



# **Trade Sector Report and Work Plan**

**September 2019 – July 2020**

**CAREC Integrated Trade Agenda 2030:  
Progress of Implementation 2019-2020 and Rolling Strategic Action Plan 2020-2022**

**Summary**

1. This report provides an update of the Central Asia Regional Economic Cooperation (CAREC) program for the trade sector between September 2019 and July 2020. Specifically, it covers:

- (i) a situationer on impact of coronavirus disease (COVID-19) pandemic on trade and CAREC member countries' responses;
- (ii) progress of implementation of the trade sector work under the [CAREC Integrated Trade Agenda \(CITA\) 2030](#) and the Rolling Strategic Action Plan (RSAP) 2019-2021:
  - a. snapshot of performance against planned outputs/deliverables for each of the three CITA pillars, key events that impacted on the trade sector, noteworthy accomplishments during the reporting period; and
  - b. trade sector contribution to CAREC's integrated overall results framework.
- (iii) institutional arrangements and proposed workplan (i.e., the updated RSAP 2020-2022) including upcoming activities; and
- (iv) deliverables for the 19<sup>th</sup> CAREC Ministerial Conference in November 2020.

2. The report will support the deliberations of the Regional Trade Group, Customs Cooperation Committee, and other relevant stakeholders at their upcoming virtual meetings in September 2020. The outcomes will feed into the review and update of the RSAP to ensure its continued relevance, taking into consideration country priorities and where regional cooperation and policy coordination can help address emerging cross-border and trade issues.

3. An early draft of the report was presented at the Consultation Meeting with CAREC National Focal Points on 16 June 2020. The [last version](#) of the CAREC Trade Sector Report was in September 2019. An updated version of this report will be submitted to the Ministerial Conference through the virtual Senior Officials Meeting in September 2020.

4. The Regional Trade Group (RTG) and Customs Cooperation Committee (CCC) members are requested to respond to provide information or feedback by 20 August 2020 on the following:

- (i) CAREC Survey on trade measures and assistance required (**Appendix 2**);
- (ii) Trade Information Portal, CITA 2030 targets, and trade sector inputs to CAREC-wide results framework (**Appendix 3**);
- (iii) Updated RTG Appointed Representative of the Country and CCC focal points;
- (iv) Deliverables for the 19<sup>th</sup> CAREC Ministerial Conference and proposed key issues to be raised to Senior Officials Meeting.

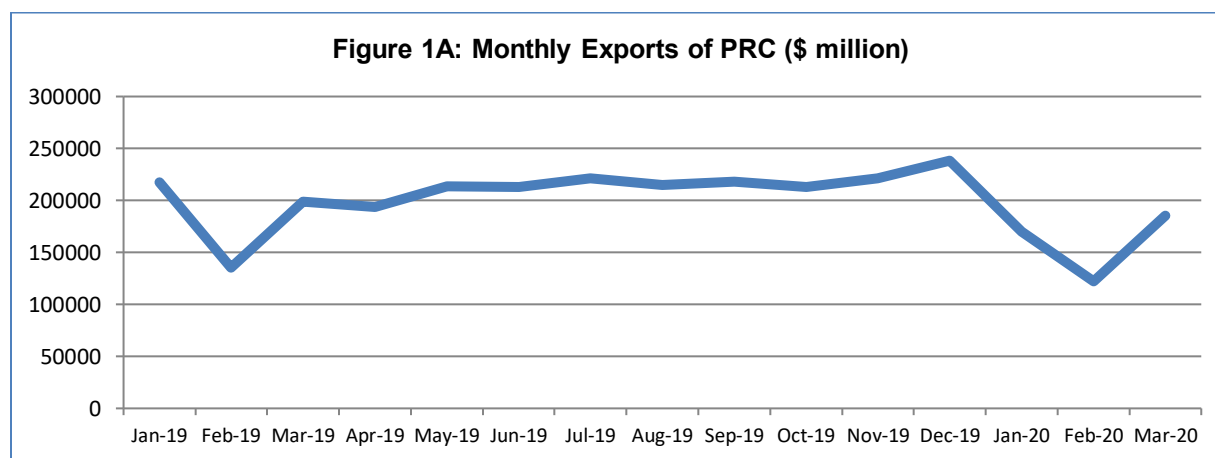
## I. IMPACT OF COVID-19 ON TRADE AND CAREC COUNTRY RESPONSES

1. The COVID-19 pandemic has forced a virtual standstill in economic activity all over the world—triggering the deepest global recession in decades. Global GDP contraction is projected between -6.4% to -9.7% in 2020 as countries struggle to contain the spread of COVID-19 and provide emergency assistance and stimulus packages. Amid the economic slowdown, rising trade tensions, and cautious pace in resuming cross-border activities, the decline in global trade is estimated between \$1.7 trillion to \$2.6 trillion.<sup>1</sup> Global merchandise trade will also drop between -13% to -32% in 2020.<sup>2</sup>

2. ***While the extent of the pandemic's impact on CAREC trade cannot be fully ascertained, a ripple effect in the region's economy is expected.*** The sudden and stricter border closure measures caused delay and added to transport costs, if not wastage of perishable goods. The services sector, tourism and migrant remittances, which are key sources of growth in the region, were greatly affected. Shifts in labor markets and fall of labor productivity are anticipated. The delay in importation or shortages of raw materials, parts and components has impaired manufacturing and supply chains and could lead to extended period of weak trade growth.

### A. Trends in CAREC Trade

3. ***For the period January to March 2020, CAREC total trade declined by -8.4% (year-on-year).*** CAREC exports dropped by -13.7%, while imports decreased by -2.3%.<sup>3</sup> By country, the monthly export levels showed diverse trends. Exports of the People's Republic of China (PRC) dropped in January to February, but slowly recovered in March as the economy began to re-open (Figure 1A).



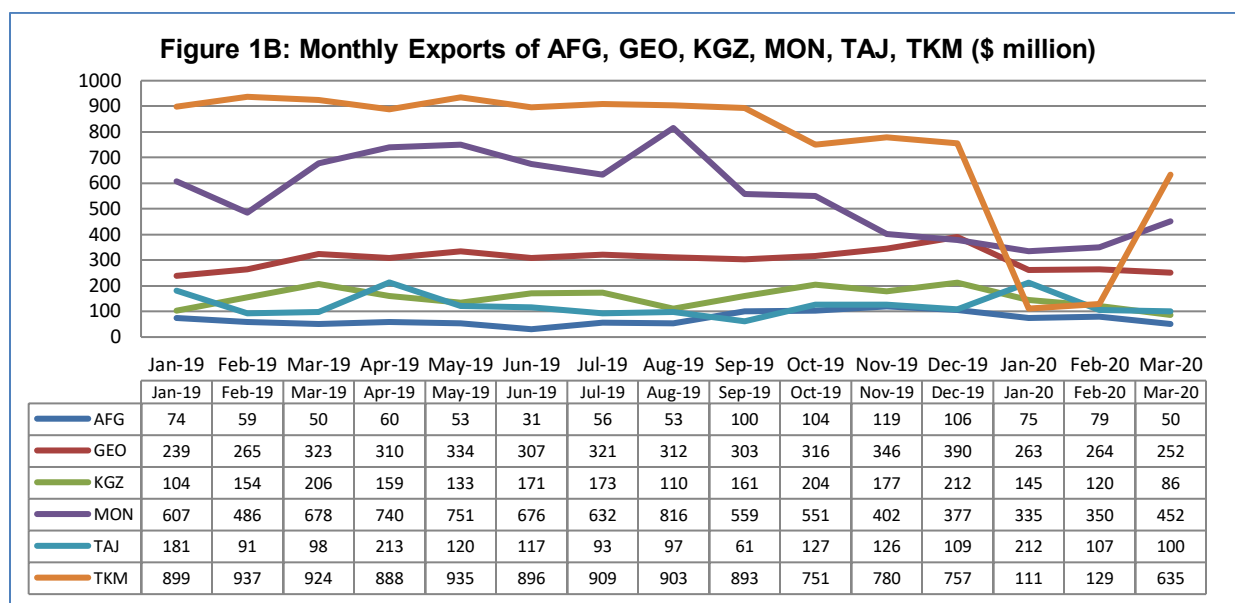
Source: IMF Direction of Trade Statistics (accessed from CEIC, 13 July 2020).

<sup>1</sup> Park, C.Y. et al. May 2020. *An Updated Assessment of the Economic Impact of COVID-19*. ADB Brief No. 133. In Asia-Pacific, trade loss is estimated between \$755 billion to \$1.1 trillion, which is roughly 2.8% to 4.3% of the region's GDP.

<sup>2</sup> WTO. April 2020. *Trade set to plunge as COVID-19 pandemic upends global economy*, Press Release.

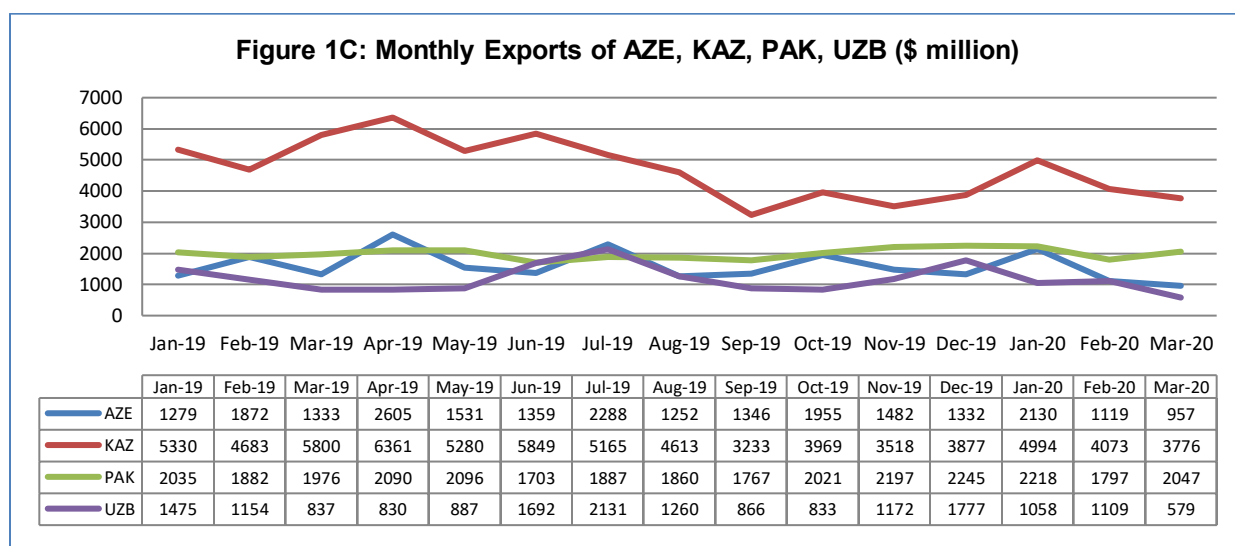
<sup>3</sup> Excluding PRC, CAREC-10 total trade, exports and imports declined by -10.3%, -17.8% and -3.0%, respectively.

4. For CAREC countries with exports below \$1 billion, a downward trend was more pronounced for Afghanistan, Kyrgyz Republic and Tajikistan. Georgian exports also declined from January to March 2020, compared with the last quarter of 2019. Meanwhile, the fall in Mongolian exports between January to February 2020 was reversed in March, although still lower by year-on-year comparison. Turkmenistan exports also experienced a dip in January and February, but bounced back in March 2020 (Figure 1B).



