



Senior Officials' Meeting

30 –31 May 2024

CAREC 2030: Trade, Tourism and Economic Corridors

July 2023 to June 2024

Central Asia Regional Economic
Cooperation (CAREC) Program



CAREC TRADE SECTOR PROGRESS REPORT AND WORK PLAN

JULY 2023 – JUNE 2024

Reference Document
Central Asia Regional Economic Cooperation
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EXECUTIVE SUMMARY

1. This report provides the progress of implementation between June 2023 and March 2024 in the trade sector under the [CAREC Integrated Trade Agenda \(CITA\) 2030 and the Rolling Strategic Action Plan \(RSAP\)](#). Substantial progress was achieved through collaborative projects and knowledge exchange during the reporting period. Key trade sector deliverables for 2024 include mainstreaming climate change actions in trade work and the inputs to the midterm review of [CAREC 2030 Strategy](#).
2. CAREC countries have sustained their momentum in keeping trade open, participating in international agreements, and aligning with international standards. The three remaining CAREC members are intensifying their efforts towards accession to the World Trade Organization (WTO). Azerbaijan and Uzbekistan progressed their accession discussions at the WTO. Turkmenistan is finalizing its Memorandum on the Foreign Trade Regime—a key document for accession—for circulation to WTO members in June 2024.
3. Implementation of commitments under the *WTO Trade Facilitation Agreement (TFA)* is complete for 5 WTO members (the People’s Republic of China (PRC), Georgia, Kazakhstan, Kyrgyz Republic, and Tajikistan), and at high implementation rate at 97.5% for Pakistan and 85.3% for Mongolia. In 2023, Kyrgyz Republic joined Azerbaijan, PRC, Mongolia, Tajikistan, and Turkmenistan signed or acceded to the *UN Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific*; while Azerbaijan, Mongolia, and the PRC are parties to the *UN Convention on the Use of Electronic Communications in International Contracts*.
4. CAREC customs authorities are strongly committed to improving customs procedures and adopting new technologies and best practices. Azerbaijan, Georgia, and Uzbekistan signed a memorandum of understanding (MOU), joined by Turkmenistan as observer, to test the CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE). Countries continued to make significant strides in facilitating trade and modernizing their sanitary and phytosanitary (SPS) systems to improve market access and promote safe trade. As of November 2023, Pakistan has joined Uzbekistan in exchanging phytosanitary certificates electronically via the ePhyto hub managed by the International Plant Protection Convention (IPPC), while others expressed interest to join.
5. Accelerating digital trade remains a priority to fully benefit from rising digital economy and cross-border trade. Countries are piloting emerging technologies with support from the CAREC Program, such as robotic process automation for Georgia’s trade procedures, and blockchain technology for Mongolia’s electronic certificates of origin. ADB is supporting various initiatives to promote SMEs’ participation in cross-border e-commerce in Kyrgyz Republic, Mongolia, and Pakistan. The PRC and Georgia are pilot countries receiving capacity-building to align with the UN Model Law on Electronic Transferable Records (MLETR).
6. In November 2023, CAREC Innovation Week and Digital Economy Tour were held at the sidelines of the Global Digital Trade Expo 2023 in Hangzhou, PRC, underscoring the importance of knowledge cooperation and business partnerships for a robust digital ecosystem. The 2nd CAREC Digital Trade Forum on 17 April 2024 in Astana serves as a platform for cross-learning among policy makers, trade agencies, regulators, and private stakeholders.

7. CAREC knowledge products on trade continue to support evidence-based policy making. The [CAREC Trade Information Portal](#) provides the trade statistics at country level, and the [CAREC Corridor Performance Measurement and Monitoring](#) (CPMM) offers trade facilitation indicators at country and corridor level. The [CAREC Trade Insights and News](#) provides quarterly updates on CAREC trade activities.

I. PROGRESS OF IMPLEMENTATION

A. Trends and Results Indicators

8. Annual growth of global economy is estimated at 3.1% in 2023 and is likely to remain the same in 2024. This is lower than 3.5% increase in 2022 and the historical average of 3.8% from 2000-2019.¹ The volume of world merchandise trade stagnated at 0.3% from 2022 to 2023 amid global manufacturing slowdown, inflation, high interest rates, US dollar appreciation, and geopolitical tensions. A less buoyant global economy, trade fragmentation, and the disruptions to shipping through the Suez Canal in early 2024 are expected to weigh heavily on trade.²

9. The outlook for Developing Asia remains solid despite challenging global environment, with gross domestic product (GDP) forecast growth at 4.9% in 2024 and 4.9% in 2025.³ The robust domestic demand and services offset the drag from global developments and tightened monetary policy. CAREC economies excluding PRC were projected to grow by 3.1% in 2024 and 3.9% in 2025, which are lower than 5.0% and 5.3%, respectively, for Developing Asia excluding PRC. After first declining in 2020, merchandise exports for CAREC countries excluding the PRC expanded significantly in 2021 and 2022, surpassing both the growth and export value recorded in 2017. Merchandise imports behaved similarly, although the expansion in 2022 was restrained (Table 1).

Table 1. Merchandise Trade, Annual Growth, 2017 and 2020–2022 (%)

Country	Merchandise Exports				Merchandise Imports			
	2017	2020	2021	2022	2017	2020	2021	2022
Azerbaijan	18.1	-30.1	61.7	71.8	3.5	-21.5	9.1	24.2
PRC	7.9	3.6	29.7	7.0	16.1	-0.6	30.1	1.1
Georgia	29.7	-12.0	27.0	31.6	9.7	-15.4	25.5	34.2
Kazakhstan	31.7	-18.9	30.5	39.7	17.1	-1.4	10.6	20.4
Kyrgyz Republic	12.1	-0.7	39.5	-20.5	12.4	-25.5	50.0	72.6
Mongolia	26.1	-0.6	21.9	35.7	29.2	-13.5	29.2	27.1
Pakistan	5.9	-5.8	28.9	9.2	23.3	-8.9	58.2	-1.9
Tajikistan	33.3	19.9	52.8	-0.4	-8.5	-5.9	33.6	22.7
Turkmenistan	7.1	-38.8	44.6	40.9	-8.5	8.1	24.4	-19.2
Uzbekistan	12.3	-11.0	6.1	8.5	6.2	-8.5	19.3	18.3
CAREC excluding PRC	20.1	-17.2	31.7	33.7	15.5	-8.9	31.1	13.2
Value (\$ billion)	115	116	153	205	132	137	180	204

¹ IMF. 2024. Moderating Inflation and Steady Growth Open Path to Soft Landing. World Economic Outlook Update, January 2024. <https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>.

² WTO. 2023. Global Trade Outlook and Statistics Updated: October 2023. https://www.wto.org/english/res_e/booksp_e/gtos_updt_oct23_e.pdf

³ ADB. 2024. Asian Development Outlook (ADO) April 2024.

CAREC countries	8.4	2.5	29.8	8.2	16.1	-1.2	30.1	1.9
Value (\$ billion)	2,493	2,706	3,511	3,798	1,976	2,203	2,867	2,920

Source: World Development Indicators, <https://databank.worldbank.org/source/world-development-indicators>, accessed 7 March 2024.

10. Most CAREC countries are becoming more diversified through time, based on the annual number of exported commodities classified at the HS-6 level with a value of at least \$10,000. Given that there are more than 5,000 commodities at this level of classification, PRC's basket is the most diversified. Kazakhstan, Pakistan, Georgia, and Uzbekistan cover more than half of this maximum number of HS-6 lines (Table 2).

Table 2. Export Diversification: Number of Exported HS 6-Digit Products, 2017–2021

Country	2017	2018	2019	2020	2021
Azerbaijan	1,711	1,632	1,686	1,686	1,809
PRC	4,409	4,418	4,423	4,400	4,398
Georgia	2,249	2,351	2,521	2,440	2,502
Kazakhstan	2,951	3,106	3,108	3,039	3,081
Kyrgyz Republic	1,629	1,624	1,624	1,410	1,721
Mongolia	1,159	1,153	1,178	1,025	899
Pakistan	2,792	2,757	2,824	2,814	2,761
Tajikistan	994	809	794	575	736
Uzbekistan	1,567	1,675	1,789	2,174	2,341

Source: WITS, <https://wits.worldbank.org/CountryProfile/en/country/by-country/startyear/LTST/endyear/LTST/tradeFlow/Export/partner/WLD/indicator/NMBR-XPRT-HS6-PRDCT>, accessed 10 March 2024.

11. Both exports and imports of commercial services rose significantly for CAREC excluding the PRC from 2021 to 2022, compensating for the initial fall during the pandemic and comparatively higher than those in 2017. While imports exceeded exports in terms of value, the exports grew faster than imports in 2022 (Table 3).

