

**CENTRAL ASIA REGIONAL ECONOMIC COOPERATION PROGRAM  
SENIOR OFFICIALS' MEETING  
27–28 June 2019; Tashkent, Uzbekistan**

**SUMMARY OF PROCEEDINGS**

**I. Introduction**

1. A Central Asia Regional Economic Cooperation (CAREC) Senior Officials' Meeting (SOM) was held in Tashkent, Uzbekistan on 27–28 June 2019. Delegations from eleven CAREC member countries participated along with representatives of CAREC development partners and the CAREC Institute (CI). Mr. Laziz Kudratov, Deputy Minister, Ministry of Investments and Foreign Trade of Uzbekistan chaired the SOM. Mr. Werner Liepach, Director General, Central and West Asia Department (CWRD), Asian Development Bank (ADB); Ms. Teresa Kho, Deputy Director General, East Asia Department, ADB; and Mr. Nianshan Zhang, Deputy Director General, CWRD, ADB, co-chaired the meeting.

2. The objectives of the SOM were to: (i) review the progress made to date on the implementation of the CAREC 2030 strategy; (ii) discuss and provide guidance on the draft CAREC Transport Strategy 2030 and the draft CAREC Energy Strategy 2030; and (iii) deliberate on the proposed structure and theme of the 18th CAREC Ministerial Conference (MC) to be held in Tashkent, Uzbekistan. The agenda and list of participants are in Appendix 1.

**II. SOM Highlights**

3. **Progress of Implementation of CAREC 2030.** The SOM expressed satisfaction with the overall progress made in the five operational clusters identified in the CAREC 2030 strategy, especially under new operational areas such as macroeconomic and financial stability, tourism, education and water. The SOM was apprised of 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 slowdown expected in 2019 due to global uncertainties, and reduced inflation but widened current account deficits. The SOM highlighted that positive developments in the region, such as several recent 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 recognized the important role of development partners in effectively advancing the expanded CAREC agenda, supported by a strengthened CAREC Secretariat.

4. The SOM reviewed progress in the operational areas and discussed key issues to be addressed.

- a. **Macroeconomic and Financial Stability.** The SOM was apprised of the outcomes of the CAREC High-Level Forum on “*Balancing Infrastructure Investments with Debt Sustainability*” co-organized by the ADB, the International Monetary Fund (IMF), and the World Bank in Nur-Sultan on 15 May, 2019. These include the need to: (i) develop innovative ways of infrastructure financing to contain public debt; and (ii) promote reforms of the banking sector and capital markets to attract domestic and foreign private investments. The IMF noted that both infrastructure investment and economic diversification rank high on the agendas of CAREC member countries and emphasized the need to find the right balance between needed infrastructure investments and long-term fiscal sustainability. 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. The SOM welcomed the proposal of the Securities Exchange Commission of Pakistan (SECP) to host the first CAREC Capital Market Regulators' Forum on 29-30 August in Islamabad, Pakistan.

- b. **Transport.** The SOM acknowledged 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 generally endorsed the overall direction of the draft CAREC Transport Strategy (CTS) 2030, which focuses on improving connectivity and sustainability of the regional transport systems. The SOM welcomed the CTS 2030's emphasis on multimodal connectivity, quality and sustainability of transport projects and assets, and development of demand-driven knowledge products to support high-level decision-making. The SOM noted that the five strategic pillars of the draft CTS 2030 are aligned with CAREC member countries' priorities. These include: (i) roads and road asset management; (ii) railways; (iii) cross-border transport and logistics; (iv) road safety; and (v) aviation. In addition, the SOM requested to include maritime transport as a strategic pillar in the CTS 2030, and to initiate activities in this subsector through the conduct of a scoping study. The SOM instructed the CAREC Secretariat to further refine the draft CTS 2030 prior to the National Focal Points' (NFPs) Meeting scheduled on 24–25 September 2019, aiming for final endorsement at the 18th CAREC Ministerial Conference.
- c. **Energy.** The SOM expressed satisfaction with the progress achieved on key cross-border energy connectivity projects, and appreciated the recently completed mid-term review of the Energy Sector Coordinating Committee (ESCC) Strategy and Work plan 2016–2020. The SOM supported the overall framework of the draft CAREC Energy Strategy 2030 and agreed on the proposed main and cross-cutting pillars. The three main pillars include (i) energy security and infrastructure connectivity; (ii) policy reform and market liberalization; and (iii) climate mitigation and diversification of energy mix. The three cross-cutting pillars cover (i) private sector enhancement; (ii) women empowerment; and (iii) knowledge, partnerships and people's networks. The SOM also highlighted the need to conduct more consultations with CAREC member countries prior to the further review of the refined draft strategy at the CAREC NFPs' Meeting in September 2019. The SOM suggested two additional work components to be included in the strategy: (i) improving access to electricity in remote areas of the CAREC region; and (ii) promoting knowledge and experience sharing among member countries, particularly in renewable energy development and the application of energy high technology. The SOM welcomed the organization of the 1st CAREC Energy Ministers Dialogue and the 4th Energy Investment Forum with the theme of "*Breaking the Investment Barrier in Central Asia: Bringing Business to Energy Markets in Transition*" to be held on 20–21 September 2019 in Tashkent, Uzbekistan.
- d. **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 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, and the joint initiative between Kazakhstan and Uzbekistan to establish a Silk Road Visa. The SOM requested the CAREC Secretariat to continue advancing the regional tourism agenda through the identification of bankable tourism projects, institutional strengthening through capacity building of tourism agencies in CAREC countries, and joint tourism marketing and promotion initiatives.

