



**18th Ministerial Conference on
Central Asia Regional Economic Cooperation
Tashkent, Uzbekistan
14 November 2019**

Report of the Senior Officials' Meetings to the CAREC Ministers

1. A Central Asia Regional Economic Cooperation (CAREC) Senior Officials' Meeting (SOM) was held in Tashkent, Uzbekistan on 27–28 June 2019. The national focal points (NFPs) also met on 24-25 September in Tashkent, Uzbekistan. Delegations from CAREC member countries along with development partners including the CAREC Institute participated in both meetings.

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 economic outlook in the CAREC region characterized by stable but lower than historic economic growth, a pick-up in trade in 2018 but a slow down expected in 2019 due to global uncertainties, and reduced inflation but widened current account deficits. The SOM highlighted that the positive developments in the region, such as several state visits among CAREC countries and Uzbekistan's reactivation for the WTO accession, are expanding prospects for regional cooperation and providing further momentum for the implementation of the CAREC 2030 strategy. The SOM commended the impressive achievements in advancing the five operational clusters since the adoption of CAREC 2030 in October 2017 especially under the new operational areas such as economic and financial stability, tourism, and education.

4. On **Macroeconomic and Financial Stability**, the SOM welcomed the outcomes of (i) the CAREC high-level forum on "Balancing Infrastructure with Debt Sustainability" co-organized by the Asian Development Bank (ADB), the International Monetary Fund (IMF), and the World Bank in Nur-Sultan on 15 May 2019; and (ii) the First CAREC Capital Market Regulators' Forum held on 29-30 August 2019 in Islamabad. The SOM acknowledged the importance of continuing high-level policy dialogue among CAREC countries to improve macroeconomic policies and promote financial stability in the region, and welcomed continued dialogue and knowledge sharing among regulators to support capital market development in the CAREC region. The SOM noted some potential topics for a high-level policy dialogue forum in 2020 including improving financial inclusion and small and medium enterprise access to finance.

6. On **Transport**, the SOM appreciated the progress made to date on the implementation of the CAREC Transport and Trade Facilitation Strategy 2020, the CAREC Railway Strategy 2030, and the CAREC Road Safety Strategy 2030. The SOM supported the overall framework of the CAREC Transport Strategy (CTS) 2030 comprising five pillars: (i) roads and road asset management; (ii) railways; (iii) cross-border transport and logistics; (iv) road safety; and (v)

aviation. The SOM appreciated the systematic consultative and participatory approach in preparing the CTS 2030 and emphasized the importance of transport connectivity for trade and tourism development. At the request of the SOM, the full draft CTS 2030 was further reviewed and refined. Taking into account the feedback received at the NFPs' meeting and their incorporation in the final strategy, the SOM considered CTS 2030 ready for Ministers' endorsement at today's meeting. Moving forward, the SOM highlighted some concrete measures for implementing the CTS 2030, including among others, enhancing aviation cooperation, strengthening coordination with other regional cooperation mechanisms and initiatives, tackling cross-border transportation constraints, and strengthening knowledge sharing and capacity building.

7. On **Energy**, the SOM was satisfied with the progress achieved on key cross-border energy connectivity projects, and appreciate the completion of mid-term review of the Energy Sector Coordinating Committee Strategy and Workplan 2016-2020. The SOM supported the overall framework of the CAREC Energy Strategy (CES) 2030 which focuses on three main pillars (i) energy security and infrastructure connectivity, (ii) policy reform and market liberalization, and (iii) climate mitigation and diversification of energy mix, and three cross-cutting themes (i) private sector enhancement, (ii) women's empowerment, and (iii) knowledge, partnership and people's networks. The SOM appreciated the participatory and consultative approach in preparing the CES 2030 and highlighted the importance of enhanced energy cooperation in the region. At the request of the SOM, the full draft CES 2030 was further reviewed and refined. Taking into account feedback received at the NFPs' meeting, the SOM considered CES 2030 ready for Ministers' endorsement at today's meeting. The SOM also welcomed the organization of the First CAREC Energy Ministers' Dialogue and the 4th Energy Investment Forum and noted its importance for cross-learning and attracting private investment.

