



# **CAREC TRADE SECTOR PROGRESS REPORT AND WORK PLAN JUNE 2023 – MARCH 2024**

Reference Document  
Central Asia Regional Economic Cooperation  
Regional Trade Group  
18 April 2024, Astana

## EXECUTIVE SUMMARY

1. This report provides the progress of implementation between June 2023 and March 2024 in the trade sector under the [CAREC Integrated Trade Agenda \(CITA\) 2030 and the Rolling Strategic Action Plan \(RSAP\)](#). Substantial progress was achieved through collaborative projects and knowledge exchange during the reporting period. Key trade sector deliverables for 2024 include mainstreaming climate change actions in trade work and the inputs to the midterm review of [CAREC 2030 Strategy](#).

2. CAREC countries have sustained their momentum in keeping trade open, participating in international agreements, and aligning with international standards. The three remaining CAREC members are intensifying their efforts towards accession to the World Trade Organization (WTO). Azerbaijan and Uzbekistan progressed their accession discussions at the WTO. Turkmenistan is finalizing its Memorandum on the Foreign Trade Regime—a key document for accession—for circulation to WTO members in June 2024.

3. Implementation of commitments under the *WTO Trade Facilitation Agreement* (TFA) is complete for 5 WTO members (the People's Republic of China (PRC), Georgia, Kazakhstan, Kyrgyz Republic, and Tajikistan), and at high implementation rate at 97.5% for Pakistan and 85.3% for Mongolia. In 2023, Kyrgyz Republic joined Azerbaijan, PRC, Mongolia, Tajikistan, and Turkmenistan signed or acceded to the *UN Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific*; while Azerbaijan, Mongolia, and the PRC are parties to the *UN Convention on the Use of Electronic Communications in International Contracts*.

4. CAREC customs authorities are strongly committed to improving customs procedures and adopting new technologies and best practices. Azerbaijan, Georgia, and Uzbekistan signed a memorandum of understanding (MOU), joined by Turkmenistan as observer, to test the CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE). Countries continued to make significant strides in facilitating trade and modernizing their sanitary and phytosanitary (SPS) systems to improve market access and promote safe trade. As of November 2023, Pakistan has joined Uzbekistan in exchanging phytosanitary certificates electronically via the ePhyto hub managed by the International Plant Protection Convention (IPPC), while others expressed interest to join.

5. Accelerating digital trade remains a priority to fully benefit from rising digital economy and cross-border trade. Countries are piloting emerging technologies with support from the CAREC Program, such as robotic process automation for Georgia's trade procedures, and blockchain technology for Mongolia's electronic certificates of origin. ADB is supporting various initiatives to promote SMEs' participation in cross-border e-commerce in Kyrgyz Republic, Mongolia, and Pakistan. The PRC and Georgia are pilot countries receiving capacity-building to align with the UN Model Law on Electronic Transferable Records (MLETR).

6. In November 2023, CAREC Innovation Week and Digital Economy Tour were held at the sidelines of the Global Digital Trade Expo 2023 in Hangzhou, PRC, underscoring the importance of knowledge cooperation and business partnerships for a robust digital ecosystem. The 2nd CAREC Digital Trade Forum on 17 April 2024 in Astana serves as a platform for cross-learning among policy makers, trade agencies, regulators, and private stakeholders.

7. CAREC knowledge products on trade continue to support evidence-based policy making. The [CAREC Trade Information Portal](#) provides the trade statistics at country level, and the [CAREC Corridor Performance Measurement and Monitoring](#) (CPMM) offers trade facilitation indicators at country and corridor level. The [CAREC Trade Insights and News](#) provides quarterly updates on CAREC trade activities.

## I. PROGRESS OF IMPLEMENTATION

### A. Trends and Results Indicators

8. Annual growth of global economy is estimated at 3.1% in 2023 and is likely to remain the same in 2024. This is lower than 3.5% increase in 2022 and the historical average of 3.8% from 2000-2019.<sup>1</sup> The volume of world merchandise trade stagnated at 0.3% from 2022 to 2023 amid global manufacturing slowdown, inflation, high interest rates, US dollar appreciation, and geopolitical tensions. A less buoyant global economy, trade fragmentation, and the disruptions to shipping through the Suez Canal in early 2024 are expected to weigh heavily on trade.<sup>2</sup>

9. The outlook for Developing Asia remains solid despite challenging global environment, with gross domestic product (GDP) forecast growth at 4.9% in 2023 and 4.8% in 2024.<sup>3</sup> The robust domestic demand and services offset the drag from global developments and tightened monetary policy. CAREC economies excluding PRC were projected to grow by 2.4% in 2023 and 3.3% in 2024, which are lower than the average of 4.5% and 5.0%, respectively, for Developing Asia excluding PRC. After first declining in 2020, merchandise exports for CAREC countries excluding the PRC expanded significantly in 2021 and 2022, surpassing both the growth and export value recorded in 2017. Merchandise imports behaved similarly, although the expansion in 2022 was restrained (Table 1).

