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# **CAREC: Update of Activities in Priority Areas**

**SOM: April 2006**

**Mr. Zhang Yuebin, Director  
IFI Division III, International Depart.  
Ministry of Finance, PRC**



# Transport Sector

“Ministers endorsed adoption of a Transport Sector Roadmap (2005-2010), with the goal of developing an integrated and efficient multi-modal transport system for the region.

Five strategic priorities of the Roadmap:

- (i) harmonizing and simplifying cross-border transport procedures
- (ii) harmonizing transport regulations
- (iii) development and improvement of transport corridors
- (iv) restructuring and modernization of railways
- (v) improvement of sector funding and management

Ministers also endorsed adoption of performance indicators emphasizing outputs and outcomes; performance indicators should --- incorporate survey data on transit times and costs.”

Joint Ministerial Statement November 2005





# Transport Sector

## **TSCC Meeting 15-16 March 2006, Urumqi:**

- Workplan for 2006
  - harmonize transport regulations
  - simplify cross-border transport procedures
  - study on sector funding/management
  - study on restructuring/modernizing railways
- Proposed inclusion of civil aviation

# Transport Sector

## **MI Commitments for 2006-2008 (Preliminary):**

- 21 loans for transport infrastructure:
  - total of about \$1.2 billion
  - 3 for upgrading of railway sector(\$159 mil.)
  - 1 for upgrading of airports (\$40 million)
  - balance of about \$1 billion for road construction and regional traffic enhancement
- 10 TAs/grants (\$24 million)



# Transport Sector

## Questions/issues:

- Sectoral allocation
- Geographic allocation
- Sector strategy to 2015
- Bold strokes (PRC/KGZ/UZB railway)
- Cross-border transport agreement
- Performance indicators
- Outputs/outcomes for 2006

# Energy Sector

Ministers instructed the Energy Sector Coordinating Committee to finalize its terms of reference, clarifying its scope of work beyond the power sector to possibly include oil and gas, energy efficiency, and opportunities afforded by the Clean Development Mechanism of the Kyoto Protocol; Ministers noted the consultations and planning underway, drawing from the Regional Electricity Export Potential Study, for various hydropower projects --- and for the export of power to South Asia, Russia and possibly other markets.”

Joint Ministerial Statement November 2005





# Energy Sector

## **ESCC 4<sup>th</sup> Meeting 9 April, Urumqi:**

### Discussion

- Progress on energy sector
- Latest country energy strategy developments
- Options for primary energy commodity exports from Central Asia
- Opportunities for CDM projects
- Terms of reference for ESCC

### Work Program

- Study on options for primary energy exports
- Outreach seminars on CDM
- Recommendations re comprehensive advisory framework

# Energy Sector

## **MI commitments for 2006-2008 (preliminary):**

- 10 loans for energy sector, totaling about \$950 million
- 4 for gas transmission lines (\$510 million in KGZ, TAJ and regional)
- balance for power interconnections, transmission lines and small hydropower project (TAJ, KAZ, AZE, KGZ)
- involvement in financing of major hydropower or other energy projects would greatly increase MI resource mobilization for the energy sector.



# Energy Sector

## Questions/issues:

- Focus of ESCC
  - strategic framework
  - energy efficiency and power trade
- Broadening of CAREC's energy program
  - oil and gas sector
  - CDM under Kyoto Protocol
- Process/time-frame for performance indicators
- Input for Business Development Forum
- Outputs/outcomes for 2006

# Trade Policy

“Ministers supported --- country-level seminars in CAREC-member countries, designed to summarize the work done for the trade policy committee --- Ministers noted six recommendations of Senior Officials to reduce the barriers to transit trade in Central Asia:

- Ensure full compliance with provisions of the TIR Convention
- Reduce charges for and list of goods subject to customs convoys
- Reduce other charges and fees on entry and transit of foreign road carriers
- Reduce cost/simplify issuance of entry visas for drivers of foreign road carriers
- Harmonize transport, customs and border documentation to simplify procedures and minimize time at the border
- Prevent and eradicate unofficial payments from road carriers in transit

Ministers called on Senior Officials --- to report to the Fifth MC on status of implementation. --- They recommended further analytical work on removing barriers to cross border trade, especially concerning the legal framework and tax and infrastructure issues, and new work on trade taxes and quantitative restrictions on trade.”

