

CAREC INSTITUTE RESEARCH WORKSHOP

21-24 October 2009

Almaty, Kazakhstan

Central and West Asia Department
Asian Development Bank

Background to the Workshop

- What is CAREC?
- What is the CAREC Research Institute?
 - Research Program
- First Meeting in Astana, March 2009

CAREC's MANDATE

- CAREC is a regional forum whose goal is to promote the development of its 8 country members through regional cooperation.
- This is achieved by working in three areas:
 - Trade
 - Transport
 - Energy

How can regional cooperation be a catalyst of growth and development in Central Asia?

- i. Geographic proximity offers considerable advantages in a time of economic globalization, e.g., it can help solve common problems
- ii. Regional cooperation among developing countries has the potential to support national development plans
- iii. For many developing countries, a regional orientation involving partners at a similar level of development may be a more viable option than an exclusive focus on the world market
- iv. Foreign competition within the region may be less difficult to handle and the probability of finding a level playing field is greater

How can regional cooperation be a catalyst of growth and development in Central Asia?

- v. The landlocked economies of Central Asia will have greater chances to attract foreign investment and technology if they pool together their resources, efforts and markets
- vi. Regional cooperation would create possibilities for division of labor. This would enhance potential for export, which would lead to higher growth
- vii. Regional cooperation can help reduce the risk of political instability and violence

There are bilateral trade agreements in the region, but there is no evidence of active government cooperation

What is the CAREC Institute?

- Set up in 2007 as a virtual entity to undertake:
 - Research
 - Capacity building
- Managed from Manila, ADB's headquarters
- Fully financed by ADB

WHY RESEARCH?

- Mandate of the CAREC Institute:
 - To provide an intellectual basis for CAREC's activities
 - To ask relevant questions about regional cooperation and provide answers that can inform policy makers in the CAREC countries
 - To establish a network of research institutes interested in work on regional cooperation in Central Asia

CAREC Institute Research Program 2009-2011

Structural
Transformation



**Impact
Evaluation**

Macroeconomic
Policy

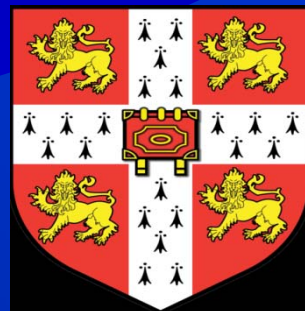


ULB

Local research Institutes



Resource Revenue
Management



Regional
Integration

ADB



PRINCIPLES THAT WILL GUIDE CAREC'S RESEARCH

- Research will be **well-focused** (i.e., within the boundaries established in each three-year cycle)
- Research will be **flexible**. The research program will allow different views, perspectives and methodological approaches
- Research will be **relevant** (i.e., policy oriented) in the context of CAREC's objectives
- Research will be useful to CAREC and to the countries. It will be **results-oriented**
- Research will be **owned** and undertaken by the countries
- Research will allow **collaboration** among institutions in different countries

First Meeting in Astana

Inaugural meeting held in March 11-12, 2009 provided a venue to:

- Meet the local institutes and introduce them to the 5 research areas of the CAREC Institute Research Program 2009-2011
- Present an overview of research work on Structural Transformation being undertaken by the CAREC Institute
- Lay groundwork for research collaboration between ADB and partner institutes

Objectives of this Workshop

- To further sharpen CAREC's research agenda for 2009-2011
- Very open and friendly discussions
- To meet..... We have 4 days
- To establish some rules-guidelines for collaboration
- To agree on a series of outputs

Who is here?

- Research Institutes from the region
- Resource persons
- ADB Team

Afghanistan

Kevin King

American University of Afghanistan

Regional Cooperation

“Foreign direct investment in Afghanistan: current status and policies”

Azerbaijan

Vugar Bayramov

Center for Economic and Social Development

Resource Revenue Management

“Managing resource revenues in oil-rich CAREC countries: case study of Azerbaijan”

People's Republic of China

Xu Hongfeng

Institute of Russian, East European and Central Asian
Studies, Chinese Academy of Social Sciences

Regional Cooperation

“The prospects and the impact of CAREC on the growth of China”

Kazakhstan

Meruert Makhmutova

Public Policy and Research Center

Resource Revenue Management

“Impact of energy sector on macroeconomic performance: case of Kazakhstan”

Aigul Toxanova, Assel Tasbauova,

Zhuldyz Ashikbayeva, Baurzhan Turlubekov

JSC “Economic Research Institute”

Macroeconomic Policy

“Macroeconomic policy issues in the CAREC countries”

Structural Transformation

“Structural change in the CAREC region”

Kyrgyz Republic

Nurbek Jenish

American University of Central Asia

Macroeconomic Policy

“Is there a case for inflation targeting in the Kyrgyz Rep?”

