



Reference Document for the
Senior Officials' Meeting28
June 2022



CAREC 2030: Trade, Tourism and Economic Corridors

Central Asia Regional Economic
Cooperation Program

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CAREC TRADE SECTOR PROGRESS REPORT AND WORK PLAN

JULY 2021 – JUNE 2022

Reference Document
Virtual Senior Officials' Meeting
Central Asia Regional Economic Cooperation
28 June 2022



I. Executive Summary

1. This report provides the (i) progress of implementation between July 2021 and June 2022 of the trade sector work under the *CAREC Integrated Trade Agenda (CITA) 2030* and the Rolling Strategic Action Plan (RSAP);¹ (ii) trade sector deliverables for the 21st CAREC Ministerial Conference in 2022; and (iii) monitoring of results indicators in the CITA 2030. The report includes the outcomes of the 4th Meeting of the Regional Trade Group (RTG) and 20th Meeting of the Customs Cooperation Committee (CCC) held in September 2021 and the 2nd Meeting of the Sanitary and Phytosanitary (SPS) Measures Regional Working Group (RWG) in April 2021.

2. Overall, there is good momentum in keeping trade open and enhancing regional cooperation amid geopolitical and cross-border challenges in the region. Azerbaijan and Uzbekistan advanced their accession efforts in working party discussions at the World Trade Organization (WTO), while Turkmenistan was granted an acceding country status in February 2022. Implementation of commitments under the WTO *Trade Facilitation Agreement* is on track for 8 CAREC members, particularly for the People's Republic of China (PRC) and Georgia achieving 100% implementation rate. Turkmenistan and the Kyrgyz Republic acceded to the World Customs Organization's *Revised Kyoto Convention* in March and November 2021, respectively.² Kazakhstan co-hosted the 12th WTO Ministerial Conference in Geneva in June 2022.

3. Promoting e-commerce and accelerating digital trade are priorities in the trade sector. Tajikistan launched its national single window (NSW) information system in 2020, while Pakistan launched its NSW in 2021 and e-commerce portal in 2022. Uzbekistan and the PRC are now actively exchanging electronic phytosanitary certificates via the International Plant Protection Convention's ePhyto solution. Azerbaijan and the PRC are parties to the *UN Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific* when it took effect in 2021; and Turkmenistan became a member effective August 2022. Azerbaijan, Mongolia and the PRC are 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. The ADB and CAREC Institute completed two research studies looking at regulatory framework and infrastructure aspects of developing e-commerce e-ecosystems in 2021-2022. A webinar series on e-commerce was organized in May 2022.

4. In addition to the annual meetings of CAREC trade institutions/sector bodies, 16 regional/subregional trade-related workshops/webinars, 8 national capacity-building programs, and 5 knowledge products—on e-commerce, corridor performance monitoring and measurement, services trade, and e-Phyto readiness—were delivered in July 2021 to June 2022. The *CAREC Trade Week: Enhancing Cooperation in Digital Trade* was a key event at the sidelines of the annual meetings of RTG and CCC in September 2021. The *CAREC Trade Information Portal* and corridor performance measurement and monitoring database were launched in Q4 2021, while the first issue of the *CAREC Trade Insights and News*, was released in Q1 2022. For 21st CAREC Ministerial Conference, key trade deliverables include: (i) *Trade Facilitation in CAREC: A 10-year Corridor Performance Measurement and Monitoring Perspective*; (ii) CAREC Digital Trade Forum, a key event aimed to launch a public-private/trilateral knowledge partnership; and (iii) the 20th Year of CCC.

¹ ADB 2019. [CAREC Integrated Trade Agenda 2030 and Rolling Strategic Action Plan 2018-2020](#). Manila.

² World Customs Organization. 2022. [List of the Contracting Parties to the Revised Kyoto Convention](#). Brussels.



II. Key Developments and Results

A. Sector/Pillar Implementation

5. Trade data for 2020 reflect the severe impact of the COVID-19 pandemic in CAREC countries. Compared to 2019, all indicators suffered, with the exception of trade in non-fuels with the rest of the world as a proportion of GDP. There was a slight drop in trade in non-fuels within CAREC (Table 1).³

6. The global economy was estimated to have grown by 6.1% in 2021, significantly recovering from the -3.1% contraction in 2020 caused by the COVID-19 pandemic. The ongoing geopolitical tensions however upended the global economic outlook and greatly amplified uncertainty for a world economy still contending with the pandemic—with growth estimated to slow down to 3.6% in 2022.⁴ Direct impact to Central Asian countries, most with close trade and financial links with the Russian Federation, is likely to be high.⁵

Table 1: Trade Sector Progress

Trade Outcomes and Outputs (CAREC 2030)	Indicator	2017 baseline	2019 progress/ ¹	2020 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: 0.48	0.71	0.55	0.84
		With rest of world: 10.80	13.65	9.54	14.87
		<i>Non-fuels:</i>			
		Within CAREC: 1.65	2.5	2.41	4.17
		With rest of world: 24.98	29.07	29.50	31.52
Output 1: Greater diversification in products and sectors achieved	Trade in services as % of GDP	10.51	11.00	8.07	13.72
	Share of top 5 exports in total exports	61.66	64.85	60.39	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	
Output 3: Trade sector institutions functional	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	
Output 4: Regional policy dialogue and reforms supported	Number of knowledge products delivered	Key policy reports published: 0	Key policy reports published: (4 forthcoming)	Key policy reports published: 5 Regional/su bregional	

³ See Appendixes 1.a and 1.b for CAREC and global trade in goods, trade in services and foreign investment flows.

⁴ IMF. 2022. *World Economic Outlook Update* (April 2022). Washington, D.C.

⁵ ADB. 2022. Asian Development Outlook (ADO) 2022: Mobilizing Taxes for Development. Manila. See Appendix 1.c.