**Table 1. Merchandise Trade, Annual Growth, 2017 and 2020–2022 (%)**

Country	Merchandise Exports				Merchandise Imports			
	2017	2020	2021	2022	2017	2020	2021	2022
Azerbaijan	18.1	-30.1	61.7	71.8	3.5	-21.5	9.1	24.2
PRC	7.9	3.6	29.7	7.0	16.1	-0.6	30.1	1.1
Georgia	29.7	-12.0	27.0	31.6	9.7	-15.4	25.5	34.2
Kazakhstan	31.7	-18.9	30.5	39.7	17.1	-1.4	10.6	20.4
Kyrgyz Republic	12.1	-0.7	39.5	-20.5	12.4	-25.5	50.0	72.6
Mongolia	26.1	-0.6	21.9	35.7	29.2	-13.5	29.2	27.1
Pakistan	5.9	-5.8	28.9	9.2	23.3	-8.9	58.2	-1.9
Tajikistan	33.3	19.9	52.8	-0.4	-8.5	-5.9	33.6	22.7
Turkmenistan	7.1	-38.8	44.6	40.9	-8.5	8.1	24.4	-19.2
Uzbekistan	12.3	-11.0	6.1	8.5	6.2	-8.5	19.3	18.3
<b>CAREC excluding PRC</b>	<b>20.1</b>	<b>-17.2</b>	<b>31.7</b>	<b>33.7</b>	<b>15.5</b>	<b>-8.9</b>	<b>31.1</b>	<b>13.2</b>
<b>Value (\$ billion)</b>	<b>115</b>	<b>116</b>	<b>153</b>	<b>205</b>	<b>132</b>	<b>137</b>	<b>180</b>	<b>204</b>
<b>CAREC countries</b>	<b>8.4</b>	<b>2.5</b>	<b>29.8</b>	<b>8.2</b>	<b>16.1</b>	<b>-1.2</b>	<b>30.1</b>	<b>1.9</b>
<b>Value (\$ billion)</b>	<b>2,493</b>	<b>2,706</b>	<b>3,511</b>	<b>3,798</b>	<b>1,976</b>	<b>2,203</b>	<b>2,867</b>	<b>2,920</b>

Source: World Development Indicators, <https://databank.worldbank.org/source/world-development-indicators>, accessed 7 March 2024.

<sup>1</sup> IMF. 2024. Moderating Inflation and Steady Growth Open Path to Soft Landing. World Economic Outlook Update, January 2024. <https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>.

<sup>2</sup> WTO. 2023. Global Trade Outlook and Statistics Updated: October 2023. [https://www.wto.org/english/res\\_e/booksp\\_e/gtos\\_upd\\_t\\_oct23\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/gtos_upd_t_oct23_e.pdf)

<sup>3</sup> ADB. 2023. Asian Development Outlook (ADO) December 2023. <https://www.adb.org/sites/default/files/publication/931316/ado-december-2023.pdf>

10. Most CAREC countries are becoming more diversified through time, based on the annual number of exported commodities classified at the HS-6 level with a value of at least \$10,000. Given that there are more than 5,000 commodities at this level of classification, PRC's basket is the most diversified. Kazakhstan, Pakistan, Georgia, and Uzbekistan cover more than half of this maximum number of HS-6 lines (Table 2).

**Table 2. Export Diversification: Number of Exported HS 6-Digit Products, 2017–2021**

Country	2017	2018	2019	2020	2021
Azerbaijan	1,711	1,632	1,686	1,686	1,809
PRC	4,409	4,418	4,423	4,400	4,398
Georgia	2,249	2,351	2,521	2,440	2,502
Kazakhstan	2,951	3,106	3,108	3,039	3,081
Kyrgyz Republic	1,629	1,624	1,624	1,410	1,721
Mongolia	1,159	1,153	1,178	1,025	899
Pakistan	2,792	2,757	2,824	2,814	2,761
Tajikistan	994	809	794	575	736
Uzbekistan	1,567	1,675	1,789	2,174	2,341

Source: WITS, <https://wits.worldbank.org/CountryProfile/en/country/by-country/startyear/LTST/endyear/LTST/tradeFlow/Export/partner/WLD/indicator/NMBR-XPRT-HS6-PRDCT>, accessed 10 March 2024.

