



CAREC Institute Newsletter

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Meetings with Partners in Beijing

17-19 December 2019

Beijing, the PRC

The CAREC Institute delegation led by the Director Mr. Syed Shakeel Shah held a series of meetings with partners during 17-19 December 2019 in Beijing, the PRC. A meeting with the PRC Vice Finance Minister Ms. Zou Jiayi was followed by meetings with the National Development and Reform Commission, Ministry of Commerce, Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund, and the Asian Development Bank (ADB) country mission in the PRC.

The talks focused on establishing a joint dialogue, consultation, and research mechanism. The Institute was offered several workshop topics, such as debt management and sustainability under the debt management framework developed by the Ministry of Finance and the IMF; infrastructure project preparation, risk assessment, compliance, environmental safeguards, and accessing AIIB funds for project financing. Perception surveys of various regional initiatives, such as Shanghai Cooperation Organization and Belt and Road Initiative (BRI), among others, were offered as one of the activity areas to analyze findings and explore risks and opportunities.

The CAREC Institute was proposed to get engaged in the BRI Think Tanks Alliance and attend AIIB annual meetings as an observer. The Ministry of Commerce offered partnership with the Academy of International Trade and Economic Cooperation and showed interest in the Institute's research on e-commerce. The Chengdu Hitech Industrial Zone as a future model of knowledge-based growth was discussed, and promulgation of best practices was offered as one of the activity areas.

The parties agreed to formalize agreements and joint initiatives to capitalize on synergies.



CAREC Institute Governing Council Convenes

28 November 2019

Almaty, Kazakhstan

The ninth Governing Council (GC) of the CAREC Institute convened on 28 November 2019 in Almaty, Kazakhstan. The Council, as the oversight and highest decision-making body of the Institute, deliberated on adoption of the eighth GC meeting proceedings, the Institute's 2019 progress, the 2020 program and work plan, priorities, recruitment plan, budget and funding issues, recommendations of the second Advisory Council meeting of June 2019, the Institute's UN Observer Status acquisition process, the intra-CAREC partnership with other regional initiatives, etc.

The CAREC Institute sought guidance, advice on improvement measures, decisions, and approvals from its governing body.

The governance of the CAREC institute is represented by the council of eleven representatives (also called National Focal Points) of member countries - Afghanistan, Azerbaijan, the PRC, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, Uzbekistan - comprised of high-level government officials from the line ministries designated by their respective governments.

The chairmanship of the Governing Council is held by the country chairing the CAREC Program, following the system of alphabetical rotation among CAREC members. The Governing Council makes decisions on the basis of consensus and may establish advisory councils and committees as it deems necessary. Currently, under the CAREC Institute Governing Council, there are two committees: Selection and Recruitment Committee, and Budget and Audit Committee.

Afghanistan chaired the Council in 2019 and handed over chairmanship to Azerbaijan for 2020.



Policy Dialogue on Fostering Cooperation in Capacity Building

29 November 2019

Almaty, Kazakhstan

The CAREC Institute held a policy dialogue involving its Governing Council members on the topic of fostering regional cooperation in capacity development on 29 November 2019 in Almaty, Kazakhstan. The dialogue aimed to highlight the importance of capacity building in the context of the CAREC Program. The Institute sought guidance on critical areas of regional cooperation, and the engagement of national capacity building institutions of CAREC members and other relevant partners in capacity building efforts.

The policy dialogue followed in the footsteps of two recent knowledge sharing activities: 1) the Silk Road Knowledge Dialogue; and 2) the Knowledge Sharing in Trade Facilitation and Customs Modernization held in Tbilisi, Georgia, in October 2019, where CAREC high-level representatives expressed demand to increase CAREC-wide human development efforts.

The CAREC Institute's Governing Council is the highest venue of decision-making for the Institute to shape its efforts on the capacity development front. This dialogue enabled identifying priority interventions that the Institute can undertake. The agenda focused on past practices; different modes of engagement; innovations, new trends and current strategies in capacity building at the global, regional, and national levels; emerging good practices in capacity development across national borders; examples from other regions and countries; capacity building approaches in the context of the CAREC region; analysis of the challenges that CAREC countries face when pursuing regional cooperation and the role of the CAREC Institute in addressing such challenges and leveraging the national capacity building institutions.

The proceedings summary of the policy dialogue is available [here](#).

The Director General of the Ministry of Finance of Mongolia Mr. Batkhuy Idesh along with Governing Council members



China-Central Asia Accounting Elites Exchange Program

16-20 December 2019

Shanghai, the PRC

The CAREC Institute, and the Shanghai National Accounting Institute (SNAI) of the PRC, in partnership with the Association of Chartered Certified Accountants (ACCA) have launched a capacity building and knowledge sharing program titled “China-Central Asia Accounting Elites Exchange Program” on 16 December 2019.

