



**10th Ministerial Conference on  
Central Asia Regional Economic Cooperation  
Baku, Azerbaijan  
23 November 2011**

**Report of the Senior Officials' Meeting to the CAREC Ministers  
Mr. Samir Veliyev  
Chair, Senior Officials Meeting**

Thank you Chair.

Mr. Haruhiko Kuroda, President of ADB, Honorable Ministers, Ladies and Gentlemen. Good afternoon.

First of all, on behalf of CAREC senior officials, I would like to thank our Honorable Ministers for their endorsement of our new 10-year strategic framework – CAREC 2020.

Allow me to report on the four priority sectors of CAREC and the CAREC Institute.

1. In the **energy sector**, under Pillar 1: Energy Demand and Supply Balance and Infrastructure Constraints, under the auspices of ADB, the draft final report and investment plan for the Regional Power Sector Master Plan for Central Asia has been completed, and is to be discussed by the countries for further consideration.
2. Under Pillar 2: Regional Dispatch and Regulatory Development, the original work program has been augmented with the activation of USAID's Regional Energy Security, Efficiency and Trade program. Sector committee members will participate in related training activities.
3. Under Pillar 3: Energy-Water Linkages, a draft prototype demonstration model has been developed by the University of Washington. A detailed review of six existing models is under way with World Bank assistance.
4. In 2012 and 2013, Committee members will carry out activities to share information on good examples of regional cooperation in the energy sector, and compile energy sector information of CAREC members. In addition, the Committee, in line with the CAREC Energy Strategy, will start looking into other energy corridors.

5. In **trade policy**, work continued toward further trade liberalization, and WTO membership for all CAREC countries. Roundtable discussions on progress in WTO accession have been held. Analysis of the Trade Liberalization Index developed by the IMF shows that most countries have met the trade liberalization targets for end-2010, and some have already exceeded the target for end-2011.
6. CAREC countries have agreed to jointly monitor progress in reducing institutional impediments to trade, and considered a methodology developed by the IMF to calculate an index of institutional quality for trade.
7. The Trade Policy Coordinating Committee has also served as a forum to discuss developments in trade and trade policies, including the customs union among Kazakhstan, Russia, and Belarus.
8. In 2012, activities will include: (i) 2-3 WTO training events under the auspices of ADB, IMF and World Bank; (ii) monitoring the index of institutional quality developed by the IMF, while continuing to improve the methodology; (iii) continuing to assess the Trade Liberalization Index based on completed questionnaires for submission by February; (iv) conducting a study on trade policy and trends in CAREC countries, to possibly update the Trade Policy Strategic Action Plan.
9. In the **transport** sector, significant progress has been made in developing the six transport corridors. By August 2011, almost half of the total road sections have been completed, and 47% are being upgraded. For railways, 37% of the total have been completed and 35% are being upgraded.
10. The Transport Sector Coordinating Committee has identified medium-term priority projects list for CAREC 2020. It consists of 69 projects amounting to about \$23 billion, most of which represent remaining sections of the CAREC Corridors. The list will be further discussed and prioritized for implementation in the next Committee meetings.
11. The agreement between the Kyrgyz Republic and Tajikistan to facilitate cross-border transport along CAREC Corridor 5 has been ratified by the two Governments.
12. A midterm review of the CAREC Transport and Trade Facilitation Strategy and Action Plan will be carried out in 2012-2013. The review will take stock of progress and results of the first half of the Strategy's implementation. It will consider possible adjustments to the Strategy, such as changes to alignments of existing corridors and inclusion of new corridors.
13. In **trade facilitation**, significant progress has been made in simplifying and harmonizing customs procedures, investing in automated customs information systems, and moving toward establishing national single windows.
14. The CAREC Federation of Carrier and Forwarder Associations or CFCFA admitted four new members, created working groups on priority issues, and identified new projects. It has also further streamlined the processes for Corridor Performance Measurement and Monitoring or CPMM to ensure efficient data gathering and high quality analyses and reporting.
15. More than a dozen pairs of border crossing points have been identified for possible inclusion in the Regional Improvement of Border Services project, which is proposed for ADB

assistance. Completing the development of single window facilities in the Kyrgyz Republic, Mongolia, and Tajikistan is expected to be covered under the project.

16. The impact of the Russia-Belarus-Kazakhstan customs union on the priority areas of CAREC customs cooperation may need close consideration. An impact assessment is under way, examining data gathered under CPMM and evaluating questionnaire responses submitted by CAREC Customs administrations and CFCFA affiliates.

17. Based on the **CAREC Institute** Performance Assessment Review, we agreed that the Institute will continue to focus on relevant knowledge activities and sustainable training in the four priority sectors and selected second tier areas.

18. In 2012, the CAREC Secretariat will formulate a five-year work plan for the Institute, in consultation with the CAREC countries and MI partners. The work plan will be reviewed by senior officials and presented to the 11th CAREC Ministerial Conference next year. In the course of developing the work plan and during implementation, consideration will be given to the pros and cons of a virtual versus a physical CAREC Institute.

19. We propose priority CAREC Institute activities to meet the training and knowledge needs of the various CAREC bodies in 2012. These have been identified by the sector coordinating committees and the National Focal Points.

20. Honorable Ministers, the foregoing report of CAREC senior officials is presented for your consideration.

Thank you.