CAREC as a regional mechanism regarding private sector development in trade

*Closing Workshop and Regional Expert Forum by GIZ SCSI*

Trade as a main driver to improve economic regional integration

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The Central Asia Regional Economic Cooperation Program-CAREC is:

- a partnership of 11 countries (Afghanistan, Azerbaijan, People's Republic of China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan),
- supported by 6 multilateral institutions (Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), International Monetary Fund (IMF), Islamic Development Bank (IsDB), United Nations Development Programme (UNDP), and World Bank),
- working together to promote development through cooperation,
- leading to accelerated growth and poverty reduction in the region.
CAREC timeline

CAREC CENTRAL ASIA REGIONAL ECONOMIC COOPERATION PROGRAM

TIMELINE 1996–2017

1996
Tajikistan joins CAREC

1997
Regional technical assistance to promote regional economic cooperation

1998
2000

1999
First CAREC Senior Officials’ Meeting is held in Kuala Lumpur, attended by delegations from Afghanistan, the PRC, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan.

2001
In 2001, six CAREC-related projects were approved with a combined value of $247 million.

2002
The CAREC Secretariat is established as the Asian Development Bank.

2003
First Ministerial Conference reaches consensus for a feasible, practical approach with a results-oriented institutional framework.

2004
Transport and trade policy coordinating committees are established. The private sector is encouraged to take part in the program.

2005
Comprehensive Action Plan

2006
The CAREC Trade Policy Action Plan is integrated to help liberalize trade regimes and increase connections into the WTO.

2007
The Erdenes project, which is a cashew nut processing plant, is launched in Uzbekistan.

2008
Inner Mongolia Autonomous Region of the PRC is brought into the partnership.

2009
68 projects worth $22 billion are prioritized to complete the six CAREC transport corridors.

2010
Pakistan and Turkmenistan join CAREC

2011
CAREC concludes its first commercial project.

2012
CAREC launches its first regional connectivity project.

2013
Ministers advocate the Transport and Trade Facilitation Strategy.

2014
Kazakhstan and the Kyrgyz Republic sign the Almaty–Bishkek Corridor Initiative to kickstart CAREC’s economic corridor development drive.

2015
Georgia becomes the 11th member of CAREC

2016
Georgia participates in the 18th Ministerial Conference

As of end September 2017, $30.5 billion in investments have gone into 112 CAREC-related projects.

CAREC Institute’s physical base is launched in Urumqi, Xinjiang Uyghur Autonomous Region, PRC

CAREC Institute hosts its 9th Ministerial Conference

Ministers endorse CAREC 2020, a new framework to guide CAREC to better connect people, policies and projects as an open and inclusive platform.
ADB support for CAREC

- ADB has provided secretariat services to the Central Asia Regional Economic Cooperation (CAREC) program since its inception in 2001.
- By the end of 2017, a total of $31.6 billion had been invested through 185 CAREC-related projects by a variety of multilateral, bilateral, and domestic sources.
- CAREC focus on strengthening the interconnection (hard and soft) of transport, trade facilitation, energy, and trade policy.
As of September 2018, $580 million has been invested in 16 projects to support growth in trade in the CAREC region.
Trade and Trade Policy in CAREC

Trade is critical to all CAREC economies. As landlocked nations rich in natural and other resources the ability to efficiently interact with world markets is critical to achieve sustainable economic growth.

CAREC’s Trade Policy Strategic Action Plan (TPSAP) seeks to achieve trade expansion through regional cooperation. The main goals are

- increasing trade openness to stimulate stronger growth and development, contributing to poverty reduction;
- helping all CAREC countries achieve World Trade Organization (WTO) membership;
- capacity building in the area of trade and trade policy.
The long-term strategy CAREC 2030, aims to strengthen CAREC’s role as a catalyst for trade expansion and economic diversification.

The latest document, CAREC Integrated Trade Agenda (CITA) 2030 aims to assist CAREC members to integrate further into the global economy.

It seeks to enhance the growth potential of CAREC members and improve the living standards of its people.
CAREC Integrated Trade Agenda 2030 (CITA)

three pillars for private sector inclusion:

(i) **Trade expansion from increased market access.** CITA will promote the adoption of more open trade policies and deepening of customs cooperation. This will include measures to liberalize tariffs, eliminate nontariff barriers to trade, make border and behind-the-border procedures more efficient, improve logistics services, enhance transit systems.

(ii) **Greater diversification.** CITA will create an enabling environment for economic diversification through supporting reforms, providing financing, and linking CAREC countries with the *global and regional value chains*. This will include measures to improve access to trade finance, adopt consistent and open foreign direct investment.

