



# SUPPORTING TRADE IN CAREC REGION: ROLE OF CAREC INSTITUTE

CAREC Institute  
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# CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) INSTITUTE

- CAREC Institute's **mission**:
  - an intergovernmental organization **dedicated to promoting the economic cooperation** in the Central Asia and along the Silk Road through knowledge generation and sharing
  - The Institute is headquartered in Urumqi, Xinjiang Uygur Autonomous Region, the People's Republic of China (PRC)
  - a **knowledge connector** among to **ensure coherence** in design and implementation of policies, programs, and projects to promote regional economic cooperation and integration the five CAREC themes

# CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) INSTITUTE

- CAREC Institutes **key interventions** are:
  - Workshops, seminars and trainings
  - Research on key policy issues
  - Think Tanks Development Forum
  - Research Grants Program to support scholars and researchers
  - Information sharing, publishing, PR , networking and forging partnerships with academia, development institutions, Belt and Road Initiative, and other entities

# CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) INSTITUTE

- Provides **high-impact knowledge solutions** and analytical underpinnings to facilitate regional cooperation, catalysing balanced development solutions
- **Synergizes national development challenges and priorities** with regional aspirations
- Facilitates **sharing of good practices** of the region and the world
- Enhances the **capabilities of government officials** to engage in regional cooperation processes, design and implement regional cooperation projects
- Conducts **strategic research by mobilizing relevant intellectual** resources
- Improves the **effectiveness of decision making** among the member countries
- Facilitates development of **think tanks in the region**

# CAREC INSTITUTE: 3 K'S- GENERATION, SHARING AND MANAGING OF KNOWLEDGE

<u>Knowledge Generation</u> (past, ongoing and future research):	<u>Knowledge Sharing and Capacity Building</u> (past, ongoing and future)	<u>Knowledge Management</u> (past, ongoing and future)
<ul style="list-style-type: none"> <li>• <b>SME Finance - Value Chain</b> in the CAREC Landlocked Economies</li> <li>• Impacts and <b>Financing Infrastructure</b> in CAREC Countries</li> <li>• CAREC <b>Regional Integration Index (CRR)</b></li> <li>• Trends, Challenges, and Opportunities for <b>Agricultural Development</b></li> <li>• <b>Fiscal and Economic Reforms</b>: Chinese Experience</li> <li>• Regional Value Chains in the CAREC Region: <b>The Garment Industry in Kyrgyzstan</b></li> <li>• Regulatory Framework for <b>E-commerce</b> development in the CAREC</li> <li>• Regional <b>Sanitary and Phytosanitary</b> Regulatory Regime: e-certification</li> <li>• <b>Climate effects</b> of WEF approach</li> <li>• Case Studies and Analysis of Technology Innovations and diffusion for <b>High-Value Crops</b></li> <li>• <b>Capital Market and Financial Integration</b>: Finance for Development</li> </ul>	<ul style="list-style-type: none"> <li>• <b>33 workshops (2015-2018), 600</b> mid and senior officials of CAREC region</li> <li>• <b>12 workshops</b> (10 is done, 2 is in progress) with &gt; <b>300</b> mid and senior officials planned <b>in 2019</b></li> <li>• CB activities cover all <b>5 CAREC Clusters</b></li> <li>• CI develop <b>Standardized Workshops</b> (Special Economic Zones, System of National Accounts, WTO-TFA etc.)</li> <li>• Increase of workshops based on <b>CI research outputs</b></li> <li>• Innovative <b>Knowledge Sharing modes</b>: online courses, hybrid courses</li> <li>• <b>Need based capacity building</b>: CAREC country needs within the context of regional externalities and spillovers.</li> <li>• CB activities will include also <b>institutional capacity building</b> projects and <b>regional networking on CB</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Regular production and dissemination</b> of CI's regular products: Annual Reports, 3 monthly e-newsletters, CAREC Institute Brochure</li> <li>• <b>Publishing of Strategic and Research products</b>: study on macroeconomic monitoring and forecasting book, 3rd Think Tanks Forum Report 2018, policy findings of the agriculture study, CAREC Institute Strategy 2021</li> <li>• <b>Organization of Events, meetings and PR</b>: Beijing reception, &amp; media coverage in PRC and UZB,</li> <li>• <b>Profile of the Organization</b>: LinkedIn, banners, etc.</li> <li>• <b>New ideas, concepts and steps</b>: Silk Road Tourism Promotion Conference Concept, CAREC Institute – BRI Cooperation Proposal, CAREC regional news digest product, an academic peer-review board and editing practice for research products, a policy brief format for pipeline research products</li> </ul>