Table 3. Trade in Commercial Services, 2017 and 2020–2022

Country	Exports (\$ million)				Imports (\$ million)			
	2017	2020	2021	2022	2017	2020	2021	2022
Azerbaijan	4,661	2,594	3,763	6,370	8,004	5,386	5,839	7,688
PRC	226,389	278,084	390,613	422,333	464,133	377,528	423,762	461,450
Georgia	3,892	1,498	2,464	5,568	1,898	1,401	1,764	2,920
Kazakhstan	6,261	5,013	5,682	7,694	10,024	8,318	7,763	9,264
Kyrgyz Republic	816	427	519	1,267	901	588	723	1,348
Mongolia	964	651	811	1,132	2,154	2,083	2,465	3,465
Pakistan	4,499	4,415	5,513	6,240	11,160	7,640	10,120	10,098
Tajikistan	247	136	143	134	368	404	524	678
Uzbekistan	2,231	1,697	2,289	4,806	4,071	3,562	4,997	7,277
CAREC excluding PRC	23,571	16,431	21,184	33,211	38,580	29,382	34,195	42,738

% change from previous year	13.0	-36.9	28.9	56.8	10.0	-26.3	16.4	25.0
CAREC	249,960	294,515	411,797	455,544	502,713	406,910	457,957	504,188
% change from previous year	9.1	-4.3	40.0	10.6	3.8	-24.2	12.6	10.1

Source: WTO Statistics, <https://stats.wto.org/>, accessed 10 March 2024.

12. There is some improvement in the monitoring indicators under the *CAREC Integrated Trade Agenda 2030* for available data between 2020 to 2021 (Table 4). The share of trade in non-fuels to GDP surpassed pre-pandemic levels. The share of the top 5 exports in total exports has declined, which could potentially indicate variation or diversification in the export basket.

Table 4: CITA 2030/Trade Sector Monitoring Indicators

Trade Outcomes and Outputs (CAREC 2030)	Indicator	2017 baseline	2019 progress ¹	2020 progress ¹	2021 progress ¹	2023 target ²
Outcome: CAREC countries are more integrated into the global economy	Trade in fuels and non-fuels within CAREC and with rest of the world as % of GDP	<i>Fuels:</i>				
		Within CAREC: 0.45	0.67	0.47	0.67	0.84
	With rest of world: 10.22	12.30	8.13	9.69	14.87	
	<i>Non-fuels:</i>					
Within CAREC: 1.55	2.36	2.05	2.46	4.17		
With rest of world: 23.64	27.40	25.14	32.81	31.52		
Output 1: Greater diversification in products and sectors achieved	Trade in services as % of GDP	9.96	10.33	7.67	7.78	13.72
	Share of top 5 exports in total exports	61.66	64.85	60.40	54.71	54.04
Output 2: Capacity of institutions for trade strengthened	% of respondents report improved knowledge for trade	93.0 (2018)	90.5 ³	90.5 ³		95.0
Others			2020-2021 ⁴	2021-2022 ⁴	2022-2023 ⁴	
Output 3: Trade sector institutions functional	RTG, CCC, other committees are functional (1=yes or 0=no)	Trade sector institutions meet annually, update RSAP for SOM/MC annually: 1	RTG and CCC met and updated RSAP for SOM/MC: 1	RTG and CCC met and updated RSAP for SOM/MC: 1	RTG and CCC met and updated RSAP for SOM/MC: 1	

Output 4: Regional policy dialogue and reforms supported	Number of knowledge products delivered	Key policy reports published: 0 Regional/su bregional activities conducted: 7	Key policy reports published: (4 forthcoming) Regional/su bregional activities conducted: 11	Key policy reports published: 5 Regional/su bregional activities conducted: 16	Key policy reports published: 3 Regional/su bregional activities conducted: 14	
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Notes: These are weighted averages for CAREC excluding the PRC. Source data for Outcome and Output 1 are regularly revised using the most recently available information, thus the slight differences in estimates from previous Trade Sector Reports.

^{/1} 2022 data are not yet available; ^{/2} to be updated to consider impact of pandemic and Russian war in Ukraine;

^{/3} 100% in 2020 but response rate was poor. ^{/4} covers reporting period (July to June).

CCC = customs cooperation committee, GDP = gross domestic product, MC = ministerial conference, RTG = regional trade group, RSAP = rolling strategic action plan, SOM = senior officials meeting

Sources: United Nations COMTRADE <https://comtrade.un.org/>; World Bank World Development Indicators <https://databank.worldbank.org/source/world-development-indicators>; ADB post-activity surveys.

B. Implementation Progress by Priority Area

Pillar 1: Trade Expansion from Increased Market Access

13. CAREC countries continue to support the realization of the CITA 2030 objectives: to expand trade through enhanced market access, diversify economies, accelerate digitalization of trade and strengthen institutions for trade.

14. ***Remaining CAREC members advance their accession process to the World Trade Organization (WTO).*** Azerbaijan, Turkmenistan and Uzbekistan intensified their efforts to accede to the WTO. They joined the First Ministerial Meeting of the Informal Group of Acceding Governments (IGAG) held at the sidelines of the 13th WTO Ministerial Conference in February 2024. The IGAG Ministerial Statement (i) reiterates acceding governments' commitment to WTO accession; (ii) urges WTO members and development partners to enhance technical assistance for accessions and post-accessions; and (iii) calls for a streamlined accession process.⁴

15. In November 2023, the Working Party on the Accession of Uzbekistan held its 7th meeting. WTO members commended Uzbekistan for progress in its accession negotiations as well as its strengthened domestic institutions.⁵ In July 2023, the Working Party on the Accession of Azerbaijan held its 15th meeting providing renewed impetus to accession.⁶ ADB, in collaboration with the Accession Division of the WTO Secretariat, is supporting the Government of Turkmenistan in finalizing the Memorandum of Foreign Trade Regime (MFTR), a key document for WTO accession. From July 2023 to March 2024, the ADB and WTO Secretariat organized seven technical sessions on the chapters of the MFTR.⁷ The Working Party of the Accession of Turkmenistan is expected to be convened in Q4 2024, after circulation of the MFTR to WTO members in June 2024.⁸ The WTO Secretariat, with support from the ADB and the International Trade Center, is also planning to organize the Second Central Asia Trade Policy Forum in Kazakhstan in June 2024.

⁴ https://www.wto.org/english/news_e/news24_e/acc_29feb24_e.htm

⁵ https://www.wto.org/english/news_e/news23_e/acc_16nov23_e.htm

⁶ https://www.wto.org/english/news_e/news23_e/acc_06jul23_e.htm

⁷ Technical sessions on MFTR were held in July 2023, September 2023, October 2023, November 2023, December 2023, January 2024 and March 2024

⁸ https://www.wto.org/english/news_e/archive_e/country_arc_e.htm?country1=TKM

16. **CAREC members accelerate trade facilitation efforts.** The implementation of commitments under the *WTO Trade Facilitation Agreement* is complete for 5 WTO members: the People’s Republic of China (PRC), Georgia, Kazakhstan, Kyrgyz Republic, and Tajikistan. Implementation rate is at an average of 91.4% for the two remaining WTO members, Mongolia and Pakistan. In 2021, the Kyrgyz Republic, Turkmenistan, and Uzbekistan acceded to the World Customs Organization’s Revised Kyoto Convention. A knowledge-sharing event on Single Window for Digital Customs Cooperation was organized on 8 June 2023, in Tbilisi. The event shared country experiences on business process analysis and document standardization crucial for data exchange, as well as key challenges and lessons in implementing a national single window system and its interoperability with other systems.⁹

17. In **August** 2023, a study to assess the operations and infrastructural facilities at the border crossing point (BCP) of Fotehobod, Tajikistan, and Oybek, Uzbekistan was conducted. The study identified gaps and constrictions in border control operations and provided recommendations for both joint and coordinated bilateral projects to improve BCP operations.

18. **Countries commence the test phase of a regional transit system.** In January 2023, ADB commissioned a study to examine how transit trade facilitation in Azerbaijan, Kazakhstan, and Uzbekistan affects their trade performance as part of the CAREC corridors including Corridor 2 (Middle Corridor). The study identified barriers to transit trade in these countries and formulated recommendations to lower the barriers particularly in road, rail, and multimodal transport.

19. In October 2023, Azerbaijan, Georgia, and Uzbekistan signed a memorandum of understanding (MOU), with Turkmenistan as observer to test the software, identify issues, and find solutions for implementing the CAREC Advanced Transit System and its Information Common Exchange (CATS/ICE).¹⁰ CATS/ICE is a regional harmonized electronic system for controlling the movement of goods in transit through CAREC countries. In February 2024, the 3rd Technical Working Group Meeting discussed the scenarios to be used for the test phase implementation and reporting requirements and agreed on the test phase work plan.¹¹ In April 2024, the technical working groups of CATS/ICE— (i) Legal and Regulatory, (ii) Customs Control Facilitation, and (iii) Information and Communication Technology—are expected to test the ICE system and efficiency and effectiveness of the system in facilitating customs transit procedures. The 4th Technical Working Group Meeting on 15-16 April 2024 provided recommendations to improve the functionality and reliability of the system and discuss the next steps of the test phase implementation.

20. **CAREC countries enhance their authorized economic operators’ programs.** In August 2023, a scoping study on authorized economic operators (AEOs) examined the issues and challenges faced by customs authorities in implementing an AEO program. ADB organized a series of regional workshops to help CAREC countries gain a better understanding of the main obstacles and bottlenecks that hinder further development of the AEO program.¹² The Regional Workshop on Enhancing and Accelerating the Implementation of the AEO Program

⁹ <https://www.carecprogram.org/?event=knowledge-sharing-event-single-window-for-digital-customs-cooperation-in-carec>

¹⁰ <https://www.carecprogram.org/?event=facilitation-of-regional-transit-trade-in-central-asia-regional-economic-cooperation-testing-phase-of-cats-and-ice>

¹¹ Azerbaijan, Georgia, and Uzbekistan are joined by Turkmenistan as an observer.

