



CAREC Institute Newsletter

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CAREC Regional Integration Index

In an updated CAREC Regional Integration Index (CRII) which measures progress in regional economic cooperation and integration among 11 member countries of the ADB-supported CAREC Program, our Chief Economist team found that there has been a moderate progress in CAREC integration. The report concludes that it might be time to advance this topic more decisively and call for elevating cooperation among CAREC countries to new levels.

The fast development of Asia, new technologies and the reorganization of global value chains, accelerating digitalization, better connectivity and new forms of foreign investment and international governance open new opportunities for CAREC countries to increase their role in the global economy. At the same time, decarbonization and green transition, the need to invest more in human capital, upgrade technology and national innovation systems and heightened international competition pose new challenges to the region. The COVID-19 pandemic has accelerated many trends and has underlined the need for resilient health systems and for protecting vulnerable parts of the population, including migrant workers that are an important part of intra-CAREC exchange.

Advancing production and services to higher levels while meeting the requirements of the new economic area is a complex task, which requires a whole set of measures, ranging from improving the business and investment climate over advancing digitalization to trade facilitation, developing better channels for technology transfer, knowledge exchange, and much more.

The CAREC countries have their industrial policy plans, digitalization plans, infrastructure plans, etc. There should be increasing coordination and exchange of views. Governments should not hesitate to also ask opinions from companies and business associations of the other countries of the region about their planning and measures. Regional cooperation, economic integration, exchange of views and ideas, and learning from each other will be of utter importance to achieve success. Read more [here](#).

Workshop on Modernizing SPS Measures & Use of Digital Certification

The CAREC Institute and the Asian Development Bank (ADB) held a joint workshop titled “Modernizing Sanitary-Phytosanitary (SPS) Measures in CAREC and Use of Digital Certification” on 24 February 2021.

This learning module supports the [common agenda for modernization of SPS measures for trade](#) endorsed by CAREC Ministers in 2015. The SPS experts from ADB, CAREC Institute, World Trade Organization (WTO) and other development partners discussed areas for strengthening SPS systems in CAREC countries and support post-pandemic recovery. It was noted that CAREC members have significant trade potential in agriculture and this potential could be leveraged by increased harmonization and digitalization.

Excerpt from the ADB presentation at the virtual workshop, 24 Feb 2021

Country	Agri value-added in GDP (%)	Agri sector in total employment (%)	Agri share in export value (%)
Afghanistan	25.8	42.8	84.9
Azerbaijan	5.7	35.9	4.6
PRC	7.1	25.4	3.1
IMAR	10.8	41.8	14.5
XUAR	14.3	36.4	2.1
Georgia	6.5	41.8	28.2
Kazakhstan	4.5	15.8	5.9
Kyrgyz Republic	12.1	21.2	14.7
Mongolia	10.8	27.4	6.5
Pakistan	22.0	36.7	22.4
Tajikistan	19.2	44.9	15.6
Turkmenistan	9.3	19.9	1.1
Uzbekistan	25.5	23.9	13.5

Source: ADB Brief on Expanding CAREC Agri-Trade through the Use of Electronic Certificates (forthcoming 2021)

Participants discussed common challenges experienced by CAREC members across plant health, animal health, and food safety, which include poor understanding of both importing and country phytosanitary requirements and pest risks of imported goods, lack of accurate pest distribution data as a basis for regulated pest lists, remote location of border crossing points from central laboratories, ambiguous division of responsibilities among different agencies, insufficient secondary legislation, inadequate balance between food control and trade facilitation, etc.

Under the CAREC SPS Program, dialogues have been held on transboundary animal disease and regional pest surveillance, several workshops have been organized on SPS topics, and the CAREC-wide SPS working group has been established. Several other ongoing and planned SPS initiatives include improving risk management capacities in Mongolia, supporting plant quarantine roadmap in Uzbekistan, pilot of simplified modern food safety management and inspection systems in Turkmenistan, and guideline development for import of food products from third countries into the Kyrgyz Republic.

The WTO representative discussed the International Plant Protection Convention (IPPC) ePhyto solution elaborating that 90+ countries are already connected to the ePhyto hub, 50+ countries exchange electronic certificates with some 60,000 certificates per month, whereas work is ongoing to reach the capacity of 100,000-certificate exchanges per day. Some challenges in implementing SPS e-

