



Knowledge Sharing Program on Promoting Regional Cooperation and
Integration for Economic Corridor Development in the CAREC Region
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Concept of Economic Corridor and Road Map for Shymkent-Tashkent-Khujand Economic Corridor Development

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Outline

- Definitions of an economic corridor and a transnational economic corridor (TNEC)
- History of economic corridors
- Examples of modern TNECs
- Effects of TNECs (evidence from Southeast Asia)
- Road map for Shymkent-Tashkent-Khujand economic corridor (STKEC) development
- Progress and challenges in the implementation of the road map

Definitions of Economic Corridor and TNEC

- An economic corridor can be defined as a geographical region that consists of several cities and the areas around and between them and is characterized by
 - strong economic linkages among its constituent parts
 - relatively high density of economic activity in all or most of its parts
- A TNEC is an economic corridor that spans two or more countries
- A TNEC combines agglomeration (clustering of economic activity) with regional economic cooperation and integration (RCI)

Other Features of Economic Corridors

- Relatively high population density
- Superior internal and external transport connectivity
- No or low barriers to cross-border movement of goods, services, persons and capital (in the case of TNECs)
- well-developed energy, communication, irrigation and other infrastructure required for robust economic activity (in modern economic corridors)
- Relatively large shares of manufacturing and services in aggregate output (in modern economic corridors)

History of Economic Corridors

- Throughout the history of mankind, numerous economic corridors, including TNECs, emerged without government intervention along major roads, rivers, and international trade routes
- During the 20th century, the governments of various countries established national economic corridors to achieve certain development objectives, such as promoting industrialization and a spatially balanced economic development
- Since the late 1990s, governments of neighboring countries have increasingly used TNECs as a tool for deepening RCI and boosting shared prosperity

Examples of Modern TNECs

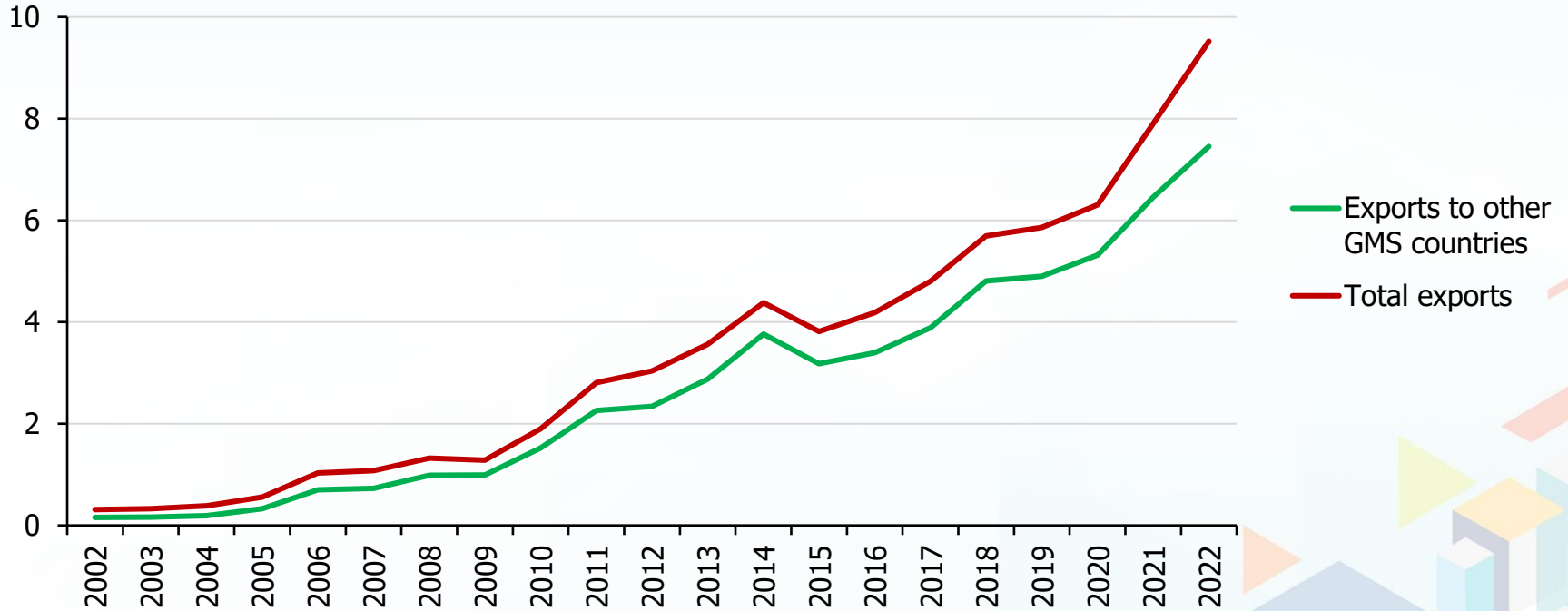
- Greater Mekong Subregion Economic Corridors
- Almaty-Bishkek Economic Corridor
- China-Pakistan Economic Corridor
- Oresund Region
- Cascadia Innovation Corridor
- Maputo Development Corridor