Trade Outcomes and Outputs (CAREC 2030)	Indicator	2017 baseline	2019 progress ¹	2020 progress ¹	2023 target ²
		Regional/subregional activities conducted: 7	Regional/subregional activities conducted: 11	activities conducted: 16	

Notes: ¹ 2021 data are not yet available; ² to be updated to consider COVID-19 pandemic; ³ 100% in 2020 but response rate was poor. ⁴ covers reporting period (June 2020-June 2021), 4 key policy reports expected to be published in Q3-Q4 2021. 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.

7. World merchandise trade was estimated to have grown by 10.8% in 2021 after falling by –5.3% in 2020 owing to the pandemic’s disruption of economic activity. It is expected to expand by 3.0% in 2022.⁶ For CAREC, merchandise trade grew robustly at 30.1% for exports and 27.1% for imports, in contrast to the declines of –7.3% and –10.3%, respectively (on average) in 2020. With the impact of the trade sanctions and reduced aggregate demand due to rising uncertainty, trade recovery in 2022 is highly affected (Table 2).

Table 2: Merchandise trade, annual growth rate, 2019–2023

Country	Merchandise exports (% per year)					Merchandise imports (% per year)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Azerbaijan	0.8	-30.1	61.7	18.1	-10.1	19.2	-21.5	9.1	-10.3	-4.8
PRC	-1.3	4.6	29.0	9.0	5.0	-2.1	-0.6	34.6	11.0	8.5
Georgia	12.2	-12.4	25.2	12.1	14.9	1.8	-13.5	26.7	8.0	9.6
Kazakhstan	-2.8	-18.7	27.2	38.2	0.7	16.9	-7.5	6.3	8.4	2.4
Kyrgyz Republic	6.6	-3.4	15.9	5.0	5.0	-5.7	-20.3	49.8	5.0	5.0
Mongolia	9.6	-2.7	18.0	1.3	14.5	2.4	-13.1	32.7	10.2	7.6
Pakistan	-2.1	-7.1	13.7	28.0	30.0	-6.8	-15.9	23.3	36.0	35.0
Tajikistan	9.3	19.8	52.8	15.0	10.0	6.3	-5.9	33.6	33.3	20.0
Turkmenistan	-4.7	9.6
Uzbekistan	22.1	-6.8	8.8	27.0	23.0	16.1	-10.1	20.7	9.1	8.0

Notes: PRC = People’s Republic of China. Data for 2021 and 2022 are projections. ADB placed on hold its assistance in Afghanistan effective 15 August 2021.

Source: ADB 2022. Asian Development Outlook 2022. Manila.

8. Global trade in commercial services was estimated to have expanded by 15% in 2021 as travel restrictions were eased gradually and transport services resumed.⁷ Using the most recent data available, CAREC exports and imports of commercial services fell in 2020 by –36.4% and –27.6%, respectively for nine countries.⁸

9. Trade facilitation indicators from the *2021 CAREC Performance Measurement and Monitoring* report reveal the sustained adverse impact of COVID-19. While time to cross a border by road

⁶ WTO. 2021. *Global trade rebound beats expectations but marked by regional divergences*. 4 October 2021. Geneva; WTO. 2022. *Russia-Ukraine conflict puts fragile global trade recovery at risk*. Press Release (12 April 2022) Geneva.

⁷ WTO. 2022. *Russia-Ukraine conflict puts fragile global trade recovery at risk*. Press Release. 13 April 2022. Geneva. https://www.wto.org/english/news_e/pres22_e/pr902_e.htm

⁸ See Appendix 1.d.



transport declined from 15.1 hours to 13.6 hours or by 9.4%, cost increased from \$199 to \$357 or by 79.1% in 2021. Speed without delay continued its decline by 3.2%, and speed with delay slowed down by 5.1%.⁹

B. Implementation Progress by Priority Area

10. CAREC countries remained committed to achieving CITA 2030—i.e., to expand trade through enhanced market access, diversify their economies, and strengthen institutions for trade. The travel restrictions brought about by the pandemic resulted in a shift to virtual format of meetings, policy dialogues, and capacity-building activities. Nonetheless, significant number (2,500 in 2021) and high-level participation showed continuing engagement by member countries.

Pillar 1: Trade Expansion from Increased Market Access

11. **CAREC continues to align with and implement WTO agreements.** As of May 2022, the implementation of commitments under the WTO *Trade Facilitation Agreement* was complete for the PRC and Georgia, on track for category A commitments for 6 other CAREC members and for category B commitments for 2 of them.¹⁰ CAREC countries continue to align with WTO SPS agreement, as part of the CAREC Common Agenda for the Modernization of SPS Measures for Trade. Following its accession to the *International Plant Protection Convention* in January 2020, Uzbekistan is improving its phytosanitary system with ADB support.¹¹

12. **Remaining CAREC members prepare for WTO accession.** In February 2022, Turkmenistan was granted active observer status in the WTO after its official application to join the WTO in November 2021.¹² Azerbaijan and Uzbekistan remained engaged in the accession process and are preparing for their separate Working Party meetings under the WTO. ADB supported an ex-ante impact assessment of Azerbaijan's accession and discussed the outcomes with government stakeholders on 16 March 2022.¹³

13. **CAREC discusses deepening free trade agreements.** CAREC countries expressed interest to pursue FTAs as a catalyst for inclusive and sustained economic growth through regional integration. ADB organized an inception workshop in May 2021 and consultation in September 2021. CAREC members shared their FTA expectations, priorities, and capacity-building needs as well as views on the potential to develop a CAREC-wide FTA in the future. Capacity needs assessment was undertaken, the results thereof and country case studies were presented at the Workshop on Regional FTA Lessons in CAREC on 19 April 2022.¹⁴

14. **CAREC continue to improve their border services and inspection systems.** Through the Regional Improvement of Border Services (RIBS) projects, Kyrgyz Republic, Mongolia, Tajikistan and

⁹ See Appendix 1.e.

