



CAREC Institute Newsletter

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In this issue:

CAREC Think Tanks Network Research Grants Program.....	1
Participation of CAREC Countries in Global and Regional Value Chains.....	1
Impact of SPS and Quality Standards on Trade Flows	2
Cooperation in Tourism between Uzbekistan and Kyrgyzstan	3
Agricultural Food Trade between Kyrgyzstan and Pakistan	4
Building Bankable and Viable Programs Based on Trust	4
The Silk Road Knowledge Dialogue	5
ADB-Asian Think Tank Development Forum.....	6
Workshop on Achieving Energy Security in Asia.....	7
Workshop on Application of Technology in Disaster Risk Reduction	8
Cooperation Meetings in Uzbekistan.....	9
We Are Hiring.....	10

CAREC Think Tanks Network Research Grants Program

Under the [CAREC Think Tanks Network](#) (CTTN), the CAREC Institute has launched the Research Grants Program in May 2019 to support scholars and researchers from members of the CTTN to produce targeted knowledge products which would add to the body of knowledge on regional cooperation in CAREC.

Scholars from member think tanks were encouraged to research CAREC integration topics and undertake comparative analysis to draw lessons for promoting and deepening regional integration among CAREC member countries particularly as anticipated in the CAREC 2030 strategy and stated operational priorities.

The 2019 research grants have been awarded to five researchers who presented their preliminary findings during the August 2019 Think Tanks Forum in Xi'an, the People's Republic of China (PRC). The synopsis of their preliminary findings are summarized [here](#). The final body of research will be ready by the end of 2019.

Participation of CAREC Countries in Global and Regional Value Chains

Researchers from the ISET Policy Institute of Georgia studied the level of integration of the CAREC countries in one another's value chain production processes (RVC) as compared with their participation in the global value chains (GVC), and how these trends may or may not have changed over time.

The researchers have designed the value chain participation index and graphed CAREC countries at three crucial junctures: 2006 (before the global financial crisis of 2008), 2012 (the year after the global financial crisis but before the oil price collapse and regional currency crisis in the ECA region countries), 2015 (the year of regional growth and demand slow down driven by low oil prices, political instability in parts of the region, trade wars between US and China and the move towards higher protectionism on the global scale).

The preliminary results of the research demonstrate low levels of regional cooperation in CAREC. At the same time, these patterns help identify opportunities.

The research is planned to expand into identifying forward and backward linkages between Georgia and other CAREC countries at the industry level. This exercise will reveal the opportunities for further trade cooperation. The authors will also look into the industry by industry value chain participation index for CAREC. This will reveal how particular industries in CAREC are integrated at the regional level and in global value chains. The exercise will be instrumental in understanding which industries may have the highest potential for intra-regional integration. More [here](#). Check out also our [partner publications](#) involving the GVC discussion.

Ms. Yaroslava Babych of ISET Policy Institute making a presentation of her research at the CAREC Think Tanks Forum



Impact of SPS and Quality Standards on Trade Flows

Researchers from the ISET Policy Institute of Georgia explored the impact of Georgia's food safety, veterinary, and phytosanitary regulations and standards on the country's agricultural trade with the CAREC countries. Based on the statistical analysis of 2014-18 years, the research focused on Georgia's major CAREC trade partners, by volume of exports and imports - Azerbaijan, Kazakhstan, and the PRC – and major export-import agricultural commodities with these countries: live animals, wheat, and wine.

The study assessed the effect of the sanitary phytosanitary (SPS) and quality-related standards (SPSQ) regulations on trade of each respective product. It was found that quality standards are the most problematic to deal with and the most restrictive for trade.

As part of its obligations under the Association Agreement with the EU (including the Deep and Comprehensive Free Trade Area (DCFTA)), Georgia has to ensure high degree of food safety and animal and plant health within the country, and has to harmonize its food safety legislation with the EU standards. The DCFTA will, therefore, have consequences not only on Georgia's trade with the EU, but also with the CAREC region. The increased stringency on SPSQ standards might affect agricultural trade in the coming years. Thus, government agencies and sector associations are expected to tailor their policies to develop capacities to comply with the requirements to reduce the possible negative effects of the regulations. More [here](#).

Ms. Phatima Mamardashvili of ISET Policy Institute answering questions about her research at CAREC Think Tanks Forum



Cooperation in Tourism between Uzbekistan and Kyrgyzstan

A researcher from the Westminster International University in Uzbekistan looked into the question of building improved regional value chains to deliver a better cross-border tourism experience between Uzbekistan and Kyrgyzstan. The work employed case studies, secondary data analysis, and key informant interview methods.

Both Kyrgyzstan and Uzbekistan have opened up to tourism recently. During 2016-2019, Uzbekistan initiated major reforms in the tourism sector by introducing e-visa and visa free regimes for a limited period of stay for over 70 countries. Kyrgyzstan liberalized its visa regime for citizens of 45 countries. Other important steps in tourism promotion included destination promotion, differentiation of tourism packages, cooperation agreements, free exchange of foreign currency, and transport connectivity improvements.

