



Central Asia Regional Economic Cooperation

Good Neighbors Good Partners Good Prospects



Central Asia Regional Economic Cooperation (CAREC)

A unique and robust development partnership; a concrete example of countries and institutions cooperating to achieve a common purpose

8 countries

Afghanistan, Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan

6 institutions

Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank

1 goal

Development through cooperation leading to accelerated economic growth and poverty reduction

CAREC helps Central Asia and neighboring countries realize their immense potential in an increasingly integrated Eurasia

The Opportunity

Asia and Europe are growing ever closer to one another, and the countries that make up CAREC are poised to reap substantial benefits. With the rapid economic expansion of the People's Republic of China (PRC) and Japan to the east, the Russian Federation to the north, and India and Pakistan to the south, demand for improved connections between Europe and Asia is real and growing.

Turning this potential into reality will require significant improvement in Central Asia's physical infrastructure, such as roads and rail systems; in the way the region manages its shared resources; in progress toward harmonizing, automating, and modernizing its customs administration; and in efforts to streamline the rules and procedures that govern the countries' international trade relationships.



Ian Gill (left and right), ADB Photo Library (center)

The CAREC Program

CAREC is a partnership of eight countries and six multilateral institutions working to promote development through cooperation, leading to accelerated economic growth and poverty reduction. By promoting and facilitating regional cooperation in the priority areas of transport, energy, trade facilitation, and trade policy, CAREC helps Central Asia and neighboring countries realize their immense potential in an increasingly integrated Eurasia. The program is a proactive facilitator of practical, results-based regional projects and policy initiatives critical to trade expansion and sustainable development.

The eight CAREC countries are Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan.

The CAREC Program's six multilateral institution partners are the Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and the World Bank.

Priority Areas

The CAREC Program helps Central Asia and its neighbors realize their significant potential by promoting regional cooperation in four priority areas:

Ian Gill



Transport

CAREC develops and upgrades key transport corridors, connecting Central Asia's major economic centers and linking the region to large and dynamic markets across Eurasia.

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Energy

CAREC harnesses the region's immense energy potential by supporting balanced development of infrastructure and institutions, stronger integration of energy markets, energy efficiency, and energy trade.

Ian Gill



Trade Facilitation

CAREC smoothes the way for trade by improving customs cooperation, simplifying trade procedures, expanding data-sharing arrangements, and promoting joint customs control at key border points.

Ian Gill



Trade Policy

CAREC pursues concrete policy actions to support countries' efforts to join the World Trade Organization and increase trade openness in the region to stimulate growth and development.

CAREC Structure

CAREC's overall institutional framework was designed to guide and strengthen the planning, prioritization, and implementation of the program.

Work in each priority sector is led by a sector coordinating committee consisting of representatives from CAREC countries and multilateral institutions. The coordinating committees provide their outputs to senior officials' meetings, which assess opportunities from a regional perspective and determine options for the direction of the program. An annual ministerial conference provides overall guidance to the program and determines policy and strategic directions and goals.

Each CAREC country has appointed a senior government official as a CAREC national focal point to ensure effective coordination among concerned agencies and other interested parties in matters related to regional economic cooperation.

ADB serves as the CAREC Secretariat.

Comprehensive Action Plan

The CAREC Program is guided by a Comprehensive Action Plan (CAP). The CAP was developed through a series of intensive consultations with participating countries and was endorsed at the 5th CAREC Ministerial Conference in October 2006. Agreement on the CAP was a milestone in the development of the CAREC Program, marking a transition to a results-oriented program with tangible targets and outputs, based on strong country ownership, pragmatic approaches, and mutual accountability.

Transport

CAREC countries are working together to improve the region's transport infrastructure and reduce the cost of trade across regions. At the 6th Ministerial Conference in 2007, the CAREC Transport and Trade Facilitation Strategy (TTFS) was endorsed to present a shared vision of transport and trade facilitation development in the region from 2008 to 2017.

The TTFS and the implementation action plan for the TTFS emphasize a selective transport corridor approach, concentrating resources both for investment and for operational management, and focusing on balanced improvement of infrastructure, management, and technology.