Source: IMF Direction of Trade Statistics (accessed from CEIC, 13 July 2020).

5. For the rest of CAREC, the trend has been less stable and declining for Azerbaijan, Kazakhstan, and Uzbekistan exports. Meanwhile, Pakistan exports showed signs of recovery in March 2020 (Figure 1C).



Source: IMF Direction of Trade Statistics (accessed from CEIC, 13 July 2020).

6. In terms of freight and trade turnover, available data for CAREC countries suggests mixed trends for the first quarter of 2020. Azerbaijan, Kazakhstan, and Kyrgyz Republic posed negative change compared with 2019 data. The decline was attributed to disruptions in transport operations, connectivity issues, and additional cross-border controls and checks, dependence on road transport, and low level of digitization of transport and trade operations. On the other hand, Tajikistan exhibited positive trend in both freight and trade turnovers (Table 1).

**Table 1: Freight and trade turnover for select CAREC countries, Q1 2020**

Country	Freight turnover, year-on-year change (%)	Trade turnover, year-on-year change (%)
Azerbaijan	-4.1	-16.8
Georgia	n.a.	-11.8
Kazakhstan	-1.4	2.7
Kyrgyz Republic	-7.6	-15.8
Tajikistan	5.1	22.5
Uzbekistan	0.6	-10.7

Notes: Data for the period of January to March 2020, except for Azerbaijan and Kyrgyz Republic (January to April 2020). Source: UNESCAP. 2020. *Freight Transport and COVID-19 in North and Central Asia: Changing the Connectivity Paradigm*. Bangkok.

7. **The outlook for trade varies across CAREC countries.** A negative growth in merchandise trade is forecasted in 2020, particularly for Azerbaijan, the PRC, Kazakhstan, and Mongolia. There is positive export growth prospects in 2021 in all CAREC countries, but this is dependent on how long the pandemic will last (Table 2).

**Table 2: Merchandise trade, annual growth rate, 2017-2021**

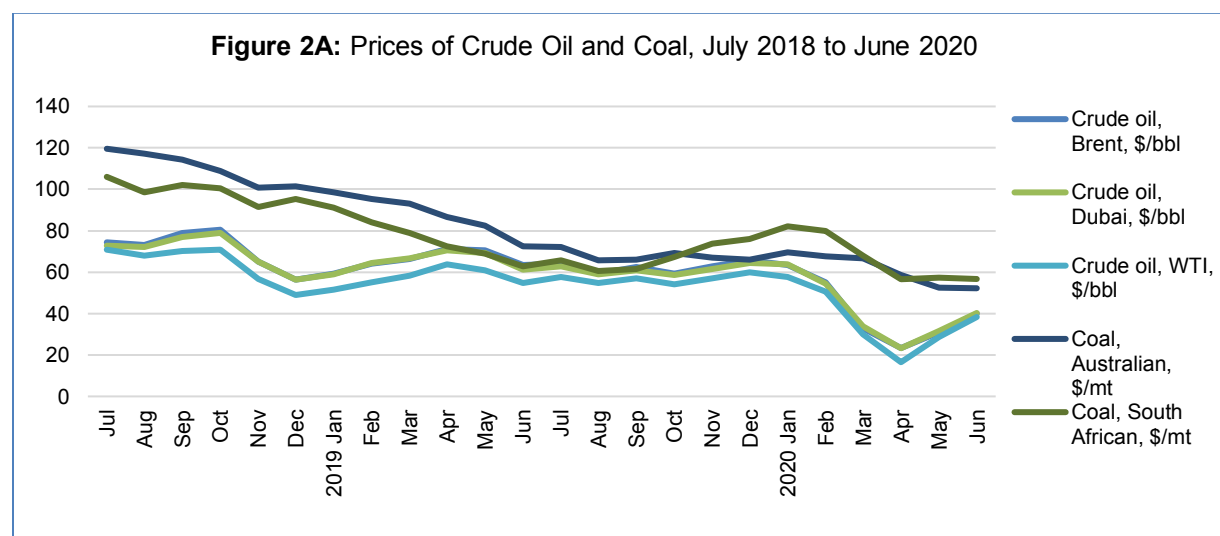
Country	Merchandise Exports (% per year)					Merchandise imports (% per year)				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Afghanistan	27.7	11.6	8.3	8.3	9.3	7.6	-2.1	3.4	1.4	2.1
Azerbaijan	14.7	37.2	-6.4	-32.7	24.4	0.4	21.2	24.8	-37.8	23.5
PRC	11.4	9.1	0.5	-8.5	9.8	16.0	16.2	-2.7	-7.8	10.2
Georgia	24.0	22.4	13.5	3.6	11.9	9.3	15.1	0.8	1.1	7.0
Kazakhstan	33.3	26.4	-4.0	-35.4	42.2	16.5	12.0	10.6	-11.7	11.5
Kyrgyz Republic	14.4	4.2	7.5	7.0	7.0	11.4	26.9	-6.3	-7.0	-5.0
Mongolia	21.4	12.4	9.1	-8.6	15.3	-225.3	35.4	2.1	-4.2	8.3
Pakistan	0.1	12.6	-2.1	6.0	6.7	18.0	16.2	-6.8	4.0	3.9
Tajikistan	9.4	-10.4	9.3	10.0	10.0	-8.5	13.5	6.3	0.0	5.0
Turkmenistan	3.6	49.6	8.1	7.0	7.9	-22.7	-47.8	1.6	5.4	7.0
Uzbekistan	12.3	11.4	28.6	12.0	25.0	6.2	43.8	16.3	20.0	14.0

Source: ADB 2020. Asian Development Outlook 2020. Manila.

8. **Weak demand affected CAREC commodity exports—reaffirms the need for more diversified economies.** Low demand, especially from the PRC, has been evident in copper,

fossil fuels, cement and steel production.<sup>4</sup> Aside from limited trade, the changes in international commodity prices also impacted on CAREC's exports and economies.<sup>5</sup>

9. **The economic slowdown led to fluctuation in commodity prices.** Crude oil prices started to fall in January 2020 and continued until April when the average was at its lowest point (\$21.04/bbl). The direction changed drastically in June 2020 with the price of crude oil reaching an average of \$39.46/bbl. Coal prices on the other hand, is still on the decline albeit at a much slower rate (Figure 2A). Mineral prices are erratic, with copper and iron ore prices falling then recovering fast. Prices of zinc, lead, and aluminum, behaved similarly but at slower and varied paces. Meanwhile, gold prices continue to rise steadily every month.



Source: World Bank, Commodity Price Data. <https://www.worldbank.org/en/research/commodity-markets> (accessed 10 July 2020)

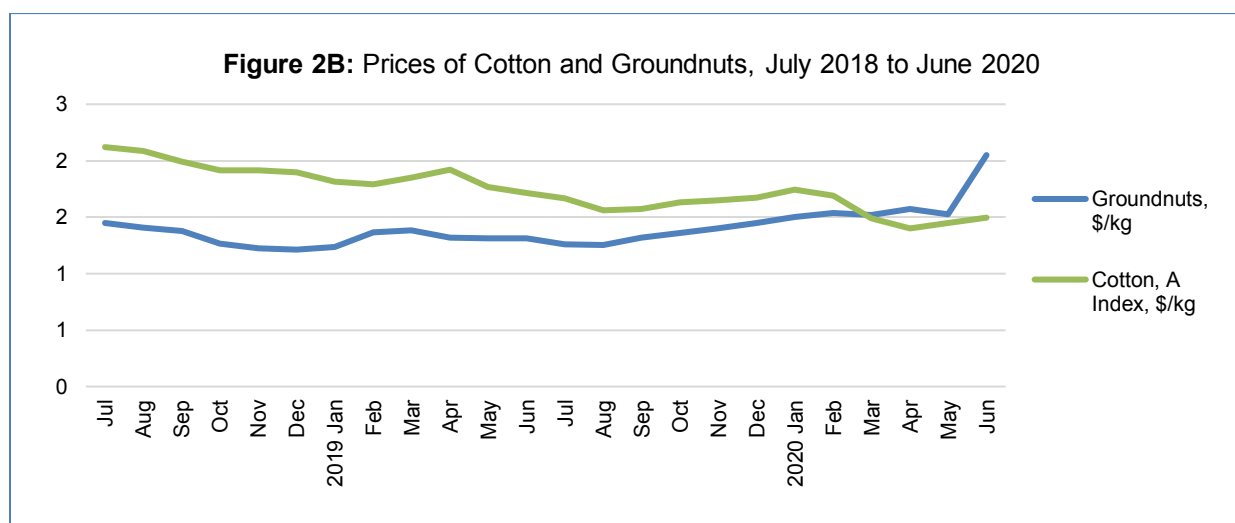
10. For other products, the price of rice (based from Thailand and Vietnam exports) continues to climb steadily. US wheat prices were highest in January and declined slowly afterwards. The prices of wheat exports from Kazakhstan, while declining in March, rebounded in April due to brisk trade (FAO, 2020). Changes in the price of cotton appear small but show a consistent downtrend since 2018. In contrast, groundnut prices show uptrend, rising sharply in June 2020 (Figure 2B).

11. FAO reported sufficient cereal supply from global production in 2019 and remaining high closing stocks. Global wheat output was also at near-record levels in early 2020. In terms of functioning of agri-food value chains, the *transport and sale of inputs and agricultural products*

<sup>4</sup> CAREC's major exports consist of petroleum oils and gases, coal, mineral ores (copper, iron, lead, zinc, uranium, aluminium), metals (gold, silver) and metal products; cereals (rice, wheat), wheat flour, vegetables, nuts, fruit; wines and spirits, ethyl alcohol; ethylene polymers, fertilizers, medicaments; cashmere hair, leather apparel, cotton, cotton yarn and fabric, cotton garments and household linen; and motor vehicles and parts.