- e. **Economic corridor development.** The SOM noted the 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 Kazakhstan, Uzbekistan and Tajikistan. 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 on 20–31 May 2019.
- f. **Trade.** The SOM recognized the progress achieved in the implementation of the CAREC Integrated Trade Agenda (CITA) 2030 and its accompanying Rolling Strategic Action Plan (RSAP) 2018–2020 since its endorsement at last year’s MC in November 2018 in Ashgabat, Turkmenistan. The SOM welcomed the establishment of the sanitary and phytosanitary (SPS) regional working group inaugurated on 24–25 June 2019, and the updated terms of reference and priority areas of the Customs Cooperation Committee in line with CITA 2030. The SOM also noted the progress made in the CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE) pilot project to be launched by December 2019. The SOM supported the priority areas identified in the updated three-year RSAP 2019–2021. 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 (CAST); (iii) enhancing trade in services and investment facilitation; (iv) e-commerce and digital trade; (v) strengthening dialogue between public and private sector; and (vi) improving research capacity and information sharing. The SOM also emphasized the need to scale up interventions in CAREC countries that play a key role in transit trade.
- g. **CAREC Food Safety Network.** The SOM welcomed the proposal to establish a CAREC Food Safety Network for food safety-related information sharing and coordination of food inspection and enforcement efforts both in country and across border. Given multiple agencies involved in this area in each country, the SOM noted that additional internal consultations are needed. For this purpose, the SOM requested the CAREC Secretariat to provide more detailed information on the objectives, scope of the network, data submission and maintenance, host country criteria, and financing options and requirements.

5. CAREC Institute (CI) apprised the SOM of its strategy 2018–2022 implementation and its two-year rolling operational program 2019–2020. The SOM recognized CI’s efforts and requested CI to further (i) develop and strengthen partnerships with institutes in CAREC countries for joint research and capacity building activities; (ii) intensify knowledge management and dissemination of knowledge products; and (iii) elevate its role as the knowledge arm of the CAREC Program for ongoing and new initiatives. The SOM welcomed the organization of the Fourth Think Tanks Forum to be held on 27–28 August 2019 in Xi’an, the People’s Republic of China, and encouraged active participation from member countries. The SOM expressed its appreciation to the Government of Mongolia for its recent decision to provide financial contribution to the CI.

6. The SOM affirmed that the 18th Ministerial Conference (MC) would be held in Tashkent, Uzbekistan on 14 November 2019 with the theme along the lines of “*A New CAREC – Expanding Horizons of Regional Cooperation*” to deliberate on the emerging challenges and fortuitous opportunities which CAREC should look at moving forward. The Government of Uzbekistan reaffirmed its commitment and readiness to host the 18th MC and requested high-level participation from member countries and development partners. The SOM appreciated the preparatory work conducted by the Government of Uzbekistan and instructed the sector committees and the CAREC Secretariat to expedite work to deliver the expected deliverables for the 18<sup>th</sup> MC.

7. The SOM expressed its appreciation to the Government of Uzbekistan, particularly the Ministry of Investments and Foreign Trade, for chairing the meeting. The SOM also expressed its gratitude to ADB for helping organize and conduct the meeting. Recognizing the strong role of partnerships, the SOM extended its appreciation to CAREC’s development partners present in the meeting.