11. Both exports and imports of commercial services rose significantly for CAREC excluding the PRC from 2021 to 2022, compensating for the initial fall during the pandemic and comparatively higher than those in 2017. While imports exceeded exports in terms of value, the exports grew faster than imports in 2022 (Table 3).

**Table 3. Trade in Commercial Services, 2017 and 2020–2022**

Country	Exports (\$ million)				Imports (\$ million)			
	2017	2020	2021	2022	2017	2020	2021	2022
Azerbaijan	4,661	2,594	3,763	6,370	8,004	5,386	5,839	7,688
PRC	226,389	278,084	390,613	422,333	464,133	377,528	423,762	461,450
Georgia	3,892	1,498	2,464	5,568	1,898	1,401	1,764	2,920
Kazakhstan	6,261	5,013	5,682	7,694	10,024	8,318	7,763	9,264
Kyrgyz Republic	816	427	519	1,267	901	588	723	1,348
Mongolia	964	651	811	1,132	2,154	2,083	2,465	3,465
Pakistan	4,499	4,415	5,513	6,240	11,160	7,640	10,120	10,098
Tajikistan	247	136	143	134	368	404	524	678
Uzbekistan	2,231	1,697	2,289	4,806	4,071	3,562	4,997	7,277
<b>CAREC excluding PRC</b>	<b>23,571</b>	<b>16,431</b>	<b>21,184</b>	<b>33,211</b>	<b>38,580</b>	<b>29,382</b>	<b>34,195</b>	<b>42,738</b>
<i>% change from previous year</i>	13.0	-36.9	28.9	56.8	10.0	-26.3	16.4	25.0
<b>CAREC</b>	<b>249,960</b>	<b>294,515</b>	<b>411,797</b>	<b>455,544</b>	<b>502,713</b>	<b>406,910</b>	<b>457,957</b>	<b>504,188</b>
<i>% change from previous year</i>	9.1	-4.3	40.0	10.6	3.8	-24.2	12.6	10.1

Source: WTO Statistics, <https://stats.wto.org/>, accessed 10 March 2024.

12. There is some improvement in the monitoring indicators under the *CAREC Integrated Trade Agenda 2030* for available data between 2020 to 2021 (Table 4). The share of trade in non-fuels to GDP surpassed pre-pandemic levels. The share of the top 5 exports in total exports has declined, which could potentially indicate variation or diversification in the export basket.

**Table 4: CITA 2030/Trade Sector Monitoring Indicators**

Trade Outcomes and Outputs (CAREC 2030)	Indicator	2017 baseline	2019 progress/ <sup>1</sup>	2020 progress/ <sup>1</sup>	2021 progress/ <sup>1</sup>	2023 target/ <sup>2</sup>
<b>Outcome: CAREC countries are more integrated into the global economy</b>	Trade in fuels and non-fuels within CAREC and with rest of the world as % of GDP	<i>Fuels:</i>				
		Within CAREC: 0.45	0.67	0.47	0.67	0.84
		With rest of world: 10.22	12.30	8.13	9.69	14.87
		<i>Non-fuels:</i>				
		Within CAREC: 1.55	2.36	2.05	2.46	4.17
		With rest of world: 23.64	27.40	25.14	32.81	31.52
<b>Output 1: Greater diversification in products and sectors achieved</b>	Trade in services as % of GDP	9.96	10.33	7.67	7.78	13.72
	Share of top 5 exports in total exports	61.66	64.85	60.40	54.71	54.04
<b>Output 2: Capacity of institutions for trade strengthened</b>	% of respondents report improved knowledge for trade	93.0 (2018)	90.5 <sup>3</sup>	90.5 <sup>3</sup>		95.0
Others			2020-2021/ <sup>4</sup>	2021-2022/ <sup>4</sup>	2022-2023/ <sup>4</sup>	
<b>Output 3: Trade sector institutions functional</b>	RTG, CCC, other committees are functional (1=yes or 0=no)	Trade sector institutions meet annually, update RSAP for SOM/MC annually: 1	RTG and CCC met and updated RSAP for SOM/MC: 1	RTG and CCC met and updated RSAP for SOM/MC: 1	RTG and CCC met and updated RSAP for SOM/MC: 1	
<b>Output 4: Regional policy dialogue and reforms supported</b>	Number of knowledge products delivered	Key policy reports published: 0  Regional/su regional activities conducted: 7	Key policy reports published: (4 forthcoming) Regional/su regional activities conducted: 11	Key policy reports published: 5 Regional/su regional activities conducted: 16	Key policy reports published: 3 Regional/su regional activities conducted: 14	

