, allow a country to realize economies of scale and scope, facilitate the diffusion of knowledge, foster technological progress, and encourage competition in both domestic and international markets. Aided by large reductions in trade barriers and technological advancements, developing countries have become the drivers of global trade in recent years. There is now little dispute that, in the long run, economies more open to trade show stronger economic growth and overall development performance.
- (ii) The emergence and growth of regional and global production chains and value chains offer developing countries a path out of the trap of having to specialize in whole industries, with all of the cost and risk that such a strategy entails. Efforts in enhancing trade expansion, trade diversification and trade promotion will result in diversified commodity trade, increased share of service trade and expanded overseas markets, which will contribute tremendously to the economic diversification.
- (iii) New technologies that have led to steep declines in transport and communications costs have created enormous opportunities for developing countries to export services. Expansion into these fields not only broadens the base of production, it also diversifies the structure of employment and, especially for women, increases opportunities to find productive work. E-trade is widening the range of mechanisms by which small producers in developing countries can grow through exporting.
- (iv) Trade development also meets the growing demand for high-impact solutions that expand market opportunities, enable private initiative, and develop dynamic economies. Its country, regional, and global efforts help boost the volume and value of trade, enhance the investment climate, improve competitiveness in sectors, and foster innovation and entrepreneurship.

The 17th CAREC Ministerial Conference will be a fitting forum to deliberate on the long-term regional trade agenda and discuss ways and areas for CAREC countries to forge regional value chains and further integrate into the global value chains so as to improve the region's competitiveness.

II. Proposed Structure of the 17th Ministerial Conference

15 November: Ministerial Conference

¹ Exact wording of the theme will be pending further consultation with the government of Turkmenistan-the Chair country of the 17th CAREC Ministerial Conference.

III. Proposed deliverables to be presented at the 17th Ministerial Conference²

- **CAREC Integrated Trade Agenda (CITA) 2030 and Rolling Strategic Action Plan (RSAP) 2018-2020**

Under the framework of *CAREC 2030* strategy, CITA 2030 will integrate trade work by combining trade policy and trade facilitation and including cross-cutting trade priorities in CAREC 2030's operational clusters. CITA 2030 and its accompanying RSAP 2018-2020 was developed on the basis of a consultation paper and a series of sub-regional and national stakeholders consultations from December 2017 to May 2018. Consultations confirmed the relevance and alignment of CITA 2030 with CAREC members' development and trade priorities. CITA 2030 will adopt a phased and pragmatic approach implementing a three-year RSAP of investment projects, policy dialogues and cooperation, and knowledge product and services. The CITA 2030 working paper will incorporate insights and guidance from SOM as well as the NFPs' Meeting, and it will be finalized for endorsement at the 17th CAREC Ministerial Conference.

- **Establishment of the Regional Trade Group (RTG)**

As envisioned under *CAREC 2030*, the RTG is to be established to discuss and deliberate on the increasingly intertwined issues of trade policy and trade facilitation in a synergistic manner. The inaugural meeting of the RTG was held back-to-back with the SOM in June 2018 in Bangkok. The RTG is expected to finalize its terms of reference (including function, composition and arrangements) as the coordinative and consultative body for the trade sector in the CAREC Program. The Customs Cooperation Committee will continue to carry out customs cooperation functions related to trade facilitation and 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). Aside from CITA 2030, the RTG will also deliberate on trade sector results framework as guided by the *CAREC 2030* strategy.

- **Inter-subregional Forum on Enhanced Implementation of WTO Trade Facilitation Agreement (TFA)**

As a follow-up to the TFA workshop jointly organized by ADB and CAREC Institute in Bangkok in December 2017, an inter-subregional forum planned in early November 2018 will promote knowledge-sharing and expand inter-subregional networks of customs and relevant trade agencies to enhance implementation of TFA provisions among WTO members. Support to strengthening National Committee on Trade Facilitation of CAREC countries continues to be a priority.

- **CAREC Corridor Performance Measurement and Monitoring (CPMM) Report**

Trade Facilitation Indicators (TFIs) under the CPMM provide a benchmark to assess the improvements in terms of time and costs along the CAREC corridors. The 2017 CPMM Annual Report, reported modest reductions in border clearance and road transport costs

² A compendium on implementation progress of the CAREC 2030 strategy will be crafted at a later stage to be presented to the 17th MC.

along the CAREC corridors. Outcomes of a pilot methodology and workshop of behind-the-border indicators planned in July 2018 will supplement CPMM analysis.

- **Implementation of the CAREC Common Agenda for Modernization of Sanitary and Phytosanitary (SPS) Measures for Trade (CAST)**

A regional SPS workshop held in May 2018 identified regional priorities in plant health, animal health and food safety including: (i) pest list development program through regional collaboration; (ii) designating specific regional animal health reference laboratories for selected analyses; and (iii) setting up an electronic food safety rapid alert system for the region. Country work plans towards CAST implementation were drafted. SPS Working Groups are expected to be formalized to coordinate the country work plans and selectively include SPS projects and activities in the three-year RSAP 2018-2020 of CITA 2030. Establishing or strengthening existing SPS experts group at national and regional level will be critical to align CAREC countries regulations with international SPS standards and institutional capacity development. A CAREC food safety network is proposed to enhance information-sharing via online portal and support regional risk analysis and standard-setting on food safety regulations.