The study looked into the following cross-border value chain elements: accommodation, border, entertainment, cooperation, legislation, marketing, partnerships, and transport. More [here](#).

Ms. Rosa Alieva of Westminster International University (Uzbekistan) making presentation of her research at the forum



Agricultural Food Trade between Kyrgyzstan and Pakistan

Researchers from the Lahore University of Management Sciences and the University of Central Asia employed the secondary data analysis and individual interviews to assess opportunities and barriers which affect agricultural trade between Kyrgyzstan and Pakistan and have investigated the means to make better use of existing trade agreements including the Quadrilateral Transit Trade Agreement originally between Pakistan, Kyrgyzstan, Kazakhstan, and the PRC.

The preliminary findings conclude that the lack of market information, absence of a policy promoting regional trade, unpredictability, poor conditions for doing business, lack of incentives for traders, suspended and dysfunctional transit agreements, and high cost at border crossings (including informal payments) constitute some of the major impediments to trade. More [here](#).

Building Bankable and Viable Programs Based on Trust

The Afghanistan Research and Evaluation Unit (AREU) undertook a study on trust-building approaches to existing regional economic engagements that might have a potential to deepen regional economic cooperation and integration. The researcher argues that adopting a trust-based approach to existing methods of interaction is timely as the CAREC 2030 strategic framework unrolls. It should be explored to what extent these approaches can be employed in the current climate of political uncertainty.

The author concludes that without the political route for ending the protracted conflict, the proposed economic glue in the form of regional economic cooperation and integration cannot gain traction. Although the regional initiatives are well-intentioned, without the necessary political and security pillars, the economic pillar is unlikely to be viable. More [here](#).

Ms. Zehra Waheed of Lahore University of Management Sciences making presentation of her research at the forum



The Silk Road Knowledge Dialogue

22-23 October 2019

Tbilisi, Georgia

The CAREC Institute has organized the Silk Road Knowledge Dialogue session in the framework of the Tbilisi Silk Road Forum which was held under the patronage of the Prime Minister of Georgia, H.E. Giorgi Gakharia, during 22-23 October 2019 in Tbilisi, Georgia. The session aimed to generate a dialogue on the role of knowledge corridors in strengthening economic corridors along the Silk Road.

The high-level panel from Governments, think tanks, private sector, and academia discussed importance and role of knowledge cooperation; roles of each of the stakeholders in making knowledge a valuable commodity; and necessary steps to strengthen regional economic cooperation.

The CAREC Institute Deputy Director Dr. Iskandar Abdullaev have opened the session and facilitated the dialogue. The ADB Vice-President Mr. Shixin Chen made a keynote address. The session was attended by the Deputy Minister of Economy and Sustainable Development of Georgia Mr. Akaki Saghirashvili, First Deputy Minister of Transport of the Republic of Tajikistan Mr. Sukhrob Mirzozoda, Director-General of Port of Baku Dr. Taleh Ziyadov, Director of ISET Policy Institute of Georgia Dr. Tamar Sulukhia, Rector of the University of Central Asia Dr. S. Sohail H. Naqvi, and Chair of Central Asia Forum of the Cambridge University Dr. Siddharth Saxena. More about the forum [here](#).

Dr. Iskandar Abdullaev, CAREC Institute Deputy Director, chaired the Silk Road Knowledge Dialogue session at the forum



ADB-Asian Think Tank Development Forum

22-23 October 2019

Yangon, Myanmar

The CAREC Institute's staff and the CAREC Think Tanks Network Research Grants Program finalist - ISET Policy Institute - participated in the ADB-Asian Think Tank Development Forum during 22-23 October 2019 in Yangon, Myanmar.

The forum discussed main characteristics of the global value chains (GVC) in Asia, how GVC patterns are changing, which factors multinational companies and SME have in common and in what aspects they differ when it comes to GVC and RVC participation, development impacts of GVC at country and regional levels, how various service sectors become embedded into GVC networks, etc.

Deepening GVC participation can bring substantial economic benefits owing to better utilization of cost advantages, locational comparative advantages, opportunities for technological transfer, etc. However, it may also increase vulnerability to global economic shocks and geopolitical risks as economies become more connected.

The CAREC countries are not well integrated into production processes within CAREC, or in GVC. The highest RVC stands at 19%, and the average GVC participation index for CAREC countries is 40% (2015). Some CAREC GVC examples include General Motors joint ventures in Uzbekistan, Toyota kits for SUVs in Kazakhstan, textiles and garments in Kyrgyzstan and Pakistan. As per the GVC taxonomy, CAREC is categorized as a high commodity region.

The forum reasoned that with services accounting for an increasing portion of economic growth and becoming embedded into manufacturing activities as an essential value-added component, the role

of the service sector in deepening the GVC shall draw more attention from policy makers to come up with effective policy responses.

Mr. Khalid Umar of the CAREC Institute was one of the panelists at the Asian Think Tanks Development Forum in Myanmar



Workshop on Achieving Energy Security in Asia

22-23 October 2019

Almaty, Kazakhstan

The CAREC Institute and the Asian Development Bank Institute (ADBI) have organized a joint workshop on achieving energy security in Asia during 22-23 October 2019 in Almaty, Kazakhstan.