Rafkat Hasanov, Kubat Umurzakov

Public Association “Investment Round Table”

Structural Transformation

“Evaluation of the effectiveness of economic policy aimed at structural reforms in the Kyrgyz Republic”

Regional Cooperation

“Regional integration in Central Asia: benefits for Kyrgyz Republic from removing trade, transport and transit barriers”

Mongolia

Nyamtseren Lhamsuren

National Development Institute

Structural Transformation

“Possible structural transformation of Mongolian exports and imports
in the context of cooperation with PRC and Kazakhstan”

Bumkhorol Tsedendorj

The Institute for Strategic Studies

Resource Revenue Management

“Energy security of Mongolia in the context of Central Asia”

Tajikistan

Nuriddin Kayumov, Madina Turaeva

Institute of Economic Research under the Ministry of
Economy and Trade

Resource Revenue Management

“Management of resource revenues in the CAREC region”

Macroeconomic Policy

“Influence of the regional cooperation on the efficiency of
macroeconomic policy”

Uzbekistan

Nishanbay Sirajiddinov, Janna Fattakhova,
Orzimirad Gaybullaev, Jamoliddin Ismailov
Center for Economic Research

Macroeconomic Policy

“Finance development, inequality and poverty reduction”

Structural Transformation

“Structural changes in the Uzbek economy: Achievements, problems
and prospects”

Resource Persons

Cesar Hidalgo, Harvard University

Rick van der Ploeg, Oxford University

Tony Venables, Oxford University

John McCombie, Cambridge University

Philip Arestis, Cambridge University

Nitinant Wisawaisuan, Thammasat University

Bill Mitchell, University of Newcastle

Randall Wray, University of Missouri –KC

Yeva Nersisyan, University of Missouri –KC

ADB Team

Jesus Felipe

Norio Usui

Utsav Kumar

Roman Mogilevskii

Dama Yarcia

Mitch Abdon

Structure of the Workshop

DAY 1

Structural Transformation

DAY 2

Resource Revenue Management

DAY 3

Regional Cooperation/Integration

DAY 4

Macroeconomic Issues and Employment

Thank you

Structural Transformation

- Analysis of options to upgrade and diversify the production and export structure with special attention to intra-regional trade



