



Central Asia Regional Economic Cooperation Program

**CENTRAL ASIA REGIONAL ECONOMIC COOPERATION PROGRAM
SENIOR OFFICIALS' MEETING
Hohhot, People's Republic of China
6–7 June 2012**

SUMMARY

I. Introduction

1. A Central Asia Regional Economic Cooperation (CAREC) Senior Officials' Meeting (SOM) was held in Hohhot, People's Republic of China (PRC) on 6–7 June 2012. Delegations from CAREC member countries participated in the SOM. Representatives of CAREC multilateral institution (MI) partners also attended. Mr. Wencai Zhang, Deputy Director General, International Department, Ministry of Finance, PRC, and CAREC National Focal Point chaired the SOM. He was assisted by Mr. Klaus Gerhaeusser, Director General, Central and West Asia Department (CWRD), Asian Development Bank (ADB); Mr. Robert Wihtol, Director General, East Asia Department, ADB; and Mr. Sean O'Sullivan, Deputy Director General, CWRD, ADB. The objectives of the SOM were to discuss: (i) national actions taken so far by CAREC countries to implement the new 10-year CAREC Strategic Framework (CAREC 2020); (ii) the proposed CAREC Institute Strategic Knowledge Framework and draft concept of a Corridor Development Study; (iii) progress in CAREC's priority sectors, CAREC corridor performance measures, and the development effectiveness review for 2011; and (iv) the proposed theme and structure of the 11th CAREC Ministerial Conference (MC). The agenda and list of participants are in the Appendix.

II. SOM Highlights

2. Each CAREC delegation presented a summary of **recent national actions they have taken to accelerate the implementation of CAREC 2020**, which was endorsed at the 10th MC in Baku in November 2011. Many countries have organized national workshops to present CAREC 2020 to relevant government officials and other key stakeholders, and have taken steps to mainstream CAREC 2020 projects and activities in their respective national development plans. The national workshops have resulted in greater understanding of CAREC's strategic directions and operational priorities. The SOM highlighted the importance of promoting greater country commitment to, and ownership of, regional cooperation, as well as improving national coordination mechanisms to ensure successful implementation of CAREC 2020.

3. On the **CAREC Institute (CI) Strategic Knowledge Framework (SKF) 2012–2017**, the SOM reached broad agreement on the following: (i) the SKF and the priority areas of the CI; (ii) the CI, in the interim, should be located in ADB Headquarters in Manila; (iii) a work plan for 2013–2014 will be presented at the 11th CAREC MC in October/November 2012; and (iv) a CI assessment study will need to be carried out for consideration by the CAREC SOM and decision by the 11th MC. The SOM highlighted that the assessment study should include

recommendations on the: (i) physical versus virtual modality, including possible establishment of a network of resource and training centers; (ii) associated governance structure (e.g., Advisory Board, or Board of Governors with approving authorities); and (iii) estimated cost and funding sources (e.g., external aid agencies, members' contributions, private sector). Some CAREC members offered to support the CI by hosting CI events and the physical institute, and MI partners expressed support for stronger collaboration with the CI. The CAREC Secretariat will carry out the assessment study from June to October 2012. It was suggested to: (i) include the issue of location of permanent physical institute in the assessment; and (ii) accelerate the completion of the study to enable the conduct of a seminar on the assessment study before the MC.

4. The SOM reviewed **progress in the four priority sectors of transport, energy, trade facilitation, and trade policy**, and discussed related issues and future work plans.

- a. In transport, the SOM will help ensure that country inputs are provided, on a timely basis, for the planned midterm review of the CAREC Transport and Trade Facilitation Strategy and Action Plan (TTFSAP). A study of logistics hubs will be considered in the midterm review.
- b. In energy, the SOM agreed, in principle, on (i) the components of the proposed Energy Work Plan (EWP) 2013–2015, details of which will be developed further and discussed at the next meeting of the Energy Sector Coordinating Committee, to be held in September 2012, and (ii) the need for greater engagement by CAREC national and energy sector focal points in the preparation of the EWP and the medium- and long-term priority projects list. The energy–water nexus issues will need to be reviewed more carefully. Support for energy efficiency and renewable energy projects should be considered.
- c. In trade facilitation, the SOM agreed, in principle, (i) an action plan for cooperation on sanitary/phytosanitary matters should be prepared, and welcomed the consultations that will take place for the action plan preparation.
- d. In trade policy, the SOM expressed broad support to the full implementation of the Trade Policy Strategic Action Plan going forward, specifically: (i) further trade liberalization, including the reduction of non-tariff barriers, (ii) steps toward accession to the World Trade Organization, and (iii) improvement of institutional environment for trade. The SOM also agreed to provide full and timely inputs for the calculation of trade liberalization and institutional quality indices.

5. The SOM noted the findings of the **2011 CAREC Development Effectiveness Review (DEfR)**, particularly the overall positive picture in the DEfR's three levels, and emerging trends in the technical sector and financing. The SOM highlighted the importance of the timely conduct of actions related to the implementation of CAREC 2020 and planned strategic initiatives in the four sectors (e.g., midterm review of TTFSAP and EWP), and enhanced results orientation.

6. The SOM noted the 2011 Annual and First Quarter 2012 Reports on **CAREC Corridor Performance Measurement and Monitoring**, presented by Capt. Lin Zhong, President of the CAREC Federation of Carriers and Freight Forwarders Associations. The average cost and time spent on border crossing points (BCPs) showed improvement in 2011. The average “speed without delay” indicator was faster in 2011, but the average “speed with delay” indicator showed a decline due to longer delays recorded at non-BCP stops.

7. The concept of a proposed **CAREC Corridor Development Study** was presented, including the scope, methodology, and timeline of deliverables. The SOM broadly endorsed the

Study concept, and agreed to conduct it on a pilot basis along CAREC Corridor 5 focusing on the sections in the Kyrgyz Republic and Tajikistan.

8. The SOM agreed on the theme of the **11th MC**, which will be “Implementing CAREC 2020”, and that the MC will be held for three days from 30 October–1 November 2012 (Preparatory SOM on Day 1; Bilateral Meetings and possible other activities on Day 2; and Ministerial Meeting on Day 3). The CAREC Secretariat will consult with the countries on their suggestions about the MC (e.g., other topics, participation of bilateral agencies).

9. The SOM expressed appreciation to the Government of the PRC, especially the Ministry of Finance and the People’s Government of Inner Mongolia Autonomous Region for hosting the meeting and the excellent arrangements made, and the ADB for providing support to the meeting.