¹⁰ WTO. Trade Facilitation Agreement Database. <https://tfadatabase.org/> (accessed 26 May 2022). The overall average implementation rate was 76.8%; 45.5% for category A, 20.8% for category B (for 6 countries), and 21.0% for category C (for 6 countries).

¹¹ ADB supported a series of virtual trainings from 23 February to 24 March 2021 on plant quarantine law, phytosanitary risk management, and plant clinics attended by over 400 specialists from 13 regional inspectorates of State Plant Quarantine Inspection of Uzbekistan. <https://www.carecprogram.org/?event=virtual-training-on-plant-quarantine-legislation-phytosanitary-risk-management-and-plant-clinics-uzbekistan>

¹² ADB is supporting the preparation of Turkmenistan's Memorandum on the Foreign Trade Regime and closely coordinating with WTO Secretariat and other development partners.

¹³ <https://www.carecprogram.org/?event=azerbaijans-accession-to-the-world-trade-organization-stakeholders-seminar>

¹⁴ ADB. 2020. Strengthening Knowledge and Capacities for the Design and Implementation of Free Trade Agreements involving CAREC Countries. <https://www.carecprogram.org/?event=virtual-country-consultation-meeting-on-carec-free-trade-agreements>



Pakistan are upgrading their border crossing facilities and modernizing customs and trade systems.¹⁵ Lessons learned from the projects were shared through knowledge-sharing modules jointly developed by ADB, CAREC Institute, and other development partners.¹⁶ A webinar series on customs and SPS was held in June 2022, with PRC and Georgia customs officials sharing their experience in integrating SPS inspection functions with customs control to Mongolian customs.¹⁷

15. **CAREC continues to implement SPS measures for market access.** The technical support for establishment of pest free areas (PFAs) to gain market access for plants and plant products of Azerbaijan was initiated in collaboration with AFSA and MOA in March 2022. To promote harmonization of laboratory requirements between the PRC and Kazakhstan, the Training on Laboratory Techniques for Equine Diseases was conducted for the veterinary laboratories and academe of Kazakhstan in November 2021.¹⁸ The Knowledge-Sharing on Official Recognition of Foot-and-Mouth Disease (FMD)-Free Status was conducted in November 2021 to increase export of livestock and livestock products of select CAREC countries (Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, and Uzbekistan) to the PRC.¹⁹ The events were co-organized with the World Organization for Animal Health, General Administration of Customs of the PRC, and Harbin Veterinary Research Institute of Chinese Academy of Agricultural Sciences. To strengthen the capacities of Georgia's border officials and relevant agencies on risk assessment legislation and risk-based border control measures for animal by-products, a series of virtual risk assessment trainings were organized in September 2021.²⁰

16. A pilot project in animal identification and traceability systems will be undertaken to support the establishment of FMD-free zone in Punjab, Pakistan targeting buffalo, cattle, and their products. Training modules for hazard analysis critical control points (HACCP) for the meat industry are being developed for Turkmenistan's pilot project on modern and cost-effective food safety management and inspection systems, also targeted for CAREC-wide usability.

17. **Countries express interest to implement CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE) pilot project.** Designed to help trade flow more smoothly and efficiently across the borders, CATS provides a harmonized electronic system for goods in transit. Government changes in some of the three countries participating—Azerbaijan, Georgia, and Kazakhstan—set back finalization of the trilateral agreement, but there is renewed interest to pursue. Bilateral consultations were organized for Kazakhstan to address technical needs and pending national issues on the development and deployment of the CATS/ICE prototype. At the 20th CCC Meeting in September 2021, Azerbaijan and Georgia agreed to sign the agreement bilaterally and open it for accession to other CAREC countries.

18. **Countries adopt measures towards paperless trade.** In 2020, Tajikistan launched its national single window (NSW) information system. Institutional and legal changes for Pakistan's single window was supported by ADB's Trade and Competitiveness Program. The Single Window Act in Pakistan was passed in 2021 and the national single window was launched in 2022 connecting 44 government agencies. In October 2020, Uzbekistan began participating in the IPPC's ePhyto Solution

¹⁵ 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.](#)

¹⁶ <https://www.carecprogram.org/?event=knowledge-sharing-modules-on-carec-trade-regional-improvement-of-border-services>.

¹⁷ <https://www.carecprogram.org/?event=webinar-series-on-customs-and-sanitary-and-phytosanitary-measures-for-mongolia>

¹⁸ <https://www.carecprogram.org/?event=training-on-laboratory-techniques-for-equine-diseases>

¹⁹ <https://www.carecprogram.org/?event=carec-knowledge-sharing-on-official-recognition-of-fmd-free-status>

²⁰ <https://www.carecprogram.org/?event=georgia-training-on-risk-assessment-for-animal-by-products>



and is the first CAREC country to exchange live certificates, followed by the PRC. The *UN Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific*—of which Azerbaijan and the PRC are members—entered into force in February 2021 and Turkmenistan acceded to it in April 2022.²¹ Other countries are at various stages of accession, such as parliamentary ratification for Mongolia and Tajikistan.

