



CAREC TRADE SECTOR PROGRESS REPORT AND WORK PLAN JULY 2022 - JUNE 2023¹

Reference Document
Senior Officials' Meeting
Central Asia Regional Economic Cooperation
13-14 June 2023

¹ As of 17 May 2023

I. EXECUTIVE SUMMARY

1. This report provides the (i) progress of implementation between July 2022 and June 2023 of the trade sector work under the *CAREC Integrated Trade Agenda (CITA) 2030* and the Rolling Strategic Action Plan (RSAP); (ii) trade sector deliverables for the 22nd CAREC Ministerial Conference in 2023; and (iii) monitoring of results indicators in the CITA 2030. The report includes the outcomes of the 5th Meeting of the Regional Trade Group (RTG) and 21st Meeting of the Customs Cooperation Committee (CCC) held in October 2022 and the 3rd Meeting of the Sanitary and Phytosanitary (SPS) Measures Regional Working Group (RWG) in January 2023.
2. There is sustained momentum in keeping trade open, acceding to and implementing international agreements, aligning with international standards, and accelerating digital trade among CAREC member countries. Substantial progress was achieved through collaborative projects and knowledge exchange during the report period. Remaining CAREC members that are acceding to the World Trade Organization (WTO) are intensifying their efforts towards WTO membership. In March 2023, Uzbekistan accelerated its pace of accession at the Sixth Working Party on Accession meeting, while Azerbaijan is preparing for the resumption of its Working Party discussions in 2023. In May 2023, the Government of Turkmenistan is finalizing its institutional arrangement for WTO negotiations and with support from the Asian Development Bank (ADB) and the WTO Secretariat initiated preparation for its Memorandum on Foreign Trade Regime. Implementation of commitments under the *WTO Trade Facilitation Agreement (TFA)* is complete for 3 WTO members: the People's Republic of China (PRC), Georgia, and Kazakhstan. WTO TFA implementation rate is at average of 85% for the rest of four CAREC countries. In 2021, Turkmenistan and the Kyrgyz Republic acceded to the World Customs Organization's Revised Kyoto Convention. In 2022, Mongolia, Tajikistan and Turkmenistan joined Azerbaijan and the PRC as parties to the *UN Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific*. Azerbaijan, Mongolia and the PRC are now contracting parties to the *UN Convention on the Use of Electronic Communications in International Contracts*, while efforts are underway to support the PRC and Georgia in adopting the Model Law on Electronic Transferable Records.
3. 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. Numerous CAREC initiatives and pilot projects contributed to building capacity, implementing reforms, or business process improvements. These include establishing pest-free areas in Azerbaijan, phytosanitary capacity evaluation in Uzbekistan, and integrating SPS functions at the border with customs control in Mongolia. Dialogues and knowledge-sharing contribute to adopting, replicating or upscaling digital tools and innovative solutions at regional level. Georgia and Pakistan initiated expert-level discussions to join the PRC and Uzbekistan in exchanging phytosanitary certificates via the IPPC's ePhyto hub. Customs authorities are examining the challenges to existing transit operations and discussing ways to facilitate transit through a single transit portal for information exchange.
4. Digitalization is a priority at both national and regional levels in order to reap the benefits of a digital economy. Launched in November 2022, the CAREC Digital Trade Forum, serves as a platform for cross-learning among policy makers, regulators, trade promotion agencies, private sector, development partners, research institutions, and other stakeholders. Countries are exploring emerging technologies, such as artificial intelligence for Georgia's import 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. A series of study tours and public-private sector dialogues (in May 2023

in Malaysia and Singapore; and in Q3 2023 in the PRC) will promote knowledge sharing on best practices and experience in e-commerce for Central Asian economies.

5. In-person/On-site trade activities resumed in 2022, with the Forum on Developing Sustainable Economic Zones (SEZs) in CAREC Countries held in September 2022 in Ulaanbaatar, Mongolia. This was followed by a CAREC Roundtable on Supply Chain Connectivity and Resilient Border Operations, also hosted by the Government of Mongolia. CAREC trade-related officials participated in series of subregional and national workshops in designing, negotiating, and implementing free trade agreements (FTAs) and explore potential CAREC-wide FTAs between 2022 to 2023.