Notes: These are weighted averages for CAREC excluding the PRC. Source data for Outcome and Output 1 are regularly revised using the most recently available information, thus the slight differences in estimates from previous Trade Sector Reports.

<sup>1</sup> 2022 data are not yet available; <sup>2</sup> to be updated to consider impact of pandemic and Russian invasion of Ukraine; <sup>3</sup> 100% in 2020 but response rate was poor. <sup>4</sup> covers reporting period (July to June).

CCC = customs cooperation committee, GDP = gross domestic product, MC = ministerial conference, RTG = regional trade group, RSAP = rolling strategic action plan, SOM = senior officials meeting

Sources: United Nations COMTRADE <https://comtrade.un.org/>; World Bank World Development Indicators <https://databank.worldbank.org/source/world-development-indicators>; ADB post-activity surveys.

## B. Implementation Progress by Priority Area

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

13. CAREC countries continue to support the realization of the CITA 2030 objectives: to expand trade through enhanced market access, diversify economies, accelerate digitalization of trade and strengthen institutions for trade.

14. ***Remaining CAREC members advance their accession process to the World Trade Organization (WTO).*** Azerbaijan, Turkmenistan and Uzbekistan intensified their efforts to accede to the WTO. They joined the First Ministerial Meeting of the Informal Group of Acceding Governments (IGAG) held at the sidelines of the 13th WTO Ministerial Conference in February 2024. The IGAG Ministerial Statement (i) reiterates acceding governments' commitment to WTO accession; (ii) urges WTO members and development partners to enhance technical assistance for accessions and post-accessions; and (iii) calls for a streamlined accession process.<sup>4</sup>

15. In November 2023, the Working Party on the Accession of Uzbekistan held its 7th meeting. WTO members commended Uzbekistan for progress in its accession negotiations as well as its strengthened domestic institutions.<sup>5</sup> In July 2023, the Working Party on the Accession of Azerbaijan held its 15th meeting providing renewed impetus to accession.<sup>6</sup> ADB, in collaboration with the Accession Division of the WTO Secretariat, is supporting the Government of Turkmenistan in finalizing the Memorandum of Foreign Trade Regime (MFTR), a key document for WTO accession. From July 2023 to March 2024, the ADB and WTO Secretariat organized seven technical sessions on the chapters of the MFTR.<sup>7</sup> The Working Party of the Accession of Turkmenistan is expected to be convened in Q4 2024, after circulation of the MFTR to WTO members in June 2024.<sup>8</sup> The WTO Secretariat, with support from the ADB and the International Trade Center, is also planning to organize the Second Central Asia Trade Policy Forum in Kazakhstan in June 2024.

16. ***CAREC members accelerate trade facilitation efforts.*** The implementation of commitments under the *WTO Trade Facilitation Agreement* is complete for 5 WTO members: the People's Republic of China (PRC), Georgia, Kazakhstan, Kyrgyz Republic, and Tajikistan. Implementation rate is at an average of 91.4% for the two remaining WTO members, Mongolia and Pakistan. In 2021, the Kyrgyz Republic, Turkmenistan, and Uzbekistan acceded to the World Customs Organization's Revised Kyoto Convention. A knowledge-sharing event on Single Window for Digital Customs Cooperation was organized on 8 June 2023, in Tbilisi. The event shared country experiences on business process analysis and document standardization crucial for data exchange, as well as key challenges and lessons in implementing a national single window system and its interoperability with other systems.<sup>9</sup>

17. In August 2023, a study to assess the operations and infrastructural facilities at the border crossing point (BCP) of Fotehobod, Tajikistan, and Oybek, Uzbekistan was conducted. The study

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<sup>4</sup> [https://www.wto.org/english/news\\_e/news24\\_e/acc\\_29feb24\\_e.htm](https://www.wto.org/english/news_e/news24_e/acc_29feb24_e.htm)