<sup>5</sup> See H. Holzacker. 2020. [The COVID-19 Economic Implications for the CAREC Region](#). Economic Brief. CAREC Institute.; K. Bishop. 2020. [These 2 charts show copper prices could fall further – and the global economy too.](#); OECD. 2020. *COVID-19 Crisis Response in Central Asia*.

were identified as the most pressing issues, particularly affecting fish, vegetables, meat, dairy, wheat, and potatoes in Central Asia.<sup>6</sup>



Source: World Bank, Commodity Price Data. <https://www.worldbank.org/en/research/commodity-markets> (accessed 10 July 2020)

12. **Trade facilitation indicators (TFI).** In 2019, data from the CAREC performance measurement and monitoring (CPMM) reported comparatively diverging results for road and rail transport. While average border-crossing time (TFI1) remained unchanged for road, TFI1 for rail transport improved by 11.3%. Average border-crossing costs (TFI2) deteriorated and increased for both road (4.1%) and rail (1.2%). On the other hand, good progress in total average transport cost (TFI3) showed a decline of 5.5% for road transport and 15.5% for rail. Overall average road speed (TFI4) decreased, while overall average rail speed increased. For road transport, average speed without delay (SWOD) fell by 3.2%, and speed with delay (SWD) fell by 5.9%. However, for rail transport, robust results showed an increase of 19% for average SWOD, and of 26.9% for average SWD (Figure 3).<sup>7</sup>

13. A survey was conducted in June 2020 to assess how the pandemic disrupted trade along CAREC corridors. Rail transport continued to operate – such as in railway BCPs along Corridor 1 (Alashankou-Dostyk and Horgos-Altynkol) and Corridor 4 (Erenhot-Zamiin Uud) – while road transport was severely affected. There are also indications in increase of shipment time by up to 50% and cost by up to 25%. Additional sanitation measures such as temperature screening among truck drivers and disinfection of trucks, containers and goods led to longer shipment time.<sup>8</sup>

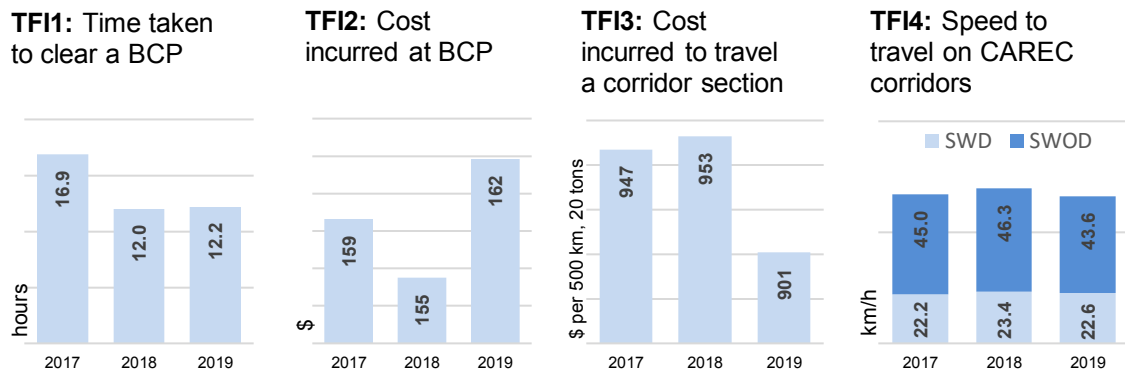
<sup>6</sup> FAO. 2020. *Europe and Central Asia: Regional food market situation and policy bulletin in response to the COVID-19 pandemic*. Rome. The survey included Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, and Tajikistan.

<sup>7</sup> ADB. 2020. [CAREC Corridor Performance Measurement and Monitoring Annual Report 2019](#). Manila.

<sup>8</sup> CAREC CPMM Midyear Update 2020 (forthcoming).

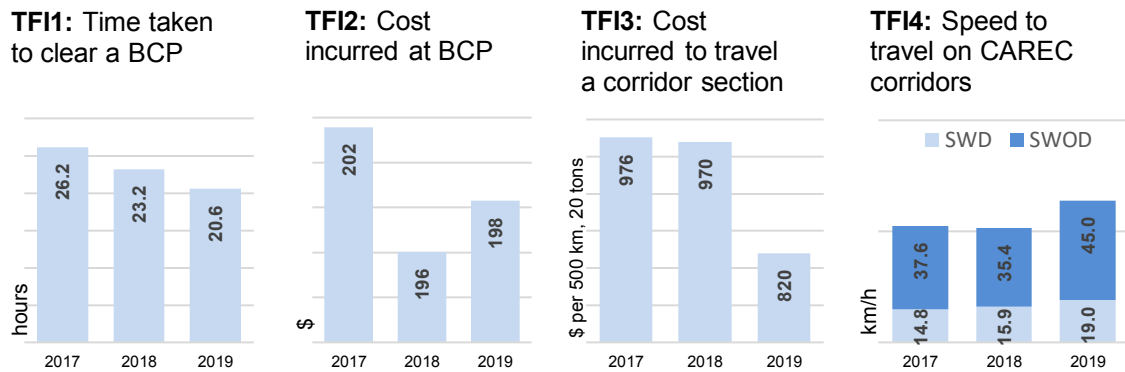
**Figure 3: Trade Facilitation Indicators (2017–2019)**

### A. Road Transport



BCP = border-crossing point, CAREC = Central Asia Regional Economic Cooperation, km = kilometer, km/h = kilometer per hour, SWD = speed with delay, SWOD = speed without delay, TFI = trade facilitation indicator.  
Source: Asian Development Bank.

### B. Rail Transport



BCP = border-crossing point, CAREC = Central Asia Regional Economic Cooperation, km = kilometer, km/h = kilometer per hour, SWD = speed with delay, SWOD = speed without delay, TFI = trade facilitation indicator.  
Source: Asian Development Bank.

14. ***Production and trade in services are profoundly affected by COVID-19.*** Many services reliant on trade in goods, such as transport, distribution and associated financial services have seen severe contraction in demand that will take time to pick up again. Healthcare services have been found wanting in many countries. On the other hand, one part of the services industry that has been less affected and has perhaps even benefitted is the virtual economy. Virtual network industries dealing in information and communications could also see longer-term changes in behaviour and preferences resulting from economic and social restrictions imposed by COVID-19. These considerations emphasize the importance of prioritizing development of the information and communication technology sector.<sup>9</sup> The countries' national digital strategies and modernization of telecommunications infrastructure contributed to network coverage for 10

<sup>9</sup> ADB. Draft report on Advancing Economic Diversification in CAREC countries through the Development of the Service Sector (forthcoming).

CAREC countries (excluding PRC) at an average of 79% for 3G and 60% for LTE/WiMAX. Currently, mobile connectivity is the primary means of internet access for CAREC countries.

15. **Cross-border e-commerce, an opportunity and challenge for CAREC.** The use of digital platforms and business-to-consumer (B2C) e-commerce increased and boosted economic activities during the lockdowns. In 2020, B2C users reached around 100 million with revenues estimated at \$5.3 billion (or an average of \$69 per user) in CAREC-10 (excluding the PRC).<sup>10</sup> However, cross-border B2C e-commerce – which promotes trade – is still small. In 2018, UNCTAD estimates that only about 10% of B2C sales were cross-border transactions.

16. Various digital services are becoming available such as mobile-friendly websites, mobile banking applications, credit and debit cards, e-purses, point-of-sale terminals, and 3rd-party merchants. Nevertheless, the legal framework, physical and digital connectivity, and e-commerce ecosystem have yet to be fully developed for most CAREC countries. Laws regulating electronic transactions, including cybercrime, data privacy, or consumer protection need to be modernized and harmonized to support trade.<sup>11</sup> Preference for cash payments and face-to-face purchases, and low levels of trust between buyers and sellers are still prevalent. Electronic banking services are insufficient and lacked integration with billing and payment systems of major international platforms in some countries. Delivery systems also need upgrading (footnote 11).

17. **Tourism, and services inputs into this industry, have also experienced a dramatic shrinkage.** Global passenger traffic fell by 94.3% in April 2020 compared to the previous year.<sup>12</sup> Travel restrictions, grounded airplanes, and closed hotels significantly impacted CAREC countries. Georgia and Uzbekistan arrivals follow the world average reduction, while Azerbaijan suffers a larger drop. The sector's recovery largely depends on the speed of containment and duration of travel restrictions and border closures.

**Table 3: Change in Tourist Arrivals (% change over same period in 2019)**

	2019 arrivals (in 1000s)*	2020 YTD	2020 Q1	Jan 2020	Feb 2020	Mar 2020
World	1,462	-22.4	-22.4	2.0	-8.6	-56.7
Azerbaijan	2,605	-14.9	-14.9	18.1	15.8	-62.2
Georgia	5,080	-13.2	-13.2	18.9	4.0	-56.1
Uzbekistan	6,749	-12.0	-12.0	23.1	11.9	-57.2

YTD or year-to-date refers to the change in the months with data compared to the same period of the previous year. \*Data for Azerbaijan in 2018.

Source: UNWTO. World Tourism Barometer: Statistical Annex. Vol. 18, Issue 2 (May 2020)

## **B. CAREC Trade-Related Responses**

18. **CAREC countries have adopted immediate and temporary measures, that are either facilitating and liberalizing trade or restricting trade.** Trade facilitating and liberalizing measures helped mitigate to the effects of the COVID-19 pandemic. Examples of these measures are:

<sup>10</sup> Statista. 2020. Statistics and Market Data about E-commerce (accessed May 2020).

<sup>11</sup> CAREC Institute. 2020. [Policy Brief: e-Commerce Framework in CAREC](#). April 2020.

<sup>12</sup> ICAO. 2020. Air Transport Monthly Monitor (June 2020).

(i) **facilitating cross-border movement of relief and essential supplies**, such as (a) faster and smooth movement of anti-pandemic supplies through priority lanes and exclusive counters (*Azerbaijan, Pakistan*); (b) exemption from import Custom duties and/or value-added tax of medical supplies and equipment (*Azerbaijan, Kazakhstan, Mongolia, Pakistan, Uzbekistan*); and (c) establishment of operational task force to ensure expedited passage and release of goods across borders (*PRC, Turkmenistan, Uzbekistan*).

(ii) **supporting the economy and sustain supply chain continuity**, such as (a) minimum inspection and simplified submission, including via paperless means, of documentary requirements for faster clearance of goods (*PRC, Kazakhstan*); (b) application of tax relief measures, particularly to micro, small, or medium-enterprises (*Kazakhstan*); and (c) continuation of rail and road transport operations, including for goods in transit (*Afghanistan, Pakistan, Kyrgyz Republic*) and contact points for trade queries and grievances (*Pakistan*).

(iii) **mitigating risks from transboundary health and safety issues**, such as (a) hygiene checks on drivers/personnel responsible for freight transportation at the borders (*Georgia*), (b) sanitation and disinfection measures and provision of protection equipment for customs offices at the borders (*Mongolia*), and (c) information campaign to raise awareness and provide timely information (*PRC, Mongolia*).

19. However, there are also reported measures that are trade-restricting in nature, such as: (i) restrictions on movements of goods and people, like travel bans, border closures, and prolonged quarantine time; (ii) prioritized essential imports through foreign currency rationing; (iii) increased tariffs on some goods to protect domestic supplier; (iv) temporary export bans on certain on health-related products, medical laboratory and diagnostic supplies; and (v) export or import bans on food and other commodity products (**Appendix 1**).

20. **COVID-19 trade-related resources online.** In May 2020, ADB compiled a running list of COVID-19 trade-related resources, including working papers, reports, information notes, and webinars and online seminars and training. The purpose is to raise awareness amongst CAREC trade-related agencies of current COVID-19 related information and knowledge opportunities. The list of resources is published on the CAREC portal ([www.carecprogram.org](http://www.carecprogram.org)) and will be added to the CAREC Trade Information Portal when the latter goes live in the public domain. A list of online resources on trade measures database and available repositories on trainings, research papers and guidance notes has been compiled for reference (Table 4).

**Table 4: Online resources on trade measures and information arising from COVID-19**

Organization	Description
CAREC COVID-19 Knowledge Resources for Trade and Trade Facilitation <a href="https://www.carecprogram.org/trade/covid19">https://www.carecprogram.org/trade/covid19</a>	A compilation of available online policy papers, webinars, guidance notes, toolkits, and training courses on trade compiled by ADB
COVID-19 Trade Facilitation Toolkit <a href="https://www.tfafacility.org/covid19-trade-facilitation">https://www.tfafacility.org/covid19-trade-facilitation</a>	Joint platform of actions and initiatives adopted by organizations which consolidate trade-facilitation measures adopted by key stakeholders, facilitating access through user-friendly, searchable single database
International Trade Centre (ITC) Market Access Map <a href="https://www.macmap.org/covid19">https://www.macmap.org/covid19</a>	Provides a global daily update of trade and trade-related measures adopted by countries in response to COVID-19. The database covers export and import measures, their status and affected partners and products.