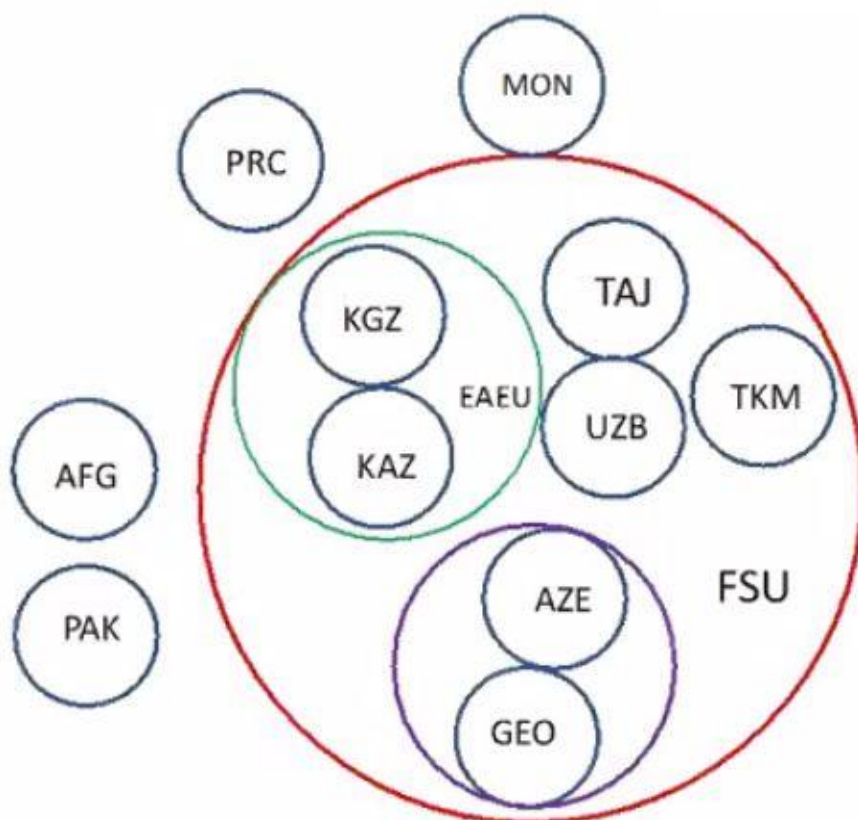
certification include weaknesses in existing paper-based systems, inadequate legislative framework, lack of political will, limited collaboration between public and private sectors, lack of standardized exchange protocols, high costs, and inadequate IT infrastructure.

Dr. Ghulam Samad of the CAREC Institute presented findings of the Institute’s research which attempted to assess the potential of digital phytosanitary certificates and facilitated analysis of the underlying mechanisms for recognition and use of such certificates. He elaborated on the readiness of legal basis for exchange of phytosanitary certificates in CAREC, list of phytosanitary import requirements available to the phytosanitary certificate issuing agencies, standardized terms and codes used by CAREC countries, and security of data exchange. The research found five major reasons as to why CAREC countries do not practice mutual recognition of phytosanitary e-certificates at this stage. These are: lack of technically qualified and authorized phytosanitary personnel; need for mutual recognition agreements; absence of phytosanitary certification e-systems; need for strong security standards to prevent fraud; and the development stage of phytosanitary certification e-systems.

It was mentioned the Uzbekistan has been exchanging ePhyto with trading partners since October 2020.

Experts also noted several sub-regions with different SPS approaches within CAREC which present additional challenges in harmonization of standards and methods. Suggestions were made how priorities could be aligned.

Excerpt from a workshop presentation by Rob Black, SPS Consultant, about SPS-related sub-regions within CAREC



CAREC Think Tanks Network Research Grants Program

CTTN research grant finalists of 2019 at the forum in Xi'an, the PRC



The CAREC Institute is pleased to announce its third research grants program under the CAREC Think Tanks Network (CTTN) to support scholars of member think tanks to add to the body of knowledge on regional cooperation in CAREC. This year, the grants program has a focus on economic corridor development in CAREC. The authors of successful papers will have an opportunity to present their findings at the fifth [CAREC Think Tanks Development Forum](#) at the end of 2021.

The CTTN research grants program has already produced [six papers](#) on free trade agreements, impact of standards on trade, agri-food trade, participation in RVC/GVC, and tourism. Some of the CTTN paper adaptations can be viewed at the [Development Asia knowledge sharing platform](#).

The application deadline is **15 March 2021**. The application form is available [here](#).

CAREC Institute March Research Conference on post-COVID Recovery

The CAREC Institute, in partnership with the Asian Development Bank Institute (ADBI), with support from ADB, will organize a virtual research conference on **4-5 March 2021** with the theme of COVID-19 and potential for economic recovery in CAREC. The conference sub-themes include:

- ✓ digital CAREC
- ✓ regional integration
- ✓ tourism
- ✓ enterprises and industries

The main objective of the conference is to catalyze research and capacity building collaboration of the Institute to produce timely and relevant research products that could aid CAREC economies stay in the forefront of sustainable development and economic integration. The conference activities aim to identify means to revisit and rethink past, present, and future of the CAREC region in the wake of the pandemic.