19. A scoping study to enhance Azerbaijan's Customs' NSW and its integration with other agencies' systems is being undertaken to develop the roadmap for system upgrade and expand the digitalization of customs services in CAREC countries. A virtual regional workshop co-organized by ADB and UNECE on the Digitalization of Trade Documents in the Shymkent-Tashkent-Khujand (STKEC) Region held on 25 May 2022 sought to identify ways to optimize the digitalization of key documents accompanying goods transported by road or rail in Kazakhstan, Uzbekistan and Tajikistan.²²

Pillar 2: Greater Economic Diversification

20. **CAREC puts priority on digitalization and e-commerce development.** The pandemic has resulted in the rapid adoption of digital technologies and rise of e-commerce transactions. The adoption of national digital strategies and regulatory reforms will help foster development of e-commerce eco-systems. In July 2021, Mongolia joined Azerbaijan and the PRC among the contracting parties to the UN Convention on the Use of Electronic Communications in International Contracts.²³

21. On 21-23 September 2021, the *CAREC Trade Week: Enhancing Cooperation Digital Trade* was organized with discussions on the regulations and infrastructure for nurturing e-commerce; the experience of the PRC in alleviating poverty and responding to the pandemic via e-commerce; and regional and national initiatives on cross-border paperless trade.²⁴

22. ADB and the USAID Future Growth Initiative co-organized a webinar series: *Toward a Central Asian E-Commerce Market* in May 2022. The series featured ongoing initiatives of development partners, best practices and enabling the environment; experiences from other regions on methods to deepen a regional e-commerce agenda; and private sector's views on priority challenges to cross-border e-commerce in the region with the objective of identifying concrete actions toward a regional e-commerce market.²⁵ Similarly, an 18-session training series is organized by the China Association of Trade in Services (CATIS), CAREC Institute, and ADB-PRC Regional Knowledge Sharing Initiative (RKSI) from March to July 2022. It showcases the use of various platforms (AliExpress, TikTok, and eBay) with emphasis on practical instructions for students of national technical vocational education and training institutions.²⁶

23. **CAREC recognizes the need to develop services sectors.** The publication *Developing the Services Sector for Economic Diversification in CAREC Countries*, was launched in an RCI-POD Webinar on 15 March 2022. The webinar focused on the potential of services and recommendations for the balanced development of interdependent services subsectors. Priority services sectors for development are: telecommunications, ICT, financial, education, tourism, transport, quality testing and certification, and agri-related services.

²¹ ESCAP. 2019. *Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific*. Bangkok.

²² <https://www.carecprogram.org/?event=virtual-regional-workshop-on-digitalization-of-trade-documents-in-stkec-region>

²³ UNCITRAL. United Nations Convention on the Use of Electronic Communications in International Contracts (New York, 2005).

²⁴ https://www.carecprogram.org/?page_id=18563

²⁵ <https://www.carecprogram.org/?event=carec-program-usaid-future-growth-initiative-webinar-series-toward-a-central-asian-e-commerce-market>

²⁶ <https://rksi.adb.org/events/knowledge-sharing-series-chinese-best-practice-in-cross-border-e-commerce/>



24. Work is underway to assess issues on technical regulations and standards in CAREC. A preliminary assessment identified gaps and challenges in the region and highlighted the multiplicity of standards and varied conformity assessment procedures. The report was presented at the RTG meeting in September 2021 and is being finalized.

Pillar 3: Stronger Institutions for Trade

25. The CAREC Program continues to support capacity-building, regional policy dialogues, and meetings to bring together relevant trade agencies to share experiences and agree on regional priorities which will form part of CITA 2030's RSAP. Since July 2021, 16 regional or subregional trainings and webinars, and 8 national capacity-building programs (for Azerbaijan, Georgia, Kazakhstan, Mongolia, and Pakistan) were delivered.

26. The 4th RTG meeting in September 2021²⁷ endorsed the RSAP 2021-2023, discussed the outcomes and recommendations of the CAREC Trade Week and invited countries to submit proposals for scoping studies or pilot projects to accelerate digital trade or digital cooperation. The 20th CCC Meeting, held in September 2021, discussed countries' recent policies, digitalization projects, and innovative systems and technologies adopted to facilitate trade and e-commerce and ensure sustainable supply chains across borders.

27. The Korea Customs Service (KCS) organized a high-level trade facilitation policy seminar for CAREC customs authorities in Seoul in May 2022. High-level officials from Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan discussed cooperation projects, such as the modernization of customs procedures and personnel. KCS and ADB are discussing joint initiatives to support digital transformation of CAREC customs agencies, develop business-to-customs platforms, and implement authorized economic operators in the region.

28. In May 2021, a webinar on Good Regulatory Practices (GRPs) to improve SPS Measures was conducted for SPS specialists in Asia-Pacific, including CAREC countries, in collaboration with ADB's Regional Cooperation and Integration Thematic Group and the Standards and Trade Development Facility (STDF) and WTO Secretariat.²⁸ The GRPs were also introduced at the SPS seminar for Pakistan in March to April 2022, which highlighted interagency coordination, prioritizing SPS investments for market access, and digital innovations in agri-food trade.²⁹

29. The CAREC Trade Information Portal was launched in September 2021 and regularly updated with available trade data on CAREC countries. As part of CITA 2030's outreach, CAREC Trade Quarterly Newsletter – *Trade Insights and News* – was first released in March 2022.³⁰ The newsletter features insights from policy dialogues and knowledge-sharing events, results and outcomes of investment and technical assistance projects, knowledge products and services, and upcoming events.

30. The online portal on corridor performance measurement and monitoring (CPMM) has been developed to facilitate wider awareness and use of CPMM by providing access to aggregate CPMM data. The CPMM Annual Report 2020 was published in December 2021, while the 2021 report is

²⁷ https://www.carecprogram.org/uploads/Highlights-of-Discussion-of-4th-RTG-Meeting_20210930_EN.pdf

²⁸ <https://www.carecprogram.org/?event=adb-stdf-virtual-seminar-on-good-regulatory-practices-to-improve-sanitary-and-phytosanitary-measures>

²⁹ <https://www.carecprogram.org/?event=adb-wto-pakistan-seminar-on-sanitary-and-phytosanitary-sps-measures>

³⁰ <https://sway.office.com/Lf4vFQS6uF0BWvNO>



forthcoming.³¹ In March 2022, a methodology review and consultation workshop was conducted to expand and strengthen the CPMM methodology, improve its data collection and validation, and effectively promote use of CPMM data and analysis in policy-related decision-making, as well as in independent research. In February 2022, ADB invited call for proposals and seven studies were selected looking at innovative ways of using the CPMM data and their policy implications on trade, transport, and trade facilitation.