Landlocked CAREC Countries

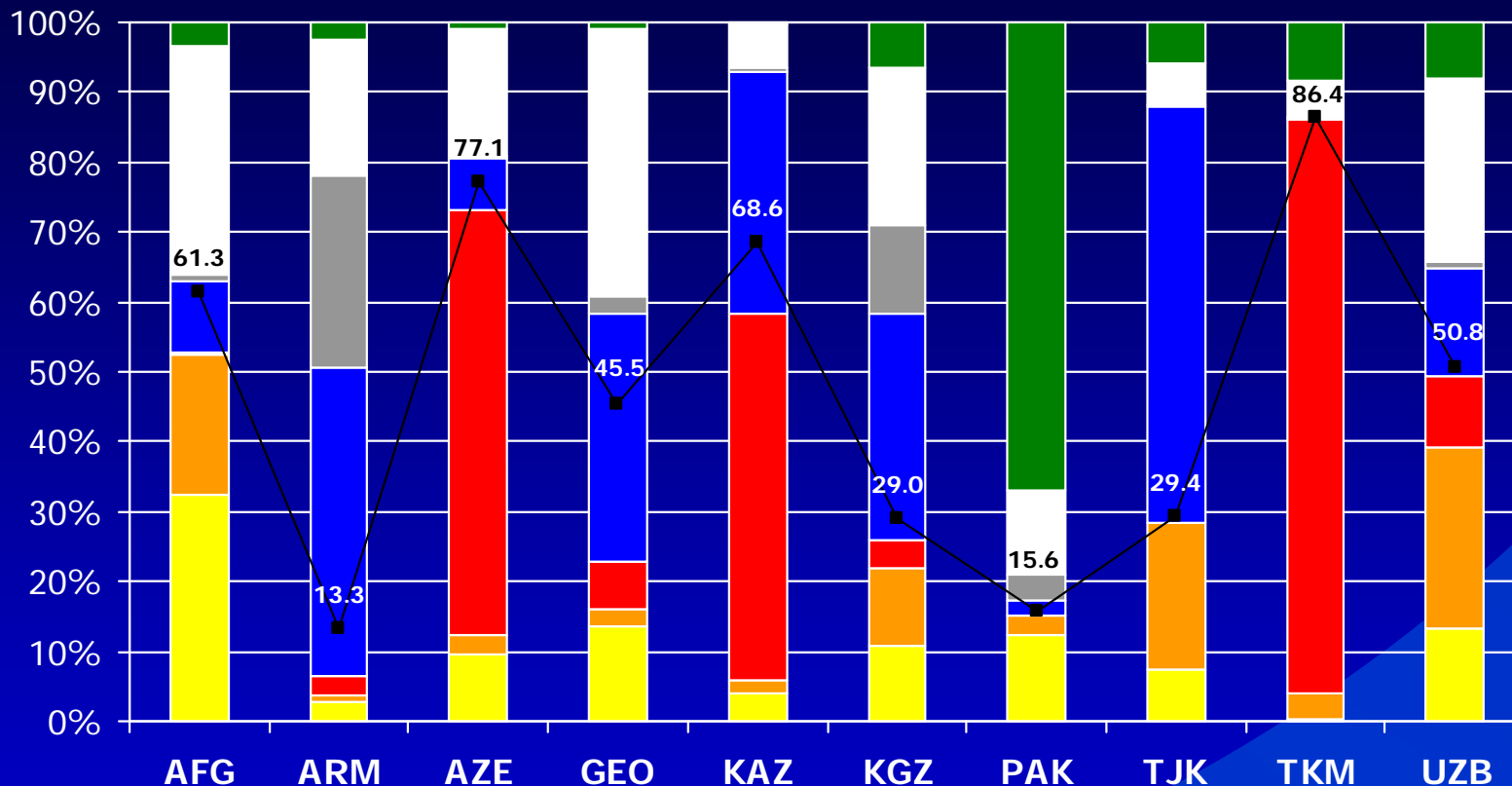
Country	Total Area (sq. km.)	Land Boundaries (km)	Border Countries	Coastline
Afghanistan	647,500	5,529	PRC, Iran, Pakistan, Tajikistan, Turkmenistan, Uzbekistan	Landlocked
Azerbaijan	86,600	2,013	Armenia, Georgia, Iran, Russia, and Turkey	Landlocked, borders the Caspian Sea
Xinjiang, PRC	1.660 million	15,106	Kazakhstan, Kyrgyz Republic, Tajikistan, Mongolia, Pakistan, India, Afghanistan, and Russia	Landlocked, Urumqi, the capital, is the most distant large city from a seaport in the world
Kazakhstan	2.717 million	12,012	PRC, Kyrgyz Republic, Russia, Turkmenistan, and Uzbekistan	Landlocked, borders the Aral Sea and Caspian Sea
Kyrgyz Republic	198,500	3,878	PRC, Kazakhstan Tajikistan, and Uzbekistan	Landlocked
Mongolia	1.565 million	8,220	PRC, Russia	Landlocked
Tajikistan	143,100	3,651	Afghanistan, PRC, Kyrgyz Republic, and Uzbekistan	Landlocked
Uzbekistan	477,400	8,220	Afghanistan, Kazakhstan, Kyrgyz Republic, Tajikistan, and Turkmenistan	Double landlocked, includes the southern portion of the Aral Sea

Resource Revenue Management

- Discussion of best practices for managing resource revenues
- Implications for regional integration and resource management
- Optimal spending path for macroeconomic stabilization and growth



CW Asia Exports by Commodity Group 2005



Agriculture

Mineral fuels

Non-metallic processed materials, except textile

Textile and Garments

Crude materials (excluding metal ores)

Metal ores, Gold and Metallurgy

Others

TOTAL NATURAL RESOURCES

Regional Integration

- The influence of space, geography (landlocked economies with uneven distributions of natural resources) and regional cooperation on growth
 - Analysis of the pattern of intra-regional trade compared to extra-regional trade
 - Scope for further integration in CAREC: different options
 - Work on scale economies and growth spillovers between countries in the region



Macroeconomics and Employment

- Macroeconomic risk assessment
- Employment creation
- Inflation targeting
- Growth and financial development, income distribution, poverty reduction and globalization
- Skills development



What we expect from this research program and collaboration

- To provide an intellectual basis for CAREC's activities (regional integration; trade; transport, etc.)
- To ask relevant questions (and provide answers) that can inform policy makers in CAREC countries
- To help raise the research capacity of institutes in the region
- To establish a network of research institutes in the region
- To produce useful outputs in the form of working papers, edited volumes, etc.