

# CAREC Institute Newsletter

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## Comparison of Economic Integration in Asia and Europe

30-31 July 2019  
Tbilisi, Georgia

The CAREC Institute and the Asian Development Bank Institute (ADBI) held a joint workshop together with the Ministry of Economy and Sustainable Development of Georgia and the International School of Economics at Tbilisi State University on the topic of comparison of economic integration in Asia and Europe on 30-31 July 2019 in Tbilisi, Georgia.

The participants included CAREC member country government representatives, and renowned authors and practitioners from Asia and Europe as resource persons. The workshop aimed to achieve a better understanding on legal approaches to integration; aspects of fiscal and monetary integration; integration in energy and environment sectors; possibility of de-integration; best practices, lessons learned, and case studies from Europe and Asia which took different approaches to economic integration.

“In the modern world, the level of economic, political and cultural interdependence of countries of the region is continually increasing, the opportunities and challenges are becoming more and more intertwined. Development of infrastructure, trade and transportation links between countries will reduce transaction costs for businesses, facilitate investments and will significantly contribute to the economic integration... At the same time, economic integration ... is a positive source of knowledge, experience sharing and cultural interactions among countries,” said Deputy Minister of the host country Ekaterine Mikabadze at the workshop.

“The benefits of economic and financial integration are many... [they] include realizing comparative advantage, reaping economies of scale, transferring technology, and reallocating physical and financial investment to areas of higher returns... The concept of regional public goods (RPGs) provides some insight into the issues posed by regional integration. RPGs such as cross-border infrastructure, sustainable management of shared natural resources, and cross-border disease surveillance and control offer benefits beyond a single nation’s territory,” added Peter Morgan of ADBI.

The workshop participants also discussed side effects and the “problem of collective action” accompanying integration. They deliberated which lessons could be learned from various integration processes and how to avoid negative reactions and their political consequences. The workshop publication is under preparation by ADBI and will become available by the end of 2019.

The Central Asia Regional Economic Cooperation (CAREC) Program is a partnership of eleven countries - Afghanistan, Azerbaijan, the PRC, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, Uzbekistan - and development partners working together to promote sustainable development through regional cooperation. Since 2001, the Program has recorded approximately \$32 billion investments in 185 projects in transport, energy, trade, and economic corridor development.

Workshop participants in Tbilisi, Georgia.



## 4th CAREC Think Tanks Forum: Trading for Shared Prosperity

With the topic of “Trading for Shared Prosperity,” the CAREC Think Tanks Development Forum (CTTDF) will convene over 100 participants from think tanks, academia, private sector, and governments on 27-

28 August 2019 in Xi'an, Shaanxi Province of the People's Republic of China (PRC) to deliberate on trade expansion from increased market access, greater diversification, and stronger institutions for trade under the CAREC Integrated Trade Agenda (CITA) 2030 in the context of heightened US-PRC trade tensions and expansion of disruptive technologies.

This forum will provide an opportunity to the host city of Xi'an and the Government of Shaanxi province to present trade opportunities under the Belt and Road Initiative (BRI) with special reference to the ancient Silk Road. The forum will also take stock of standardization issues in transport and logistics in BRI countries.

The forum will debate how US-PRC trade tensions impact regional and global trade, and how the region can respond to safeguard the functioning multilateral trading systems and move forward under the changing circumstances. The possibility of the CAREC-wide free trade agreement; General Agreement on Trade in Services (GATS); how artificial intelligence, robotics, block chain and other technologies can transform trade; harmonization of standards on taxation, licensing, and data flow; readiness for e-commerce and relevant recalibration of business models will also be discussed.

## CAREC Think Tanks Network

Leading think tanks from the CAREC member countries agreed to establish the CAREC Think Tanks Network (CTTN) during the second CAREC Think Tanks Development Forum (CTTDF) in Urumqi, PRC, in 2017 to provide innovative solutions for promoting economic cooperation by recognizing importance of regional perspectives.

The "Urumqi Declaration" became the founding document of the CTTN. As of now, 33 prominent think tanks from 11 countries of the CAREC region are members. The CTTN promotes the regional economic cooperation by enhancing systemic regional knowledge sharing and integration; fostering policy research and knowledge solutions to support governments; enabling better policy advice and reducing gaps between research and policy; and enhancing collective intelligence to consolidate development resources for effective cooperation, better services, and improved performance.

The CTTDF is organized annually under the auspices of the CTTN. From a modest beginning, the CTTDF has grown in size and appeal. The forum has become an attractive destination for think tanks, and academia from the CAREC region and beyond to exchange views and knowledge on evolving regional and global policy challenges.

The CAREC Institute hosted the first CTTDF in June 2016 in Astana, Kazakhstan, with the theme of "Promoting Economic Cooperation for an Integrated Central Asia." The second CTTDF was held in Urumqi, PRC, in September 2017 with the theme of "Exploring Knowledge Solutions for Regional Cooperation and Integration." The third forum was held in Bishkek, Kyrgyzstan, in July 2018 under the theme of "Building Knowledge Corridors along the Silk Road."

The previous three forums offered a platform for diverse stakeholders to debate critical issues focused around regional economic cooperation and integration.

Read more about previous forums [here](#).

## TVET Knowledge Sharing in CAREC

The CAREC Institute and the Asian Development Bank are launching a joint knowledge sharing project on technical and vocational education and training (TVET) to harvest and share ADB's and other development partners' operational knowledge and policy lessons on TVET accumulated and learned in the PRC, the PRC's domestic policy interventions and TVET-related innovations, and assessment of CAREC member country needs. The research results and ensuing policy recommendations will aim at improving sector reforms in TVET and strengthen institutional capacities of key ministries of CAREC member countries.