6. The CAREC trade sector delivered at least 15 regional and subregional policy dialogues and training events, and 15 national capacity building activities from July 2022 to May 2023. The Regional Trade Group met virtually for its 5th Meeting in October 2022 and discussed progress in implementing CITA's Rolling Strategic Action Plan 2021-2023. In October 2022, the Customs Cooperation Committee marked 20 years of its establishment with a Joint Statement reaffirming commitment to trade facilitation through regional cooperation. In January 2023, the 3rd Meeting of the Regional Working Group on Sanitary and Phytosanitary Measures, Strategic Directions Planning and TA 9500 Closing Workshop was held in Tbilisi, Georgia.

7. Flagship knowledge products on trade continue to support evidence-based policy making and discussions. The *Progress in Trade Facilitation: A 10-Year Corridor Performance Measurement and Monitoring (CPMM) Perspective* marked a milestone for the CPMM as a tool for informing dialogue, collaboration, and decision-making among member countries. The *CAREC Trade Information Portal* provides the latest trade statistics at country level, while the CPMM online database offers trade facilitation indicators at country and corridor level. The *CAREC Trade Insights and News* was launched in 2022 to provide quarterly update on CAREC trade activities.

II. KEY DEVELOPMENTS AND RESULTS

8. The expansion of world gross domestic product (GDP) remains positive, albeit at slower rate—from 6.1% in 2021 and 3.4% in 2022, to 2.7% in 2023. Inflation, tighter financial conditions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic weigh down on prospects.² In terms of global trade, trade in goods made a strong recovery in 2021, exceeding pre-pandemic levels, while services trade remained well below its 2019 value. Trade in goods has recovered by 27% (from 2021 to 2022) faster than services trade (at 16%, for the same period) due to strong consumer demand for products, especially in advanced economies, sustained by governments' fiscal stimulus measures. By contrast, the unequal distribution of vaccines, the emergence of new COVID-19 variants and border restrictions continued to weigh on the recovery of tourism and passenger transport in the services sector.³ Global merchandise trade volumes are predicted to grow by 3.5% in 2022 and 1.0% in 2023.⁴

9. In the Asia-Pacific region, brighter economic prospects—with growth forecasts at 4.8% in 2023 and 2024, from 4.2% in 2022—are foreseen amid ongoing challenges. The reopening of the People's Republic of China (PRC) will boost regional economic growth through supply chain linkages and demand for goods and services. This has particularly supported the revival of the

² IMF. 2023. Inflation Peaking Amid Low Growth, World Economic Outlook Update, January 2023.

<https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023>.

³ WTO. 2022. World Trade Statistical Review 2022. https://www.wto.org/english/res_e/booksp_e/wtsr_2022_c2_e.pdf

⁴ WTO. 2022. Trade growth to slow sharply in 2023 as global economy faces strong headwinds. 5 October 2022. https://www.wto.org/english/news_e/pres22_e/pr909_e.pdf

Mongolian economy, notably through export and tourism recovery and lessened risk of trade disruption. Growth was remarkably strong in the Caucasus and Central Asia, where growth is much higher than forecasted, especially for energy importers. Merchandise trade in the Caucasus and Central Asia grew sharply in 2022 – partly to the spike in oil and gas prices because of the Russian invasion of Ukraine and sanctions against Russia. There is significant increase in exports to Russia from Kazakhstan (minerals, including uranium, and machinery and equipment) and Uzbekistan (textiles, fruit, copper pipes, and electrical appliances), notably substituting Russia’s imports from economies that impose sanctions. Russian migrants also boosted the region’s trade in services, including air travel, accommodation, catering, and banking.⁵

A. Sector/Pillar Implementation

10. In terms of the results framework under the *CAREC Integrated Trade Agenda 2030*, there is improvement in most trade indicators from 2020 to 2021, except the GDP share of trade in services (Table 1). The share of trade in non-fuels to gross domestic product (GDP) surpassed pre-pandemic levels. The share of top 5 exports in total exports has declined, which could potentially indicate variation or diversification in export basket.