<sup>5</sup> [https://www.wto.org/english/news\\_e/news23\\_e/acc\\_16nov23\\_e.htm](https://www.wto.org/english/news_e/news23_e/acc_16nov23_e.htm)

<sup>6</sup> [https://www.wto.org/english/news\\_e/news23\\_e/acc\\_06jul23\\_e.htm](https://www.wto.org/english/news_e/news23_e/acc_06jul23_e.htm)

<sup>7</sup> Technical sessions on MFTR were held in [July 2023](#), September 2023, [October 2023](#), November 2023, December 2023, January 2024 and [March 2024](#)

<sup>8</sup> [https://www.wto.org/english/news\\_e/archive\\_e/country\\_arc\\_e.htm?country1=TKM](https://www.wto.org/english/news_e/archive_e/country_arc_e.htm?country1=TKM)

<sup>9</sup> <https://www.carecprogram.org/?event=knowledge-sharing-event-single-window-for-digital-customs-cooperation-in-carec>

identified gaps and constrictions in border control operations and provided recommendations for both joint and coordinated bilateral projects to improve operations at the BCP.

18. **Countries commence the test phase of a regional transit system.** In January 2023, ADB commissioned a study to examine how transit trade facilitation in Azerbaijan, Kazakhstan, and Uzbekistan affects their trade performance as part of the CAREC corridors including Corridor 2 (Middle Corridor). The study identified barriers to transit trade in these countries and formulated recommendations to lower the barriers particularly in road, rail, and multimodal transport.

19. In October 2023, Azerbaijan, Georgia, and Uzbekistan signed a memorandum of understanding (MOU), with Turkmenistan as observer to test the software, identify issues, and find solutions for implementing the CAREC Advanced Transit System and its Information Common Exchange (CATS/ICE).<sup>10</sup> CATS/ICE is a regional harmonized electronic system for controlling the movement of goods in transit through CAREC countries. In February 2024, the 3rd Technical Working Group Meeting discussed the scenarios to be used for the test phase implementation and reporting requirements and agreed on the test phase work plan.<sup>11</sup> In April 2024, the technical working groups of CATS/ICE— (i) Legal and Regulatory, (ii) Customs Control Facilitation, and (iii) Information and Communication Technology—are expected to test the ICE system and efficiency and effectiveness of the system in facilitating customs transit procedures. The 4th Technical Working Group Meeting on 15-16 April 2024 provided recommendations to improve the functionality and reliability of the system and discuss the next steps of the test phase implementation.

20. **CAREC countries enhance their authorized economic operators' programs.** In August 2023, a scoping study on authorized economic operators (AEOs) examined the issues and challenges faced by customs authorities in implementing an AEO program. ADB organized a series of regional workshops to help CAREC countries gain a better understanding of the main obstacles and bottlenecks that hinder further development of the AEO program.<sup>12</sup> The Regional Workshop on Enhancing and Accelerating the Implementation of the AEO Program held from 31 October–1 November 2023 in Tashkent, Uzbekistan, registered significant progress of CAREC countries in the development and implementation of the AEO program, including paperless trade and digitalization, expedited clearance, customs-centric risk management, and the importance of and negotiating mutual recognition arrangements (MRAs). In February 2024, a virtual workshop focused on information security policies, business continuity, transportation risk management, key principles of the ASYCUDA, negotiating mutual recognition agreements, and AEO schemes for e-commerce actors.<sup>13</sup> A national workshop in Mongolia to train their AEO validators and support their AEO authorization process is planned in late April 2024.

21. **CAREC members join international platform to exchange electronic certificates.** At the CAREC Conference on Electronic Phytosanitary Certificates (ePhyto) in September 2023, CAREC members underscored the importance of digitizing certificates to ensure safe and efficient trade, as well as aligning with International Standards for Phytosanitary Measures (ISPMs), particularly on inspection and issuance of phytosanitary certificates; strengthening the National Plant Protection Organizations' (NPPOs') capacities and coordinating with Customs and other trade-related agencies.<sup>14</sup>

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<sup>10</sup> <https://www.carecprogram.org/?event=facilitation-of-regional-transit-trade-in-central-asia-regional-economic-cooperation-testing-phase-of-cats-and-ice>

<sup>11</sup> Azerbaijan, Georgia, and Uzbekistan are joined by Turkmenistan as an observer.