¹² <https://www.carecprogram.org/?event=virtual-regional-workshop-on-authorised-economic-operators-program>

held from 31 October–1 November 2023 in Tashkent, Uzbekistan, registered significant progress of CAREC countries in the development and implementation of the AEO program, including paperless trade and digitalization, expedited clearance, customs-centric risk management, and the importance of and negotiating mutual recognition arrangements (MRAs). In February 2024, a virtual workshop focused on information security policies, business continuity, transportation risk management, key principles of the ASYCUDA, negotiating mutual recognition agreements, and AEO schemes for e-commerce actors.¹³ A national workshop in Mongolia to train their AEO validators and support their AEO authorization process was held in May 2024 in Ulaanbaatar.

21. **CAREC members join international platform to exchange electronic certificates.** At the CAREC Conference on Electronic Phytosanitary Certificates (ePhyto) in September 2023, CAREC members underscored the importance of digitizing certificates to ensure safe and efficient trade, as well as aligning with International Standards for Phytosanitary Measures (ISPMs), particularly on inspection and issuance of phytosanitary certificates; strengthening the National Plant Protection Organizations' (NPPOs') capacities and coordinating with Customs and other trade-related agencies.¹⁴

22. Uzbekistan developed its own phytosanitary certification system and is the first CAREC member to exchange electronic certificates via the International Plant Protection Convention's (IPPC's) ePhyto solution since 2020. In November 2023, Pakistan fully linked the ePhyto solution with the Pakistan Single Window. The PRC has its own e-certification systems and is testing ePhyto and is actively promoting electronic certificates collaborations through point-to-point direct connections. Azerbaijan and Georgia initiated expert-level discussions to link with each other and the ePhyto hub and will migrate to electronic phytosanitary certification after the business process analysis and streamlining with support from ADB and other development partners.

Pillar 2: Greater Economic Diversification

23. **CAREC accelerates digital trade and e-commerce expansion.** CITA 2030 aims to strengthen the enabling environment for digitalization and e-commerce to support countries' diversification and SME's participation in regional value chains.

24. In November 2023, the ADB, PRC's Ministry of Commerce, Hangzhou Municipal People's Government, and the Qiantang District People's Government in Hangzhou, Zhejiang Province, hosted the CAREC Innovation Week and Digital Economy Tour, which was held at the sideline of the Global Digital Trade Expo 2023 in Hangzhou, PRC. The event emphasized the importance of knowledge cooperation and business-to-business partnerships for building a robust digital ecosystem, and a well-functioning globally integrated e-commerce network in the region. Several collaboration agreements, memorandum of understanding and letters of intent were signed during the Hangzhou event, including between Hangzhou Bureau of Commerce and the Pakistan Khyber Pakhtunkhwa Board of Investment and Trade. Representatives from PRC and Central Asia jointly discussed the establishment of the "Global E-commerce Education Development Alliance" and the potential "Central Asia Innovation Cooperation Center."

¹³ <https://www.carecprogram.org/?event=virtual-regional-workshop-on-authorized-economic-operators-aeo-program-enhancement-and-sustainability>

¹⁴ <https://www.carecprogram.org/?event=carec-conference-on-electronic-phytosanitary-certificates>

25. The 2nd CAREC Digital Trade Forum (DTF)—launched as a cross-learning network of policy makers, regulators, trade agencies, private sector, development partners, and think tanks— was held in April 2024 in Astana. The DTF will discuss (i) progress made and lessons from pilot projects on digital trade solutions; (ii) policy instruments and regional mechanisms for cross-border data flows; (iii) infrastructure investments to expand digital connectivity, including data infrastructure and digital payment systems; and (iv) use of emerging technologies and digital public infrastructure to support regional initiatives.

26. **CAREC countries deepen knowledge on electronic trade documents.** ADB (through the Office of the General Counsel and the Trade and Supply Chain Finance Program), the CAREC Program, the United Nations Commission on International Trade Law (UNCITRAL) and International Chamber of Commerce are collaborating to promote the adoption of the Model Law on Electronic Transferable Records (MLETR) in CAREC countries. The PRC and Georgia are identified as pilot countries, for which a series of capacity building and policy advisory activities are provided. In August 2023, the ADB and PRC’s Ministry of Commerce co-organized a technical session on the adoption of the MLETR.¹⁵

27. **CAREC explores emerging technologies to facilitate trade.** A pilot project using Robotic Process Automation is being implemented by the Georgia Revenue Service to digitize procedures related to declaration of goods, proofs of origin and assessment of tax liabilities. ADB’s Digital Learning Hub supported the Mongolian National Chamber of Commerce and Industry and Mongolian Customs in developing a minimum viable product to digitalize certificates of origin (COO) using blockchain and distributed ledger technology. An online system was created for importers and producers to efficiently request and check COOs from suppliers, for suppliers to easily enter origin details in the system once for review and issuances by the authorities, and to transfer COOs in the same format. Both initiatives, once successful, could be scaled up and replicated in other CAREC countries.

Pillar 3: Stronger Institutions for Trade

28. The CAREC Program continues to support capacity-building, regional policy dialogues, and institutional meetings to bring together trade agencies to share best practices and agree on priorities, as part of CITA 2030’s rolling strategic action plan. The CAREC trade sector delivered at least 9 regional and subregional policy dialogues and training events, and 8 national capacity building activities from July 2023 to March 2024.

29. Between 2022 to 2023, CAREC trade officials participated in a series of subregional and national workshops on designing, negotiating, and implementing free trade agreements (FTAs) and discussed the preliminary study on potential CAREC-wide economic partnership agreement or trade and investment facilitation framework.

30. The Regional Trade Group (RTG) and Customs Cooperation Committee (CCC) held a joint meeting¹⁶ back-to-back with the 22nd CCC Meeting¹⁷ and the CAREC Senior Officials’ Meeting. The RTG and CCC members reviewed the progress of CITA 2030, including its midterm review in 2024, and endorsed the CITA’s rolling strategic action plan 2023–2025.

¹⁵ <https://www.carecprogram.org/?event=capacity-building-on-model-law-on-electronic-transferable-records>

¹⁶ <https://www.carecprogram.org/?event=regional-trade-group-rtg-customs-cooperation-committee-ccc-joint-meeting>

¹⁷ <https://www.carecprogram.org/?event=22nd-meeting-of-the-central-asia-regional-economic-cooperation-carec-customs-cooperation-committee-ccc>

31. The CAREC [Trade Information Portal \(TIP\)](#) is routinely updated to support evidence-based policymaking and decisions. The [CAREC Trade Insights and News](#) provides quarterly updates on CAREC trade activities. The CAREC [Corridor Performance Measurement and Monitoring](#) (CPMM) continues to provide data to support policy formulation in the region and for deepening academic research. Results from the CPMM data were presented at the East Asia Economics Association Conference in Seoul in October 2023 and at the ADB Economists' Forum in January 2024. A knowledge-sharing [workshop](#) on the improvements in the CPMM methodology is held as part of the 11th Asia-Pacific Trade Facilitation Forum in April 2024 in Samarkand, Uzbekistan.

II. FORWARD-LOOKING AND NEXT STEPS

Update of CITA RSAP 2024-2026 and new CAREC Trade TA

32. The implementation of CITA 2030 and particularly, RSAP 2024-2026, will continue to be aligned with the CAREC members' priorities and responsiveness to the changing global and regional trading paradigm, and emerging challenges and opportunities in the CAREC region.

33. The CAREC TAs supporting implementation of CITA are being expected to be completed in 2024 and 2025 (Table 5). The ADB is developing a new TA to consolidate and better manage TA implementation given limited resources. The RTG is requested to provide feedback on priority areas of support to be included in the TAs, which should be aligned with the RSAP and promote regional cooperation.