WCO <a href="http://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/natural-disaster/coronavirus.aspx">http://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/natural-disaster/coronavirus.aspx</a>	WCO Secretariat Note on <i>What Customs can do to mitigate the effects of the COVID-19 pandemic</i> contains highlights of WCO Members' practices. The full texts of members' submissions can be found at the dedicated COVID-19 section of the WCO website.
WTO Secretariat <a href="https://www.wto.org/english/tratop_e/covid19_e/trade_related_goods_measure_e.htm">https://www.wto.org/english/tratop_e/covid19_e/trade_related_goods_measure_e.htm</a>	Publishes similar information as ITC's Market Access Maps, reports from Permanent Delegation of Countries to the WTO, other official sources.
UNESCAP <a href="https://www.unescap.org/covid19/policy-responses">https://www.unescap.org/covid19/policy-responses</a>	Analytical charts of the Market Access Map data, including number of measures by effect on trade
World Bank <a href="https://www.worldbank.org/en/data/interactive/2020/04/02/database-on-coronavirus-covid-19-trade-flows-and-policies">https://www.worldbank.org/en/data/interactive/2020/04/02/database-on-coronavirus-covid-19-trade-flows-and-policies</a>	Interactive database on COVID-19 trade flows and policies

Source: ADB compilation.

## C. Way Forward

21. The pandemic not only led to economic disruptions but laid bare the vulnerabilities of interdependencies in production, consumption, and investment across countries. However, this provides an opportunity for restructuring of supply chains, increasing their diversity and improving resilience. New sectors and opportunities – particularly digital-enabled trade – are also emerging. CAREC must therefore continue the efforts to keep trade open and smooth to revitalize globalization, deepen the regional cooperation and integration, and achieve sustainable growth.

22. Regardless of how the new global landscape will look like, trade will continue to be a means of implementation of the sustainable development goals and will be crucial for each CAREC countries' post-pandemic recovery. In this regard, the CITA 2030 remains relevant and its interventions through RSAP needs to adopt to the changing environment.

23. In this regard, CAREC countries are requested to respond to the survey on CAREC trade measures and assistance required by 20 August 2020 (**Appendix 2**).

## II. IMPLEMENTATION OF CITA ROLLING STRATEGIC ACTION PLAN 2019-2021

24. This section provides update of implementation of the trade sector work under the CITA 2030 and the RSAP 2019-2021 as follows:

- a. snapshot of performance against planned outputs/deliverables according to each CITA pillar, key events during intervening period that impacted on the trade sector, and noteworthy accomplishments during the reporting period; and
- b. trade sector contribution to CAREC's integrated overall results framework.

### A. Performance, Key Events and Accomplishments

#### Pillar 1: Trade Expansion from Increased Market Access

*This pillar expands CAREC countries' access to markets by lowering tariffs; eliminating non-tariff barriers to trade; making border and behind-the-border procedures more efficient; improving logistics services; enhancing transit systems; and reducing trade distorting and protectionist measures.*

25. **Accession to the World Trade Organization.** There is good progress in terms of accession process to the WTO of remaining CAREC members. Negotiations for Uzbekistan's WTO membership resumed when the working party on the country's accession met in July 2020, 14 years after its last formal meeting. In July 2020, the WTO General Council also endorsed Turkmenistan's WTO observer status and welcomed the country's intent to initiate negotiations for accession within a period of five years. Technical exchanges are ongoing between the WTO Secretariat and Azerbaijan to update the draft report on the working party. Support and capacity-building are being planned under ADB TA, including provision of WTO advisors to Turkmenistan, an impact assessment study for Azerbaijan, and subregional seminar to share experience and lessons among new WTO members of CAREC countries.<sup>13</sup>

26. **Regional improvement of border services (RIBS) projects.** RIBS projects focus on improving border crossing points (BCPs) facilities and modernizing customs and trade systems. RIBS is currently implemented in Kyrgyz Republic, Mongolia, Tajikistan and Pakistan.<sup>14</sup> The civil works and full roll-out of the single window information system for Karamyk BCP in Kyrgyz Republic was to be completed in 2020 but hardware supply was delayed due to COVID-19. The development of the single window information system for Tajikistan is targeted for completion in 2020. Construction in Pakistan's Torkham BCP were halted due to imposed curfews, while for Chaman BCP mobilization of contractors was also delayed. For Mongolia, the construction works in Altanbulag BCP began in September 2019, while the upgrade of its Customs automated information system is for completion in 2020. An additional financing of \$27 million, approved in August 2019, will upgrade Mongolia's Bichigt and Borshoo BCPs. ADB is also supporting the operationalization of Pakistan's single window system, among others, through the Trade and Competitiveness Program, a policy-based loan approved in August 2019.<sup>15</sup>

<sup>13</sup>ADB. 2019. [Regional: Implementing the Integrated Trade Agenda in the Central Asia Regional Economic Cooperation Program](#).

<sup>14</sup>ADB. 2013. [Central Asia Regional Economic Cooperation Regional Improvement of Border Services](#).; ADB. 2016. Mongolia. [Regional Improvement of Border Services](#).; ADB. 2019. Mongolia. [Regional Improvement of Border Services Project \(Additional Financing\)](#).; ADB. Pakistan. 2015. [Central Asia Regional Economic Cooperation Regional Improving Border Services Project](#).

<sup>15</sup>ADB. 2019. Pakistan: [Trade and Competitiveness Program](#).

27. **CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE) pilot project.** The CATS/ICE initiative is designed to help trade flow more smoothly and efficiently across the borders and enhance CAREC countries' participation in the global value chains through a harmonized electronic system for goods in transit through CAREC members. The three countries participating in the pilot phase—Azerbaijan, Georgia, and Kazakhstan—experienced changes in government, which set back finalization of the draft trilateral agreement. Virtual consultations in February 2020 reviewed and finalized the agreement, which is currently for national legal review. Meanwhile, action plan and user manual is being prepared. The physical launch of the pilot will be determined when travel restrictions are lifted.

28. **CAREC corridors performance measurement and monitoring (CPMM).** Trade facilitation indicators under the CPMM assess the efficiency of the CAREC transport corridors and are reported on an annual basis. The CPMM 2018 Annual Report has been published in November 2019, with the Russian-language version released in April 2020, and the 2019 Annual Report published in June 2020.<sup>16</sup>

29. **Regional upgrades of sanitary and phytosanitary (SPS) measures for trade projects.** Construction works to upgrade 5 veterinary, phytosanitary and food safety laboratories, quarantine and inspection facilities will start in 2020 under Mongolia's Regional Upgrades of Sanitary and Phytosanitary Measures for Trade Project. The project also supports alignment of Mongolia's SPS measures in compliance with the WTO agreement on the application of SPS measures and upgrade of inspection management system through risk assessment tools.<sup>17</sup>

30. **Common Agenda for Modernization of SPS Measures for Trade.** Amid the COVID-19 pandemic, a number of RSAP activities on SPS was implemented and/or initiated. The SPS national working groups of CAREC countries continue to discuss their SPS strategies and action plan. Following its inaugural meeting in June 2019, the SPS regional working group agreed on key initiatives on SPS, with the following progress:

31. **Plant health safety.** Following CAREC countries agreement to cooperate on a regional pest surveillance program and pilot in Fergana Valley, ADB and USAID Competitiveness, Trade and Jobs in Central Asia Activity (USAID CTJ) began to design and implement initiatives. In August 2019, ADB and USAID CTJ organized a pest risk analysis training for quarantine inspectors for select CAREC countries in Tashkent. A follow-up workshop/training in collaboration with the European and Mediterranean Plant Protection Organization will be held from 12-14 August 2020 for National Plant Protection Offices of Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. Meanwhile, ADB and CAREC Institute is jointly conducting an assessment on the feasibility of electronic phytosanitary certificates. The study leverages on ephyto solution designed by the International Plant Protection Convention and explores potential exchange of e-certificates.

32. **Animal health safety.** At the request of Georgia Revenue Service, a training for risk assessment of animal by-products was designed to build capacity for Georgia's SPS Border Control Division. Training modules were developed in March 2020, with actual physical training will be held once travel restrictions are lifted. In October 2019, the PRC's General Administration of Customs – through Urumqi Customs branch – organized an international exchange and

<sup>16</sup> ADB. [CPMM 2018 Annual Report](#).; Footnote 7.

<sup>17</sup> ADB. 2015. Mongolia: [Regional Upgrades of Sanitary and Phytosanitary Measures for Trade Project](#).

training on animal and plant quarantine for five CAREC countries at the PRC-Kazakhstan Khorgos International Border Cooperation Center. The event aimed to improve understanding on the prevention and control policies on transboundary animal diseases with Central Asian countries and promote bilateral cooperation.

33. **Food safety.** The pilot project on simplified risk-based food safety management and inspection systems was launched in Turkmenistan in September 2019 to demonstrate implementation of cost-effective food safety measures. A workshop/trainers' training was held for inspectors of the Ministry of Health and Medical Industry of Turkmenistan and food business operators on risk profiling and risk-based food safety management. At the request of Kyrgyz Republic's Ministry of Economy and Ministry of Agriculture, Food Industry and Land Reclamation in June 2020, technical support has been initiated for the preparation of practical guidelines on the application of the rules for importation of food products from third countries.

34. **CAREC Regional Food Safety Network (CRFSN).** The proposed network aims to support food safety regulatory and standards agencies in adopting Codex standards. In 2019, experts from CAREC countries agreed on the draft Terms of Reference, including a website to be developed under ADB TA.<sup>18</sup> The website will (i) publish key legislation and regulations, and contact points of food safety agencies; and (ii) support information sharing and coordination among CAREC member countries. Discussions on the medium-term action plan to officially establish and operationalize the Network will be discussed at the next CRFSN meeting when travel is permitted.

## **Pillar 2: Greater Economic Diversification**

*This pillar aims to create an enabling environment for economic diversification through supporting reforms, financing, and linking CAREC countries with global and regional value chains. This includes measures to improve access to trade finance, adopt consistent and open foreign direct investment policies, develop financial markets, strengthen support services, promote skills upgrading and embrace innovation.*

35. **Development of economic cooperation zone.** In June 2019, the PRC and Mongolia signed a bilateral agreement to develop an economic cooperation zone under the framework of their strategic partnership and regional cooperation initiatives. In June 2020, ADB approved a \$30 million loan for Mongolia's *Developing the Economic Cooperation Zone Project*.<sup>19</sup> The project will develop the physical infrastructure and operationalize the Zamyn-Uud free zone and support seamless transit to and from the Erenhot zone in the PRC's Inner Mongolia Autonomous Region. The proposed *Inner Mongolia Sustainable Cross-Border Development Investment Program* for PRC —a \$420 million multitranche financing facility (for approval in 2020) — will install smart ports with one-stop inspection systems to improve customs clearance between the two zones, and establish a regional cooperation mechanism for better coordination within the cooperation zone. Estimated at \$196.3 million, tranche 1 will also improve key infrastructure and services in the border areas; promote the use of high-level technology for ecological restoration within the cooperation zone; and create income generating opportunities by establishing inclusive agricultural value chains and improving access to finance for small- and medium-sized enterprises; and improve border infrastructure in Mandula port.