<sup>12</sup> <https://www.carecprogram.org/?event=virtual-regional-workshop-on-authorized-economic-operators-program>

<sup>13</sup> <https://www.carecprogram.org/?event=virtual-regional-workshop-on-authorized-economic-operators-aeo-program-enhancement-and-sustainability>

<sup>14</sup> <https://www.carecprogram.org/?event=carec-conference-on-electronic-phytosanitary-certificates>

22. Uzbekistan developed its own phytosanitary certification system and is the first CAREC member to exchange electronic certificates via the International Plant Protection Convention's (IPPC's) ePhyto solution since 2020. In November 2023, Pakistan fully linked the ePhyto solution with the Pakistan Single Window. The PRC has its own e-certification systems and is testing ePhyto and is actively promoting electronic certificates collaborations through point-to-point direct connections. Azerbaijan and Georgia initiated expert-level discussions to link with each other and the ePhyto hub and will migrate to electronic phytosanitary certification after the business process analysis and streamlining with support from ADB and other development partners.

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

23. ***CAREC accelerates digital trade and e-commerce expansion.*** CITA 2030 aims to strengthen the enabling environment for digitalization and e-commerce to support countries' diversification and SME's participation in regional value chains.

24. In November 2023, the ADB, PRC's Ministry of Commerce, Hangzhou Municipal People's Government, and the Qiantang District People's Government in Hangzhou, Zhejiang Province, hosted the CAREC Innovation Week and Digital Economy Tour, which was held at the sideline of the Global Digital Trade Expo 2023 in Hangzhou, PRC. The event emphasized the importance of knowledge cooperation and business-to-business partnerships for building a robust digital ecosystem, and a well-functioning globally integrated e-commerce network in the region. Several collaboration agreements, memorandum of understanding and letters of intent were signed during the Hangzhou event, including between Hangzhou Bureau of Commerce and the Pakistan Khyber Pakhtunkhwa Board of Investment and Trade. Representatives from PRC and Central Asia jointly discussed the establishment of the "Global E-commerce Education Development Alliance" and the potential "Central Asia Innovation Cooperation Center."

25. The 2nd CAREC Digital Trade Forum (DTF)—launched as a cross-learning network of policy makers, regulators, trade agencies, private sector, development partners, and think tanks— will be held in April 2024 in Astana. The DTF will discuss (i) progress made and lessons from pilot projects on digital trade solutions; (ii) policy instruments and regional mechanisms for cross-border data flows; (iii) infrastructure investments to expand digital connectivity, including data infrastructure and digital payment systems; and (iv) use of emerging technologies and digital public infrastructure to support regional initiatives.

26. ***CAREC countries deepen knowledge on electronic trade documents.*** ADB (through the Office of the General Counsel and the Trade and Supply Chain Finance Program), the CAREC Program, the United Nations Commission on International Trade Law (UNCITRAL) and International Chamber of Commerce are collaborating to promote the adoption of the Model Law on Electronic Transferable Records (MLETR) in CAREC countries. The PRC and Georgia are identified as pilot countries, for which a series of capacity building and policy advisory activities are provided. In August 2023, the ADB and PRC's Ministry of Commerce co-organized a technical session on the adoption of the MLETR.<sup>15</sup>

27. ***CAREC explores emerging technologies to facilitate trade.*** A pilot project using Robotic Process Automation is being implemented by the Georgia Revenue Service to digitize procedures related to declaration of goods, proofs of origin and assessment of tax liabilities. ADB's Digital Learning Hub supported the Mongolian National Chamber of Commerce and Industry and Mongolian Customs in developing a minimum viable product to digitalize certificates of origin (COO) using blockchain and distributed ledger technology. An online system was created for importers and producers to efficiently request and check COOs from suppliers, for suppliers

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<sup>15</sup> <https://www.carecprogram.org/?event=capacity-building-on-model-law-on-electronic-transferable-records>



to easily enter origin details in the system once for review and issuances by the authorities, and to transfer COOs in the same format. Both initiatives, once successful, could be scaled up and replicated in other CAREC countries.

**Pillar 3: Stronger Institutions for Trade**

28. The CAREC Program continues to support capacity-building, regional policy dialogues, and institutional meetings to bring together trade agencies to share best practices and agree on priorities, as part of CITA 2030’s rolling strategic action plan. The CAREC trade sector delivered at least 9 regional and subregional policy dialogues and training events, and 8 national capacity building activities from July 2023 to March 2024.