Table 1: CITA 2030/Trade Sector Monitoring Indicators

Trade Outcomes and Outputs (CAREC 2030)	Indicator	2017 baseline	2019 progress ¹	2020 progress ¹	2021 progress ¹	2023 target ²
Outcome: CAREC countries are more integrated into the global economy	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
Output 1: Greater diversification in products and sectors achieved	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
Output 2: Capacity of institutions for trade strengthened	% of respondents report improved knowledge for trade	93.0 (2018)	90.5 ³	90.5 ³		95.0
Others			2020-2021/ ⁴	2021-2022/ ⁴	2022-2023/ ⁴	
Output 3: Trade sector institutions functional	RTG, CCC, other committees are functional (1=yes or 0=no)	Trade sector institutions meet annually, update	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	

⁵ ADB. 2023. Asian Development Outlook (ADO) April 2023. <https://www.adb.org/publications/asian-development-outlook-april-2023>; ADB. 2023. Special Chapter – the The Economic Impact of the Russian Invasion of Ukraine on the Caucasus and Central Asia: Short-Term Benefits and Long-Term Challenges. <https://www.adb.org/sites/default/files/publication/863591/ado-april-2023-special-topic.pdf>

		RSAP for SOM/MC annually: 1			
Output 4: Regional policy dialogue and reforms supported	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.

^{/1} 2022 data are not yet available; ^{/2} to be updated to consider impact of pandemic and Russian invasion of Ukraine; ^{/3} 100% in 2020 but response rate was poor. ^{/4} 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.

11. Merchandise exports for CAREC countries (excluding the PRC) expanded by 32.3% in 2021 and 24.8% in 2022, while merchandise imports grew by 24.4% in 2021 and 21.4% in 2022. The recurrent lockdowns in the PRC affected the country's trade performance in 2022 (Table 2).

Table 2: Merchandise trade, annual growth rate, 2019–2022

Country	Merchandise exports (% per year)				Merchandise imports (% per year)			
	2019	2020	2021	2022	2019	2020	2021	2022
Azerbaijan	-4.5	-36.6	72.3	41.6	3.5	-11.1	3.4	-8.5
PRC	-1.3	5.2	28.1	4.6	-2.1	0.3	32.7	1.0
Georgia	12.2	-12.4	27.4	32.3	1.8	-13.5	24.2	31.6
Kazakhstan	-2.8	-18.7	27.5	40.7	17.5	-7.5	9.2	19.6
Kyrgyz Republic	6.6	-1.3	37.9	...	-5.7	-26.0	50.4	...
Mongolia	9.6	-2.7	16.4	20.4	2.4	-13.1	29.2	27.6
Pakistan	-2.1	-7.1	13.8	26.6	-6.8	-15.9	24.4	32.8
Tajikistan	9.3	19.8	52.8	-0.4	6.3	-5.9	33.6	22.8
Turkmenistan	8.1	1.6
Uzbekistan	22.1	-7.7	10.2	12.4	16.1	-10.1	21.0	24.1

Notes: PRC = People's Republic of China. ADB placed on hold its assistance in Afghanistan effective 15 August 2021. Source: ADB 2023. Asian Development Outlook April 2023. Manila.

B. Implementation Progress by Priority Area

Pillar 1: Trade Expansion from Increased Market Access

12. CAREC countries continue to support the realization of the CITA 2030 objectives: to expand trade through enhanced market access, diversify economies, and strengthen institutions for trade. In-person meetings, policy dialogues, and capacity building activities resumed, to maximize engagement and participation and collaboration among CAREC countries, development partners, and other stakeholders.

13. **Remaining CAREC members advance their accession process to the World Trade Organization (WTO).** Azerbaijan, Turkmenistan and Uzbekistan remain committed and intensified their efforts to accede to the WTO. In March 2023, Uzbekistan accelerated its pace of accession at the Sixth Working Party on Accession meeting, while Azerbaijan is preparing for the resumption of its Working Party discussions in 2023. In May 2023, Turkmenistan is finalizing its institutional arrangement for WTO negotiations. ADB, in collaboration with the Accession Division of the WTO Secretariat, is working closely with the Government of Turkmenistan in drafting the Memorandum of Foreign Trade Regime in preparation for its negotiations with WTO members, with a joint mission in May 2023 in Ashgabat.