The conference materials will make part of an annual book with reflections of contemporary economic development and integration dynamics in CAREC. Register [here](#) to attend the online conference.



RESEARCH CONFERENCE
COVID-19 and Potential for Economic Recovery in CAREC
TOPICS: digital CAREC , regional integration, tourism, enterprises and industries

Organized by the **CAREC Institute** in partnership with the **Asian Development Bank Institute**
Supported by the **Asian Development Bank**

Dates: **4-5 March 2021**
[Register](#) to attend
Russian interpretation provided
Contact: rd@carecinstitute.org



Highlights of the 14th Five-Year Plan of the People's Republic of China

The CAREC Institute and ADB's Central and West Asia Department held a discussion about the PRC's 14th five-year plan (FYP), ADB's potential support to the plan, and cooperation options among the parties on 5 February 2021.

Dr. Minsoo Lee of ADB delivered a presentation about the plan. He provided details about the PRC's 30-year vision for completing transition to a modern, high-income country, and the two phases of the vision: FYPs (2021-2035) to lay the foundation for this modernization strategy, and FYPs (2036-2050) to complete the process.

Dr. Lee elaborated on the consultative process that the PRC's National Development and Reform Commission (NDRC) had with the ADB who, through renowned scholars and authors, provided seven high-level papers which suggested that the 14th FYP needed to focus on anticipating and accommodating a number of trends and imperatives, including rapid demographic transition, changes to rural-urban migration patterns, shift from input-based growth to productivity-driven growth with

extensive technological change, transition from basic manufacturing to services and high-tech industrialization, post-millennial digital generation with different norms and attitudes, and growing urgency of tackling environmental protection and climate change.

Transition to a high-quality economic development path in the PRC assumes a stronger human capital base with five priority policy options: inclusive development (education, health), social assistance, climate change and sustainability, urbanization, and rural revitalization.

Dr. Lee talked about modernization indicators and provided comparative view of the Asian growth models.

GDP per capita comparative view across years among Japan, Republic of Korea, and the PRC

	\$ 10,000	\$ 20,000	\$ 30,000
Japan	1981	1987	1992
	\$ 10,361	\$ 20,745	\$ 31,465
Republic of Korea	1994	2006	2018
	\$ 10,206	\$ 20,888	\$ 31,363
People's Republic of China	2018	2026 est.	2030 est.
	\$ 9,771	\$ 20,980	\$ 30,743

After four decades of rapid growth under its “Opening Up and Reform” strategy, the PRC is entering a new phase of development with the 21st century growth story, which is less focused on output and income, and more focused on well-being, quality, and sustainability, and on the balanced accumulation of several forms of capital — physical, human, social, and natural (“four-capital” framework) — that are central to well-being and wealth.

Roundtable on Cooperation between Central and South Asia

On 16 February 2021, the Institute for Strategic and Regional Studies (ISRS) under the President of Uzbekistan and the CAREC Institute jointly held a roundtable on interconnectivity and cooperation opportunities between Central and South Asia.

The roundtable gathered Sanjar Valiev, ISRS Deputy Director, Ambassador Alisher Kadirov, Dr. Jacopo Pepe, Research Fellow at Stiftung Wissenschaft und Politik, Dr. Hameed Hakimi, Research Associate at the UK Chatham House, Prof. Timofey Bordachev, Programme Director at Valdai Discussion Club of Russia, Dr. Swante Cornell, Director of the US Institute for Security and Development Policy, Prof. Peter Frankopan of Oxford University among 18 experts from various research institutions and think tanks across Asia, Europe, and the US to exchange views on forward-looking approaches and strategies for enhancing collaboration between the two regions.

Chaired by Mr. Sanjar Valiev, Deputy Director of ISRS and Dr. Iskandar Abdullaev, Deputy Director Two of the CAREC Institute, the discussion sought to build up the conceptual framework for the upcoming international conference to be organized by the Government of Uzbekistan tentatively in May 2021. Participants exchanged views on both historical and contemporary interregional cooperation dynamics including the topics of infrastructure, tourism, transport connectivity, regional integration and economic cooperation among Central and South Asian countries.

Against this backdrop, Prof. Peter Frankopan of Oxford University noted the importance of understanding the baseline of current dynamics of collaboration and elaborating concrete measures to assess the expected outcomes. This would help bring specific proposals to the table and understand how the CAREC Institute and others could leverage their potential in the realization of rebuilding connectivity between the regions. Dr. Jacopo Pepe, Research Fellow at Stiftung Wissenschaft und Politik, emphasized the necessity for more pragmatic, inclusive and transparent model of connectivity which considers financing aspects and interests of external powers.