Table 5. List of ADB CAREC Trade TAs

TA Name	Description	Approval	Completion
Implementing the Integrated Trade Agenda in the CAREC Program (TA 9712)	The TA is supporting the RTG and the three-year rolling strategic action plan of CITA. Outputs include: (i) Market access increased; (ii) Greater economic diversification promoted; (iii) Institutions for trade strengthened; and (iv) mechanisms to accelerate digital trade supported.	15 Feb 2019	31 July 2024
Better Customs for Better Client Services in CAREC Countries (TA 9824)	The TA is supporting Customs agencies and the CCC. Outputs include (i) scoping studies with actionable recommendations in customs infrastructure, facilities, use of technology and logistics support prepared; (ii) Initiatives in modern customs technologies and best practice supported; and (iii) Customs capacity improved.	14 Oct 2019	30 Sep 2024
Partnership with Private Sector for Sustainable Trade Facilitation Results in CAREC (TA 9832)	The TA will strengthen partnership mechanisms and working relationships between public and private stakeholders of the CAREC Program, with the aim of developing integrated and business-friendly transport and trade networks. Outputs include: (i) private sector opportunities for wider-based involvement in trade facilitation developed; (ii) Institutional capacity of CAREC Federation of Carrier and Forwarder Associations (CFCFA) strengthened; and (iii) CPMM mechanism expanded and packaged for pilot replication.	24 Oct 2019	31 Dec 2024

Strengthening Knowledge and Capacities for the Design and Implementation of Free Trade Agreements Involving CAREC Countries (TA 6558)	The TA aims to strengthen capacities for designing, negotiating, implementing, and monitoring free trade agreements (FTAs) of CAREC. Outputs include: (i) evidence-based policy recommendations generated, and action plans developed; (ii) technical capacity of CAREC member countries to design, negotiate, implement, and monitor FTAs improved; and (iii) Roadmap for a CAREC FTA developed.	31 Aug 2020	31 Aug 2025
Modernizing Sanitary and Phytosanitary Measures to Facilitate Trade (TA 9500)	The TA supported the CAREC Common Agenda for the Modernization of Sanitary and Phytosanitary Measures for Trade by (i) creating national bodies in each country and a regional body to lead the modernization process; (ii) developing regulations, procedures, and requirements that are aligned with international standards; and (iii) improving the capability of border agencies to implement these measures at selected common borders.	13 Feb 2018	28 Apr 2023 (Closed)

CAREC 2030 Strategy Midterm Review

34. The CAREC Secretariat has initiated the process for undertaking the *CAREC 2030 Strategy Midterm Review (MTR)* in 2024. A Strategy Evaluation Advisor has been engaged and will be conducting consultations with the CAREC National Focal Points and Sector focals (including the RTG) starting from April 2024. Leveraging the outcomes of the [Evaluation of ADB Support for the Central Asia Regional Economic Cooperation Program, 2011–2022](#), the objective of the MTR is to enhance the effectiveness, efficiency, relevance, governance, and sustainability of the CAREC Program and align it with CAREC members' emerging priorities and challenges amid the rapidly evolving global and regional landscape. Key questions include:

- *What are the key strengths of CAREC Strategy 2030, and are there any areas where it could be strengthened or updated to better reflect current challenges and opportunities?*
- *What specific recommendations would you propose for aligning CAREC initiatives and activities on trade with the objectives outlined in Strategy 2030, considering the evolving regional context and emerging priorities?*
- *How can the CAREC Program harness regional ownership (CAREC members and development partners)?*

Operationalizing CAREC Climate Change Vision and priorities for mainstreaming climate actions in CAREC trade work

35. In November 2023, the 22nd CAREC Ministerial Conference endorsed the CAREC Climate Change Vision: “*A Region of Sustainable Development, Shared Prosperity and Climate-Resilience.*” It explicitly provides for climate change as a cross-cutting priority in the *CAREC 2030 Strategy* and pursues three broad goals: (i) mitigate climate change; (ii) adapt to climate change; and (iii) cooperate across borders. The Vision has 7 Priority Areas, including transport, transit, and trade.

36. Specifically on trade, the CAREC Climate Change Vision provides that *CAREC will promote the greening of regional trade and explore how trade can be part of climate solutions.* CAREC will also *improve regional connectivity with climate-smart and efficient transport technologies, regulations, and border-crossing policies and infrastructure.*

37. The *CITA 2030's* midterm review in 2024 will provide an opportunity to help DMCs understand the impact of the carbon footprint of trade on their economies, including carbon tracking and reporting across global supply chains. CAREC shall examine and develop policy advice in exploring country-specific and regional responses to decarbonization measures such as the European Union's Carbon Border Adjustment Mechanism (CBAM) to facilitate CAREC countries' sustainable trade with their trading countries and enhance compliance. The *CITA 2030* and its institutional mechanisms will explore areas of cooperation and regional approaches for trade to be part of climate change solutions. To support this, a scoping study will be undertaken based on (a) increasing access and incentivizing trade of environmental goods; (b) mainstreaming multilateral climate agreements in regional arrangements; (c) digitizing trade processes and promoting cross-border paperless trade; (d) investing in smart and resilient border infrastructure facilities; and (e) accelerating diversification to reduce heavy reliance on trade or use of fossil fuels. Under the trade, tourism, and economic corridor cluster, CAREC will assess how improvements in trade policy, trade facilitation and transit management, logistics, services, and tourism development will contribute to climate mitigation and adjustment.

III. KEY OUTCOMES OF THE RTG MEETING

38. The 6th RTG meeting was held on 18 April 2024 in Astana. The RTG meeting was held back-to-back with the 2nd CAREC Digital Trade Forum and the 2nd CAREC Digital Steering Committee on 17 and 19 April 2024, respectively.

39. The RTG endorsed the CAREC Trade Sector Report (2023-2024) for submission to Senior Officials Meeting (SOM) in May 2024. The RTG members supported the updated *CITA Rolling Strategic Action Plan 2024-2026* and highlighted CAREC Program's support to priority interventions, including:

- (i) Modernization of customs and trade systems (e.g., link with global ePhyto hub or development of eVet) to support paperless trade procedure, and harmonization of data elements to support interoperability of national single window systems and other trade information exchange platforms;
- (ii) Clear mechanism for approach towards trade digitalization (use of emerging technologies such as artificial intelligence and blockchain);
- (iii) Pilot initiatives such as joint border control and transit facilitation (e.g., CAREC Advanced Transit System);
- (iv) Cooperation in digital trade and e-commerce, including enabling regulatory and legal framework to harness digital economy ecosystem (e.g., e-payment), expansion CAREC SME's linkages with global e-commerce platforms marketplaces, participation in digital trade indices;
- (v) Trade and logistics facilitation to support economic corridor development (e.g., Almaty-Bishkek Economic Corridor and CAREC Corridor 2 (Middle Corridor));
- (vi) Reduction of barriers to services trade and investment facilitation;
- (vii) Continued capacity building in WTO accession, implementation, and overall trade negotiation;
- (viii) Mainstreaming climate actions through green economy development strategy, trade digitalization, capacity-building, and dialogue and coordinated policy responses to climate-related measures (e.g., CBAM).

40. The RTG discussed the issues and agreed to provide suggestions via email: on (i) CAREC 2030 Strategy Midterm Review, (ii) operationalizing CAREC Climate Change Vision and mainstreaming climate actions in CAREC trade work; (iii) the proposed CAREC Trade and

Investment Facilitation Partnership (CARTIF) and CAREC Digital Trade Cooperation Framework (PRC proposal). The RTG also noted the outcomes of the 2nd Digital Trade Forum and appreciated the presence of international experts and development partners, the sharing of experience from CAREC members, and opportunity to interact with the members of the CAREC Digital Steering Committee, the private sector, and Kazakhstan entities (e.g., Qaztrade and the Astana Hub) for organizing study visits for the delegates.



CAREC TOURISM SECTOR PROGRESS REPORT AND WORK PLAN

JUNE 2023 – JULY 2024

Reference Document
Senior Officials'
Meeting
Central Asia Regional Economic
Cooperation 30-31 May 2024

ABBREVIATIONS

ABEC	Almaty – Bishkek Economic Corridor
ADB	Asian Development Bank
CAREC	Central Asia Regional Economic Cooperation
CTCO	CAREC Tourism Coordinating Office
CTS	CAREC Tourism Strategy
KNSC	Kyrgyz National Statistics Committee
MC	Ministerial Conference
NTO	National Tourism Organizations
PRC	People’s Republic of China
TA	Technical Assistance
TFFPG	Tourism Focal Points Group
TTDI	Travel and Tourism Development Index
UNWTO	United Nations World Tourism Organization
WEF	World Economic Forum

I. KEY DEVELOPMENTS AND RESULTS

1. The CAREC Tourism Strategy 2030 and its accompanying regional tourism investment framework 2021–2025 were endorsed at the 19th CAREC Ministerial Conference (MC) on 7 December 2020. In 2021, a strong effort was made to approve the concept approval of the CAREC Tourism Virtual Portal, the provision of content by the countries, and the report on Tourism Infrastructure, services, and prioritization. Between 2022 and April 2023, the TA 9776-REG: Sustainable Tourism Development in the CAREC has achieved significant progress. After the Senior Officials' Meeting in June 2023, the CAREC Tourism Portal was launched, and a series of activities on capacity building for Central Asian countries are planned in May 2024 in Turkistan, Kazakhstan and the second Tourism Working Group Meeting in June 2024 in Istanbul, Türkiye. Currently, there is a need to focus on the project completion, as well as to address the issue of governance and sustainability of the CAREC Tourism endeavor.

2. **The global travel and tourism industry** was reshaped with medium to long-term implications due to some critical factors that took place since the second half of 2021, most of them simultaneously with different time horizons and climate change issues:

- Almost all countries have now emerged entirely from the pre-pandemic levels, in terms of foreign arrivals.
- The Russian war in Ukraine and the wider conflict in the Middle East with strong impacts on global agriculture, energy, trade, and tourism.¹⁸
- The emergence of latent geopolitical clashes, de-globalization, and disruption of supply chains.
- Climate change impacts and risks for tourism.

3. **Foreign arrivals surpassing the pre-pandemic levels.** As countries recover from the pandemic, economies are rebounding, with tourism contributing to such development. Tourist flows have been more geared towards vicinity rather than long-haul destinations. This has posed challenges to destinations that were highly dependent from long-haul high spending sources markets of Europe, North America, and North East Asia, as those travelers have prioritized traveling in their own countries and regions.

