



## **BACKGROUND NOTE: CAREC TRADE AND INVESTMENT FACILITATION PARTNERSHIP (CARTIF)**

### **FOR REFERENCE**

Senior Officials' Meeting  
Central Asia Regional Economic Cooperation Program  
18-19 June 2025, Issyk-Kul, the Kyrgyz Republic

## Background Note: CAREC Trade and Investment Facilitation Partnership (CARTIF) June 2025 |

### 1. Introduction and Context

The CAREC Trade and Investment Facilitation Partnership (CARTIF) is a soft regional framework developed under ADB TA-6558 REG to support economic integration among CAREC countries. It follows strategic guidance from CAREC 2030 and the CAREC Integrated Trade Agenda (CITA) 2030, aiming to create a modern mechanism for partnership on trade and investment related matters.

CARTIF aims to address barriers to regional trade, such as market access, regulatory coherence, and cooperation in services and investment. It considers the interest among CAREC members in exploring structured but voluntary regional trade integration, respecting their different development levels, WTO membership statuses, and legal obligations.

### 2. Key Features and Objectives

- **Voluntary and Inclusive:** Open to all CAREC countries, participation is voluntary and interest-based, with differentiated responsibilities.
- **Soft Agreement:** CARTIF is not a traditional trade agreement, it sets up a framework without creating market access commitments.
- **Modular Design:** Divided into Initial Protocols (mandatory for joining) and Additional Protocols (negotiated later by interested parties), allowing for gradual integration.
- **Strategic Goals:**
  - Facilitate trade in goods and services across borders.
  - Promote regulatory transparency and cooperation.
  - Encourage investment through improved policies and procedures.
  - Support digital trade, e-commerce, and inclusive participation (e.g. SMEs, women).
  - Create a structured but flexible path toward deeper regional trade integration.

### 3. Legal and Institutional Structure

#### Framework Agreement Structure

- **Initial Protocols (binding for all Parties upon accession):**
  1. Trade Facilitation
  2. Sanitary and Phytosanitary (SPS) Measures
  3. Technical Barriers to Trade (TBT)
  4. Trade in Services (transport, tourism, telecom, etc.)
  5. Services Domestic Regulation
  6. Digital Trade and E-Commerce
  7. Investment Facilitation
  8. Dispute Settlement
- **Additional Protocols** (e.g., Tariffs, IPRs, Competition, Sustainable Development) are optional and negotiated separately among interested countries.

#### Governance Bodies

- **Ministerial Council (MC):** Highest decision-making body providing strategic oversight. Meets annually.
- **Senior Officials Council (SOC):** Supervises implementation and coordination. Meets twice a year.

- **Regional Trade and Investment Committee (RTIC):** Technical and operational body supporting SOC.
- **Secretariat:** Initially hosted by the CAREC Secretariat; to transition to an autonomous CARTIF Secretariat.
- **Stakeholder Consultative Body (SCB):** Engages civil society, private sector, and academia.

#### 4. Participation, Legal Coherence, and Transparency

- **Open Access:** All CAREC members may join, with minimum 3 ratifications for entry into force.
- **Observer Status:** Available for interested countries prior to accession.
- **Transparency Rules:** Parties must publish relevant laws and notify others through the Secretariat.
- **Legal Priority:** In case of overlap with other bilateral/regional agreements, CARTIF prevails—unless otherwise agreed.

#### 5. Dispute Settlement and Review

CARTIF establishes a dedicated Dispute Settlement Mechanism (Protocol VIII) covering:

- Consultations and mediation
- Arbitration (if unresolved)
- Binding decisions for the disputing parties
- Compliance and review procedures

The agreement will undergo a mandatory 5-year review cycle to ensure relevance, effectiveness, and alignment with regional/global developments.

#### 6. Strategic Importance and Way Forward

CARTIF offers CAREC countries a practical and non-confrontational mechanism to deepen cooperation in key areas of trade and investment without requiring them to enter into binding free trade agreements. It can:

- Improve trade-related policy coherence across the region.
- Serve as a platform to align with WTO best practices.
- Strengthen institutional capacities through shared mechanisms.
- Act as a foundation for future regional agreements or deeper commitments when members are ready.

The next steps include supporting member countries in negotiations, ratification, establishing the Secretariat, and initiating the implementation of initial protocols with technical assistance from ADB and development partners.