14. **CAREC members accelerate trade facilitation efforts.** Implementation of commitments under the *WTO Trade Facilitation Agreement* is complete for 3 WTO members: the People's Republic of China (PRC), Georgia, and Kazakhstan. Implementation rate is at average of 85% for the rest of four CAREC countries that are WTO members. In 2021, Turkmenistan and the Kyrgyz Republic acceded to the World Customs Organization's Revised Kyoto Convention. At the sidelines of CCC meeting, a Webinar on Digital Technologies and Green Customs was held in October 2022, which discussed the opportunities and challenges afforded by digital technologies in enhancing customs' efficiency and expediting trade transactions.⁶

15. **Countries discuss transit potential and role of a regional transit system.** A Transit Facilitation for CAREC Economic Integration Workshop was held at the sidelines of the 10th Asia Pacific Trade Facilitation Forum in September 2022.⁷ The workshop encouraged CAREC members' participation in the CAREC Advanced Transit System (CATS) and its Information Common Exchange (ICE) platform, which aims to modernize customs transit operations and establish a harmonized electronic system for goods in transit. A CAREC Customs Transit Survey assessed customs authorities' best practices in transit regimes and determined the challenges posed by existing transit operations. Country missions and virtual consultations were conducted in Kazakhstan, Kyrgyz Republic, Turkmenistan, and Uzbekistan to assess the readiness of countries to participate in the pilot phase of CATS/ICE implementation.

16. Azerbaijan organized a two-day experts' and high-level meeting on Simplified Transit Customs Procedures along the Trans-Caspian International East-West Middle Corridor using the Single Window Principle in March 2023. Heads of Customs from Georgia, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan discussed the development of a single transit portal and other international mechanisms—such as CATS and ICE—to facilitate transit procedures. A special session in a workshop for Transport Corridor Europe-Caucasus-Asia (TRACECA) in December 2022 featured the CATS and ICE initiative.

17. **Countries commit to accelerating paperless trade.** High-level CAREC officials joined the 10th Asia Pacific Trade Facilitation Forum, organized by ADB and the UN Economic and Social Commission for Asia and the Pacific (ESCAP) in September 2022. Held in Singapore, the forum gathered participants from 30 countries, where they shared experiences and perspectives on paperless trade, transit, and innovative application of emerging technologies. In 2022, Mongolia, Tajikistan and Turkmenistan joined Azerbaijan and the PRC as parties to the *UN Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific*. Azerbaijan, Mongolia and the PRC are now contracting parties to the *UN Convention on the Use of Electronic Communications in International Contracts*.

⁶ <https://www.carecprogram.org/?event=webinar-on-digital-technologies-and-green-customs>

⁷ <https://www.carecprogram.org/?event=central-asia-regional-economic-cooperation-program-side-event-at-the-10th-asia-pacific-trade-facilitation-forum-transit-facilitation-for-carec-economic-integration>

18. **CAREC members move towards electronic certificates.** CAREC members expressed interest in participating in and exchanging electronic phytosanitary certificates (ePhyto) via the ePhyto solutions hosted by the International Plant Protection Convention (IPPC). Uzbekistan has been exchanging ePhytos since 2020 and PRC is testing the system. In collaboration with the IPPC, a stakeholders' dialogue for Pakistan on the adoption of ePhyto and its integration into the national single window system was organized in December 2022. The Pakistan Single Window under Customs, Department of Plant Protection of the Ministry of National Food Security and Research, and private sector participated in the dialogue.

19. In January 2023, countries including Azerbaijan, Georgia, and Mongolia expressed interest in exchanging ePhytos. A regional conference to share experience and discuss CAREC countries' proposals for resource mobilization, capacity building, and engagement with the private sector is planned in Uzbekistan in September 2023.

20. **National SPS working groups lead initiatives to modernize SPS measures for improved market access.** Initiatives under the Common Agenda for modernization of SPS measures for trade (CAST) remain focused on improving phytosanitary measures, animal health and food safety. At the 3rd Meeting of the CAREC SPS Regional Working Group (RWG), countries underscored the importance of modernizing SPS measures to expand trade while, at the same time, protecting agri-food supply chains through enhanced regional cooperation and coordination among agriculture, health, environment and trade agencies under a One-Health approach.⁸