<sup>18</sup> ADB. 2016. [Strengthening International Food Safety Standards in Agricultural Value Chains in the Central Asia Regional Economic Cooperation Member Countries.](#)

<sup>19</sup> ADB. 2020. [Mongolia: Developing the Economic Cooperation Zone Project.](#)

36. **Trade finance, supply chain finance and guarantees.** The ADB Trade Finance Program (TFP) works with CAREC banks and has provided loans and guarantees supporting \$2.2 billion in trade over 1,009 transactions from January 2019 to April 2020. On the supply chain finance side, the program has supported over 99 supply chain transactions valued at \$19.13 million in Pakistan and PRC. In addition, TFP also provides partner banks with knowledge required to give companies support to benefit from international trade, such as *trade and supply chain finance online course* in partnership with International Chamber of Commerce Academy and *Anti-Money Laundering-Counterfeiting the Financing of Terrorism online certificate course* to align with international standards and best practices.<sup>20</sup> An ADB-financed TA project approved is conducting a feasibility study to establish a multilateral trade credit and investment guarantee or (re-)guarantee agency (TCIGA), which would assist countries – including CAREC members – in promoting foreign direct investment and sustainable economic growth.<sup>21</sup>

37. CAREC countries also participated in the *2019 Trade Finance Gaps, Growth and Job Survey*, conducted by ADB and development partners.<sup>22</sup> The survey underscored the role of fintech and digitization to narrow the trade finance gap, particularly for small and medium enterprises, which experienced the most rejection in 2018 (45% of applications among SMEs). Aside from investment in infrastructure, legal and institutional framework for digital trade and e-commerce is also critical.

38. **Promotion of e-commerce.** A virtual policy workshop on 28 May 2020 was organized by the CAREC Institute in partnership with ADB, ADB Institute and the Asia-Pacific Finance and Development Institute to promote e-commerce as a viable instrument for trade and enhance economic cooperation. The workshop discussed policy options bred from a joint research by the ADB and CAREC Institute on e-commerce development in CAREC.<sup>23</sup> In addition, ADBI and Shanghai National Accounting Institute research findings on the positive impacts of e-commerce on small and medium enterprises during the Covid-19, and Chinese experiences and practices for e-payment system for e-commerce were presented.

### Pillar 3: Stronger Institutions for Trade

*This pillar promotes better coordination of sectoral policies and priorities, evidence-based policymaking, as well as enhanced capacity of government agencies, and includes measures for collaborative policy formulation and implementation; alignment of national and regional planning; and regulatory convergence in the region. It will improve data collection and cross-country analysis, enhance officials' policy analysis and negotiation skills, and increase participation of think tanks and the private sector.*

<sup>20</sup> Information on TFP capacity-building is available at: <https://www.adb.org/site/trade-finance-program/trade-supply-chain-finance-online-courses>.

<sup>21</sup> ADB. 2018. [Regional: Promoting Investments and Economic Growth in Central and West Asia, East Asia, and South Asia Subregions](#).

<sup>22</sup> ADB. 2019. [2019 Trade Finance Gaps, Growth, and Jobs Survey](#).

<sup>23</sup> ADB and CAREC Institute. Regulatory Framework for e-Commerce Development in CAREC (forthcoming); CAREC Institute. 2019. [Regulatory Framework for e-Commerce Development in CAREC – Policy Brief](#).

39. **Customs cooperation and Trade Facilitation Agreement (TFA).** CAREC partnered with the South Asia Subregional Economic Cooperation (SASEC) program to conduct an inter-subregional knowledge-sharing forum on trade facilitation and customs modernization in October to November 2019 in Tbilisi, Georgia.<sup>24</sup> The forum shared experience and best practices on trade facilitation including WTO TFA topics of transit, customs cooperation, national trade facilitation committees, and authorized economic operator. A field visit to the Tsiteli Khidi BCP demonstrated Georgia's experience in coordinated border management.

40. **Kazakhstan as chair of the 12<sup>th</sup> WTO Ministerial Conference.** A Negotiation Management Workshop for the WTO Negotiations was delivered through joint collaboration of ADB, the Centre for Multilateral Negotiations, Bertelsmann Foundation, Konrad Adenauer Foundation, World Economic Forum, and German Development Institute in December 2019 in Geneva. The workshop equipped government officials with concrete approaches on negotiation management, preparations for ministerial conference, building trust, use of informal dialogues, and engagement of the private sector and civil society. Kazakhstan has renewed its offer to host the 12th MC in June 2021—the first time that a WTO MC will be held in a Central Asian country.

41. The beta version of the **CAREC Trade Information Portal** can be viewed via: <http://uat.trade.carecprogram.org> (**Appendix 3-I**). The portal was developed to serve as a single reference point of all trade-related information, build data collection and management capacity for the governments, while at the same time support policy researchers and the private sector. The RTG, CCC and relevant trade sector groups are requested to visit the portal and provide comments if any, to CAREC Secretariat by 20 August 2020.

42. There is a continuing effort to disseminate CITA 2030 in various fora. In November 2019, a regional conference on Productive Capacities, Trade and Sustainable Development Goals in Central Asia, was co-organized by Uzbekistan's Ministry of Investments and Foreign Trade, United Nations Development Program, and other development partners. In November 2019, the CAREC Secretariat participated at the 9th Central Asia Trade Forum organized by USAID CTJ in Kazakhstan.

## **B. Contribution to CAREC's Integrated Overall Results Framework**

43. **Results Framework and Indicators.** The proposed methodology for the estimation of the CITA 2030 results indicators was presented at the [second RTG meeting](#) in 2019. Subsequently, baseline indicators were calculated using 2016 data from WDI and TradeMap, while targets were estimated using comparator regions with defined periods of liberalization – taking the difference in average values pre- and post-period liberalization – and applying computed annual change to the baseline indicators. The proposed trade indicators were based on **pre-COVID-19 pandemic figures** and have not considered the potential drop in global trade from 2020 onwards. The RTG is requested to review the targets in Appendix 3-II by 20 August 2020.

44. The CAREC Secretariat is finalizing the approach to track CAREC 2030 progress using an integrated Results Framework. Proposed trade sector inputs were taken from CITA 2030 Results Framework for outcome (overall trade) and the output 1 (trade in services). Additional output 2 is an activity-based, measurable and attributable indicator (institutional capacity). The RTG is requested to review and comment on Appendix 3-II by 20 August 2020.

<sup>24</sup> October 2019; Tbilisi, Georgia

### III. TRADE SECTOR WORK PROGRAM and INSTITUTIONAL ARRANGEMENTS

#### A. Workplan and key interventions under RSAP 2020-2022

45. Maintaining the relevance and keeping the momentum of CAREC trade work are important to minimize the risks and impact of the ongoing pandemic as well as to support the member countries' post-pandemic recovery. The RSAP will be updated taking into consideration inputs from CAREC members on questionnaire in Appendix 2.

46. ***Investment projects and technical assistance will continue to be provided in the areas of WTO accession and TFA implementation.*** A joint meeting for the CCC and SPS regional working group planned in 2021 will share knowledge and experiences on procedures that are common to customs and SPS agencies such as e-certificates, authorized economic operator and risk management. Trade facilitation through RIBS projects and SPS interventions will be expanded and linked with cross-cutting areas in order to facilitate trade while increasing resilience to transboundary threats and diseases as part of *One-Health* approach.

47. ***Promotion of e-commerce and digital trade will be prioritized.*** A webinar will be organized in September 2020 for the RTG and CCC to discuss the outcomes and proposals from the regulatory framework for e-Commerce development and assessment of CAREC Customs agencies capacity and readiness for cross-border e-Commerce. A follow-up research jointly between ADB and CAREC Institute will focus on infrastructure development for e-Commerce in the region. Between 2021-2022, a workshop on customs technology trends will be organized in Azerbaijan and action plan to implement Uzbekistan's proposal for Integrated Information Exchange System for the CAREC region will be discussed. These initiatives will leverage on the WTO's Enabling E-commerce Initiative, the WCO's Framework of Standards for Cross-Border E-Commerce, and the UN *Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific*.

48. ***Capacity building for national trade agencies will cater to specific needs and circumstances.*** This includes in-country training in 2021 for Afghanistan to support the Ministry of Commerce and Ministry of Agriculture, Irrigation and Livestock, and the SPS national working group. The training will cover trends and developments in free trade agreements and implementing WTO agreements, including that of the agreements on SPS, trade facilitation and technical barriers to trade.

49. ***Strengthening cooperation between public and private sector and research institutions.*** In 2019, ADB and the CAREC Institute initiated a collaborative partnership for the CPMM, with objective of signing a memorandum of understanding between ADB and CAREC Institute to be signed in November 2020. Thus far, ADB has delivered a series of e-training modules in May to June 2020 to familiarize the CAREC Institute with the CPMM and finalize the partnership roadmap. Meanwhile, the CAREC program is supporting the CAREC Federation of Carriers and Forwarders and Association (CFCFA) to design a business model for self-sustainability, including effective mobilization of member resources, to help the CFCFA transition to a fully independent self-governing body by 2021.

#### B. Institutional Arrangements

50. Due to travel restrictions, the annual meetings of the RTG and CCC are now planned virtually in September 2020. Intersessional consultations through a series of webinars, surveys and documents for comments - circulated in advance - to maximize the RTG and CCC meetings.

51. Invitation to the planned virtual activities will be sent in due course:

- CAREC Webinar on Facilitating Diversification and Economic Recovery through the Services Sector (2 September 2020)
- CAREC Webinar on E-commerce and Paperless Trade (3 September 2020)
- Customs Cooperation Committee (CCC) 19th Meeting (8 September 2020)
- Regional Trade Group (RTG) 3rd Meeting (10 September 2020)
- CFCFA 11th Annual Meeting (15 September 2020)
- CAREC Webinar on Regional Improvement in Border Services: Experience and Challenges (October or November 2020)

### **C. Technical Assistance**

52. To support the implementation of CITA and RSAP, two regional trade-related TAs on [\*Partnership with the Private Sector for Sustainable Trade Facilitation Results in the CAREC Program\*](#) and the [\*Better Customs for Better Client Services in CAREC Countries\*](#) were approved in September and October 2019, respectively. Additional financing to the regional TA on [\*Modernizing Sanitary and Phytosanitary Measures to Facilitate Trade\*](#) was approved in December 2019. In response to CAREC countries' request to build capacity for free trade agreements, a regional TA is being prepared to improve CAREC members capacity to design, negotiate, implement, and monitor FTAs and explore potential for regional partnership.

#### IV. DELIVERABLES FOR THE 19<sup>th</sup> CAREC MINISTERIAL CONFERENCE

53. The following are proposed trade sector deliverables for the Ministerial Conference in 2020:

(a) *CITA 2030 Rolling Strategic Action Plan 2020-2022*

(b) *2020 Knowledge Products*

- *Advancing Economic Diversification in CAREC Countries through the Development of the Services Sector* (Q4 2020). The study identifies key service industries with strong potential in CAREC economies and discusses the elements of an enabling environment for services and specific actions for CAREC countries.
- *Regulatory Framework for E-commerce Development in CAREC Countries* (Q4 2020). Jointly conducted by ADB and CAREC Institute, the study evaluates CAREC countries' legislative and regulatory framework and proposes actions to facilitate region's domestic and cross-border e-commerce.
- *CAREC Corridor Performance Measurement and Monitoring 2019 Annual Report* (published English version, July 2020; published Russian version, Q4 2020) and *CAREC Corridor Performance Measurement and Monitoring 2020 Mid-Year Update* (anticipated final draft/conference material format finalized by Q4 2020).