4. **Climate change impacts and risks for tourism.** Climate change poses significant threats to the tourism sector, such as extreme weather events, deadly storms, wildfires, sea-level rise, temperature changes, dry gorges, rivers and canals, and potential conflicts over natural resources, particularly fresh water. No country is immune to climate change. The attractiveness of many tourist destinations depends on their climate; however, tourism is among the first sectors affected by climate change, but tourist activity, at the same time, is a significant source of greenhouse gas emissions. Research can contribute to the transition of the tourism sector toward greater sustainability.¹⁹ To mitigate the impacts of climate change, countries need to address this as a cross-cutting issue to develop adaptation and resilience of destinations, to develop new tourism practices and mindsets, and to develop institutional and territorial responses in tourist areas.

5. **Impacts and trends in the travel and tourism Industry.** Tourism is expected to respond to the critical factors described above with emerging trends, which countries need to

¹⁸ UNWTO in <https://www.unwto.org/impact-russian-offensive-in-ukraine-on-tourism>

¹⁹ Thoros "Revue en Recherche du Tourisme", April 3, 2023

be aware of to produce effective responses that benefit their industries:

- **Inward turn.** Following the pandemic and the conflicts in Europe and Middle East, most countries discovered the need to welcome domestic tourism and foreigners with longer periods of stay.²⁰ Regional tourism has become highly important due to lower travel costs than long haul. Furthermore, avoidance of conflict zones, may redirect the flows from Europeans westwards, and for Asians to stay in the region.
- **Higher costs of travel.** Airfares have increased significantly due to higher jet fuel prices, higher lease rates, and higher costs of operations. This impacts the volume of travelers. Furthermore, all other travel-related costs are expected to increase.
- **Reduced income and expenditure from traditional issuing countries.** The rise in cost of living and of interest rates have important impacts on the disposable incomes of the major and traditional issuing countries, as well as developing countries.
- **Competition between destinations** tends to become more centered around: safety and security issues; total cost of the trip; diversity and attractiveness of the available attractions meeting the expected experiences; welcomeness and openness of the local communities; quality of service.
- **Increased consciousness of environmental sustainability and resilience** puts pressure on destinations and countries to reduce their greenhouse gas emissions already in the short-term rather than reduce their pace of growth in the long-term. Tourism environmental activism is expected to grow, particularly by the younger and well-educated generations, in avoiding destinations that need to improve their environmental sustainability performances.

6. **Perceived social value.** Brand image and brand value of a destination are highly related to the perceptions in the digital space and the importance of the social networks of the individual.²¹ Tourism marketing has become fundamentally digital, and traditional printed media and influencers have become mostly digital.

A. CAREC Tourism Virtual Portal

7. The CAREC tourism virtual portal—one of the initiatives under the marketing and branding strategic pillar of the tourism strategy 2030—has been officially launched during the CAREC Ministerial Meeting held in Tbilisi, Georgia, in November 2023.

8. ADB procured professional content production for each CAREC country, the regions within each country, and each country's top 10 tourist attractions, aiming to provide a consistent image and appealing content for the portal launch, including a style guide for the "Visit Silk Road" common brand.

9. Content creation that is consistent improves the image and reputation of the common Brand, and consequently of all the countries, needs to proceed to extend the reach and benefits of the portal. The countries need also to provide their consistent support and updated information on tourism activities according to agreed time schedule so the portal will be

²⁰ The denominated digital nomads, for whom some countries (e.g. Spain) have started to regulate, that are not considered as tourists according to the UNWTO definition. This type of nomadism can also be related to higher income non-asylum seekers, who develop their professional activities based in different countries, either because of wars or simply because of personal preferences.

²¹ Social value derives from the social media and networking experiences and the perceived value added within such communities when visiting certain destinations, vis-à-vis other

updated on time.

10. The CAREC tourism portal targets two different audiences: institutional and travelers. The institutional part links regional partners and promote information sharing, including tourism projects and investment-related information, tourism data and statistics, events, and educational and training resources. The sections of the portal targeting potential and actual travelers focuses on providing information about the countries, regions, and tourism attractions, whilst promoting the services of private sector tourism providers in the region, thus constituting a true B2B portal capable of supporting the private sector in generating business and attracting tourists in a cost- effective manner. Furthermore, the portal will promote the common brand and generate traffic that can flow to each country's national institutional web portals. The portal is designed to be interconnected with the national tourism official websites as well as to the websites of private sector entities from CAREC countries.

11. The CAREC Tourism Portal has the potential to strengthen the "Visit Silk Road" common brand shared by CAREC countries as an umbrella of the national tourism brands, as well as to generate substantial revenue-generating initiatives, which can provide financial and managerial sustainability not only for the portal but also the entire CAREC tourism endeavors if the member countries choose accordingly. Country ownership and further functionality will be discussed during the second working group meeting in June 2024.

B. Conceptualizing four projects included in the regional tourism investment framework 2021–2025

12. The final phase of the TA 9776-REG consists of conceptualizing four projects included in the regional tourism investment framework 2021–2025.

13. Four Projects have been prepared for conceptualization to include: the project's description, rationale, and scope; initial financial and economic pre-feasibility; initial social and environmental considerations; and identification of implementation agencies, timeline, and potential financing options. These projects are:

- a. Improvement of the infrastructure and services, including water supply and sanitation, sewage, and solid waste management, environmentally sustainable concepts, including building units based on renewable energy sources in pilot areas and a network of public eco-toilets in remote areas suitable to demanding visitors. A pilot project has been prepared for the Central Asian Region (Uzbekistan), and the Turkistan Workshop used for consultations with stakeholders.
- b. Upgrading and rehabilitating historical and culturally relevant tourist attractions in integration with urban planning and development, Institutional improvements, improved access to disabled, and capacity-building programs for stakeholders in major historical cities. The pilot area chosen was the axis Bucharā–Samarkand–Hissor.
- c. Development of a common registry of tourism assets and data collection, their content, and their management to allow effective and cost-efficient use by public entities, government officials, travelers, guides, and tour operators for intelligence gathering. The project concept was subject to consultations through online meetings with public entities and the private sector in all CAREC countries.

- d. Branding, strategy, planning, budgeting, and funding sources for implementing the common brand “Visit Silk Road”, integrating additional features for the CAREC tourism portal, and developing a “CAREC tourism service quality label innovative system”. The concept is applicable to all CAREC Tourism as a common endeavor. The quality label pilot data used refers to Pakistan, Kyrgyz Republic in different stages.

14. Depending on the results of the above-mentioned 4 projects, and the decisions from the countries to further develop them, comprehensive projects could be designed and implemented. For example, projects with extensive regional scope such as the branding, promotional activities, the quality label, and the asset database, could be rapidly extended to all CAREC countries as a regional project. The improvement of the infrastructure and services with environmentally sustainable concepts and upgrading and rehabilitating historical and culturally relevant tourist attractions in integration with urban planning could be considered in each CAREC country project pipeline having regional importance.

C. Governance of CAREC Tourism

15. The CAREC Tourism Strategy 2030 provides a framework for the Institutional Structure of CAREC Tourism. At the top, the CAREC Ministerial Conference functions as the main high-level policy and decision-making body, responsible for providing strategic guidance on issues of regional relevance and accountable for the overall results of the CAREC Program. The Senior Officials’ Meeting monitors progress, recommends operational improvements, and ensures that the high-level decisions made at the CAREC Ministerial Conferences are effectively implemented. A Tourism Focal Points Group (TFPG) at the Tourism Sector level will lead the overall CAREC tourism work. This group comprises the tourism focal points appointed by each CAREC country since 2018. The CAREC Secretariat will provide technical, administrative, and organizational support during the implementation of the CAREC Tourism Strategy 2030. It also advocates adopting an incremental approach to effectively build countries’ ownership and devise the most appropriate institutional structure based on progress made.

16. Improving operationality and building countries’ ownership of CAREC Tourism requires the Senior Officials’ Meeting to decide on two critical areas: Governance and Funding to achieve sustainability.

17. Improving governance entails greater engagement and responsibility from the TFPG in managing, organizing, coordinating, and prioritizing defined and proposed common initiatives in delivering the CAREC Tourism Strategy outcomes. TFPG could convene twice a year with senior-level representatives of the CAREC National Tourism Organizations (NTO) in attendance. Three countries could lead the TFPG on a half-yearly rotative basis, starting in alphabetic order. The first with the presidency, the second with the “first chair” position, and the third with the “second chair” position. The objective of TFPG should be to provide guidance and professional support for implementing subregional tourism projects. The Meeting’s venue could be hosted by the country having the presidency. Creating a CAREC Tourism Coordinating Office (CTCO) should be considered to serve as the TFPG secretariat.

18. The CTCO activities could receive support from the Asian Development Bank (ADB), with its role evolving continuously depending on progress made, fostering, and facilitating

effective collaboration among the CAREC governments, development partners, public enterprises, NGOs, private sector, academic institutions, and the media on the implementation of the CAREC Tourism Strategy (CTS). Its initial role could be serving as the secretariat for the TFPG to lead the development and promotion of the CAREC Region as a single tourism destination in collaboration with the public and private sectors. It could also coordinate project development and implementation under the CTS and facilitate tourism knowledge production, centralization, and dissemination. The CTCO's office should be staffed and overseen by an Executive Director and supported by an Operations Manager, a Financial Manager, a Brand Manager, and operational staff, also allowing interns to gain valuable international tourism experience based on qualifications and need. The setting-up, including the CTCO charter, might require support from ADB.