21. A tailored training in July 2022 enhanced capacity of Azerbaijan in establishing pest free areas (PFAs) for plants and plant products. The training was a key initiative of the national SPS working group of Azerbaijan, chaired by the Azerbaijan Food Safety Agency and Ministry of Agriculture.⁹ In Uzbekistan, a series of phytosanitary capacity evaluation workshops from July 2022 to January 2023 supported Uzbekistan's continuing plant health reforms.¹⁰ The initiative was spearheaded by Uzbekistan's Agency of Plant Protection and Quarantine and supported by ADB and U.S. Agency for International Development Trade Central Asia activity. In December 2022, the SPS national working group of Tajikistan, led by the Ministry of Economic Development and Trade, and with support from the ADB and the World Organization for Animal Health (WOAH), organized a dialogue to improve veterinary services and align legislation with international standards.¹¹ Turkmenistan's pilot project to implement simplified and cost-effective food safety management and inspection systems, led by the Ministry of Health of Turkmenistan, produced online modules on hazard analysis critical control points (HACCP) for the meat industry for the benefit of small and medium meat business operators. The HACCP modules are available on the e-learning platform of the CAREC Institute.¹² The SPS National Working Group of Kyrgyz Republic led a series of seminars on SPS border controls for food products based on the import guidelines developed as part of the initiative. The State Customs Service, State Veterinary and Phytosanitary Security, Ministry of Economy and Commerce, Department of Chemicalization of Plant Protection and Quarantine, Department of Disease Prevention and State Sanitary and Epidemiological Surveillance benefited from the seminar series held in November to December 2022.

22. **CAREC explores potential for CAREC-wide free trade agreements.** CAREC countries expressed interest in pursuing regional and bilateral FTAs as a catalyst for inclusive and sustained

⁹ <https://www.carecprogram.org/?event=azerbaijan-training-on-establishing-pest-free-areas-for-market-access>

¹⁰ <https://www.carecprogram.org/?event=1st-phytosanitary-capacity-evaluation-pce-workshop>

¹¹ <https://www.carecprogram.org/?event=stakeholders-dialogue-on-improving-veterinary-services-to-facilitate-trade-in-tajikistan>

¹² <https://elearning.carecinstitute.org/online-course/1494.html>

economic growth through regional integration. ADB organized a series of regional and capacity building events: Regional Dissemination Workshop on FTA Research Report in August 2022, Regional Workshop on Sharing PRC's Experience in FTAs in November 2022, Training of Trainers on How to Design, Negotiate and Implement FTAs in January 2023, as well as national workshops for Georgia in January 2023, for Pakistan in March 2023, for Uzbekistan in May 2023, and subregional training for Kazakhstan, Kyrgyz Republic, and Tajikistan in May 2023.

Pillar 2: Greater Economic Diversification

23. **CAREC prioritizes 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. The CAREC Digital Trade Forum was launched in November 2022 as a cross-learning network of policy makers, regulators, trade agencies, private sector, development partners, and think tanks to share experiences, good practices and innovative ideas to accelerate digital trade.¹³ The inaugural forum with the theme: *Advancing Digital Solutions and Deepening Regional Cooperation for Trade*, focused on: (i) enabling legislation and policies; (ii) digital technologies for trade; and (iii) cooperation arrangements in reviving supply chains and cross-border trade, accelerating post-pandemic recovery and rebuilding momentum for sustainable economic growth. The 2nd Digital Trade Forum will be held in September 2023 in Georgia. ADB is supporting Azerbaijan's Ministry of Economy to improve the legal framework for e-commerce and align domestic legislation with international conventions and modern international practices.

24. In May 2023, select Central Asian governments and private sector representatives participated at an E-Commerce Study Tour in Malaysia and Singapore. The week-long program is jointly organized by the ADB, the United States Department of Commerce Commercial Law Development Program (CLDP), the United States Agency for International Development (USAID) Future Growth Initiative, and USAID Trade Central Asia Activity. This activity is a follow-up to the CAREC-USAID webinar series on *Toward a Central Asian E-Commerce Market* held in May 2022.¹⁴ The activity seeks to immerse CAREC policymakers and private sector in best practices in the e-commerce ecosystem, covering digital trade promotion, investments in digitalization, and e-commerce logistics.

25. **CAREC pilots initiative to adopt legislation recognizing electronic trade documents.** ADB (through the Office of the General Counsel and the Trade and Supply Chain Finance 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, where a series of capacity building and policy advisory activities will be organized. A seminar led by the Ministry of Commerce of the PRC was held in December 2022, will be followed by technical sessions on MLETR legislation for the central government in Q2 2023. In April 2023, the Georgia Revenue Service hosted more than 40 government officials and representatives from private sector to discuss ways to enhance Georgia's legislative framework for digital trade. Other countries may participate in the pilot initiative.