Effects of TNECs

- Reductions in transport (travel) costs and times for goods (people)
- An increase in foreign direct investment (FDI) inflows and economic activity, including international trade and tourism
- Faster growth of manufacturing and services
- A rise in labor productivity and average income
- A decrease or an increase in income inequality
- More congestion and more pollution

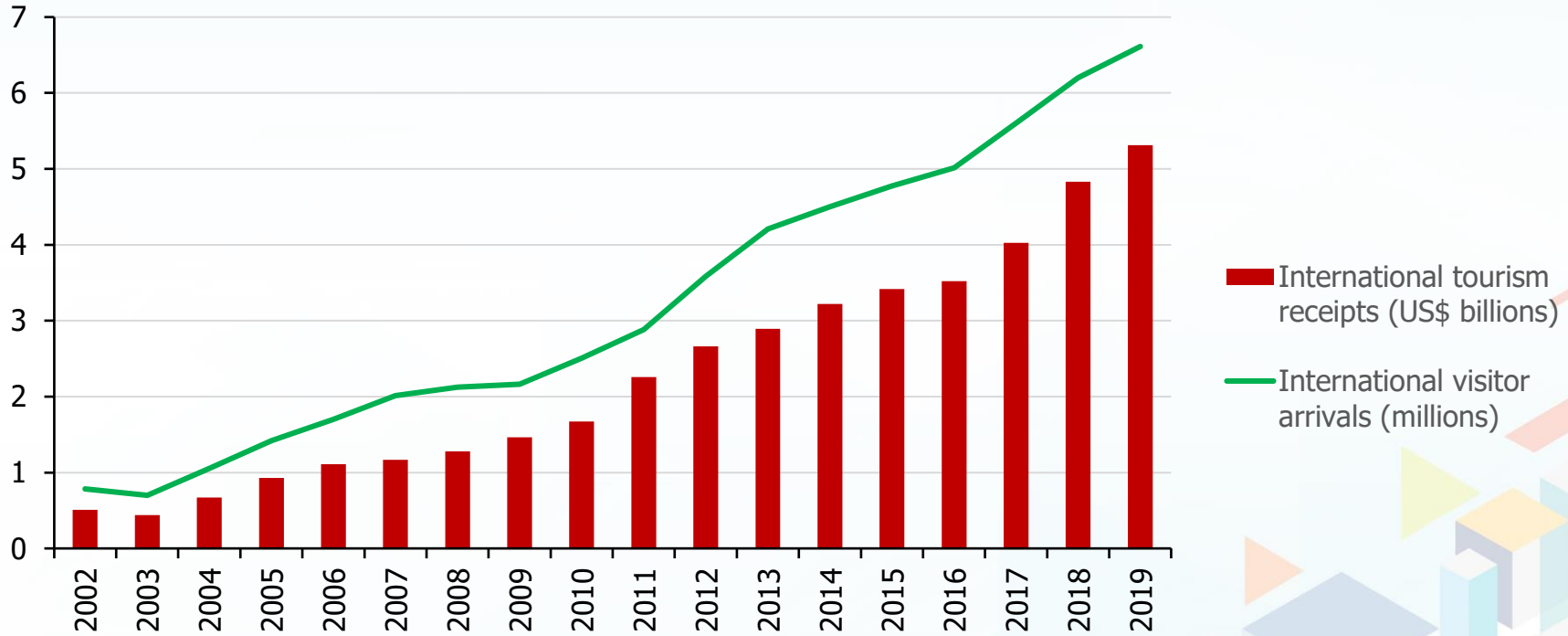
Lao PDR: Merchandise Exports, 2002-2022

(US\$ billions)