D. Sustainability of CAREC Tourism

19. The sustainability of CAREC tourism is highly linked with its funding, on which the model to be followed needs a decision from CAREC Senior Officials' Meeting to be held in the end of May 2024 in Astana, Kazakhstan. There are fundamentally two distinct options to consider: (i) countries' budgets; and (ii) the development of own revenues supported by the countries' actions.

20. The **countries' budgets model** consists of contributions from the member countries to the budget of the CTCO activities and TFPG venues. The own revenues model defines revenues (ex., fees, advertising, etc.) originating from activities on which all member countries collaborate through enforcement (ex., common TVET certificate's annual fee; common quality of service label annual fee, etc.). The estimated TFPG meeting costs can reach \$150,000 a year. The operating costs of CTCO could reach US\$350,000 per year (staff of 7, web portal maintenance, content development, marketing, and other expenses). A total envisaged cost of US\$500,000 per year could be expected. The annual monetary contribution and the associated criteria should be decided during the Working Group Meeting in June 2024, including if the own revenues model shall be adopted, as it could be possible to have the difference between the revenues and costs be covered by the countries' budgets or returned in case of higher revenues than costs.

E. Projects being implemented

- **Development and Implementation of Common Health and Safety Protocols and Standards under the Almaty-Bishkek Economic Corridor (ABEC)**

21. The pilot project, included under the quality and standards strategic pillar in the regional tourism investment framework, supports the development of the Almaty–Issyk Kul tourism cluster. It aimed at reviewing existing health and safety protocols and measures prepared by Kazakhstan and the Kyrgyz Republic in the tourism sector. It provides recommendations integrated into the countries' regulations based on international best practices. It will also support the capacity building of public and private tourism stakeholders to adopt and implement adequate health and safety measures in a coordinated manner. The pilot project was implemented by the United Nations World Tourism Organization (UNWTO) and completed in Q2 2022.

22. The travel bubble concept will be fostered further, sharing lessons from the ABEC case between Kazakhstan and the Kyrgyz Republic and promoting the use of standardized safety

and health protocols among CAREC members.

- **Development of Accommodation Classification System for ABEC**

23. This project also contributes to implementing the quality and standards strategic pillar of the tourism strategy 2030 and will support the development of the *Almaty–Issyk Kul tourism cluster*. It aims to develop a regionally harmonized Accommodation Classification System that will indicate the standards found at individual establishments to consumers and intermediaries. As the hospitality sector represents a fundamental tourism component, quality standards must be monitored and enforced effectively by applying a regionally harmonized system to help Kazakhstan and the Kyrgyz Republic develop and market regional tourism. The UNWTO has implemented the project, which was completed in Q1 2023.

- **Sustainable Tourism Development Project in Mongolia**

24. The [project](#) has been designed in alignment with the CAREC Tourism Strategy 2030 and responds to the need for improved visitor sanitation facilities in the *Altai tourism cluster*. It comprises a loan of \$30.0 million and a grant of \$2.0 million, with implementation in 2022-2026. The project supports tourism development in three *aimags* (provinces) of western Mongolia, focusing on inclusive benefits for communities, nature-based solutions to protect wilderness and heritage values, fostering economic recovery and resilience in relation to climate change and other challenges. The project has four outputs: (i) inclusive planning and capacity for community-based tourism enhanced, (ii) enabling infrastructure constructed, (iii) sanitation and waste management improved, and (iv) management of cultural heritage sites and protected areas strengthened. It is aimed to build the capacity of residents and the private sector for community-based tourism, create jobs by establishing tourist streets and visitor complexes, and strengthen the management of five protected areas and heritage sites through improved visitor and sanitation facilities.

- **Tourism Satellite Account in Tajikistan**

25. This ADB-supported project, implemented by UNWTO, contributes to implementing the Strategic Pillar 5 - Market Intelligence of the tourism strategy 2030 and **will** support the Heart of Central Asia cluster. It aims to develop a Tourism Satellite Account (TSA) as an international best practice in tourism statistical economic impacts measurement, following UNWTO's guidelines. This project consisted of the proposal of a TSA concept adapted to Tajikistan and implementation roadmap. A pilot TSA compilation is expected to be done by 2025 upon completion of the necessary surveys.

- **Tourism Satellite Account in Kyrgyz Republic at National and sub-national levels**

26. This project, implemented by the Kyrgyz National Statistics Committee (KNSC), also contributes to implementing the Strategic Pillar 5 - Market Intelligence of the tourism strategy 2030 and supports the Heart of Central Asia cluster with an alternative implementation process than used by Tajikistan. This project comprises the design and implementation of the TSA methodology following UNWTO's guidelines, design, and performance of demand (Inbound, domestic and outbound tourism) and supply side (tourism business registry, tourism activities) surveys, training and capacity building for the KNSC key staff, roadmap for the use of innovative digital tools to perform the household and inbound tourism surveys, as well as to collect administrative hard tourism data. The results are available in KNSC in its online portal.

- **Capacity building workshops and skills development activities.**

27. A workshop between 2-4 May 2024 was organized to provide capacity building and skills development for the national senior officials and private sector participants of 6 CAREC countries (KAZ, KGZ, UZB, TAJ, TKM, PRC). This event developed skills and capacities in: the fields of CAREC Tourism Potential; CAREC Tourism Marketing and Branding including “Thematic Marketing and Branding” harnessing the Ancient Silk Road; Product & Enterprise Marketing in the Tourism Sector; Each country’s marketing and branding initiatives; Event Marketing and Its Contribution to Brand Creation; Balance between trade and consumer marketing; Marketing Approaches and Measuring Effectiveness; Tourism Capacity Building in CAREC.

28. In coordination with GIZ, certification courses in tourism are being conceptualized, consisting of self-paced online learning, complemented by onsite training on regional cooperation in tourism.

- **Development of a Silk Road Visa**

29. A visa facilitation study for the CAREC region is ongoing aiming to assess the existing visa policy, procedures and regulations, and recommend areas for improvement based on global best practices and case studies with potential pilot programs (Silk Road Visa and Digital Nomads visa). The analysis will be shared during the 2nd Working Group Meeting in June 2024 in Istanbul, Türkiye.

F. CAREC 2030 Results Framework: Tourism Sector

30. Under operational cluster 2 (trade, tourism and economic corridors), the following progress has been achieved in the outcome and output tourism indicators from 2020 to 2024:

Table 1. CAREC 2030 Results Framework: Tourism

Outcome	Indicator	2017	2019	2021
Tourism competitiveness and positioning of the CAREC region as a globally attractive tourism destination enhanced	CAREC countries' TTDI rank increased. (base 100 index in 2019: 3.84)	2 CAREC countries within the top 70 ranks (PRC 15, Georgia 70)	4 CAREC countries within the top 70 ranks (AZE 59, PRC 15, GEO 47, KAZ 66). Index = 100	4 CAREC countries within the top 70 ranks (AZE 63, PRC 12, GEO 44, KAZ 66). Index = 100.80 (last WEF TTDI available is for 2021)
Output	Indicator	2017	2021	2024
Regional tourism projects approved	Regional tourism projects conceptualized and approved	N/A	1 CAREC regional tourism TA project approved in 2018; and 2 projects approved and initiated under the ABEC area	1 CAREC regional tourism TA project approved in 2018; and 2 projects approved and initiated under the ABEC area
Institutional mechanism	Expert groups	N/A	CAREC TFGP	CAREC TFGP

for implementing joint regional tourism initiatives established	and regional tourism agency established and operationalized		was established in 2018. Since then, three meetings of the tourism focal points group have been held (Oct 2018; Dec 2019; Jan 2021).	was established in 2018. Since then, five meetings of the tourism focal points group have been held (Oct 2018; Dec 2019; Jan 2021, Jun 2023, May 2024).
Enhanced service quality and minimum common standards adopted	Harmonized service standards, including safety and hygiene protocols, adopted in at least three CAREC countries (baseline: tbd)	N/A		2 countries: KAZ and KGZ
Improved multi-modal connectivity and efficiency in border crossing procedures	Air connections between CAREC countries increased (baseline: 156 weekly frequencies in Oct 2020)			179 in April 2024
Improved multi-modal connectivity and efficiency in border crossing procedures	Number of countries with e-visa systems increased (baseline: 8 in 2019)		8	10
Strengthened and harmonized tourism data collection and analysis in CAREC countries	Increased number of CAREC countries with Tourism Satellite Accounts (baseline: tbd)	0	0	1 - KGZ (in first pilot published)

II. CHALLENGES AND KEY ISSUES

35. At the time of its formulation, the CAREC Tourism Strategy 2030 took into full consideration not only the challenges that countries' tourism sectors were facing pre-COVID²²

²² These include limited access to and between CAREC countries, complex and nonuniform visa requirements and border arrangements, inconsistent quality of tourism infrastructure and services, skills shortages, lack of reliable tourism data and statistics, and low awareness and knowledge about the tourist attractions in CAREC countries.

but also the expected new patterns and trends derived from the pandemic. These include: (i) increased importance of domestic and regional tourism; (ii) emergence of safe travel corridors or travel bubbles; (iii) greater focus on sustainability and responsible travel; (iv) growing importance of developing unique and personalized local travel experience; and (v) increased use of digital technologies, online platforms, and social media. By gradually implementing regional projects and initiatives across its five strategic pillars, the CAREC Tourism Strategy 2030 will help countries' tourism sectors bounce back stronger and faster and restore travelers' confidence and trust by promoting the region as a safe and resilient tourism destination.