Joint Ministerial Statement, November 2005





# Trade Policy

## **TPCC Meeting 8 April 2006, Urumqi:**

### **Discussion**

- Progress in implementing measures to reduce barriers to transit trade
- Barriers to trade as reflected in price differentials; EBRD study
- Outreach seminars
- Barriers to border trade: KAZ presentation, UZB commentary

### **Work Program 2006**

- Continued monitoring of barriers to transit trade
- Outreach seminars/Ministerial visits
- Barriers to border trade
  - KAZ to lead further study/ADB support
- Study on quantitative restrictions (ADB)
- Study on trade taxes (IMF)

# Trade Policy

## Recommendations of TPCC

- Greater predictability and more transparency of trade policies through more information and closer monitoring of changes in policies.
- More interaction between the TPCC and TFC and closer cooperation among officials dealing with these issues in each country.
- More involvement and participation of private sector in CAREC activities.



# Trade Policy

## Questions/issues:

- Barriers to trade, how to accelerate reductions
- WTO accession and rationalization of regional trade agreements
- Process/timeframe for performance indicators
- Inter-sector coordination, trade policy/trade facilitation/transport

# Trade Facilitation

Ministers endorsed the work plan for 2006, including continued promotion of bilateral cooperation initiatives, training and regional knowledge forums, and broadening the program in partnership with private sector and other stakeholders. Bilateral initiatives will include harmonization of cargo manifests by KAZ/PRC, joint border control between MON/PRC and between KAZ/KGZ, data exchanges for cargo clearance between KGZ/UZB, customs co-operation between MON/TAJ, and a customs modernization and infrastructure project between KGZ/TAJ. In-country activities will include ICT master plans for KGZ and TAJ, customs modernization by MON, and accession to the TIR Convention by PRC. Ministers noted the need for establishment of national interagency coordinating mechanisms.”

Joint Ministerial Statement Nov. 2005





# Trade Facilitation

## **Since the 4th Trade Facilitation/CCC Meeting in Sept. 2005:**

- seminar in Republic of Korea on trade facilitation and e-governance (Dec. 2005)
- forum in Singapore on customs auto-mation and IT platform for trade/logistics (January 2006)
- in-country workshop in Urumqi on Xinjiang's trade logistics development (April 2006)

# Trade Facilitation

## Ongoing/Upcoming activities:

- bilateral and in-country activities
  - e.g., joint customs control KAZ/KYZ
- Tokyo seminar on trade facilitation/ customs modernization, April 2006
- Urumqi seminar on WCO standards and customs model, July 2006
- 5th CCC meeting, Astana Sept. 2006
  - country priority areas
  - trade facilitation strategy paper



# Trade Facilitation

## Questions/Issues:

- National interagency coordination for trade facilitation
- Inter-sector coordination, trade policy-facilitation/transport
- Integration of Silk Road Programme, other (EBRD, WB)
- Coordination with other development partners (e.g., EU, USAID, GTZ)
- Contribution to preparations for the Business Development Forum
- Process/timeframe for performance indicators
- Accomplishments/milestones for 2006; report to 5<sup>th</sup> MC

# Concluding Questions/Messages

- Need for a more coordinated approach: trade/transport/ transit
- Overall loans committed/planned for 2006-2008 total \$2.2 billion
- Need to accelerate the momentum of regional cooperation
- Resource mobilization and outreach activities
- Accomplishments/outcomes/milestones for 2006
- General performance report for the CAREC Program