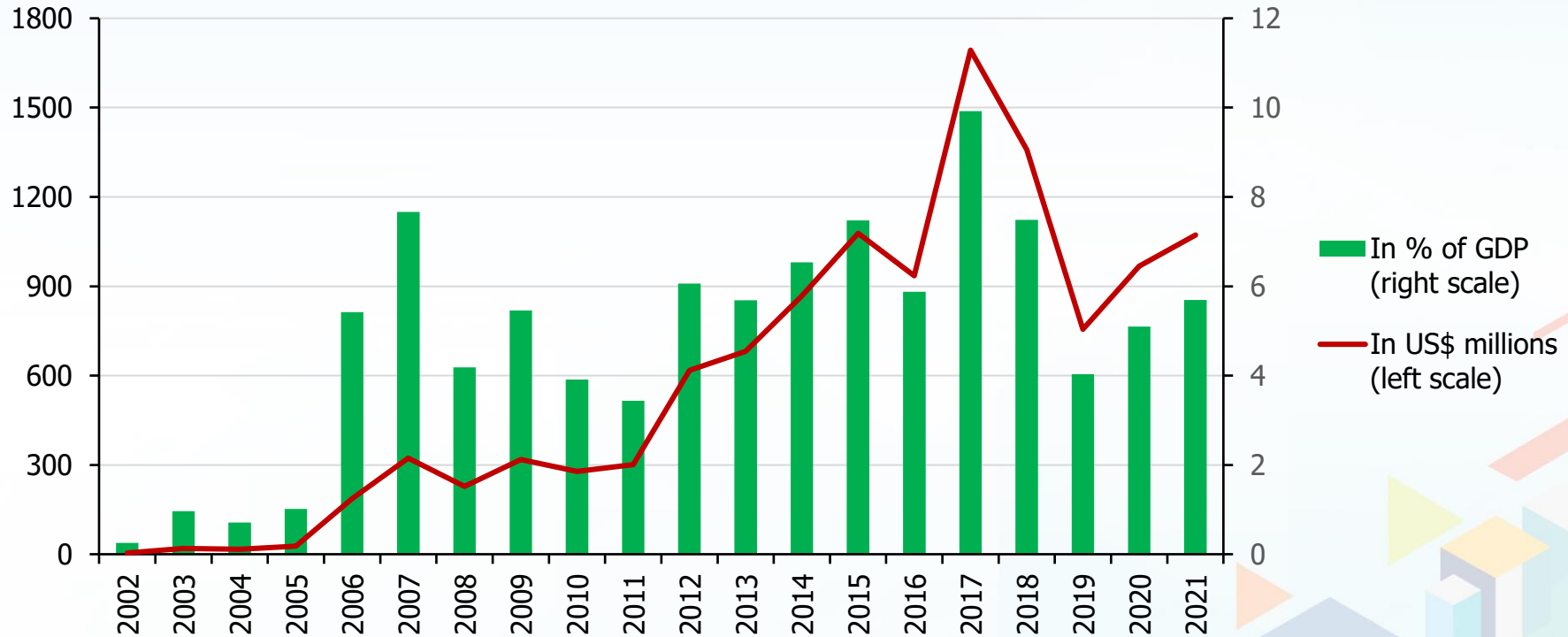
Source: IMF's Direction of Trade Statistics

Cambodia: International Visitor Arrivals and Tourism Receipts, 2002-2019



Source: World Development Indicators database

Lao PDR: Net FDI Inflows, 2002-2021



Source: World Development Indicators database

Key Steps in Formulation of Road Map for STKEC Development

- Approval of the technical assistance (TA) by ADB (October 2018)
- TA inception missions (May 2019)
- Field research (July-September 2019)
- First regional workshop (December 2019)
- Second regional workshop (August 2020)

Opportunities in STKEC Region

- Significant scope to increase intraregional merchandise trade (including intra-industry trade) and reduce supply-chain risks
- Considerable potential for expansion of intraregional trade in services (e.g. tourism, education and health care)
- Opportunities to boost—through RCI—FDI inflows and exports of goods (e.g. horticulture products) and services (e.g. tourism-related services) to other countries
- Opportunities for expansion of transit trade