29. Between 2022 to 2023, CAREC trade officials participated in a series of subregional and national workshops on designing, negotiating, and implementing free trade agreements (FTAs) and discussed the preliminary study on potential CAREC-wide economic partnership agreement.

30. The Regional Trade Group (RTG) and Customs Cooperation Committee (CCC) held a joint meeting<sup>16</sup> back-to-back with the 22nd CCC Meeting<sup>17</sup> and the CAREC Senior Officials’ Meeting. The RTG and CCC members reviewed the progress of CITA 2030, including its midterm review in 2024, and endorsed the CITA’s rolling strategic action plan 2023–2025.

31. The CAREC [Trade Information Portal \(TIP\)](#) is routinely updated to support evidence-based policymaking and decisions. The [CAREC Trade Insights and News](#) provides quarterly updates on CAREC trade activities. The [CAREC Corridor Performance Measurement and Monitoring](#) (CPMM) continues to provide data to support policy formulation in the region and for deepening academic research. Results from the CPMM data were presented at the East Asia Economics Association Conference in Seoul in October 2023 and at the ADB Economists’ Forum in January 2024. A knowledge-sharing [workshop](#) on the improvements in the CPMM methodology is held as part of the 11th Asia-Pacific Trade Facilitation Forum in April 2024 in Samarkand, Uzbekistan.

**II. FORWARD-LOOKING AND NEXT STEPS**

**Update of CITA RSAP 2024-2026 and new CAREC Trade TA**

32. The implementation of CITA 2030 will continue to be aligned with the CAREC members’ priorities and responsiveness to the changing global and regional trading paradigm, and emerging challenges and opportunities in the CAREC region. The **CITA RSAP 2024-2026** will be updated at the 6th Meeting of the Regional Trade Group.

33. The CAREC TAs supporting implementation of CITA are being completed in 2024 and 2025 (Table 5). The ADB is developing a new TA to consolidate and better manage TA implementation given limited resources. The RTG is requested to provide feedback on priority areas of support to be included in the TAs, which should be aligned with the RSAP and promote regional cooperation.

**Table 5. List of ADB CAREC Trade TAs**

TA Name	Description	Approval	Completion
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<sup>16</sup> <https://www.carecprogram.org/?event=regional-trade-group-rtg-customs-cooperation-committee-ccc-joint-meeting>

<sup>17</sup> <https://www.carecprogram.org/?event=22nd-meeting-of-the-central-asia-regional-economic-cooperation-carec-customs-cooperation-committee-ccc>

Implementing the Integrated Trade Agenda in the CAREC Program ( <a href="#">TA 9712</a> )	The TA is supporting the RTG and the three-year rolling strategic action plan of CITA. Outputs include: (i) Market access increased; (ii) Greater economic diversification promoted; (iii) Institutions for trade strengthened; and (iv) mechanisms to accelerate digital trade supported.	15 Feb 2019	31 July 2024
Better Customs for Better Client Services in CAREC Countries ( <a href="#">TA 9824</a> )	The TA is supporting Customs agencies and the CCC. Outputs include (i) scoping studies with actionable recommendations in customs infrastructure, facilities, use of technology and logistics support prepared; (ii) Initiatives in modern customs technologies and best practice supported; and (iii) Customs capacity improved.	14 Oct 2019	30 Sep 2024
Partnership with Private Sector for Sustainable Trade Facilitation Results in CAREC ( <a href="#">TA 9832</a> )	The TA will strengthen partnership mechanisms and working relationships between public and private stakeholders of the CAREC Program, with the aim of developing integrated and business-friendly transport and trade networks. Outputs include: (i) private sector opportunities for wider-based involvement in trade facilitation developed; (ii) Institutional capacity of CAREC Federation of Carrier and Forwarder Associations (CFCFA) strengthened; and (iii) CPMM mechanism expanded and packaged for pilot replication.	24 Oct 2019	31 Dec 2024
Strengthening Knowledge and Capacities for the Design and Implementation of Free Trade Agreements Involving CAREC Countries ( <a href="#">TA 6558</a> )	The TA aims to strengthen capacities for designing, negotiating, implementing, and monitoring free trade agreements (FTAs) of CAREC. Outputs include: (i) evidence-based policy recommendations generated, and action plans developed; (ii) technical capacity of CAREC member countries to design, negotiate, implement, and monitor FTAs improved; and (iii) Roadmap for a CAREC FTA developed.	31 Aug 2020	31 Aug 2025
Modernizing Sanitary and Phytosanitary Measures to Facilitate Trade ( <a href="#">TA 9500</a> )	The TA supported the CAREC Common Agenda for the Modernization of Sanitary and Phytosanitary Measures for Trade by (i) creating national bodies in each country and a regional body to lead the modernization process; (ii) developing regulations, procedures, and requirements that are aligned with international standards; and (iii) improving the capability of border agencies to implement these measures at selected common borders.	13 Feb 2018	28 Apr 2023 (Closed)