# CAREC INSTITUTE'S TRADE RELATED CB ACTIVITIES IN 2015-2019

- **Focus:** providing knowledge services to the government officials in areas of border crossing services:
  - non-tariff barriers,
  - corridor performance measurement and monitoring instrument,
  - trade facilitation agreements,
  - ease of doing business, e-commerce, etc.
- **Quantity Indicators:**
  - 21 out of 45 CB activities in 2015-2019 are related to trade, trade facilitation and economic corridors
  - More than 500 government officials participated in CAREC Institute CB activities
- **Quality indicators:**
  - Resource persons - renowned international scholars and experts , authors of newly published books or had extensive experience in the CAREC region and program's thematic clusters from international development agencies, leading institutions
  - Diversity of opinions and experiences- effective for knowledge and skills exchange among the participants

# CAREC INSTITUTE'S TRADE RELATED CB ACTIVITIES IN 2015-2019

#	Theme of the workshops	Focus areas
1	<b>Workshop on Horticultural Value Chains</b>	<ul style="list-style-type: none"> <li>• high-end value addition to horticultural products which are eligible to be exported to high-end markets, including the European one,</li> <li>• organization of the value chains,</li> <li>• requisite standardization and certificates</li> </ul>
2	<b>Workshop on Ease of Doing Business</b>	<ul style="list-style-type: none"> <li>• CAREC member country domestic taxation structures,</li> <li>• tax holidays for FDIs,</li> <li>• details of taxation treaties to attract intra-regional FDI flows,</li> <li>• elements of regional investment climate to improve ease of doing business</li> </ul>
3	<b>Workshop on CAREC Corridor Performance Measurement and Monitoring</b>	<ul style="list-style-type: none"> <li>• CPMM and TRS (Time Release Study by WCO),</li> <li>• Constraints and bottlenecks hindering the flow of goods,</li> <li>• Critical inputs in formulating viable solutions for improved CPMM</li> </ul>
4	<b>Workshop on WTO Trade Facilitation Agreement Implementation</b>	<ul style="list-style-type: none"> <li>• develop country roadmaps to review the status of implementation of WTO TFA among CAREC countries</li> <li>• identify challenges and bottlenecks towards their full compliance with TFA commitments</li> </ul>
5	<b>Workshop on Special Economic Zones</b>	<ul style="list-style-type: none"> <li>• deepened the understanding of SEZs,</li> <li>• formulating and implementing current development strategies for SEZs as regional connectivity hubs to promote both trade and diversification.</li> </ul>
6	<b>Workshop on Small and Medium Enterprise Trade Finance</b>	<ul style="list-style-type: none"> <li>• promote SME trade finance,</li> <li>• enhance capacity of CAREC countries to provide enabling environment for SME trade finance through analyzing supply and demand challenges for SME</li> </ul>
7	<b>Workshop on E-commerce</b>	<ul style="list-style-type: none"> <li>• Enhancing of understanding of the economic, regulatory, and institutional environment of e-commerce and its links with regional trade</li> </ul>

# CAREC INSTITUTE'S TRADE RELATED COOPERATION PLATFORM- CAREC THINK TANK FORUMS (CTTN FORUMS)

- **1<sup>st</sup> CTTN Forum**, Astana, Kazakhstan, June 2016:
  - Promoting Economic Cooperation for an Integrated Central Asia
- **2<sup>nd</sup> CTTN Forum**, Urumqi, PRC, September 2017
  - Exploring Knowledge Solutions for Regional Cooperation and Integration
- **3<sup>rd</sup> CTTN Forum** , Bishkek, Kyrgyz Republic, on July 2018
  - Building Knowledge Corridors along the Silk Road
- **4<sup>th</sup> CTTN Forum** , Xian, PRC, August, 2019
  - Trading for Shared Prosperity

CTTN Forums- offered a **platform for diverse stakeholders** to debate on critical issues on: (i) regional economic cooperation and integration, (ii) to identify and discuss the main challenges to trade within the CAREC region