31. In terms of engagement with the private sector, ADB has concluded its financial and technical assistance to CAREC Federation of Carrier and Forwarders Associations (CFCFA) in October 2021. As part of the implementation of its business model for self-sustainability, CFCFA led the organization of its First Informative and Networking Workshop for Transport and Logistic Companies in the CAREC Region, attended by 40-50 private sector participants. The paid event contributed to the CFCFA budget to help sustain its operation without ADB funding.

32. Several CAREC trade knowledge products were published: *Expanding Agri-Trade in Central Asia through the Use of Electronic Certificates* (ADB Brief No. 184, July 2021); *E-Commerce in CAREC: Laws and Policies* (August 2021); *Developing the Services Sector for Economic Diversification in CAREC Countries* (December 2021); *CAREC Corridor Performance Measurement and Monitoring Annual Report 2020* (December 2021); and *E-Commerce in CAREC Countries: Infrastructure Development* (March 2022).

C. Challenges and Key Issues

33. While the persistence of the COVID-19 pandemic still poses a threat to economies, milder health impacts and progress in vaccination contributed to improved trade performance. With the continuing uncertainty aggravated by geopolitical situation, a strategic and coordinated approach – and continuing the momentum of CITA 2030 – must be undertaken to facilitate and diversify trade. The 12th WTO Ministerial Conference calls for global actions on various topics and CAREC countries must take full advantage of innovation, e-commerce, and other emerging opportunities.

34. At the program level, the absence of face-to-face meetings limit exchanges and discussions and effectiveness of capacity-building activities. The difficulty in obtaining national-level data and online reference materials also constrain in-depth technical analysis. These challenges coupled with shrinking resources are likely to affect sustainability, commitment and engagement of government stakeholders to implement activities under the CITA's RSAP.

D. Work Program for Coming Year/Period

35. The CITA 2030 remains relevant and RSAP interventions need to align with CAREC members' priorities and adapt to the changing environment. The RSAP 2021-2023³² incorporates the outcomes of the CAREC trade meetings in September 2021 and includes:

³¹ ADB. 2021. CAREC Corridor Performance Measurement and Monitoring Annual Report 2020. Manila. <https://www.adb.org/publications/carec-cpmm-annual-report-2020>. **Error! Hyperlink reference not valid.** Link to the Russian version <https://www.adb.org/ru/publications/carec-cpmm-annual-report-2020>

³² https://www.carecprogram.org/uploads/Appendix-2-CITA-2030-RSAP-2021-2023_EN.pdf



- Continued support and knowledge-sharing on implementation of WTO commitments and accession of remaining CAREC members;
- Investment scoping and upgrade of laboratories and border inspection facilities in identified border crossing points;
- Mapping of technical regulations, standards and conformity assessment procedures to identify trade barriers and areas of reforms, projects and capacity-building;
- Capacity-building for national trade agencies on free trade agreements and topics that cater to specific needs and circumstances;
- Reviving the SPS National Working Groups and supporting the implementation of CAREC members' national SPS strategies and priority action plans in coordination with development partners;
- Implementing SPS measures to gain market access for plants, livestock and their products;
- Promotion of e-commerce and digital trade by enhancing e-customs systems, adoption of e-SPS certificates, implementation of transit agreements, and supporting digital transformation (e.g., Digital CAREC Strategy 2030, Digital Trade Forum); and
- Creating synergy between CAREC trade and other sectors' initiatives (e.g., tourism, agriculture and human development, health) to facilitate trade and movement of people and goods while increasing resilience to transboundary threats and diseases as part of One-Health approach.

E. Deliverables for the Ministerial Conference

36. For the 21st CAREC Ministerial Conference, key trade deliverables include:
- (i) *Trade Facilitation in CAREC: A 10-year Corridor Performance Measurement and Monitoring Perspective*, with a conference on 10 August 2022;
 - (ii) *CAREC Customs Week* to commemorate the 20th Year of Customs Cooperation Committee in September 2022; and
 - (iii) *CAREC Digital Trade Forum*, a key event aimed to launch a public-private/trilateral knowledge partnership in October 2022.

F. Key Issues for Guidance by the Senior Officials' Meeting

37. Endorsement of key deliverables for the 21st CAREC Ministerial Conference is requested.



Appendixes

1a. CAREC Trade in Goods , 2020

	Trade in Goods (\$ million)	Trade in Goods with CAREC (%)
Azerbaijan	24,495	11.4
PRC	4,658,486	1.4
Georgia	11,411	21.4
Kazakhstan	87,074	24.6
Kyrgyz Republic	5,652	35.3
Mongolia	12,948	57.2
Pakistan	68,023	23.3
Tajikistan	3,962	47.1
Turkmenistan	9,786	62.2
Uzbekistan	33,082	33.9
CAREC-10	261,772	8.1 ^{/a}
CAREC	4,920,258	2.8

Notes: ^{/a} CAREC-10 excludes the People's Republic of China (PRC). Sources: ADB. Asia Regional Integration Center (ARIC) database, <https://aric.adb.org/integrationindicators>; (accessed 22 May 2022).

1b. CAREC Foreign Direct Investment Inflows (cumulative, 2001–2020)

	Total Investment Inflows (\$million)	Intra-CAREC Investments (%)
Azerbaijan	31,218	0.7
People's Republic of China	2,091,454	0.03
Georgia	21,157	17.6
Kazakhstan	143,895	14.7
Kyrgyz Republic	5,395	84.7
Mongolia	19,340	34.7
Pakistan	42,782	23.2
Tajikistan	5,191	14.6
Turkmenistan	38,373	0.27
Uzbekistan	17,721	2.4
CAREC-10	327,031	1.7 ^{/a}
CAREC	2,418,485	2.0

Note: ^{1/a} CAREC-10 excludes the PRC. Source: ADB. Asia Regional Integration Center (ARIC) database <https://aric.adb.org/integrationindicators> (accessed 22 May 2022).