- **Major knowledge products produced by Transport Sector Coordinating Committee (TSCC)**

To support CAREC countries in implementing priority transport programs under the CAREC Transport and Trade Facilitation Strategy 2020 (TTFS 2020), CAREC Railway Strategy 2030, and CAREC Road Safety Strategy 2030, the TSCC completed below major knowledge products:

- (i) Road Asset Management (RAM) Knowledge Series including: (a) Compendium of Best Practices in Road Asset Management; (b) Guide to Performance-Based Road Maintenance Contracts; and (c) Decision Makers' Guide to Road Tolling in CAREC Countries. To encourage the uptake of best practices in road maintenance within CAREC, the series highlights good examples of RAM and provides useful tips for the design and implementation of the performance-based road maintenance contracts and road tolling in CAREC countries.
- (ii) Road Safety Engineering Manual Series including: Manual 1: Road Safety Audit; Manual 2: Safer Road Works, and Manual 3: Roadside Hazard Management. The series supports the initial implementation of the CAREC Road Safety Strategy 2030 by providing practical references for CAREC authorities to plan, design, construct, and maintain safer roads.
- (iii) Railways Knowledge Series including (a) Compendium of Case Studies on Emerging Topics for Railways in CAREC; (b) Literature Review of Existing Traffic Studies Relevant to CAREC Railway Corridors; and (c) Literature Review of Template Agreements/Practice Notes on Tariffs, Customer Feedback, Cross-Border Practices, and Safety and Security. The series was developed to support the implementation of CAREC Railway Strategy 2030.
- (iv) Aviation and the Role of CAREC: A Scoping Study. The scoping study was initiated in Q3 2017 and shared with the CAREC member countries for

comments in Q4 2017. The country feedback was incorporated in the version presented to the 17th TSCC held in May 2018. The study found large potential for aviation growth in CAREC, especially in the tourism sector. The TSCC will disseminate the study and hold country knowledge workshops.

- **Initiation of the preparation of the CAREC Transport Strategy 2030**

The CAREC TSCC meeting held in Istanbul in April 2018 noted the significant progress in implementing the CAREC TTFS 2020, including achieving all output level targets for the linear transport infrastructure development (roads, railways) and called for the preparation of the new CAREC Transport Strategy 2030 by 2019. The new Transport Strategy will be aligned with the CAREC Strategy 2030 and will focus on developing sustainable transport connectivity within the CAREC region and with the rest of the world through deployment of effective high-quality decision-making tools, efficient transport infrastructure financing modalities, modern engineering designs and construction methods, new transport and logistics technologies, and harmonized legal and operational standards.

- **CAREC High Technology Roadmap**

The CAREC High Technology Roadmap is a living document that aims to guide CAREC member countries to leapfrog into new technologies to solve developmental problems that are still prevalent in Central Asia. The first outline of the CAREC High Technology Roadmap was circulated during last CAREC Energy Sector Coordinating Committee (ESCC) Meeting held in November 2017. The document focuses on four disruptive technologies currently changing the global economy: (i) energy efficiency; (ii) solar power; (iii) battery storage; and (iv) electric vehicles. Individual experts were then recruited to draft the content for the Roadmap, which was distributed at the CAREC ESCC meeting held in March 2018 in Ashgabat, Turkmenistan. The ESCC delegates were requested to have their organization review the document and re-confirm the priority technologies for their countries. The draft High Technology Roadmap was made available on the CAREC website in April 2018. The Roadmap is expected to be endorsed at the 17th CAREC Ministerial Conference.

- **Mid-Term Review of ESCC Strategy and Workplan**

To ensure relevance and consistency with CAREC 2030, initiation of a mid-term review (MTR) of the ESCC Strategy Work Plan 2016-2020 was approved by the SOM on 20-21 June 2017 in Tbilisi, Georgia. The ESCC Secretariat has started the review process since then. The results of the mid-term review are expected to be completed by September 2018 in time for the ESCC Meeting's consideration. The draft MTR is expected to be available for circulation by the end of 2018 which will serve as a precursor to the formulation of a CAREC Energy Strategy 2030.

- **The 3rd CAREC Energy Investment Forum**

The CAREC Energy Investment Forum (EIF) aims to facilitate the private energy sector investment in CAREC countries through showcasing opportunities, providing networking opportunities among various stakeholders, and raising awareness on clean/high technologies. The Government of Georgia will be the sponsor of the 3rd Energy Investment Forum to be held in Batumi in September 2018 with the theme of *"Financing High Technology for CAREC"*.

- **Almaty-Bishkek Economic Corridor (ABEC) Institutionalization and Investment Pipeline**

In 2016, Kazakhstan and the Kyrgyz Republic agreed to oversee ABEC's implementation through an Intergovernmental Council, which is chaired by the two Prime Ministers. The Council created an ABEC Subcommittee, a regular official mechanism of the two national governments, local governments, and private sector representatives, which is co-chaired by the CAREC National Focal Points from both countries. The ABEC Subcommittee met on 25 September 2017 and 11 June 2018 and agreed on pursuing regional investment projects and reforms in agriculture, tourism, and cross-border connectivity. A protocol between the Republic of Kazakhstan and the Kyrgyz Republic was signed in the second subcommittee meeting. In the protocol, both parties agreed to (i) support the processing of the proposed ADB project to establish modern agricultural wholesale markets in ABEC; (ii) develop a cross-border mountain tourism cluster between Almaty and Issyk-Kul; (iii) mobilize consultants to review the modernization plans of the Kordai-Akzhol border crossing point on both sides; and (iv) prepare an economic impact study for the construction of the alternative road between Almaty and Issyk-Kul. In support to the implementation of ABEC, ADB approved a knowledge support technical assistance worth of \$1.75 million in December 2017.

IV. Issues for Guidance of CAREC Senior Officials

- Views on the proposed theme and structure of the 17th Ministerial Conference
- Proposed deliverables to be presented at the 17th Ministerial Conference