Talking about regional cooperation arrangements, Dr. Ahmad Khan, Director of Area Study Center University of Peshawar, pointed out open regionalism that implies bi-, tri- and multi-lateral regional mechanisms simultaneously. Other issues highlighted by experts included public-private partnerships, education, people to people contact, improvement of investment environment, and peace in Afghanistan.

Dr. Hans Holzacker, Chief Economist of the CAREC Institute, highlighted that striking the right balance among ongoing projects and developing new initiatives in trade, investment, transport and economic corridors, energy, and digitalization sectors would be an important step in enhancing integration and connectivity between the two regions. Similarly, Mr. Liang Ziqian, Deputy Director One of the CAREC Institute, highlighted the significance of digital cooperation in the post-pandemic world.

Underling the importance of discussed points on potential opportunities for cooperation, Dr. Abdullaev focused on existing challenges which the regions have in common, such as terrorism and security, food and water security coupled with water governance, climate change, resource availability, and inefficiency in resource consumption. These issues may require immediate technology and knowledge sharing between the regions that can be supported by more enhanced collaboration.

The connectivity between the regions goes back to the centuries-old history of relations among the countries and people inhabiting the two regions. Reestablishing such ties can lead to growth in economic, cultural and peace cooperation. Besides, closer engagement provides wide opportunities for improvement of living standards of the population across these regions.

While discussing ubiquitous interlinkages between the regions, experts agree that there is no specific blueprint strategy for developing cooperation, but rather constant dialogue involving various stakeholders in discussion can shed light on potential cooperation engagements. The roundtable set the stage for further exchanges on these topics.

The roundtable participants on 16 Feb 2021 discussing cooperation between Central and South Asia



Workshop Report on Climate Change Impact on Infrastructure in CAREC

Our workshop report of November 2020 scientific-practical conference summarizes participation of the CAREC Institute in a session covering the climate change impact on infrastructure and logistics in CAREC. The conference itself focused on regional collaboration, informed by science, that can help solve climate-related challenges in Central Asia.

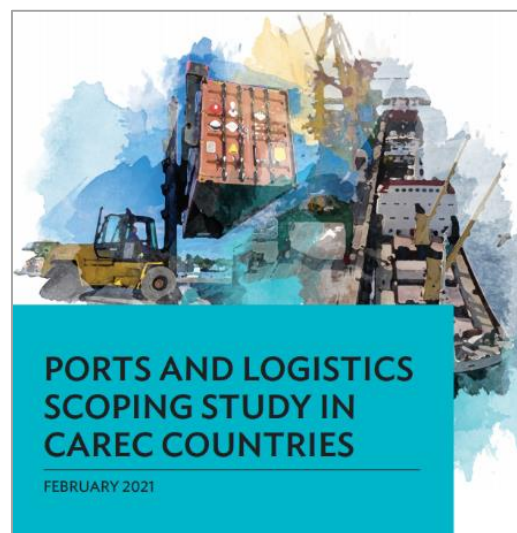
The session on infrastructure discussed climate-adjusted investments, new opportunities emerging from digital and knowledge corridors, new mechanisms for attracting private investment in water infrastructure, measuring high quality infrastructure by economic and social value, the case of Kazakhstan and knowledge transfer setup at the Kazakh-German University, the case of Toshguzar-Boysun-Kumkurgon railway line in Uzbekistan and its spillover effects, and potentials of transforming transport corridors into economic corridors.

The report concludes with recommendations that there is more research and emphasis needed on holistic approach to regional cooperation to promote construction and maintenance of infrastructure; more research for informed decision-making; and strengthening linkages among transport, logistics, trade, energy, environment, and labor while optimizing CAREC corridors. Read more [here](#).

New Publications on CAREC

Ports and Logistics Scoping Study in CAREC Countries

[Ports and Logistics Scoping Study in CAREC Countries](#) by the ADB's CAREC Program analyzes seaports and multimodal corridors serving CAREC landlocked countries. The purpose is to provide sufficient background to ports and logistics developments in the region and identify areas and potential activities that will require cooperation among the ADB's CAREC developing member countries and development partners within the framework of the CAREC Program. The novelty of this study is that it looks both within and beyond CAREC countries' perimeters, while most CAREC work so far focuses only on transport chains within it. Presentations on the subject webinar are available [here](#).



Assessing Trade Potential along the Proposed Shymkent–Tashkent–Khujand Economic Corridor

[The assessment](#) by the ADB's CAREC Program explores the transit of international goods in cities and territories along Shymkent–Tashkent–Khujand Economic Corridor (STKEC) and trade regimes in Kazakhstan, Uzbekistan, and Tajikistan. The report also identifies and analyzes existing barriers and opportunities for trade expansion. It provides recommendations for various stakeholders on policy measures for improvement under the framework of STKEC development. [The roadmap](#) document on STKEC proposes policy measures for various stakeholders.