Renowned scholars and authors of the book titled “Achieving Energy Security in Asia: Diversification, Integration, and Policy Implications,” and CAREC government officials deliberated on the status of energy consumption, energy supply, import, export, energy cooperation with neighboring countries, strategies for increasing share of renewable energy, and on analyzing the energy security levels in their respective countries.

In recent years, the issue of energy security has been identified as an overriding challenge facing Asia, particularly for developing countries who display more vulnerability due to volatilities and fluctuations in energy prices, high import dependency, lack of financial subsidies or incentives, and limited access to proper technologies and skilled manpower.

A major concern for energy policy makers in developing countries is to secure affordable, clean, and sustainable energy sources at the household and national levels.

The workshop offered policy options on how a country or a region collectively can achieve energy security through: a) analysis of regional cooperation and energy trade, b) case studies in diversification, cooperation, and integration of energy market and deployment of renewable energy, c) specialized discussions on energy security and insecurity in the CAREC region, and d) collaboration among the region's academics, practitioners, and policy makers. The book can be ordered here:

<https://doi.org/10.1142/11382>

The energy security workshop participants in Almaty



Workshop on Application of Technology in Disaster Risk Reduction

16-26 October 2019

Urumqi, Xinjiang, the PRC

The CAREC Institute in cooperation with the Xinjiang Institute for Ecology and Geography has delivered a workshop on “Application of Technology in Disaster Risk Reduction (DRR) in Central Asia” during 16-26 October 2019 in Urumqi.

The workshop brought together leading experts, decision makers, policy makers, and policy influencers to engage in regional knowledge sharing, policy dialogue, and explore a collective way forward to tackle issues of natural disasters using available technologies. The audience included mid-to senior-level government officials, experts and professionals associated with the Ministries of Emergency Situations, Hydro-Meteorological Bureaus and Civil Affairs Agencies as well as academics and researchers from relevant research institutions and university faculties.

The CAREC countries comprise a large mass of mountain ranges, from Pamir to HinduKush to the Caucasus. The area is prone to earthquakes, landslides, drought, and floods aggravated by the climate change. As a result, the CAREC countries face increasing challenges of natural disasters collectively. To reduce the risks of natural disasters, there is a need not only for stronger regional cooperation but also for enhanced technical and technological capabilities.

The participants were introduced to the role of technology application in disaster risk reduction with the focus on types of areas prone to natural disasters and regional mechanism of analysis; establishment of effective DRR systems; evaluation and standardization of DRR capabilities; remote sensing monitoring technology and its application in hazard assessment and early warning; application of satellite technologies and unmanned aerial vehicles (UAV); disaster data processing and analysis; model and simulation of floods, droughts and debris flow; disaster risk assessment; construction of DRR information system; early warning systems; and possible measures to prevent and reduce disasters.

The workshop aimed at setting up a platform for exchange of technical knowledge, lessons learned, and best practices on disaster risk reduction in CAREC; developing further capacity; and strengthening cooperation among experts and policy makers on disaster risk management issues.

Dr. Iskandar Abdullaev, CAREC Institute Deputy Director, leading a session at the DRR workshop



Cooperation Meetings in Uzbekistan

7-11 October 2019

Tashkent, Uzbekistan

The CAREC Institute Deputy Director Dr. Iskandar Abdullaev held a series of meetings in Uzbekistan to establish new modes of cooperation with national partners and follow up on a joint research.

The [Institute for Strategic and Regional Studies](#) (ISRS), which is an advisory body to the President of Uzbekistan, has welcomed the potential partnership between the two Institutes. Areas of joint research, high-level advocacy, support to the capacity building events, round tables, joint events, co-

financing, and other topics were discussed. A working paper on CAREC regional integration and a climate change research were a particular focus of the conversation.

The Head of the Centre of Public Diplomacy of Shanghai Cooperation Organization (SCO) in Uzbekistan, Mr. Rakhmatulla Nazarov, who is also a member of the Upper House of the Parliament of Uzbekistan, expressed interest in cultural and knowledge exchange among SCO and CAREC. The idea of cultural and knowledge corridors was discussed.

The Minister of Agriculture of Uzbekistan Mr. Jamshid Khodjaev, who is leading transformational reforms in his field, expressed interest in research and capacity building activities jointly with the CAREC Institute. Support was requested in expanding cooperation with the counterpart Ministry in the PRC. Conversations focused on agricultural value chains, technology transfer, innovation and infrastructure in agricultural development in CAREC, SPS e-certification, and food security.

The Innovations and Scientific Research Centre (ISRC) has organized a video conference with researchers engaged in the climate research with the CAREC Institute. The draft methodology of the CAREC climate index is almost ready subject to further academic discussions and refinement.

Dr. Iskandar Abdullaev, CAREC Institute Deputy Director, holding meetings in Uzbekistan



We Are Hiring

The CAREC Institute invites applications for the position of the Head of Knowledge Services Unit. This is an international staff position based in Urumqi, the People's Republic of China (PRC). Apply [here](#).