### Appendix 1: Measures Adopted by CAREC Countries during COVID-19 Pandemic

Country	Facilitating the Cross-border Movement of Relief and Essential Supplies	Supporting the Economy and Sustaining Supply Chain Continuity	Other Trade measures
<b>Afghanistan</b>		<ul style="list-style-type: none"> <li>On May 17, Pakistan re-opened its Torkham and Chaman borders points with Afghanistan, followed by full restoration of bilateral trade and transit at all border crossings to pre-Covid-19 status by July 13. On July 15, trade with India through Wagah border post in Pakistan resumed.</li> </ul>	
<b>Azerbaijan</b>	<ul style="list-style-type: none"> <li>Fast and smooth movement of goods required for COVID-19 treatment has a special priority.</li> <li>Temporary elimination of import tariffs on certain products, e.g. medical gloves, sterile shoe covers, mittens, sterile masks, respirators (effective 5 March 2020 to 1 June 2020); on raw materials for the production of medical masks (effective 5 March 2020 to 31 December 2022) (HS 3926.20.00; 4015.19.00; 6307.90.98; 5603.12.10; 5603.13.10) , due to the COVID-19 pandemic. Imports also exempted from VAT. *</li> </ul>		<ul style="list-style-type: none"> <li>Temporary export ban on certain medical supplies and preparations (e.g., sterile gloves, splints, medical masks and goggles, disinfectants, special clothing and other necessary medical supplies and preparations).</li> </ul>
<b>China, People's Republic of</b>	<ul style="list-style-type: none"> <li>Following the outbreak of the disease, China Customs has put in place a Command Centre, with the Minister of the General Administration of Customs of China (GACC) as Commander-in-Chief and all Vice Ministers as Deputy Commanders-in-Chief, and a Working Group. Led by the Vice Minister in charge of border health and quarantine, the Working Group guides Customs offices across the country to fight the epidemic. Under the Working Group are 9 Sub-groups.</li> </ul>	<ul style="list-style-type: none"> <li>To promote social and economic development amid current anti-epidemic efforts, the General Administration of Customs of China (GACC) has rolled out policies and measures on faster clearance, minimum-interference Customs control, certification services, and acceleration of market access process for imported agricultural products, among other, to help businesses resume operations and boost foreign trade growth</li> </ul>	<ul style="list-style-type: none"> <li>Circular of the Ministry of Agriculture and Rural Affairs implementing nine facilitation measures regarding three categories of agricultural administrative approval (license renewal, simplification of approval procedure, and optimization of approval process)</li> <li>MOFCOM notice actively guiding and encouraging enterprises to apply for import and export licenses in a paperless way; further simplifying the materials required for the paperless application for import and export licenses; optimizing the application and updating processes of electronic keys, and</li> </ul>

### Appendix 1: Measures Adopted by CAREC Countries during COVID-19 Pandemic

Country	Facilitating the Cross-border Movement of Relief and Essential Supplies	Supporting the Economy and Sustaining Supply Chain Continuity	Other Trade measures
	<ul style="list-style-type: none"> <li>One of the Sub-groups is aimed at ensuring fast clearance of anti-epidemic supplies. For imported supplies, all local Customs are required to open exclusive counters and green lanes 24/7 to ensure fast clearance; imported pharmaceuticals, disinfection supplies, protective suits, treatment equipment and other supplies will be released without delay.</li> </ul>		encouraging enterprises to apply for and update electronic keys online
<b>Georgia</b>		<ul style="list-style-type: none"> <li>Road, railway, air and marine cargo international movement related Customs formalities are being conducted while applying hygiene checks on drivers/ personnel conducting the freight transportation at the borders.</li> </ul>	<ul style="list-style-type: none"> <li>Temporary export ban on diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents whether or not on a backing, other than those of heading HS 3002 or 3006; certified reference materials; other articles of plastics and articles of other materials of headings HS 3901 to 3914; articles of apparel and clothing accessories (including gloves, mittens and mitts); for all purposes, of vulcanized rubber other than hard rubber; gloves, mittens and mitts; garments, made up of fabrics of headings HS 5602, 5603, 5903, 5906 or 5907; facemasks, masks; medical hats; thermometers; mechano-therapy appliances; and disinfectants (HS 3808.94; 3926.20.00; 3822.00.00; 4015.11.00; 4015.19.90; 6210.10.90; 6307.90.99; 6506.99.90; 9025.19.20; 9019.20.00; 3808.94), due to the COVID-19 pandemic</li> </ul>
<b>Kazakhstan</b>	<ul style="list-style-type: none"> <li>Decisions of the Eurasian Economic Commission (EEC) Council provide for exemption from import Customs duties of medical supplies, medical equipment, medicines and socially essential goods.</li> <li>The main importers of socially essential goods are exempt from the different forms of Customs control during Customs</li> </ul>	<ul style="list-style-type: none"> <li>The taxpayers classified as micro, small or medium-sized enterprises have been granted a deferred payment period for all taxes and other mandatory payments to the budget as well as for social payments until 1 June 2020.</li> <li>The current procedure for submission of certificates of origin of Form "A" issued by</li> </ul>	<ul style="list-style-type: none"> <li>Temporary export ban on certain personal protective equipment, due to the COVID-19 pandemic</li> <li>Temporary export ban on certain products (e.g. buckwheat; white sugar; potatoes (except for seeds of heading HS 0701.10.00); sunflower seeds, whether or not broken; refined sunflower-seed oil (10 litre packages</li> </ul>

### Appendix 1: Measures Adopted by CAREC Countries during COVID-19 Pandemic

Country	Facilitating the Cross-border Movement of Relief and Essential Supplies	Supporting the Economy and Sustaining Supply Chain Continuity	Other Trade measures
	clearance. Certain risk profiles that affect the time of Customs clearance for life-support goods have been suspended.	<p>developing and least developed countries has been simplified on a temporary basis. It is allowed to use a paper or electronic copy of certificates for 6 months and not to submit their originals during Customs clearance.</p> <ul style="list-style-type: none"> <li>Number of applications of “red and yellow channels” at the border has been reduced. On-site Customs inspections scheduled but not started as of 16 March 2020 have been cancelled.</li> </ul>	<p>or less); refined sunflower-seed oil (more than 10 liter packages); and cereal groats) (HS 1008.10.00; 1701.99; 0701; 1206; 1512.11.91; 1103.19.90), due to the COVID-19 pandemic (originally effective 2 April 2020 to 1 September 2020)</p> <ul style="list-style-type: none"> <li>Temporary import ban on cement clinkers; Portland cement; other Portland cement; aluminous cement; and other hydraulic cements (HS 2523)</li> <li>Temporary import ban on certain petroleum products (gasoline; other distillates- gas oils of petroleum or bituminous minerals) (HS 2710) from the Russian Federation delivered by railway</li> <li>Temporary export ban on certain types of timber (HS 4401; 4403; 4404; 4406; 4407)</li> </ul>
<b>Kyrgyz Republic</b>		<ul style="list-style-type: none"> <li>After the complete suspension, in January 2020, of air, road and rail links of the Kyrgyz Republic with the Peoples’ Republic of China (PRC), on 24 March 2020, the Republican Task Force considered the matter of resuming freight transportation by road across the Kyrgyz-Chinese state border. Substantial preparatory work was carried out, including the development of algorithms</li> </ul>	<ul style="list-style-type: none"> <li>Temporary export ban on wipes and other antibacterial products; and disinfectants, due to the COVID-19 pandemic (HS 3401; 3408)</li> <li>Temporary export ban on certain food products (e.g. wheat and meslin, wheat flour, cooking oil, rice, pasta, chicken eggs, sugar, iodized table salt, feed (hay, straw, mixed feed, bran and grain feed)), due to the COVID-19 pandemic (HS 0407.11.00; 0407.21.00; 1001; 1006; 1101.00; 1214.90.90; 1512; 1902; 2302; 2309; 2501.00.91)</li> </ul>
<b>Mongolia</b>	<ul style="list-style-type: none"> <li>Exemption from customs and value-added tax on the import of test kits, drugs, medical devices, equipment, disinfectants and masks for the diagnosis and treatment of the epidemic of coronavirus infection.</li> <li>To stabilize the prices, supply and supply of major food products, food wheat, seed wheat, all types of rice, triangular rice,</li> </ul>	<ul style="list-style-type: none"> <li>Cross-border movements are partially restricted and only importation and exportation of goods and means of transport are allowed.</li> </ul>	<ul style="list-style-type: none"> <li>The Mongolian Customs had established the Interim Operative Working Group and appoints immediate duty officers on a day-to-day basis to provide the State Emergency Commission with real-time data. The regional Customs administrations and Customs branch offices have been fully supplied with cleaning, sanitizing, disinfecting or sterilization materials.</li> </ul>

### Appendix 1: Measures Adopted by CAREC Countries during COVID-19 Pandemic

Country	Facilitating the Cross-border Movement of Relief and Essential Supplies	Supporting the Economy and Sustaining Supply Chain Continuity	Other Trade measures
	millet, sugar and vegetable oil will be exempted from customs and value added tax from March 1 to June 30. The law was approved on 9 April 2020.		<ul style="list-style-type: none"> <li>The Mongolian Customs translates into Mongolian the WCO updates and communicate regarding the Coronavirus (COVID-19) outbreak as immediately as possible and disseminates them through its website</li> </ul>
<b>Pakistan</b>	<ul style="list-style-type: none"> <li>Expeditious clearance of medicines, food items, and equipment pertaining to the treatment of Coronavirus has been ensured.</li> <li>The government has waived all duties and taxes on the import of essential medicines and equipment necessary for containing and combating the COVID-19 pandemic.</li> <li>Tariff reduction on medical goods is extended until 30 September 2020</li> </ul>	<ul style="list-style-type: none"> <li>24/7 clearance of cargo at ports/airports and land borders stations.</li> <li>Dedicated e-mail address has been notified as a single contact facility to accommodate all trade related queries/grievances for redressal by the Customs authorities.</li> <li>The government has extended the period for filling for goods declarations.</li> <li>Customs has been notified as an essential service to enable it to continue its core functions of protecting social/economic interests of the people.</li> </ul>	<ul style="list-style-type: none"> <li>Temporary export ban on certain personal protective equipment (e.g. face masks, gloves, sanitizers, goggles, "tyvek suits"), due to the COVID-19 pandemic</li> <li>Temporary export ban on certain anti-malarial drugs are also temporarily suspended.</li> </ul>
<b>Tajikistan</b>		<p>In order to avoid negative consequences in the country's economy and support the supply chain, during approaching to our borders foreign and national vehicle drivers have two options:</p> <ul style="list-style-type: none"> <li>if the drivers of heavy trucks want to cross the border, they must be quarantined for 14 days under the supervision of doctors;</li> <li>if the drivers of freight vehicles do not agree to be quarantined for 14 days, then at the border the goods will either be reloaded onto another freight vehicle or the drivers (change in truck cabin) will be changed in order to further deliver the goods and vehicles to their destination within the country.</li> </ul>	<ul style="list-style-type: none"> <li>Export restriction imposed on certain food products such as grains, beans, wheat, flour, rice, eggs, potatoes and meat.</li> </ul>