(iii) **Stronger institutions for trade.** CITA will promote better coordination of sectoral policies and priorities, evidence-based policymaking, and enhanced capacity of government agencies. It will improve data collection and cross-country analysis, enhance officials’ policy analysis and negotiation skills, and increase participation of think tanks and the private sector.
CAREC Trade related Institutional Structure

Figure A2a: Institutional Structure

CAREC Ministerial Conference

Senior Officials’ Meeting / National Focal Points’ Meeting

Regional Trade Group
- Overarching trade issues
- Appointed representative of the country +, NCTF

Customs Cooperation Committee
- Customs-related issues
- Heads of customs organizations

Enhanced Coordination

CAREC Secretariat
- Technical and organizational support

Development partners (e.g., WTO, WCO, etc.)

Knowledge Support

Private Sector (e.g., CFCFA, etc.)

Specific trade areas
- SPS working group
- Other experts groups

CAREC = Central Asia Regional Economic Cooperation, CFCFA = CAREC Federation of Carrier and Forwarder Associations, NCTF = national committee on trade facilitation, SPS = sanitary and phytosanitary, WCO = World Customs Organization, WTO = World Trade Organization.

Source: CAREC Secretariat.
Central Asia Regional Economic Cooperation Institute (CAREC Institute)
Background

- **CAREC Institute (CI)** is an Intergovernmental Organization established to promote regional economic cooperation and integration among CAREC member countries through knowledge generation and sharing, networking and partnerships.

- 11 CAREC member countries include Afghanistan, Azerbaijan, People’s Republic of China, Kazakhstan, Georgia, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

- Located in Urumqi, Xinjiang Uygur Autonomous Region, the PRC.
Mission and Vision of CI

- **Mission**
  “To enhance the quality and effectiveness of the CAREC Program by providing evidence-based research, capacity building services and networking with research institutions.”

- **Vision**
  “To be the leading Knowledge Center promoting economic cooperation in the CAREC region for shared and sustainable development.”
Governance Structure

- **Governing Council**: A body comprised of one representative of each CI Member Country, selected by each CI Member Country’s government.
- **Advisory Council**: Appointed by the Governing Council, the AC serves as a sounding board and source of new ideas for CI.
- **Management**: The Management includes a Director and Two Deputy Directors.
- **Staffs**: International and National Staff.
Main Purpose and Objectives of CI

Enhanced regional economic cooperation

Enhanced government capacity for regional economic cooperation

Knowledge Generation
- Applied research
- Good practice
- Innovations

Knowledge Services
- Learning programs
- Training government officials

Knowledge Management
- Database
- Publications
- Knowledge centers
- E-platforms

Network/Partnerships/Outreach
Agreed to establish a physical base for CI

Accepted the offer of the PRC to host the physical base of the CI in Urumqi, Xinjiang

Physical base of CI was established in Urumqi

Inter-government Agreement became effective and CI obtained the legal status as an Intergovernmental organization.

December 2012, 11th MC of CAREC

October 2013, 12th MC of CAREC

March 2015

SEP 2017

SEP 2017

November 2012, 11th MC of CAREC
Key Milestones

- CAREC Institute Physical Base Launching Ceremony
- CAREC Institute Inaugural Ceremony
Scope of Activities

CAREC Institute
A Leading Knowledge Center

- Research
- Policy Analysis
- Capacity Building
- Knowledge Management
- Networking & Partnership
Scope of Activities

The CI closely works with policy makers, government officials, think-tanks, academia and private sector in the region

- in supporting and improving macro-economic policies, financial stability, investment climate;
- facilitating regional trade, tourism, developing economic corridors;
- improving communication, promoting cooperation in energy, agriculture and human development.
Scope of Activities

Research

- Policy-oriented research products for evidence-based decision making
- Partnership with research institutions, think tanks and individual researchers
- Request for Proposal and Call for Research Papers
- Research fellows (resident and non-resident), post-doctors and internships
Scope of Activities

Policy Analysis

- Policy analysis on emerging issues and challenges faced by the CAREC Region;
- Policy Analysis on CAREC’s Operational framework in the CAREC region to support policy dialogue;
- Policy briefs and position papers, case studies, sharing best practices from the region and beyond;
- Developing and maintaining key economic statistical database and indicators.
Scope of Activities

Capacity Building

- Country Need Assessment (CAN) is done through performs circulated every year to capture emerging country needs
- Research-connected capacity building activities
- Country specific capacity building activities
- Project related capacity building activities
- Cascade trainings on technical subjects
- Policy Dialogues
Scope of Activities