9. On **Trade**, the SOM commended the progress achieved in implementing the CAREC Integrated Trade Agenda (CITA) 2030 and its accompanying Rolling Strategic Action Plan (RSAP) 2018-2020 since its endorsement in November 2018. The SOM welcomed the establishment of the sanitary and phytosanitary (SPS) regional working group in June 2019 and the updated terms of reference and priority areas of the Customs Cooperation Committee to align with CITA 2030. The SOM looks forward to the signing of the CAREC Advanced Transit System and Information Common Exchange (CATS/ICE) Agreement and launch of its pilot phase among Azerbaijan, Georgia and Kazakhstan by the end of 2019. The SOM supported the priority interventions identified in the updated RSAP 2019-2021, to be boosted by a cumulative total of \$3.8 million in ADB TA funding approved in 2019. These include (i) continued support for accession to the World Trade Organization (WTO) and implementation of the WTO Trade Facilitation Agreement; (ii) implementation of the CAREC Common Agenda for Modernization of SPS Measures for Trade; (iii) enhancing trade in services and investment facilitation; (iv) promoting e-commerce and digital trade; (v) strengthening dialogue between public and private sector; and (vi) improving research capacity and information sharing.

10. On **Tourism**, the SOM noted that tourism development is a high priority on CAREC countries' national agendas and several member countries are making progress in liberalizing their visa regimes. This includes Uzbekistan's electronic visa system for a period of up to 30 days introduced in July 2018, Pakistan's e-visa system launched in March 2019 for 175 countries, Kazakhstan's simplified visa procedures for tour groups from the People's Republic of China (PRC), and the joint initiative between Kazakhstan and Uzbekistan to establish a Silk Road Visa. The SOM welcomed the progress made in advancing CAREC tourism cooperation including the publication of a scoping study in March 2019, and a subsequent \$2 million

technical assistance approved by ADB in August 2019, to support the development of a CAREC tourism strategy 2030 and a regional tourism investment framework over 2021-2025.

11. On **Economic Corridor Development**, the SOM noted progress under the Almaty-Bishkek Economic Corridor (ABEC) and its seven ongoing projects: (i) joint mountain tourism cluster; (ii) modern agricultural wholesale market development project; (iii) alternative Almaty-Issyk-Kul road; (iv) border crossing point modernization; (v) direct regular bus service; (vi) tourism skills center; and (vii) regional pharma and medical reference laboratories. The SOM welcomed the initiation of the second pilot economic corridor under CAREC connecting Shymkent (in Kazakhstan), Tashkent (in Uzbekistan) and Khujand (in Tajikistan) cities and surrounding oblasts of Turkestan, Tashkent and Sughd. The SOM noted the potential for expanded trade and increased economic integration along this corridor, and appreciated the consultative approach adopted for advancing the study, including the inception workshops conducted in May 2019 and a first regional workshop planned for 5-6 December 2019 in Tashkent, Uzbekistan.

12. On **Education**, the SOM welcomed progress made in advancing cooperation in education—a new operational area under CAREC 2030. The SOM noted that a scoping study on “Enhancing Regional Cooperation in Education and Skills under CAREC” has been published in September 2019, which identified focus areas for cooperation and collaboration among CAREC countries. These include (i) mutual recognition of qualifications and skills, (ii) quality assurance and harmonization of standards, (iii) promotion of student, faculty and worker mobility, (iv) improvement of labor market information and services, and (v) exchange of information, knowledge and education innovation. The SOM looks forward to the follow-up activities in advancing education cooperation in the identified priority areas.

13. The SOM recognized the important role of development partners (DPs) in effectively advancing the expanded CAREC agenda and called for their increased technical and financial support and strengthened engagement through leveraging their comparative advantages in the five operational clusters. The SOM commended the conduct of the CAREC DPs’ Dialogue on 23 September in Tashkent to enhance coordination efforts in a synergetic manner. The SOM welcomed the Fourth CAREC Institute (CI) Think Tank Forum held on 27-28 August 2019 in Xi’an, PRC. The SOM commended the progress made by the CI in preparing its strategy 2018-2022 and its two-year rolling operational program 2019-2020. The SOM welcomed CI’s efforts in revamping the CAREC Think Tank Network and Forum through initiating joint research programs, and exchange of researchers. The SOM also suggested CI to remain focused and prioritize its work. The SOM encouraged member countries and development partners to provide more support to CI.

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

Thank you.

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