### Appendix 1: Measures Adopted by CAREC Countries during COVID-19 Pandemic

Country	Facilitating the Cross-border Movement of Relief and Essential Supplies	Supporting the Economy and Sustaining Supply Chain Continuity	Other Trade measures
<b>Turkmenistan</b>	<ul style="list-style-type: none"> <li>An Extraordinary Commission on combatting the spread of disease was set up in January.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities stepped up efforts to digitalize government services, expand e-commerce, and facilitate online and phone payments by SMEs and SOEs through banks.</li> </ul>	<ul style="list-style-type: none"> <li>All import of goods will be carried out by Turkmen freight carriers.</li> <li>Air in some areas was disinfected through aerial sprays. The cargo at all the road, rail, and air points was fumigated and disinfected before entering the territory of Turkmenistan.</li> </ul>
<b>Uzbekistan</b>	<ul style="list-style-type: none"> <li>The import of certain medicines, medical devices and certain types of essential goods has been temporarily exempted of Customs duties, VAT and excise tax.</li> <li>An interdepartmental operational task force has been established under the State Customs Committee to ensure expedited passage of goods through border Customs posts, their uninterrupted Customs clearance, as well as the issuance of permits for exported and imported goods. This operational task force includes the following organizations, institutions and agencies: Ministry of Transport, Border Services Agency, Ministry of Health, State Committee for Veterinary and Livestock Development, Standardization, metrology and certification agency, State Plants Quarantine Inspection.</li> </ul>		<ul style="list-style-type: none"> <li>Temporary export ban on masks and medical suits, pharmaceutical products and textile inputs for personal protective equipment</li> </ul>

Sources: ADB compilation

ITC <https://macmap.org/content/images/static/trademeasure/Covid19-Measures.pdf>

IMF <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

WCO [http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/activities-and-programmes/natural-disaster/covid\\_19/covid\\_19-categorization-of-member-input\\_may-29-2020\\_edition-4\\_en.pdf?la=en](http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/activities-and-programmes/natural-disaster/covid_19/covid_19-categorization-of-member-input_may-29-2020_edition-4_en.pdf?la=en));

WTO [https://www.wto.org/english/tratop\\_e/covid19\\_e/trade\\_related\\_goods\\_measure\\_e.htm](https://www.wto.org/english/tratop_e/covid19_e/trade_related_goods_measure_e.htm)

## Appendix 2: CAREC Survey on Trade Measures and Assistance Required

The **CAREC Integrated Trade Agenda (CITA) 2030** aims to assist CAREC members to integrate further into the global economy, through 3 pillars: (i) trade expansion from increased market access, (ii) greater diversification, and (iii) stronger institutions for trade.

A 3-year rolling strategic action plan (**RSAP**), updated annually, translates CITA into practical and implementable periodic phase. CITA implementation is supported through various interventions from investment projects, policy dialogue and cooperation, and knowledge products and services.

CITA 2030 can support member countries recover from the pandemic and bring the regional economy back on its growth path.

### Survey Objectives:

- (a) Gather information on trade-related measures that countries implemented or adopted in response to COVID-19;
- (b) Identify priority areas of support under the RSAP 2020-2022. The target respondents are government trade-related agencies.

### A. General Trade Policy in Response to the Pandemic

1. Have you adopted **immediate** or **temporary** measures in response to the pandemic?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No

2. Has your **medium- to long-term** trade strategy and/or policy changed as part of the government's post-COVID-19 recovery?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No

If yes, please briefly discuss the change/s, new directions or priorities:

--

3. Please provide any other relevant government policy regulation, decree, directive, resolution, or measure, date of effectivity and their website links, if available.

New Policy/Regulation due to COVID-19	Brief description, effectivity and website links

## Appendix 2: CAREC Survey on Trade Measures and Assistance Required

### B. Specific Measures that Affect Trade in Goods

Other than those listed in *Appendix 1: Measures Adopted by CAREC Countries During the COVID-19 Pandemic*, please identify the relevant trade measures (imports, exports and border procedures) in response to COVID-19.

Your government may have issued several individual measures under each type of measure (please add rows as necessary).

#### 1. IMPORTS

Type of measure	Title and brief description (website link, if available)	Commodity/ product	Start and End Date
Tariffs, taxes, other charges			
SPS measures, e.g. prohibition, clearance, inspection, quarantine, testing, treatment, traceability			
Technical regulations, e.g. authorization, testing, certification, standards			
Pre-shipment inspection			
Non-automatic licensing			
Quantitative restrictions			
Prohibition			
Foreign exchange allocation for priority goods			
Subsidies to firms, e.g. credit support, tax and duty exemptions			
Rules of origin			
Others (please specify)			

## Appendix 2: CAREC Survey on Trade Measures and Assistance Required

### 2. EXPORTS:

Type of measure	Title and brief description (website link, if available)	Commodity/ product	Start and End Date
Export prohibition			
SPS measures, e.g. quarantine, treatment			
Technical regulations			
Export quotas			
Export licensing			
Export taxes			
Export support, e.g. grants, loans, guarantees			
Others (please specify)			

### 3. BORDER PROCEDURES:

Type of measure	Title and Description (website link, if available)	Start and End Date
Import clearance, e.g. documents, inspection, unloading		
Export clearance, e.g. documents, inspection		
Treatment of priority goods, e-commerce goods		
Use of IT		
Border closures		
Vehicle, driver requirements; sanitation checks		
Disinfection of facilities; additional quarantine		
Border coordination		
Others (please specify)		

## Appendix 2: CAREC Survey on Trade Measures and Assistance Required

### C. Specific Measures that Affect Trade in Services

Please list individual measures affecting trade in services under each type (please add rows as are necessary) in response to COVID-19.

Type of Measure	Title and Description (website link, if available)	Start and end date
Restrictions on exit or entry		
Travel restrictions		
Transport carrier/vehicle restrictions		
Quarantine, additional requirements, rapid testing, tracing		
Incentives for e-commerce		
Support to cross-border traders		
Others (please specify)		

### D. Priorities for Assistance

- Do you require urgent technical assistance or support in the implementation of any of the temporary specific measures in B and C, **during** the COVID-19 pandemic?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No

If yes, please briefly discuss the requirements, whether policy dialogue, advisory, research, training or other forms of capacity-building:

National	Bilateral/Regional

- Please identify the priority areas of technical support and/or interventions (e.g., investment project, policy dialogue, knowledge products, such as publications, training materials) to support your **medium-to-long term** trade strategies or policies to support your country's post-pandemic recovery.

National	Bilateral/Regional

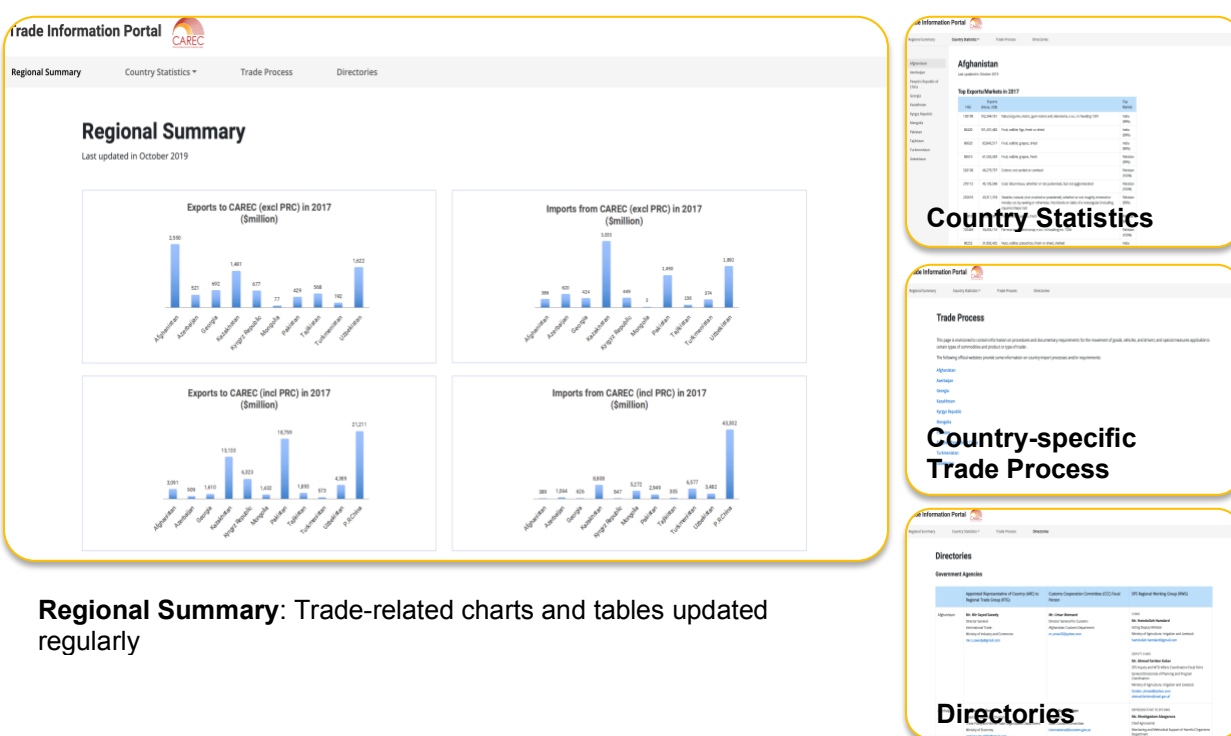
## Appendix 3: Trade Information Portal and CITA 2030 Results Indicators

### I. Trade Information Portal

The CAREC Integrated Trade Agenda (CITA) 2030 underscores the importance of information for trade, both policymakers and implementing agencies. Aside from facilitating trade, increased transparency is as equally important as liberalization initiatives. Quality information for policy analysis, decision, and coordination underpins strong institutions for trade.

The **Trade Information Portal (TIP)** was developed to serve as a single reference point of all trade-related information, build data collection and management capacity for the governments, while at the same time support policy researchers and the private sector.