1c. Gross Domestic Product (% growth)

Country	2020 (%)	2021 (%)	2022 (%)
Azerbaijan	-4.3	5.6	3.7
PRC	2.2	8.1	5.0
Georgia	-6.8	10.6	3.5
Kazakhstan	-2.5	4.0	3.2
Kyrgyz Republic	-8.4	3.6	2.0
Mongolia	-4.6	1.4	2.3
Pakistan	-1.0	5.6	4.0
Tajikistan	4.5	9.2	2.0
Turkmenistan	...	5.0	6.0
Uzbekistan	1.9	7.4	4.0

Note: 2022 are projections.

Source: ADB 2022. Asian Development Outlook 2022 Statistical Appendix Tables (accessed 23 May 2022)



1d. Commercial services, exports and imports, 2018–2020

	Exports (\$ million)			Imports (\$ million)		
	2018	2019	2020	2018	2019	2020
Azerbaijan	4,661	3,727	2,594	6,679	6,303	5,386
PRC	269,697	281,651	278,084	520,683	496,967	377,528
Georgia	4,392	4,510	1,503	2,171	2,360	1,401
Kazakhstan	7,070	7,467	4,837	11,850	11,331	7,969
Kyrgyz Republic	813	1,080	439	946	1,006	555
Mongolia	1,154	1,228	651	2,584	3,200	2,083
Pakistan	4,695	4,656	4,378	11,130	9,724	7,306
Tajikistan	238	239	136	434	479	404
Uzbekistan	2,731	3,075	1,693	5,167	5,334	3,483
CAREC-9	26,375	26,486	16,828	42,272	40,897	29,629
% change CAREC-9		0.4	-36.4		-3.2	-27.6

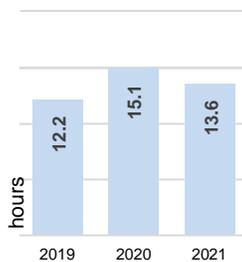
Note: CAREC-9 excludes the People’s Republic of China (PRC) and Turkmenistan (no data).

Source: WTO. <https://data.wto.org/> (accessed 23 May 2022)

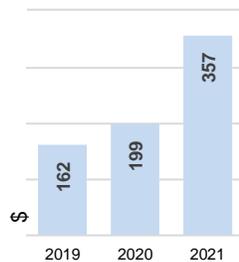
1e. Trade Facilitation Indicators (2019–2021)

Road Transport

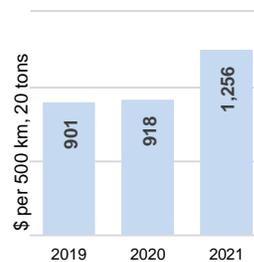
TFI1: Time taken to clear a BCP



TFI2: Cost incurred at BCP



TFI3: Cost incurred to travel a corridor section

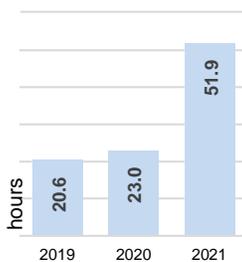


TFI4: Speed to travel on CAREC corridors



Rail Transport

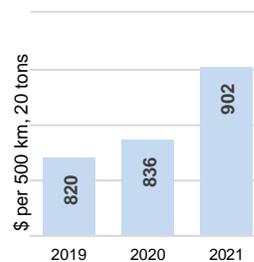
TFI1: Time taken to clear a BCP



TFI2: Cost incurred at BCP



TFI3: Cost incurred to travel a corridor section



TFI4: Speed to travel on CAREC corridors



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.



CAREC ECONOMIC CORRIDORS SECTOR PROGRESS REPORT AND WORK PLAN

JULY 2021 – JUNE 2022

Reference Document
Virtual Senior Officials' Meeting
Central Asia Regional Economic Cooperation
28 June 2022

ABBREVIATIONS

ADB	Asian Development Bank
ABEC	Almaty – Bishkek Economic Corridor
CAREC	Central Asia Regional Economic Cooperation
COVID-19	coronavirus disease
DMC	developing member country
ECD	economic corridor development
MC	Ministerial Conference
PRC	People’s Republic of China
STKEC	Shymkent-Tashkent-Khujand Economic Corridor
TA	technical assistance



I. KEY DEVELOPMENTS AND RESULTS

1. The CAREC Economic Corridors sector achieved several strategic milestones during the reporting period (July 2021 – June 2022). The reporting period was affected by the COVID-19 pandemic. Due to quarantine measures and travel restrictions, most planned physical meetings and field activities were conducted virtually, with a reduced scale. Overall, despite the pandemic, the momentum for economic corridor development (ECD) in the region is high. CAREC countries are promoting ECD as a national development strategy to strengthen economic links and drive trade through cross-border cooperation to achieve wider economic benefits. Key achievements as well as the progress on the outcome and outputs indicators included in the CAREC results framework for the economic corridors sector are described below.