Investments focus on the development of six CAREC transport corridors:

- Corridor 1: Europe–East Asia
- Corridor 2: Mediterranean–East Asia
- Corridor 3: Russian Federation–Middle East and South Asia
- Corridor 4: Russian Federation–East Asia
- Corridor 5: East Asia–Middle East and South Asia
- Corridor 6: Europe–Middle East and South Asia

Additionally, the implementation action plan outlines a coordinated program of technical assistance activities to improve the region's competitiveness and to expand trade among CAREC countries and the rest of the world.



Ian Gill (left), KYRM (center), James Hutchison (right)

Energy

Regional energy cooperation is driven by the opportunities for integrating energy markets to overcome the uneven distribution of energy resources, and develop least-cost solutions.

The Strategy for Regional Cooperation in the Energy Sector of CAREC Countries (2008) contains three strategic elements:

- economically and financially sound investments,
- capacity-building and knowledge-sharing, and
- sound and appropriate policy environment.

The Energy Action Plan Framework sets out a program of work for 2010–2013. It will deliver investments, knowledge and capacity building, and policy advice related to three themes:

- **energy demand–supply balance and infrastructure constraints** to promote energy security, energy efficiency, and regional trade by optimizing integrated transmission and generation (infrastructure) expansion;
- **regional dispatch and regulatory development** to address sector restructuring and regulation, promote integrated planning of the transmission system, and develop institutional capacity; and
- **energy–water linkages** to strengthen cooperation by integrating energy and water analysis.



Trade Facilitation

CAREC supports measures to facilitate trade and transit for people and goods in the region. These measures include the use of information technology for automated customs services and data exchanges, risk management and post-clearance audit, joint customs control and single-window practices, and regional transit development.

The trade facilitation program of the CAREC Transport and Trade Facilitation Strategy supports three major components:

- **Customs cooperation** promotes concerted customs reforms and modernization, with the Customs Cooperation Committee serving as a regional forum to address issues of common interest.
- **Integrated trade facilitation** promotes relevant agencies in each country to work in concert to identify the steps required to facilitate trade in the region.
- **Regional logistics development** facilitates the development of an efficient regional logistics industry.



Ian Gill (left and center),
ADB Photo Library (right)

Trade Policy

Trade is critical to all CAREC economies. As mostly landlocked countries rich in natural and other resources, the ability to efficiently interact with world markets is critical to achieve sustainable economic growth. CAREC's Trade Policy Strategic Action Plan (TPSAP) will expand trade through regional cooperation. The TPSAP aims to

- increase trade openness to stimulate stronger growth and development,
- achieve World Trade Organization (WTO) membership for all CAREC countries, and
- build capacity among the governments in the area of trade and trade policy.

The TPSAP sets out actions on WTO accession support; reducing quantitative restrictions, tariffs, and trade taxes; and capacity building and training. WTO-related actions include the provision of direct advisory services by multilateral institutions to support each candidate country's efforts on WTO accession, regional training seminars on WTO accession, and workshops to exchange experiences on WTO-related issues among country officials. Among the policies and actions to achieve more open trade regimes are simplifying and liberalizing trade regimes; cutting tariffs and the number of non-zero tariff bands; abolishing quantitative restrictions; and reducing regulatory and informal barriers to transit trade.



Other CAREC Initiatives

In addition to the priority sectors, the CAREC Program has initiatives that address other regional issues or development opportunities. These initiatives are project specific rather than sector wide, and their inclusion in the CAREC Program is subject to the approval of the ministerial conference. Among these initiatives are private sector development, land management, disaster risk management, and communicable disease control.

CAREC Institute

Recognizing the need for greater knowledge resources pertaining to regional cooperation, the CAREC Institute coordinates professional development, research, and outreach related to Central Asia.

The CAREC Institute is expected to enhance the quality of regional cooperation by generating world-class knowledge resources in the priority areas of transport, energy, trade facilitation, and trade policy, which will lead to higher capacities for regional cooperation and accelerated economic growth in Central Asia.



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