The project will deliver a research report highlighting policy experiences, lessons learnt, and policy recommendations, and four knowledge sharing workshops in Q3-4 in 2020.

The 3rd CAREC Think Tanks Development Forum has addressed the issue of TVET in CAREC in July 2018. The forum deliberated that all CAREC member countries have experienced significant demographic transformation over the past decades, some countries reaching the aged population profile, some others experiencing the youth bulge. The first group of countries will potentially face labor shortages and will need to boost labor productivity by constantly improving the skill levels of their domestic labor force. Under the second group of countries, the youth will move through the working-age pipeline and will need to contribute to the country's economic growth if adequate human development policies are cultivated.

These demographic trends and labor force projections carry significant implications for the CAREC countries. Collectively, these dynamics must be addressed at the regional level for sustainable and regionally beneficial solution, which might entail greater mobility of workers across the skills spectrum, joint certification programs, regional qualification frameworks, mutual recognition arrangements, TVET policy reforms and accreditation systems, update or revision of legislative and institutional frameworks, upgrade of TVET infrastructure, etc. Read about the forum discussions [here](#).

Check out more recent studies and activities on TVET: [Improving Education, Skills, and Employment in Tourism: Almaty–Bishkek Economic Corridor](#), [Scoping Study on Enhancing Regional Cooperation in Education and Skills under CAREC](#), [Skills and the Future of Work: Strategies for Inclusive Growth in Asia and the Pacific](#), [UNESCO resources on TVET](#)

## Accountability and Compliance Knowledge Sharing

17 July 2019  
Urumqi, PRC

The Chair and an Advisor of the Asian Development Bank (ADB)'s Compliance Review Panel visited the CAREC Institute in Urumqi on 17 July 2019 to deliver a seminar on the [ADB's accountability mechanism](#) and deliberated together with the Institute staff how the knowledge about accountability, social and environmental safeguards and associated issues could be promulgated throughout the CAREC region and the Belt and Road Initiative (BRI) projects.

The guests presented accountability and compliance guidebooks for governments; affected people, their representatives, nongovernment organizations and civil society organizations; and private sector

borrowers. The guidebooks aim to aid comprehension of the compliance review and its processes, particularly to address the stakeholders' need to understand their roles in its proceedings.

The parties discussed possible areas of cooperation in the CAREC region regarding networking with international accountability bodies, awareness raising and capacity building in safeguard compliance and accountability mechanism among BRI investors, governments, and general population.

Mr. Dingding Tang and Mr. Munawar Alam of the ADB Compliance Review Panel delivering a presentation in Urumqi.



## The Senior Official of PRC MOF Visits CAREC Institute

24 July 2019  
Urumqi, PRC

A delegation headed Mr. Wencai Zhang, Director General (DG) of the Department of International Economic and Financial Cooperation of the Ministry of Finance (MOF) of the People's Republic of China (PRC) visited the CAREC Institute on 24 July 2019 in Urumqi.

Dr. Ziqian Liang, Deputy Director One of the Institute, welcomed the delegation and expressed his gratitude to MOF for their continuous support.

The parties discussed institutional development issues, current operational activities, and the strategic direction of the Institute. The DG highlighted the importance of cooperation with the CAREC countries and all development partners, forming new partnerships, development of demand-driven knowledge products, finding the niche for value-added high quality products, and shaping the Institute's competitive edge. Mr. Zhang also briefed the staff about MOF's activities to support good project



development under the Belt and Road Initiative (BRI) with consideration of the sustainability framework, public debt risk assessment, and incorporation of social and environmental safeguards.

Mr. Wencai Zhang expressed MOF's continued commitment to support the Institute's development for it to contribute to regional connectivity and integration.

Mr. Wencai Zhang and the MOF delegation visiting the CAREC Institute in Urumqi.



## CAREC Institute's Visit in Turkmenistan

9-14 July 2019

Ashgabat, Turkmenistan

The CAREC Institute's Deputy Director Two - Dr. Iskandar Abdullaev has attended the scientific conference on agriculture organized by the Cabinet of Ministers of Turkmenistan and a C5+1 program workshop organized by the Ministries of Agriculture and Environmental Protection, and the State Committee for Water Management of Turkmenistan during 9-14 July 2019 in Ashgabat.

Dr. Abdullaev held meetings with senior government officials of Turkmenistan, and discussed areas of cooperation, participation of the CAREC Institute in the Caspian Economic Forum on 11-12 August 2019, and the Regional Water Cooperation Conference in November 2019.

The areas of common interest included measures which the Government of Turkmenistan is taking on climate adaptation in the form of provision of incentives for saving water, introduction of modern equipment and drought tolerant seeds, preparation of climate change adaptation laws, and design of a Climate Technologies Regional Center. The Government of Turkmenistan showed keen interest in application of digital systems in agriculture, trade, and other spheres of economy. The CAREC Institute briefed the government representatives about its ongoing research on e-certification of SPS, e-commerce, and similar topics. Invitations were extended to participate in the 4th CAREC Think Tanks Development Forum in Xi'an in August 2019 which covers to topic of trade and e-commerce.

## Agricultural Profiles of CAREC Members

The joint study of CAREC Institute and the International Food Policy Research Institute (IFPRI) on review of trends, challenges, and opportunities for agricultural development in the CAREC member countries includes agricultural profiles of member countries covering information about land and water resources, macroeconomic trends, agricultural share in the overall economy, production and cropping calendars, food security, food intake and malnutrition, agricultural trends, constraints and potentials. The profiles are available [here](#).

## We Are Hiring

The CAREC Institute invites applications for the positions of the [Head of Knowledge Generation Unit](#) and the [Chief Economist](#). These are international staff positions based in Urumqi, People's Republic of China (PRC). Check out links for more.

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