A. Key Achievements

- **The Almaty-Bishkek Economic Corridor (ABEC)**

2. During the sixth ABEC Subcommittee on 15 March 2022, both governments agreed to intensify the cooperation on strengthening connectivity, facilitating agribusiness development, reigniting regional tourism, creating a regional network of medical reference laboratories, and fighting air pollution. Specific achievements are outlined below.
 - Under the TRTA: ABEC: Preparing the Modern Agriculture Wholesale Market Development Project, a consultant firm is finalizing the feasibility study and advanced design of 2 wholesale markets and 4 trade logistics centers for the Kyrgyz Republic. The project is planned to be approved by ADB in 2023.
 - For the ABEC Regional Improvement of Border Services Project, a process and design concept was developed for three Kazakh-Kyrgyz road border crossing points and one planned training center. The project is planned to be approved in 2023.
 - Kazakhstan and the Kyrgyz Republic signed the ABEC Action Plan for the development of medical reference laboratories 2022–2024 in September 2021. ADB is supporting this effort under Strengthening Regional Health Security Project for the Kyrgyz Republic and through technical assistance support for Kazakhstan.
 - In December 2020, the Almaty—Issyk-Kul Alternative Road Economic Impact Assessment was finalized and published. ADB continues to work with both governments to develop the project as a public-private partnership, starting with a legal screening.
 - To implement the ABEC Tourism Master Plan, i) ADB included tourism infrastructure in the Kyrgyz Republic under the Issyk-Kul Environmental Management and Sustainable Tourism Project; ii) ADB approved a small-scale technical assistance project to develop a pre-feasibility study for the Turgen ski resort in Kazakhstan; and
- iii) ADB engaged the United Nations World Tourism Organization to develop a joint ABEC Accommodation Classification System, and harmonized COVID-19 health and safety regulations for domestic, regional, and international tourism.
 - ADB provided support to improve the air quality in the heavily polluted cities of Almaty and Bishkek. As a first step, 50 air quality measuring devices have been deployed in Bishkek in January 2021. Following the successful implementation in Bishkek, ADB has procured another 50 air quality monitoring devices for full deployment in Almaty by July 2022.



- **The Shymkent-Tashkent-Khujand Economic Corridor (STKEC)**

3. ADB has mobilized an additional \$1 million in TA resources in November 2020, to help advance work in the identified thematic focus areas for the STKEC development. Specific activities and achievements during the reporting period are summarized below:

- Two ECD related capacity building regional workshops were held in 2021 and 2022 to facilitate digital documents for improved trade in the STKEC region: (i) on TIR digitalization co-organized virtually by ADB and International Road Transport Union in September 2021, and (ii) on digitalizing trade documents co-organized virtually with UNECE virtually in May 2022. Relevant government officials from the STKEC countries and private sector partitioners, as well as development partners participated and shared progress, challenges and opportunities in digitalization and streamlining documents including digital TIR in the STKEC region.
- In November 2021, a consulting firm—PricewaterhouseCoopers Pvt Ltd (PwC) India and associated firms in Central Asia was engaged through competitive bidding process to conduct two prefeasibility studies—the establishment of (i) an International Center for Industrial Cooperation between Kazakhstan and Uzbekistan, and (ii) a Trade and Logistics Center in Sughd Oblast of Tajikistan, and related capacity building activities.
- In December 2021, the consultant team held a series of virtual consultation workshops with multi-stakeholders in Kazakhstan, Uzbekistan, and Tajikistan on the scope, methodologies, and timelines of the two studies. From February to April 2022, additional bilateral consultation meetings with government agencies in the three countries were undertaken virtually to seek feedback, guidance, and support from multiple stakeholders of the three countries on the proposed studies.
- Inception report of the two prefeasibility studies has been completed and shared with countries for consideration.

- **ADB Support for Economic Corridor Development Planning in Pakistan**

4. ADB has completed a £2 million TA funded by the United Kingdom's Foreign, Commonwealth & Development Office. The TA supported economic corridor planning to help Pakistan Government better unleash the benefits of regional cooperation and integration, particularly offered by the CAREC Program in Pakistan. A key output of the TA—Economic Corridor Development in Pakistan: Concept, Framework, and Case Studies was published in February 2022. The publication was widely disseminated with positive feedback from the Pakistan government.

- **SSTA on a New Operational Economic Corridor Development Framework for Central Asia and Beyond**

5. The ADB TA aims to enhance the existing economic corridor development (ECD) concept and definition in light of recent research advances in areas of regional public goods, cross-border regional development, and spatial approaches to ECD, to further increase the relevance and effectiveness of ECD in ADB developing member countries. Progress during reporting period is summarized below:

- Draft ECD framework and ECD operational guidelines prepared by consultants are being reviewed and enhanced through intensive brainstorming and discussions among



ADB RCI and ECD experts and external experts.

- A regional ECD model that reflects wider economic benefits with pertinence to the diversity of regions in Asia is being piloted in a sub-corridor under the GMS Southern Economic Corridor region, which will provide good reference and inputs for the ECD study.

B. CAREC 2030 Results Framework: Economic Corridors Sector

6. The CAREC 2030 Results Framework was endorsed at the 19th CAREC Ministerial Conference (MC) on 7 December 2020. It includes outcome and output indicators across the five operational clusters of the CAREC 2030 Strategy. Under operational cluster 2 (trade, tourism and economic corridors), the following progress has been achieved in the Economic Corridors outcome and output indicators from 2017 to 2021:

Table 1. CAREC 2030 Results Framework: Economic Corridors

Outcome	Indicator	2017	2021
Economic corridors applied by CAREC countries to strengthen economic links and drive trade and development of cross-border regions	Cross-border economic corridor concepts included in national development strategies of CAREC countries	4 countries (PRC, KAZ, KGZ, PAK)	7 CAREC countries (PRC, KAZ, KGZ, MON, PAK, TAJ, UZB)
Output	Indicator	2017	2021
ECD related projects developed and implemented	ECD related sector development concepts included in national development strategies of CAREC countries	4 countries (PRC, KAZ, KGZ, PAK)	7 CAREC countries (PRC, KAZ, KGZ, MON, PAK, TAJ, UZB), sectors such tourism, cross-border transport, agriculture value chain, health
ECD related projects developed and implemented	Projects supporting priority sectors for ECD developed and implemented	1 TA (\$1.75 million) (ABEC Support)	1 additional financing (\$0.725 million) for ABEC TA; 1 TRTA (\$2 million) supporting the preparation of modern agriculture wholesale market development project for ABEC; 1 TA and 1 additional financing (\$1.8 million) on assessing potential of STKEC.