26. **CAREC countries experiment on emerging technologies to facilitate trade.** A pilot project for innovative solutions using artificial intelligence is under preparation for Georgia Revenue Service, to digitize procedures related to declaration of goods, proofs of origin and

¹³ <https://www.carecprogram.org/?event=carec-digital-trade-forum-2022-advancing-digital-solutions-and-deepening-regional-cooperation-for-trade>

¹⁴ <https://www.carecprogram.org/?event=carec-program-usaid-future-growth-initiative-webinar-series-toward-a-central-asian-e-commerce-market>

assessment of tax liabilities. ADB, through its Digital Learning Hub, is supporting the Mongolian National Chamber of Commerce and Industry and Mongolian Customs through development of a minimum viable product to digitalizing certificate of origin (COO) using blockchain and distributed ledger technology. It will create an online system for importers and producers to efficiently request and check COOs from suppliers, for suppliers 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.

27. ***CAREC embraces sustainable practices and innovative solutions in economic zones.*** CAREC countries engaged in a dialogue to adopt sustainable development goals (SDGs) and innovative solutions in the operation of economic zones, including public-private partnerships, cooperation, and greening investments at the Forum on Developing Sustainable Economic Zones (SEZs) in CAREC Countries organized in partnership with the World Free Zone Organization and Mongolia's Ministry of Economy and Development in September 2022. The forum provided new perspectives on SEZs' crucial role to contribute to more inclusive, resilient and sustainable economies. A *Roundtable on Free Zones and Smart Border Operations for Mongolia* was held in November 2022 in Mongolia as a follow-up to the regional event.

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.

29. The CAREC trade sector delivered at least 15 regional and subregional policy dialogues and training events, and 15 national capacity building activities from July 2022 to May 2023. The Regional Trade Group met virtually for its 5th Meeting in October 2022 and discussed progress in implementing CITA's Rolling Strategic Action Plan. In September 2023, the Customs Cooperation Committee marked 20 years of its establishment with a Joint Statement reaffirming commitment to trade facilitation through regional cooperation. In January 2023, the 3rd Meeting of the Regional Working Group on Sanitary and Phytosanitary Measures, Strategic Directions Planning and TA 9500 Closing Workshop was held in Tbilisi, Georgia

30. The CAREC [Trade Information Portal \(TIP\)](#) is routinely updated to support evidence-based policymaking and decisions. A *Training on International Trade in Services and Digital Economy Statistics for Mongolia* was organized in March 2023 to strengthen the collection, processing, and reporting of these statistics. Senior officials and technical personnel from the Ministry of Economy and Development, Ministry of Foreign Affairs, National Statistics Office, Ministry of Digital Development and Communications, Central Bank of Mongolia, Communications Regulatory Commission, and Mongolia Customs General Administration participated in the 4-day course. Specialists from the Regional Cooperation and Integration Division of ADB also presented estimates of digital services trade and the Asia-Pacific Regional Cooperation and Integration Index (ARCII).

31. Using the results of the CAREC Corridor Performance Measurement and Monitoring (CPMM), the Progress in Trade Facilitation in CAREC Countries: A 10-Year Corridor Performance Measurement and Monitoring Perspective identified outstanding challenges and opportunities in trade facilitation and prescribed possible actions to remove important structural barriers to enable the efficient flow of goods and unlock growth for the region.¹⁵ In August 2022, ADB held a

¹⁵ ADB. 2022. [Progress in Trade Facilitation in CAREC Countries: A 10-Year Corridor Performance Measurement and Monitoring Perspective](#). Manila. In addition to the main report, blog articles were published to focus on

conference to present preliminary findings and launch the report.¹⁶ Following a call for proposals in February 2022, the conference also presented selected studies that employ CPMM data and demonstrate how it can be used for policy formulation in the region and for deepening academic research in relevant areas.¹⁷

III. CHALLENGES AND KEY ISSUES

IV. WORK PROGRAM FOR COMING YEAR/PERIOD

32. 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 RSAP 2022-2024 will be considered jointly by the Regional Trade Group and the Customs Cooperation Committee in June 2023 (Appendix 2), to confirm the priority interventions, such as:

- Initiatives for continued modernization of customs services and SPS measures, including new investment projects to support border crossing points and economic corridor development,
- Implementation of CAREC members commitments under the WTO and other international agreements, including FTAs,
- Efforts to accelerate digital trade and promote SME participation in cross-border e-commerce, and
- Regional cooperation mechanisms to address the challenges of climate change and achieve sustainable post-pandemic recovery.