The program convened senior accounting professionals from CAREC policy and regulatory bodies, academia, and the private sector to foster development and harmonization of the “accounting infrastructure” in the region. It intends to contribute to strengthening CAREC accounting systems in terms of institutional arrangements, human resource development, and regulatory mechanism; build a network of the PRC and Central Asia accounting elites to promote cooperation; build a foundation for unimpeded trade and financial integration; and promote discussions on accounting and related issues as well as explore potential solutions for various challenges.

The President of SNAI Mr. Li Kouqing, the CAREC Institute Deputy Director Two Dr. Iskandar Abdullaev, and Director of ACCA Greater China Ms. Ada Leung attended the opening ceremony and delivered speeches. “The accounting standards are like the railways of the world. Some are with wide tracks, some are with narrow tracks, and others are with standard tracks. When goods move from one country to another, you need to unload them and load them again because the tracks are different, and the rules are different. This increases the costs of transactions,” said Mr. Li Kouqing.

Due to the discrepancy in accounting standards, regulations, and human development levels in the accounting sector among different economies, accounting data cannot be easily communicated, and accounting related risks cannot be effectively managed. As a result, such business language barrier

increases cross-border transaction costs, hampering trade and economic cooperation at multiple levels.

The program consists of four workshops in two years. Through regular exchange and visits, and the use of virtual communities, in-depth discussions will be conducted on topics such as the accounting system development, talent cultivation, accounting regulatory development, accounting service system establishment, and accounting technology changes. The participants who complete all program requirements will receive the certificate of completion co-issued by all partners.

The CAREC Accounting Elites Exchange Program participants in Shanghai



Forum on Special Economic Zones

12-14 December 2019

Shenzhen, the PRC

The CAREC Institute Deputy Director One Mr. Ziqian Liang participated in the forum on World Special Economic Zones during 12-14 December 2019 in Shenzhen, Guangdong province, the PRC. The forum was organized by the China Center for Special Economic Zone Research, Shenzhen University, and Belt and Road International Cooperation Development Research Institute.

Renowned scholars, government officials, and international partners discussed innovations in deepening economic system reform and high-quality development construction, urban civilization construction and sustainable development frameworks, theories, and practices under the Belt and Road Initiative international cooperation, financial innovations and their application, and international cooperation development.

The CAREC Institute explored opportunities for cross-border cooperation among various regional initiatives and for establishment of new modes of partnerships.



EU-Russia-China-Central Asia Strategic Dialogue on Connectivity

4 December 2019

Moscow, Russia

The CAREC Institute Deputy Director One Mr. Ziqian Liang participated in a workshop titled “The Future of Eurasia: Mapping out Concepts and Practices for Possible EU-Russia-China Cooperation” initiated by the Robert Bosch Center for Central and Eastern Europe and Deutsche Gesellschaft fuer Auswaertige Politik with support of Germany’s Federal Foreign Ministry on 4 December 2019 in Moscow, Russia.

The workshop participants deliberated that a fragmented system of multiple regional orders is emerging in Eurasia. While infrastructure, finance, and trade ties are growing, the continent still lacks an overarching institutional and normative framework based on a common understanding of the future “rules of the game.” Particularly the EU’s rule-based liberal model faces Russia’s Greater Eurasia idea and the PRC’s Belt and Road Initiative vision as alternative, competing and yet geographically contiguous concepts.

The panel, where Mr. Liang contributed, focused on Eurasia’s different understandings of order with emphasis on energy, transport, and trade. Without a consensus over norms, standards, market regulations, and access, each of these fields bears the potential to fragment Eurasia into separated regional markets, and increase geo-economic competition among China, Russia, and Europe over resources, trade shares, transport routes, and power grids. The panel discussed whether different European, Chinese, and Russian initiatives are irreconcilable or offer a chance of possible convergence in these three fields; if the EU-EAEU trade agreement is possible; the main regulatory, financial, and infrastructure bottlenecks along the transcontinental corridors; if the future EAEU unified energy and transport space can help Russia and the Central Asia integrate into the Asian and European markets, and many more.

The CAREC Institute Deputy Director One Mr. Ziqian Liang at the workshop in Moscow



TRACECA 20th Anniversary

4 December 2019

Baku, Azerbaijan

The CAREC Institute Director Mr. Syed Shakeel Shah delivered a speech at the international conference dedicated to the 20th anniversary of signing the Europe- Caucasus-Asia corridor (TRACECA) development agreement and the XIV meeting of the Intergovernmental Commission of TRACECA on 4 December 2019 in Baku, Azerbaijan.

The Director highlighted synergies among ongoing regional initiatives, such as the CAREC Program, TRACECA, etc. which resulted in significant investments in rail, road, and water transportation infrastructure yielding concrete results demonstrated e.g. in sharp increase in container movement through multi-modal transport corridors.