II. CHALLENGES AND KEY ISSUES

7. ECD involves multi-sector development and multidisciplinary approaches and is, by nature, a complex process. A cross-border economic corridor aims to connect different sectors and industries in several countries by applying a coherent spatial economic development approach as if they were in one country. This process involves even more complex and difficult challenges including complex and long development process; addressing hard infrastructure gaps and soft infrastructure bottlenecks; cross-border policy coordination; private sector participation; and measuring the impacts of economic corridors.

8. The prolonged COVID-19 pandemic has placed significant pressure on CAREC



economies, with cross-border economic cooperation related sectors the most severely impacted, which directly affecting the economic corridors sector in CAREC. The tourism sector is among the hardest hit, reflected in significantly reduced international tourist arrivals due to border closure, flight suspension, and quarantine requirements. With the pandemic situation easing in most CAREC countries, ECD related activities including project development and implementation will gradually pick up and increase.

9. Another key challenge for successful cross-border ECD is strong political commitment among the participating countries, for aligning/coordinating complex policies (e.g., rules and regulations) at both borders, to achieve intended results, including at the national, provincial and city level.

III. WORK PROGRAM FOR JULY 2022–JUNE 2023

10. The implementation of the CAREC Economic Corridors related activities will continue over the next 12 months. Regional projects and initiatives as well as analytical and knowledge products to be completed and/or initiated from July 2022–June 2023 include the following:

- **The Almaty-Bishkek Economic Corridor**

11. Support for the ABEC activities will include the following:

- The feasibility study for ABEC: Preparing the Modern Agriculture Wholesale Market Development Project and detailed design are planned to be finalized and the project is scheduled for approval in late 2022.
- The ABEC Regional Improvement of Border Services Project feasibility study and detailed design are expected to be finalized and the project is scheduled for approval in late 2022.
- The Issyk-Kul Lake Environmental Management for Sustainable Tourism Development Project will be supported through conceptualizing regionally relevant tourism infrastructure at the Kyrgyz lake Issyk-Kul. The project is scheduled for approval in late 2022.
- The Strengthening Diagnostic and Reference Laboratory Capacity Project will be supported through the finalization of a joint reference laboratory action plan between Kazakhstan and the Kyrgyz Republic. The project is planned to be approved in late 2022.
- Support to the implementation of the regional public-private partnership project to build an alternative more direct road between Almaty and lake Issyk-Kul is planned in cooperation with the governments of Kazakhstan and the Kyrgyz Republic.
- To implement the ABEC Tourism Master Plan, the development of a pre-feasibility study for the Turgen ski resort in Kazakhstan is being prepared; and a joint ABEC Accommodation Classification System and harmonized COVID-19 health and safety regulations for domestic, regional, and international tourism were developed.
- Deployment of 50 air quality monitoring devices in Almaty city as well as air quality related training for the Kazakh Hydrometeorological Agency.

- **The Shymkent-Tashkent-Khujand Economic Corridor**

12. Support for the STKEC development will include following:



- Complete two prefeasibility studies on the establishment of (i) an International Center for Industrial Cooperation between Kazakhstan and Uzbekistan, and (ii) a Trade and Logistics Center in Sughd Oblast of Tajikistan.
- Support the institutionalization of the STKEC by facilitating the establishment of a Technical Working Group on Transport Connectivity and Trade Facilitation among the STKEC countries during the first regional workshop discussing the draft report of the two prefeasibility studies.
- Conduct ECD-related knowledge sharing activities to raise awareness and strengthen institutional capacity, including a study tour outside the STKEC region to learn through hands-on experience of good ECD practices.
- A regional workshop to disseminate the final report of the two prefeasibility studies.

• **SSTA on a New Operational Economic Corridor Development Framework for Central Asia and Beyond**

13. The ADB TA team will work closely with the RCI Thematic Group Secretariat in the Sustainable Development and Climate Change Department, and the other relevant regional departments (East Asia Department, and South Asia Department) by demonstrating a “One ADB” approach in completing the implementation of the TA.

- Complete the ECD study and conduct a regional workshop to discuss major findings, solicit comments and feedback for improvement.
- Conduct a knowledge sharing activity to discuss findings on the ECD modeling in a sub-corridor under the Southern Economic Corridor in GMS.
- Finalize the ECD study and the ECD modeling by December 2022.

IV. DELIVERABLES FOR 2022 MINISTERIAL CONFERENCE

14. The following list provides an overview of deliverables to be achieved until end of 2023.

Deliverables	Timing (2022)	Description	SOM/MC action
ABEC: Preparing the Modern Agriculture Wholesale Market Development Project Feasibility Study	Q3	A feasibility study for modern agriculture wholesale markets and trade logistic centers in the Kyrgyz Republic.	For information
ABEC joint accommodation classification system	Q1	The United Nation World Tourism Organization will develop joint standards for the tourism accommodation system in Kazakhstan and the Kyrgyz Republic to support regional tourism development.	For information
First STKEC Technical Working Group on Transport Connectivity and Trade Facilitation established	Q4	The technical working group will provide guidance to transport and trade sector cooperation for the STKEC development, including the conduct of the two prefeasibility studies.	For information



A flagship publication on ECD development for Pakistan delivered	Q1	The report provides analysis of ECD and special economic zones as policy instruments for improving Pakistan's competitiveness and enhancing regional economic connectivity and integration, helping Pakistan strengthen economic linkage with CAREC countries.	For information
A New Operational Economic Corridor Development Framework for Central Asia and Beyond and ECD operational guidelines for ADB operations provided	Q4	The ECD framework will consider the characteristics of different regions, particularly the Central and West Asia region, the global best practice and recent research advances in areas of regional public goods, cross-border regional development, and spatial approaches to economic corridors. The ECD operational guidelines will demonstrate new features of ECD and the integrated efforts needed to operationalize ECD concepts into investment projects, by highlighting the different regional and country situations to be considered, as well as opportunities and challenges in scaling up ECD projects in Central and West Asia region, and other ADB DMCs.	For information