# CAREC INSTITUTE'S TRADE RELATED COOPERATION PLATFORM- CAREC THINK TANK FORUMS

## 5 Grants Awarded to CAREC Think Tanks:

- Alignment, Engagement and Coordination: Building Bankable and Viable **Regional Cooperation Programs** in the CAREC Region based on Trust
- The Impact of **Sanitary, Phytosanitary, and Quality-related Standards** on Trade Flow Between CAREC Countries and Georgia
- Assessing participation of CAREC countries in **Global and Regional Value Chains**
- Opportunities and challenges for **Agri-food trade** between Kyrgyzstan and Pakistan
- Analysis of Cooperation in the **Tourism Sector** between Uzbekistan and Kyrgyzstan; a Study of Cross border Value Chains

# CAREC INSTITUTE'S TRADE RELATED CB AND RESEARCH ACTIVITIES IN 2020-2021 (PLAN)

- Capacity building, research and knowledge management efforts for 2020-2021 are prepared:
  - in **consultations** with the CAREC-2030 strategy , CAREC Institute- 2022, ADB sector committees, CAREC countries, partners, regional think tanks, and academia
- CAREC Institute will develop:
  - 4-day, **standardized workshops** in CAREC Program's priority clusters
  - **blended or hybrid learning programs** to utilize modern tools of knowledge sharing (face-to-face and virtual).
- During 2020-2021 CAREC Institute plans to deliver:
  - 3 trade related **workshops**: (i) CAREC corridor performance measurement and monitoring (CPMM), (ii) WTO TFA implementation; (iii) Operationalizing CAREC regional integration index (CRII)

# CAREC INSTITUTE'S TRADE RELATED CB AND RESEARCH ACTIVITIES IN 2020-2021 (PLAN)

- During 2020-2021 CAREC Institute plans to deliver 2 research on:
  - ***Regulatory Framework for E-commerce development in the CAREC:***
    - Analysis of e-commerce regulatory framework (economic, legal, and institutional) and provide an overview of e-commerce infrastructure, interoperability among various payment solutions, e-payment for cross-border e-commerce transactions and country's readiness to implement cross-border e-commerce and its potential contribution to trade in the CAREC region.
  - **Regional Sanitary and Phytosanitary Regulatory Regime: Framework for Mutual Recognition and paperless certification exchange mechanism:**
    - identify the CAREC Common Agenda for Modernization of SPS measures for trade by enabling paperless exchange of the SPS certification mechanisms.