36. The geopolitical, economic, social, climate change and financial challenges will shape the tourism sector in the CAREC region for the coming decades. Despite increased capital costs for investment, the region shall be able to provide interesting investment opportunities for the private sector if the countries collaborate more effectively in jointly promoting their common tourism brand as an umbrella internationally.

37. Air travel is responsible for 30%²³ of the total GHG emissions in the travel and tourism industry, which responds to 8% of the global GHG emissions. Currently the low regional air connectivity between CAREC countries, impose a larger than reasonable GHG footprint as the amount of passenger seat kilometers is exacerbated by passengers needing to fly many more hours through main Middle East and Turkey hubs, compared to direct flights. Improved collaboration and coordination would result in improved connectivity, lower prices, and increased profitability for CAREC airlines, while simultaneously increase the number of regional tourists.

III. WORK PROGRAM FOR JUNE 2024–JULY 2025

38. The implementation of the CAREC Tourism Strategy 2030 will continue over the next 12 months. Regional projects and initiatives, as well as analytical and knowledge products to be completed and/or initiated from June 2024–June 2025 include the following:

- Further development of the CAREC Tourism Virtual Portal implementing additional features, such as: a common sharable tourism assets database linked with private sector businesses and activities; inclusion of a common quality label and voluntary classification system; and further professional content production of each CAREC country, the regions within each country, and each country's main tourist attractions (paragraph 8);
- Further Implementation of Common Health and Safety Protocols and Standards to other CAREC countries (paragraph 22);
- Introduction of a pilot Silk Visa or Digital Nomads visa for tourists and visitors in some CAREC Countries (paragraph 30);
- Promotion of Accommodation Classification System for ABEC
- Implementation of TSA accounts in CAREC Countries
- Approval of the governance and sustainability model for CAREC Tourism during the CAREC Senior Officials' Meeting in May 2024 in Astana, Kazakhstan, and technical assessment for its set-up.

²³ Above

39. The next CAREC tourism focal point meeting will be face-to-face in Q2 2024. The objective of the meeting will be to (i) Present the statistics and comparability of the CAREC Tourism Portal with those of competing tourism regions; (ii) present the implementation of the projects described in the previous paragraph; (iii) review and update the CAREC regional tourism investment framework, including discussion on priority regional projects to be conceptualized over the next 12 months, the assessment of the climate change impacts, and its monitoring scheme.²⁴

IV. DELIVERABLES FOR 2024 MINISTERIAL CONFERENCE

40. The following list provides an overview of deliverables to be achieved by June of 2024.

Deliverables	Timing (2024)	Description	SOM/MC action
CAREC Tourism Portal fully launched	Q2	CAREC tourism portal (www.visitsilkroad.org and www.visitsilkroad.com) containing information on tourism regions and attractions in CAREC countries and promoting services of local tourism businesses.	For information
Assessment on the Improvement of the infrastructure and services, including water supply and sanitation, sewage, and solid waste management, environmentally sustainable concepts, including building units based on renewable energy sources in pilot areas and a network of public eco-toilets in remote areas suitable to demanding visitors.	Q2	<ul style="list-style-type: none"> • Report on the project's Concept • Presentation materials 	For information
Assessment on the Upgrading and rehabilitating historical and culturally relevant tourist attractions in integration with urban planning and development, Institutional improvements, improved access to disabled, and capacity-building programs for stakeholders in major historical cities	Q2	<ul style="list-style-type: none"> • Report on the project's concept • Presentation materials 	For information

²⁴ A possibility could be the development of a “climate change mitigation index”, that could have correspondence with the WEF TTDI, for national and subnational levels of the CAREC Countries, in line with the Pakistan NTCl developed in 2022-3 and being implemented.

Assessment on the development of a common registry of tourism assets and data collection, their content, and their management to allow effective and cost-efficient use by public entities, government officials, travelers, guides, and tour operators/agents for intelligence gathering	Q2	<ul style="list-style-type: none"> • Report on the project's Concept • Presentation materials 	For information
Assessment on the branding, strategy, planning, budgeting, and funding sources for implementing the common brand "Visit Silk Road", integrating additional features for the CAREC tourism portal, and developing a "CAREC tourism service quality label innovative system"	Q2	<ul style="list-style-type: none"> • Report on the project's Concept • Presentation materials 	For information
Analysis on "Silk Road visa" and Digital Nomads completed with recommendation provided to the Tourism WG	Q2	Report and presentation.	For information



**CAREC ECONOMIC CORRIDORS
SECTOR
PROGRESS REPORT AND WORK PLAN
JULY 2023 – JUNE 2024**

Reference Document
Senior Officials' Meeting
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ABBREVIATIONS

ADB	Asian Development Bank
ABEC	Almaty-Bishkek Economic Corridor
CAREC	Central Asia Regional Economic Cooperation
COVID-19	coronavirus disease
DMC	developing member country
ECD	economic corridor development
MC	Ministerial Conference
PRC	People's Republic of China
STKEC	Shymkent-Tashkent-Khujand Economic Corridor
TA	technical assistance

I. KEY DEVELOPMENTS AND RESULTS

1. The CAREC Economic Corridors sector achieved good progress during the reporting period (July 2023–June 2024). The reporting period saw substantive achievement in economic corridor development (ECD) in the region, particularly in developing and financing regional projects that promote cross-border economic cooperation and climate change agenda in the CAREC region. Overall, the momentum for ECD in the region is high. CAREC countries continuously promote ECD as a national development strategy to strengthen economic links and drive trade through cross-border cooperation to achieve wider economic benefits. Key achievements and progress on the outcome and output indicators included in the CAREC results framework for ECD are described below.

A. Key Achievements

The Almaty-Bishkek Economic Corridor (ABEC)

2. The 8th ABEC Subcommittee Meeting scheduled on 28–29 May 2024 in Astana, Kazakhstan will (i) assess the implementation status of the 7th ABEC Subcommittee minutes as signed on 17 February 2023 in Bishkek, the Kyrgyz Republic; (ii) review current ABEC projects and initiatives based on the meeting minutes of sector working groups; identify short- and medium- term priority projects; and (iii) agree on joint actions between the two parties to further develop the ABEC and formulate and sign the 8th ABEC Subcommittee minutes.

3. During the reporting period, specific achievements are outlined below.

- ABEC supported the implementation of the ABEC Action Plan for developing medical reference laboratories 2022–2024. On the Kazakh side, a team of consultants is working on measures to improve the laboratory system. On the Kyrgyz side the ADB investment project KGZ: Strengthening Regional Health Security is supporting the implementation of the action plan.
- After the initial legal analysis, financial and technical screening has been completed for the proposed alternate Almaty-Issyk-Kul toll road PPP project. Both countries constituted working groups to prepare this transnational project further.
- In the tourism sector, the ABEC Subcommittee proposed a joint classification system for ABEC accommodation facilities, developed by a team of consultants, and common health and safety protocols and measures for ABEC tourism. An agreement was drafted to agree on the implementation of the joint ABEC Accommodation Classification System.
- The Issyk-Kul Environmental Management and Sustainable Tourism Project is scheduled for approval in 2024 and was supported with conceptual inputs of tourism infrastructure development plans following the ABEC Tourism Master Plan.
- The ABEC Regional Improvement of Border Services project, planned for approval in 2024/2025, has been supported by the ABEC Subcommittee to improve the regulatory framework and advanced procurement readiness.
- Clean Air Action Plans for Almaty and Bishkek were prepared and finalized based on the data of the 50 air quality measuring devices deployed in Bishkek and Almaty, respectively. Data subscriptions for these air quality measuring devices have been renewed for continuous reliable data.