Developments in the realm of international political order, and advancements in transport technology has brought a paradigm shift in flows of global trade. Dominance of maritime trade as an almost exclusive conduit for movement of goods is now challenged by overland transport corridors as a viable alternative, which is more reliable and increasingly cost effective. This is turning the so-called geographic disadvantage of landlocked countries into geographic dividend.

The CAREC Institute expressed its commitment to continue enhancing the “software” that runs these trade nodes through capacity building and policy dialogue in trade regulation reforms, improvements in customs procedures, establishment of region-wise electronic data exchange, national and regional trade-related single windows, etc. The research has shown that benefits of

infrastructure projects increase through promotion of complementary trade facilitation measures. The CAREC Institute continues work in this direction as there is a strong need for a knowledge sharing platform which systematizes knowledge and promotes harmonization.

The CAREC Institute Director Mr. Syed Shakeel Shah at the TRACECA conference in Baku



Conference on Sustainable Development in a Digital Society

3-5 December 2019

Islamabad, Pakistan

The CAREC Institute participated in the 22nd [conference](#) of its longtime CAREC Think Tanks Network partner Sustainable Development Policy Institute (SDPI) during 3-5 December 2019 in Islamabad, Pakistan.

The conference was titled “Sustainable Development in a Digital Society” and convened over 1,000 scholars, researchers, policymakers, and members of the civil society from 19 countries to discuss impacts of digital technologies on societies, economies, and regional stability. Over 30 plenary sessions involved 22 partner organizations to discuss broader aspects of sustainable development including financial inclusion, poverty, health, education, climate change, water, energy, environment, gender equality, social justice, and many more.

The event was attended by the President of Pakistan H.E. Dr Arif Alvi and many prominent Pakistani and regional figures including the French Ambassador, Ambassador Shafqat Kakakhel, Minister for Planning and Special Initiatives of Pakistan Mr. Asad Umar, Former Finance Minister of Pakistan Mr. Sartaj Aziz, and representatives from the World Bank, UNESCAP, UNDP, GIZ, ILO, COMSAT, Friedrich Ebert Stiftung, Oxford Policy Management, and the US Institute of Peace.

The SDPI has been organizing annual conferences for the last 21 years to discuss social, economic, environmental, and development issues related with the region and Pakistan. After every conference, the SDPI produces and publishes a [collection of selected articles](#).

Regional Value Chains: Case of the Kyrgyz Garment Industry

The CAREC Institute's recent [working paper](#) titled "Regional Value Chains in CAREC: The Case of Kyrgyzstan Garment Industry" explores the role of Regional Value Chains (RVC) in promoting regional integration. This study looks into the Kyrgyz garment industry as an example of a relatively successful regional value chain with the potential to upgrade and engage in the global value chain for garments.

The RVCs are critical in the light of the unique context of the CAREC region. Despite its historic significance as the site of the ancient trade route - the Silk Road – the CAREC region has not been able to form a part of global production hubs and value chains. Evidence suggests that CAREC members would benefit to exploit the potential within the Asia-wide region to integrate into global value chains.

Recommendations for the Kyrgyz garment enterprises include considering expanding their activities beyond cut-make-trim (CMT) contracts and advancing into branding and marketing activities to add value. Policy support is needed in the following areas: i) better access for firms to sources of credit and finance; ii) capacity building in technology transfer/upgrading, market expansion, branding and distribution, and linkage with business associations; and iii) cross-border facilitation measures that will harmonize procedures to facilitate intra-regional trade and expansion of RVCs.

More discussion on CAREC value chains could be found [here](#) and among [partner publications](#).

Seminar on Climate Insurance, Governance, and Adaptation Index

4 December 2019

Tashkent, Uzbekistan

The CAREC Institute Deputy Director Two Dr. Iskandar Abdullaev participated in a seminar along with the Tashkent Institute of Irrigation and Agriculture Mechanization Engineers (TIAME), and the Innovations and Scientific Research Cluster (ISRC) on 4 December 2019 in Tashkent, Uzbekistan.

Discussions focused on climate change issues in the context of the joint research on "Climate Insurance, Infrastructure and Governance in CAREC Region." The participants discussed different mechanisms used by CAREC members to deal with climate challenges through the lens of water, energy, and food nexus, economic and financial viability of these mechanisms, and the role of governance to keep up the momentum.

The seminar also discussed construction of the CAREC Regional Climate Change Adaptation Index which shall capture diversity of climate challenges, allow for cross-country comparison, and follow the vulnerability assessment approach where vulnerability is understood as a function of exposure, sensitivity, and adaptive capacity. More about the index in subsequent e-newsletters.

We Are Hiring

The CAREC Institute is looking for an **Economist** and **Senior Capacity Building Specialist**. These are fixed term international staff positions based in Urumqi, the PRC. Apply [here](#).