# CAREC INSTITUTE'S TRADE RELATED FLAGSHIP ACTIVITIES

## *CAREC Region: measuring Integration*

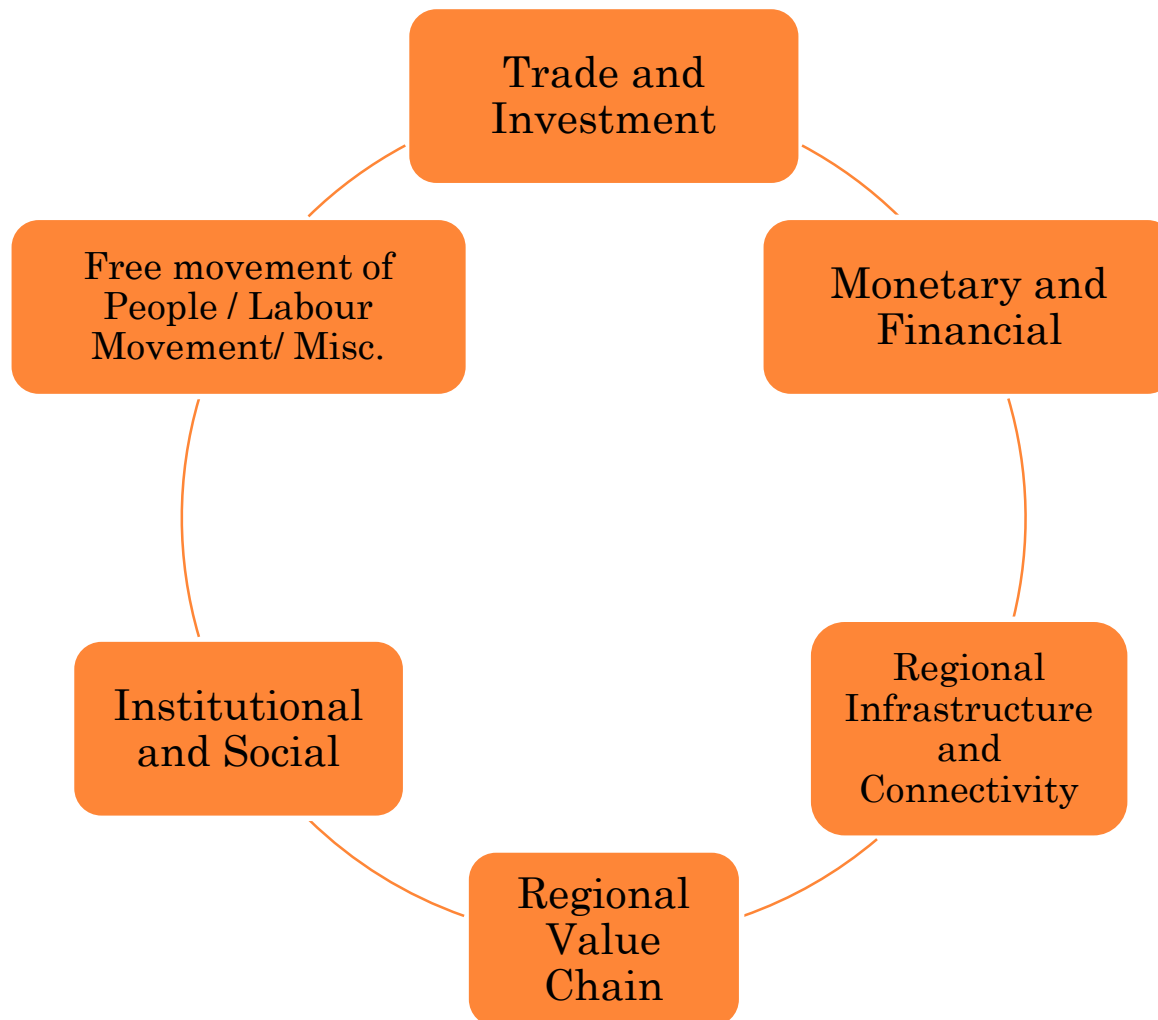
- Mapping **Policy Objectives** with Integration Index
- Ease of **doing trade**: behind the border, at the border and beyond the border trading costs
- **Theoretical framework**- measurement, index construction, parameter selection , contextual framing, methodology and analytical framework
- **Benchmarking** – measuring against stated policy objectives
- **Open platform** no formal agreements on Trade, Investment and Infrastructure and Trade Facilitation

# CAREC INSTITUTE'S TRADE RELATED FLAGSHIP ACTIVITIES

## *CAREC Regional Integration Index (CRII)*

- Integration is a **dynamic and consensus-oriented** process
- Measurement may be **complex and cumbersome** process
- CRII aims to measure the **depth and breadth of regional cooperation** on six socioeconomic dimensions
- **Scale** of 0 (low) to 1 (Full) Economic Cooperation
- provides **policy coordination and harmonization** for a targeted strategy and action plan to boost the regional cooperation and economic integration process

# SIX PARAMETERS TO MEASURE CRII



# CAREC REGION: FACTORS AFFECTING INTEGRATION (CRII RESULTS)

- **Asymmetrical** Market and Institutional (under) Development Constraints
- Market **Access** restrictions (trade in goods & services)
- Inconsistent and restrictive foreign **direct investment (FDI) policies**
- High trade **costs**
- Trade Facilitation and Economic **connectivity**
- **Fragmentated Regionalism**: Each member of CAREC is already party to at least one RTA and but no economic integration regionally

# CAREC REGIONAL MARKET POTENTIAL

- **Energy Market** – both traditional fossil fuels and Renewables
- **Regional Agriculture Market** potential (more than US\$ 200bn)
- **Cross-border Free Zones and regional value chains**
- **Cross-border movement of goods, services, capital, and people**
- **High-tech industrial** manufacturing and services sector
- **Infrastructure and economic connectivity-** High speed train and transportation
- **Micro-trade, E-commerce and Eco-Tourism**
- **Transborder Governance** of Regional Public Goods to mitigate the Climate Change impact (water, environment, etc.)



# CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) INSTITUTE

## THANK YOU

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