Knowledge Management

- CI’s Knowledge portal for E-Knowledge services
- Newsletters and Journals
- Library and Center for Learning
- Knowledge Storage and Retrieval Management System
- Integrated economic statistics database of CAREC countries
- E-publishing
- Webinars and online training courses
- Database of CI alumni
Scope of Activities

Networking and Partnership

- Annual Think Tanks Development Forum
- Strategic knowledge sharing through external networks and partnerships
- Deepening engagement through CAREC think tanks network
- Joint researches with think tanks
Priority Clusters

Economic and financial stability

Infrastructure and economic connectivity

Trade, tourism, and economic corridors
### Workshop and Capacity Building Activities, CI 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Regional workshop</th>
<th>Country workshop</th>
<th>Total activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regular</td>
<td>Research related</td>
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</tr>
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<td>2015</td>
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<td>2020</td>
<td>10</td>
<td>3</td>
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<tr>
<td>No</td>
<td>Theme</td>
<td>Event</td>
<td>Dates</td>
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<tr>
<td>----</td>
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<td>-----------------</td>
</tr>
<tr>
<td>1</td>
<td>Horticultural Value Chains: Opportunities and Challenges</td>
<td>Workshop</td>
<td>7-9 March</td>
</tr>
<tr>
<td>3</td>
<td>Ease of Doing Business: Taxation and Contract Enforcement in CAREC Region</td>
<td>Workshop</td>
<td>18-20 July</td>
</tr>
<tr>
<td>5</td>
<td>National Accounts Capacity Building</td>
<td>Workshop</td>
<td>13-14 September</td>
</tr>
<tr>
<td>6</td>
<td>Regional Tourism Promotion</td>
<td>Workshop</td>
<td>23-24 October</td>
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## Capacity Building Activities on Trade, 2018

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Type</th>
<th>Date</th>
<th>Location</th>
<th>Status</th>
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<tbody>
<tr>
<td>7</td>
<td>2nd WTO TFA Implementation Capacity Building Workshop for CAREC Countries</td>
<td>Workshop</td>
<td>29-31 October</td>
<td>Bangkok, Thailand</td>
<td>Completed.</td>
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<tr>
<td>8</td>
<td>Special Economic Zones</td>
<td>Workshop</td>
<td>21-22 November</td>
<td>Shenzhen, PRC</td>
<td>Completed.</td>
</tr>
<tr>
<td>9</td>
<td>SME Trade Financing</td>
<td>Workshop</td>
<td>3-4 December</td>
<td>Xiamen, PRC</td>
<td>Completed.</td>
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<tr>
<td>10</td>
<td>E-Commerce: Preconditions, Policy and Financial Regulatory Mechanism</td>
<td>Workshop</td>
<td>6-7 December</td>
<td>Shanghai, PRC</td>
<td>Completed.</td>
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<tr>
<td>11</td>
<td>Climate change mitigation</td>
<td>Workshop</td>
<td>12 December</td>
<td>Baku, Azerbaijan</td>
<td>Replaced water resource management workshop. Held back to back with 8th GC meeting.</td>
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<tr>
<td>13</td>
<td>Road Safety</td>
<td>Workshop</td>
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<td>Has been decided to include in 2019 work plan after discussion with ADB.</td>
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## Capacity Building Activities on Trade, 2018

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<th>Theme</th>
<th>Status</th>
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<tr>
<td>1.</td>
<td>Leveraging SME Finance through Value Chains in the CAREC Landlocked Economies</td>
<td>Research Inception workshop was held on June 21, 2018. The Lead Consultant and 8 country paper writers presented their research outlines. First draft of research papers is expected to be completed as scheduled in October 2018. The Final Research conference held in Nazarbayev University, Astana from November 29-30, 2018.</td>
</tr>
<tr>
<td>2.</td>
<td>Measuring Impacts and Financing Infrastructure in CAREC Countries</td>
<td>Research Inception workshop was held on June 22, 2018. The Lead Consultant and 9 country paper writers presented their research outlines. First draft of research papers is expected to be completed as scheduled in December 2018. The Final Research conference held in Nazarbayev University, Astana from November 29-30, 2018.</td>
</tr>
<tr>
<td>3.</td>
<td>New Initiatives in Agriculture Cooperation</td>
<td>ADB is in process of selecting IFPRI on single source selection basis. It is expected that contract may be signed in September 2018.</td>
</tr>
<tr>
<td>4.</td>
<td>CAREC Regional Integration Index combined with Regional Value Chain for CAREC Countries</td>
<td>Dr. Saeed Qadir and Dr. Teresita Cruz-del Rosario, Research Consultant will carry out research on CRII (two standalone papers). Data Consultant will be hired.</td>
</tr>
</tbody>
</table>
Thank you for Attention