The beta version of the TIP is now accessible via: <http://uat.trade.carecprogram.org>



**Regional Summary:** Trade-related charts and tables updated regularly

The TIP consists of four pages, the contents of which are as follows:

#### **Regional Summary**

- Exports to CAREC (excluding PRC), 2017 (chart)
- Exports to CAREC (including PRC), 2017 (chart)
- Imports from CAREC (excluding PRC), 2017 (chart)
- Imports from CAREC (including PRC), 2017 (chart)
- Intra-CAREC Trade, 2017 (table)
- Top Exports of CAREC (excluding PRC) at HS6 level, 2017 (table)
- CAREC (excl PRC) Exports and Imports of Services, 2017 (chart)
- Services Exports of CAREC, 2017 (table)
- Services Imports of CAREC, 2017 (table)

### **Appendix 3: Trade Information Portal and CITA 2030 Results Indicators**

- CAREC (excluding PRC) FDI inflows and outflows, 2017 (chart)
- FDI Inflows into CAREC by Geographical Source, 2017 (table)
- FDI outflows from CAREC by Geographical Destination, 2017 (table)

#### ***Country Statistics*** (per CAREC country)

- Goods:
  - Top Exports and Markets, 2017
  - Top Imports and Sources, 2017
  - Main Trading Partners for Exports and Imports, 2017
- Services: Exports and Imports, 2017
- Investments: Inflows by Source and Outflows by Destination, 2017

#### ***Trade Process***

- Links to country websites

#### ***Directories*** (per CAREC country)

- Appointed Representative of Country (ARC) to the Regional Trade Group (RTG)
- Customs Cooperation Committee (CCC) Focal Person
- SPS Regional Working Group (RWG) Representatives

#### ***Regional integration indicators*** (ADB's Asia Regional Integration Center website)

- <https://aric.adb.org/database/integration> (integration indicators)
- <https://aric.adb.org/database/arcii> (Asian Regional Cooperation and Integration Index)

## Appendix 3: Trade Information Portal and CITA 2030 Results Indicators

### II. CITA 2030 Results Indicators: Baseline and Target Estimates

Results monitoring is among the key functions of the Regional Trade Group (RTG). At the RTG's 2<sup>nd</sup> Meeting on 26 June 2019, the methodology for the estimation of targets for the indicators defined in the CITA 2030 results framework was discussed. On the basis of this methodology, **baseline values** and **2030 targets** were estimated.

Note: that the data used for the estimates were all prior to COVID 19 pandemic.

#### **Baseline Values**

Using data from World Development Indicators (WDI) and TradeMap, the baseline (2016) values were calculated. Noting that results are achieved and measured at the country level, to aggregate values for the region, the **weighted mean** is used since it accounts for size of the economy or varying levels of development. The **median**, which indicates the presence of extreme outliers when significantly different from the mean, is reported for additional information (**Table 1**).

#### **Estimation of 2030 Targets**

To estimate targets, performance of 7 regional comparators or economic cooperation groups were assessed and selected on the basis of landlocked characteristics and similarity in mix of countries classified by income.<sup>1</sup> These are:

1. COMESA (Common Market for Eastern and Southern Africa) with 19 members. Reduced tariffs in 1992; formed FTA in 2000.
2. SADC (South Africa Development Community) with 13 members. Reduced tariffs in 2000; undertook maximum tariff liberalization in 2012.
3. SAFTA (South Asian FTA, which succeeded the SAARC PTA) with 8 members. Reduced tariffs in 2006; undertook other reforms in 2016.
4. ECO (Economic Cooperation Organization) with 10 members. Reduced tariffs in 2003; formed FTA in 2015.
5. GAFTA (Greater Arab or Pan-Arab FTA) with 18 members. Reduced tariffs in 1998; formed FTA in 2005.
6. CIS (Commonwealth of Independent States) with 8 members. Reduced tariffs in 2012.
7. ASEAN (Association of Southeast Asian Nations) with 10 members was added in view of its Asian membership and substantial trade liberalization efforts. Common Effective Preferential Tariffs started in 1993, tariffs ranged from 0% to 5% in 2002, and dropped to 0% in 2010.

<sup>1</sup> CAREC performance was first considered. However, the weighted means of CAREC indicators fluctuate widely from year to year. Simple trendlines were upward sloping for all indicators except for Trade in Fuels within CAREC, and Trade in Non-fuels with ROW. The trendline for Share of Top 5 Exports also sloped upwards.

### **Appendix 3: Trade Information Portal and CITA 2030 Results Indicators**

The relevant period was defined to be the years after the initial tariff reduction and before the next round of further reforms. The average of 3 years immediately prior to their liberalization period and the 3 years at the end of the same period, were compared.

Outcome and Output 1 indicators are expected to increase, thus comparator groups that showed positive differences were noted. The Output 2 indicator is expected to shrink, thus comparator groups that registered decreases in their weighted means pre- and at-liberalization were noted. Each group's difference was then divided by the number of years in its liberalization period to get annual values. These were then averaged across comparator groups, providing the annual change for each indicator.

To estimate CITA 2030 targets, the annual change was taken 14 times, which is the number of years spanning for the period 2016 to 2030. The result was then added to the baseline, yielding the target value (**Table 2**).

### Appendix 3: Trade Information Portal and CITA 2030 Results Indicators

**Table 1: Baseline Values**

RESULTS STATEMENT		INDICATOR	CAREC10		CAREC11	
			Weighted mean	Median	Weighted mean	Median
<b>OUTCOME</b>	CAREC countries are more integrated into the global economy	Trade in Fuels as % of GDP				
		Within CAREC	0.43	1.22	0.12	1.94
		With rest of the world (ROW)	9.59	4.56	2.06	4.39
		Trade in Non-Fuels as % of GDP				
		Within CAREC	1.83	2.26	0.74	7.59
		With ROW	24.03	25.49	30.29	22.92
		Trade in Services as % of GDP	10.0	11.6	6.0	10.2
		Investments Inflow as % of GDP	4.3	4.8	1.7	3.5
<b>OUTPUT 1</b>	Trade in goods and services is facilitated <sup>2</sup>	Investments Outflow as % of GDP	1.1	0.5	1.9	0.5
		Exports of Goods and Services as % of GDP	19.6	27.0	19.7	22.1
<b>OUTPUT 2</b>	CAREC countries' capacity to produce and trade in diversified products, sectors, and markets is enhanced <sup>3</sup>	Share of Top Merchandise Exports in Total Exports	60.1	65.7	16.1	60.9
<b>OUTPUT 3</b>	Institutional capacity for policy formulation and implementation is strengthened	Regional Trade Group, Customs Cooperation Committee, ad hoc or expert committees (SPS), and National Committees on Trade Facilitation are functional				

NOTE: CAREC10 excludes PRC and CAREC11 includes PRC). Since PRC membership is confined to two provinces, an attempt was made to include XUAR and IMAR (CAREC10+) but data was available only for Total Trade and Exports of Goods. CAREC10+ estimates for Total Trade are about 3 percentage points higher than for CAREC10 and 5 percentage points higher than for CAREC11. Nevertheless the role of XUAR and IMAR as important entry/exit/transit points for the rest of PRC must be accounted for and will require more disaggregated data.

<sup>2</sup> To complement the indicator, services trade is in the portal, while the services restrictiveness index was last updated in 2017 but unavailable (as of Feb 2020) from <https://datacatalog.worldbank.org/dataset/services-trade-restrictions-database>.

<sup>3</sup> Supplementary indicators will be reported to complement the main indicator, but targets will not be used. These are the extensive margin (the share of products or markets belonging to CAREC's portfolio in world trade) and the intensive margin (the share of CAREC in what it exports or where it exports to).

INDICATOR	PRODUCT		MARKET	
	CAREC10	CAREC11	CAREC10	CAREC11
Extensive Margin	94.55	99.13	98.57	90.64
Intensive Margin	0.54	13.96	0.47	13.54

## Appendix 3: Trade Information Portal and CITA 2030 Results Indicators

**Table 2: 2030 Targets**

	Indicator	Baseline	Annual Change	Target
<b>OUTCOME</b>	Trade in Fuels as % of GDP			
	Within CAREC	0.43	0.06	1.3
	With ROW	9.59	0.67	19.0
	Trade in Non-Fuels as % of GDP			
	Within CAREC	1.83	0.42	7.7
	With ROW	24.03	1.07	39.0
	Trade in Services as % of GDP	10.0	0.53	17.4
	Investments Inflow as % of GDP	4.3	0.19	7.0
	Investments Outflow as % of GDP	1.1	0.13	3.0
<b>OUTPUT 1</b>	Exports of Goods and Services as % of GDP	19.6	1.21	37.0
<b>OUTPUT 2</b>	Share of Top Merchandise Exports in Total Exports	60.1	-1.27	42.0

A **mid-term review** will be conducted in 2024 to reassess performance vis-à-vis the targets.

### III. Trade Indicators in the CAREC 2030 Program Results Framework

The CAREC Secretariat is finalizing the approach to track CAREC 2030 progress using a meaningful and practical Results Framework, for consideration at next CAREC Senior Officials Meeting (SOM).

*Trade, Tourism and Economic Corridors* is one cluster. Each of the sectors in the cluster will report one outcome and two output level indicators that will be consolidated into the CAREC 2030 Program Results Framework.

Trade sector inputs were taken from CITA 2030 Results Framework for outcome (overall trade) and the output 1 (trade in services). Proposed as output 2 is an activity-based, measurable and attributable indicator (institutional capacity) (**Table 3**).

The proposed trade indicators were based on **pre COVID-19 pandemic trade figures** and have not considered the potential drop in global trade between 13-32% (WTO estimates) and the 14.5% drop in CAREC10 total trade (ADB estimates).

### Appendix 3: Trade Information Portal and CITA 2030 Results Indicators

**Table 3: Trade Sector Inputs to the CAREC 2030 Program Results Framework**

*Impact: Sustainable Economic Development and Shared Prosperity for the CAREC Region*

Cluster and Sector Outcomes and Outputs	Indicator	2017 Baseline	Targets		Rationale	Risks and Assumptions	Data Source
			2020	2023			
	Cluster 2: Trade (TRD), Tourism (TSM) and Economic Corridors (ECD)						
	Cluster Outcome: Expanded trade, competitive economic corridors, and tourism opportunities						
	Trade (Sector Lead: Regional Trade Group; Customs Cooperation Committee; Public Management, Financial Sector and Regional Cooperation Division, EARD-ADB)						
	Outcome						
CAREC countries are more integrated into the global economy	TRD Outcome (OC) 1 Trade in fuels and non-fuels with CAREC and rest of the world as % of GDP	2016 Baseline Fuels: Within region: 0.43  With rest of the world: 9.59  Non-fuels:  Within region: 1.83  With rest of the world: 24.03	N/A	Fuels: Within region: 1.3  With rest of the world: 19  Non-fuels: Within region: 7.7  With rest of the world: 39.0	Trade expansion and sustained growth can be achieved through greater connectivity, competitiveness and access to global markets.	Risks: Prolonged COVID-19 pandemic resulting to continued supply chain disruptions  Continued global tensions affecting trade flows  Assumption: Governments remain committed to trade liberalization and regional cooperation	UN COMTRADE Database
	Outputs						
Output 1: Greater diversification in products and sectors	TRD OP 1 Trade in services as % of GDP	2016 Baseline  10.0%	N/A	17.4%	Services are an important source of value, a critical input into other economic activities	Assumption: Measures for increased resilience in cross-border movement of goods	WDI

### Appendix 3: Trade Information Portal and CITA 2030 Results Indicators

Cluster and Sector Outcomes and Outputs	Indicator	2017 Baseline	Targets		Rationale	Risks and Assumptions	Data Source
			2020	2023			
achieved					and contribute to diversification, which enhances CAREC participation in global value chains	and people adopted	
<b>Output 2:</b> Capacity of institutions for trade strengthened	<b>TRD OP 2</b> % of respondents report improved knowledge from trade activities	<b>2018 Baseline</b>  93.0% of respondents*  (based on limited survey for trade events)*	N/A	95%	Capable trade institutions underpin effective implementation of trade strategies	<i>Assumptions:</i> Appropriate participants selected in CAREC activities  Participants share knowledge and apply new skills acquired to their work	Post-event evaluation and surveys, CAREC meetings documents