V. DELIVERABLES FOR THE MINISTERIAL CONFERENCE

33. For the 22nd CAREC Ministerial Conference, key trade deliverables include:

- CAREC Digital Trade Forum 2023 in Tbilisi/Batumi, Georgia in Q4 2023
- Concept Note for the mandated review of CITA 2030. CITA 2030 is expected to be updated after a midterm review in 2024.

34. *Key Issues for Guidance by the Senior Officials' Meeting*

- Endorsement of key deliverables for the 22nd CAREC Ministerial Conference.
- Guidance on the Terms of Reference for the Mandated Midterm Review of CITA 2030 in line with the findings and recommendations of the Independent Thematic Evaluation of ADB Support for the CAREC Program (2011-2021) and other reports

selected topics: (i) [How Trade via Rail in Central Asia Can Mitigate the Energy and Climate Crises](#) and (ii) [Facilitating Cross-Border Trade in Yallama](#).

¹⁶ CAREC Program. [Conference: Trade Facilitation in CAREC: A 10-year CPMM Perspective](#).

¹⁷ The call for papers and conference resulted in publication of four working papers: (i) [The Impact of COVID-19 Mobility Restrictions on Trade Facilitation at Borders in the Central Asia Regional Economic Cooperation Region](#), (ii) [Trade Facilitation, Infrastructure, and International Trade in Central Asian Countries](#), (iii) [Impact of High Trade Costs and Uncertain Time to Trade on Exports from Five Central Asian Countries](#), and (iv) [Geographical Proximity and Trade Impacts in the Central Asia Regional Economic Cooperation Program Region](#).

Appendix 1

1a. CAREC Trade in Goods, 2021

	Trade in Goods (\$ million)	Trade in Goods with CAREC (%)
Azerbaijan	34,513	7.9
PRC	6,201,071	1.4
Georgia	14,803	23.1
Kazakhstan	71,997	46.2
Kyrgyz Republic	7,175	... ^b
Mongolia	16,158	62.1
Pakistan	101,930	28.1
Tajikistan	3,767	93.8
Turkmenistan	10,525	78.2
Uzbekistan	38,272	37.8
CAREC-10	304,256	8.9 ^a
CAREC	6,505,327	3.2

Notes: ^a CAREC-10 excludes the People's Republic of China (PRC). ^b Estimates of imports from CAREC exceed total imports. Sources: ADB. Asia Regional Integration Center (ARIC) database, <https://aric.adb.org/integrationindicators>; (accessed July 2022).

1b. CAREC Foreign Direct Investment Inflows (cumulative, 2001–2021)

	Total Investment Inflows (\$million)	Intra-CAREC Investments (%)
Azerbaijan	47, 972	0.5
People's Republic of China	2,010,437	0.04
Georgia	21,865	17.2
Kazakhstan	343,084	6.3
Kyrgyz Republic	12,316	37.4
Mongolia	30,829	23.2
Pakistan	49,660	20.2
Tajikistan	3,277	23.9
Turkmenistan	3,967	3.2
Uzbekistan	5,097	8.9
CAREC-10	518,734	1.1 ^a
CAREC	2,529,171	2.0

Note: ^a CAREC-10 excludes the PRC. Source: ADB. Asia Regional Integration Center (ARIC) database <https://aric.adb.org/integrationindicators> (accessed July 2022).

1c. Gross Domestic Product (% growth)

Country	2021 (%)	2022 (%)	2023 (%)	2024 (%)
Azerbaijan	5.6	4.6	3.5	3.8
PRC	8.4	3.0	5.0	4.5
Georgia	10.5	10.2	4.5	5.0
Kazakhstan	4.3	3.2	3.7	4.1
Kyrgyz Republic	6.2	7.0	4.5	4.0
Mongolia	1.6	4.8	5.4	6.1
Pakistan	5.7	6.0	0.6	2.0
Tajikistan	9.2	8.0	5.5	6.5
Turkmenistan	5.0	6.2	6.5	6.0

Uzbekistan	7.4	5.7	5.0	5.0
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Note: 2023 and 2024 are projections. Source: ADB 2022. Asian Development Outlook April 2023. Manila