The Shymkent-Tashkent-Khujand Economic Corridor (STKEC)

4. The ADB technical assistance (TA) supporting the STKEC development has completed all its activities by 31 October 2023, with key outputs achieved. Specific activities and achievements during the reporting period are summarized below:

- **Completion of two prefeasibility studies.** A country consultation meeting and a site visit of the International Center for Industrial Cooperation (ICIC) at the border between Kazakhstan and Uzbekistan were held in Tashkent, Uzbekistan on 12-13 September 2023. The two prefeasibility studies on the establishment of (i) ICIC; and (ii) a Trade and Logistics Center in Sughd Oblast of Tajikistan (TLC) were completed following the consultation meeting, which incorporated comments and feedback from the three countries (Kazakhstan, Uzbekistan, and Tajikistan). The two reports were also published as ADB consultants reports on the CAREC website ([Prefeasibility Study of an International Center for Industrial Cooperation on the Border of Kazakhstan and Uzbekistan](#); and [Prefeasibility Study of a Trade and Logistics Center in Sugd Province of Tajikistan](#)). Investment opportunities came up. In February 2024, Kazakhstan and Uzbekistan governments announced that the construction of ICIC will commence in August 2024, to be completed by 2027.²⁵ The latest development includes the signing of an agreement with an Uzbekistan cotton processing company, and ongoing negotiations with potential investors and entrepreneurs, including private sector in both countries. On TLC, investment opportunities include potential collaboration with other development partners in supporting the establishment of an agro-logistics center in the Sughd oblast given the limited land availability, with investment from potential private sector.
- **ECD related knowledge-sharing.** A Regional Workshop on Next Steps in STKEC Development was held on 14 September 2023, which shared ECD related experiences among STKEC countries, ADB and other development partners (e.g., USAID) on facilitating cross-border trade (including transit trade). These include lessons from the Almaty-Bishkek Economic Corridor, the planned construction of a modern BCP between Azerbaijan and Georgian to pilot joint border management, and the STKEC governments' efforts in improving BCPs. STKEC country participants realized and highlighted the importance of modernizing BCPs, they also noted some realistic challenges in the region, such as insufficient economic and trade integration, legislation constraints (e.g., on protection of privacy), capacity issues, and other constraints. They explored the possibility of piloting joint control at the BCP near the ICIC, to apply joint control for some goods (e.g., agriculture and food products) to facilitate trade.

Small-Scale TA on a New Operational Economic Corridor Development Framework for Central Asia and Beyond

4. The ADB TA that supported the development of a new ECD framework and operational guidelines, has completed all its activities by 15 December 2023, with all outputs achieved. Specific activities and achievements during the reporting period are summarized below:

- The new ECD framework capturing wider economic benefits and diverse regions together with the ECD operational guidelines were consolidated into one report and was published

²⁵ [Kazakhstan and Uzbekistan eye \\$10bn trade boost with ICIC "Central Asia" construction — Daryo News](#)

in September 2023 as [Economic Corridor Development: From Conceptual Framework to Practical Implementation—Guidance Note](#). The guidance note presents a new framework and operational guidelines on facilitating complex multisector ECD programs that are aligned with DMCs’ development agenda. It outlines the ECD concept and discusses planning, designing, developing, and implementing these programs. It is relevant to government officials, development partners, the private sector, and researchers involved in planning, implementing, and assessing economic corridors. The guidance note was disseminated at the [2023 RCI Conference: Strengthening Regional Cooperation and Integration through Economic Corridor Development](#) held in Tbilisi, Georgia on 5-7 September 2023, which was well received and supported by participants from CAREC, GMS, SASEC countries, other DMCs, and development partners.

- Following the publication of the ECD guidance note, a communications strategy (including infographics) to widely disseminate the ECD guidance note was completed and published as an internal ADB document. The [ECD Communications Strategy and Infographics](#) provide a positioning and engagement plan for the ECD guidance note over the period of 2024–2029. It outlines the objectives, key messages, content forms, audiences, proposed activities, and channels to position the new ECD approach as a program that addresses current challenges and adapts to the changing landscape on economic corridor development in ADB supported DMCs. It aims to generate greater awareness and adoption of the new economic corridor development approach in ADB’s RCI operations to support ADB DMCs’ development agendas.

B. CAREC 2030 Results Framework: Economic Corridors Sector

5. The CAREC 2030 Results Framework was endorsed at the 19th CAREC Ministerial Conference (MC) on 7 December 2020. It includes outcome and output indicators across the five operational clusters of the CAREC 2030 Strategy. Under operational cluster 2 (trade, tourism and economic corridors), the following progress has been achieved in the Economic Corridors outcome and output indicators from 2017 to 2023:

Table 1. CAREC 2030 Results Framework: Economic Corridors

Outcome	Indicator	2017	2023
Economic corridors applied by CAREC countries to strengthen economic links and drive trade and development of cross-border regions	Cross-border economic corridor concepts included in national development strategies of CAREC countries	4 countries (PRC, KAZ, KGZ, PAK)	8 CAREC countries (PRC, GEO, KAZ, KGZ, MON, PAK, TAJ, UZB)
Output	Indicator	2017	2023
ECD-related projects developed and implemented	ECD-related sector development concepts included in national development strategies of CAREC countries	4 countries (PRC, KAZ, KGZ, PAK)	8 CAREC countries (PRC, GEO, KAZ, KGZ, MON, PAK, TAJ, UZB), sectors such tourism, cross-border transport, agriculture value chain, health

ECD-related projects developed and implemented	Projects supporting priority sectors for ECD developed and implemented	1 TA (\$1.75 million) (ABEC Support)	1 additional financing (\$0.725 million) for ABECTA; 1 TRTA (\$2 million) supporting the preparation of modern agriculture wholesale market development project for ABEC; 1 KSTA for \$1.9 million for ABEC Phase 2; approval of 1 ABEC-supported investment project; 1 KSTA TA and 1 additional financing (\$2.1 million) on assessing potential of STKEC.
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II. CHALLENGES AND KEY ISSUES

6. ECD approaches have grown more sophisticated in response to changing development contexts and DMCs' ambitions in Asia and the Pacific. Initially, ECD-related support centered on providing much-needed physical infrastructure to enhance regional connectivity. This approach has since broadened to encompass policy and institutional components and comprehensive spatial development initiatives. For ECD to remain responsive to the changing needs and aspirations of DMCs, this process of evolution must continue. We need to radically rethink ECD, taking onboard lessons and emerging best practices to benefit the people in the region.

7. CAREC's first pilot economic corridor, the ABEC, is yielding comprehensive tangible results of this more comprehensive corridor approach. Today, residents and tourists in Almaty and Bishkek can check the real-time air quality in their neighborhoods and adjust their day accordingly to avoid health risks and protect vulnerable persons. Also, both countries cooperate on improving regional health reference laboratories to mitigate and adapt to future pandemics. Border crossing point infrastructure and processes are improved to facilitate tourists and businesses to go from one city to the other, thanks to the regular dialogue between border services under the ABEC framework. These examples show how broader ECD approaches also yield more comprehensive results. ECD is complex and challenging to implement, but it becomes a powerful and inclusive tool to benefit the people on the ground.

8. Overall, ECD was commonly regarded as a holistic approach to: (i) develop and integrate sectors (even subsectors) at the national level with a view to integrating them more widely across borders; (ii) widen and deepen dialogue on economic cooperation and integration among countries, and thereby improve implementation of existing trade agreements in which countries participate; (iii) further develop industrial clusters and value chains; and (iv) open more opportunities for landlocked countries to become land-linked through participation in near and long-distance trade and development. For this new ECD framework and operational guidelines to be widely disseminated and understood, the targeted training program under CAREC on sub-topics of ECD needs to be designed and implemented. These include (i) private sector investment, (ii) support to small- and medium-size enterprises; and (iii) promoting digitization in ECD.

III. WORK PROGRAM FOR JULY 2023–JUNE 2024

9. The implementation of the CAREC Economic Corridors related activities will continue over the next 12 months. Regional projects and initiatives as well as analytical and knowledge products to be completed and/or initiated from July 2024–June 2025 include the following:

The Almaty-Bishkek Economic Corridor

10. Support for the ABEC activities will include the following:

- Approval of the ABEC Regional Improvement of Border Services Project
- Approval of the Issyk-Kul Lake Environmental Management for Sustainable Tourism Development Project
- Further support to the Alternate Almaty-Issyk-Kul toll road PPP project
- Support to the implementation of the joint ABEC Accommodation Classification System
- Support to the implementation of the Clean Air Action Plans for Almaty and Bishkek
- Support to the design of regional disaster risk management activities

The Shymkent-Tashkent-Khujand Economic Corridor (STKEC)

11. Support for the STKEC development will include following:

- Support the institutionalization of the STKEC by facilitating the agreement and signing of a trilateral memorandum of understanding on STKEC development among Kazakhstan, Uzbekistan, and Tajikistan
- Facilitate the establishment of a Technical Working Group on Transport Connectivity and Trade Facilitation among the STKEC countries
- Develop a master plan to improve long-term connectivity between Kazakhstan and Uzbekistan to facilitate STKEC development

Guidance Note on Economic Corridor Development

12. The CAREC Secretariat will work closely with the Regional Cooperation and Integration and Trade Division in the Sustainable Development and Climate Change Department (CCRC) and the other relevant regional departments (East Asia Department, and South Asia Department, the Sector Groups) by demonstrating a “One ADB” approach in implementing the Communications Strategy on the ECD guidance note which include:

- Developing an e-learning program on the ECD guidance and roll out to all relevant staff in ADB.
- Organize workshops (e.g., brown bags) among ECD practitioners in ADB to discuss implementation issues of the ECD guidance note.

IV. DELIVERABLES FOR 2024 MINISTERIAL CONFERENCE

13. The following list provides an overview of deliverables to be achieved by end 2024.

Deliverables	Timing (2024)	Description	SOM/MC action
ABEC Trade Facilitation Report	Q4	A report analyzing border crossing point procedures and infrastructure and recommending reforms and investments to improve both.	For information

<u>ABEC joint accommodation classification system</u>	Q2	A report to elaborate the details of a joint accommodation classification system, including regulations and agreements necessary for its implementation.	For information
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