### **CAREC 2030 Strategy Midterm Review**

34. The CAREC Secretariat has initiated the process for undertaking the *CAREC 2030 Strategy Midterm Review (MTR)* this year. A Strategy Evaluation Advisor has been engaged and will be conducting consultations with the CAREC National Focal Points and Sector focals (including the RTG) starting from April 2024. Leveraging the outcomes of the [Evaluation of ADB Support for the Central Asia Regional Economic Cooperation Program, 2011–2022](#), the objective of the MTR is to enhance the effectiveness, efficiency, relevance, governance, and sustainability of the CAREC Program and align it with CAREC members' emerging priorities and challenges amid the rapidly evolving global and regional landscape. Key questions include:

- *What are the key strengths of CAREC Strategy 2030, and are there any areas where it could be strengthened or updated to better reflect current challenges and opportunities?*

- *What specific recommendations would you propose for aligning CAREC initiatives and activities on trade with the objectives outlined in Strategy 2030, considering the evolving regional context and emerging priorities?*
- *How can the CAREC Program harness regional ownership (CAREC members and development partners)?*

**Operationalizing CAREC Climate Change Vision and priorities for mainstreaming climate actions in CAREC trade work**

35. In November 2023, the 22nd CAREC Ministerial Conference endorsed the CAREC Climate Change Vision: “*A Region of Sustainable Development, Shared Prosperity and Climate-Resilience.*” It explicitly provides for climate change as a cross-cutting priority in the *CAREC 2030 Strategy* and pursues three broad goals: (i) mitigate climate change; (ii) adapt to climate change; and (iii) cooperate across borders. The Vision has 7 Priority Areas, including transport, transit, and trade.

36. Specifically on trade, the CAREC Climate Change Vision provides that *CAREC will promote the greening of regional trade and explore how trade can be part of climate solutions.* CAREC will also *improve regional connectivity with climate-smart and efficient transport technologies, regulations, and border-crossing policies and infrastructure.*

37. The *CITA 2030*'s midterm review in 2024 will provide an opportunity to help DMCs understand the impact of the carbon footprint of trade on their economies, including carbon tracking and reporting across global supply chains. CAREC shall examine and develop policy advice in exploring country-specific and regional responses to decarbonization measures such as the European Union’s Carbon Border Adjustment Mechanism (CBAM) to facilitate CAREC countries’ sustainable trade with their trading countries and enhance compliance. The *CITA 2030* and its institutional mechanisms will explore areas of cooperation and regional approaches for trade to be part of climate change solutions. To support this, a scoping study will be undertaken based on (a) increasing access and incentivizing trade of environmental goods; (b) mainstreaming multilateral climate agreements in regional arrangements; (c) digitizing trade processes and promoting cross-border paperless trade; (d) investing in smart and resilient border infrastructure facilities; and (e) accelerating diversification to reduce heavy reliance on trade or use of fossil fuels. Under the trade, tourism, and economic corridor cluster, CAREC will assess how improvements in trade policy, trade facilitation and transit management, logistics, services, and tourism development will contribute to climate mitigation and adjustment.

**III. ACTIONS REQUIRED FROM REGIONAL TRADE GROUP**

38. The 6th RTG meeting is requested to provide guidance and feedback as follows:
- (a) Endorsement of CAREC Trade Sector Report (2023-2024) for submission to SOM in May 2024;
  - (b) Inputs to the CITA Rolling Strategic Action Plan 2024-2026 ([Attachment 1](#)) and suggestions for new CAREC trade TA;
  - (c) Inputs from trade sector to the CAREC 2030 Strategy Midterm Review;

- (d) Proposals for operationalizing CAREC Climate Change Vision and priorities for mainstreaming climate actions in CAREC trade work.
- (e) Feedback on the CAREC Digital Trade Forum 2024 on 17 April 2024 in Astana.