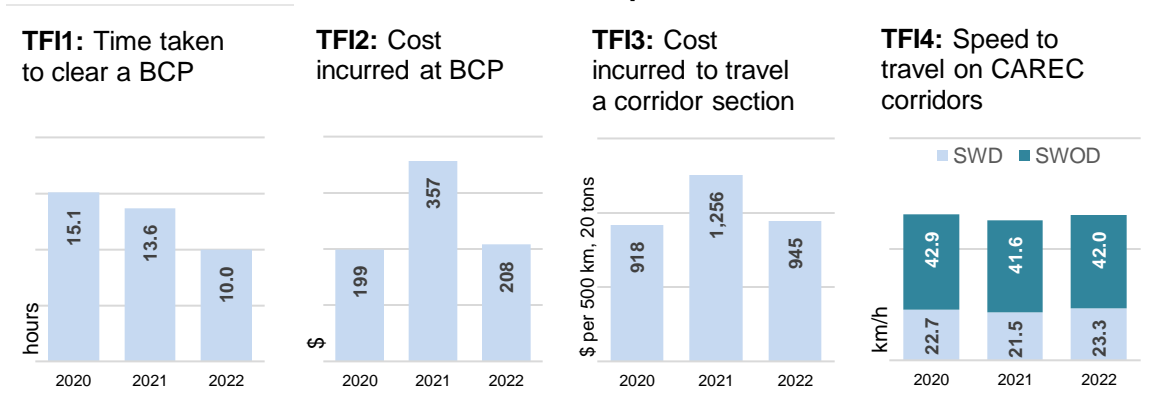
1d. Commercial services, exports and imports, 2020–2022

	Exports (\$ million)			Imports (\$ million)		
	2020	2021	2022	2020	2021	2022
Azerbaijan	2,594	3,763	6,583	5,386	5,839	7,618
PRC	278,084	392,688	422,333	377,528	423,762	461,450
Georgia	1,498	2,464	5,645	1,401	1,764	3,015
Kazakhstan	4,855	5,609	7,695	8,034	7,490	8,851
Kyrgyz Republic	427	519	1,112	588	723	1,413
Mongolia	651	811	1,158	2,083	2,465	3,376
Pakistan	4,415	5,467	6,043	7,640	9,339	10,332
Tajikistan	136	143	126	404	524	682
Uzbekistan	1,693	2,246	3,264	3,483	4,697	6,583
CAREC excl. PRC	16,269	21,022	31,626	29,019	32,841	41,870
% change		29.2	50.4		13.2	27.5

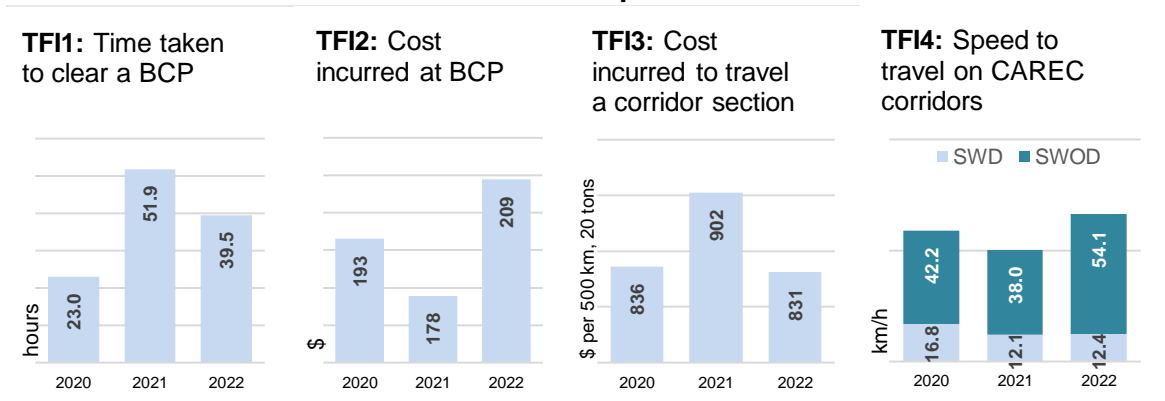
Note: Turkmenistan has no data. Source: WTO. <https://stats.wto.org/> (accessed 12 April 2023)

1e. CPMM Trade Facilitation Indicators (2020–2022)

Road Transport



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.