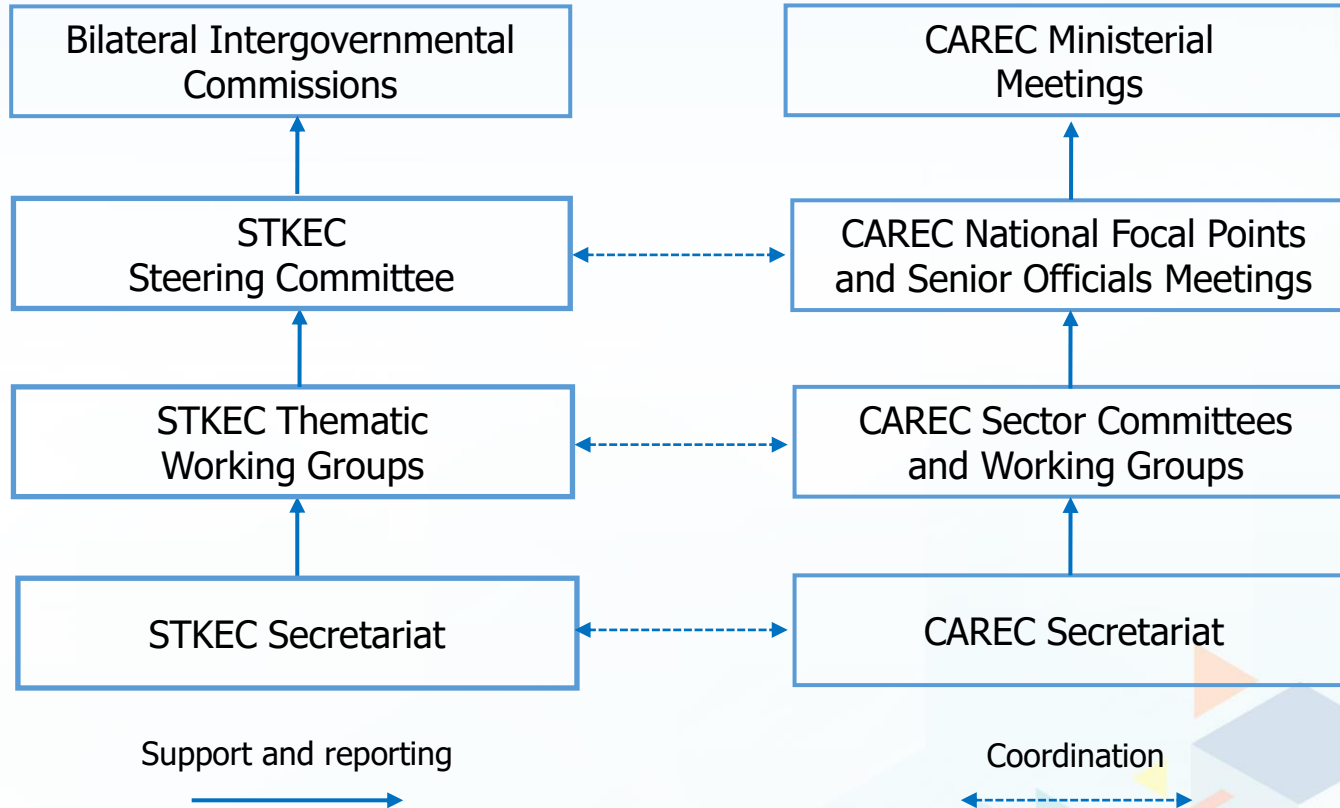
Thematic Focus Areas

- Improvement of road and railway transport connectivity
- Modernization of border crossing points and border management
- Development of horticulture value chains
- Modernization of sanitary and phyto-sanitary measures and development of food quality certification services
- Development of regional tourism
- Development of special economic zones and industrial zones

Expected Results (Vision for STKEC)

- Close economic cooperation among the Kazakh, Tajik, and Uzbek parts of the STKEC
- Superior transport connectivity of the STKEC
- Seamless movement of vehicles, goods, and people across borders within the STKEC
- Extensive cross-border trade and investment flows within the STKEC
- High levels of trade with the rest of the world
- Larger shares of manufactures and services in exports

Proposed Institutional Setup



Progress in Road Map Implementation

- Approval of additional TA resources by ADB (November 2020)
- Prefeasibility studies on the establishment of
 - i. International Center for Industrial Cooperation on the border between Kazakhstan and Uzbekistan (being finalized)
 - ii. Trade and logistics center in Sugd province (being finalized)
- Knowledge sharing and capacity building
 - i. ADB-IRU workshop on TIR digitalization (September 2021)
 - ii. ADB-UNECE workshop on digitalization of trade documents (May 2022)
- Support for STKEC institutionalization
 - i. Establishment of the Steering Committee and Thematic Working Groups (planned)

Recent RCI Projects and Initiatives in STKEC Region

- Modernization of several BCPs (2019-present)
- Launch of passenger railway service between Tashkent and Khujand cities (June 2022)
- Signing of an action plan for collaboration between Turkestan and Tashkent provinces for 2023-2024 (December 2022)
- Construction of a Kazakh-Uzbek multimodal logistics center in Tashkent province (planned)
- Establishment of an Uzbek-Tajik trade and industrial zone near the Oybek-Fotehobod BCP (planned)

Challenges

- Ensuring continued support of numerous stakeholders, including government agencies at the national, provincial and city levels in all three STKEC countries
- Ensuring active private sector involvement, in particular in the form of investments
- Lowering barriers to cross-border movements of people, vehicles and goods while ensuring public safety and security
- Ensuring that benefits of STKEC development are broadly shared

Favorable Factors

- Strong historical, cultural and ethnic ties among the three countries/provinces/cities
- Recent improvements in bilateral relations among the STKEC countries
- High priority attached by the government of all three countries to deepening regional and global economic integration
- Membership of all three countries in a number of regional cooperation organizations and programs

Thank You