25TH CAREC MINISTERIAL CONFERENCE

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Session 2:

From Connectivity to Competitiveness: Developing Next Generation Economic Corridors



Presenter

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Why economic corridors, and why now

ADB's Operational Approach for Revitalizing Regional Cooperation and Integration (March 2026) names economic corridor development a transformative regional initiative

1

Connectivity alone has hit its limit

Decades of transport investment moved goods, but value creation along the route lagged. Time has not converted transit corridors into economic ones.

2

The demand is already there

Developing Member Countries—CAREC countries—now embed cross-border corridor concepts in national strategies

3

Corridors carry more than freight

Spatially integrated corridors combine trade, industry and value chains with regional public goods — climate resilience, water, health security, and skills.

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SIX CORRIDORS, ONE CONNECTED REGION

CAREC Corridors are connecting the region to global markets

➢ 20,000+ km of roads and railways

Improved by ADB projects since 2008

➢ Road shipment costs are falling

Average road cost per 500km/20-ton shipment dropped to $814 in 2023 from $945 in 2022.

➢ CAREC corridors cushioned the Red Sea and other crises

Growing traffic and trade demand in Corridor 2

➢ Cross-border economic corridor concepts

Included in national development strategies of 8 CAREC countries (PRC, GEO, KAZ, KGZ, MON, PAK, TAJ, UZB).

➢ Performance of corridors tracked by CPMM

CPMM records real shipment data—border-crossing time, and cost, corridor travel cost and speed—at least 30 crossing pairs across all 11 members since the early 2010s.

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From transit routes to economic corridors

Midterm Review (MTR) of the CAREC Transport Strategy 2030 — what it means for economic corridor development

1 Maximize benefits of hard infrastructure developed

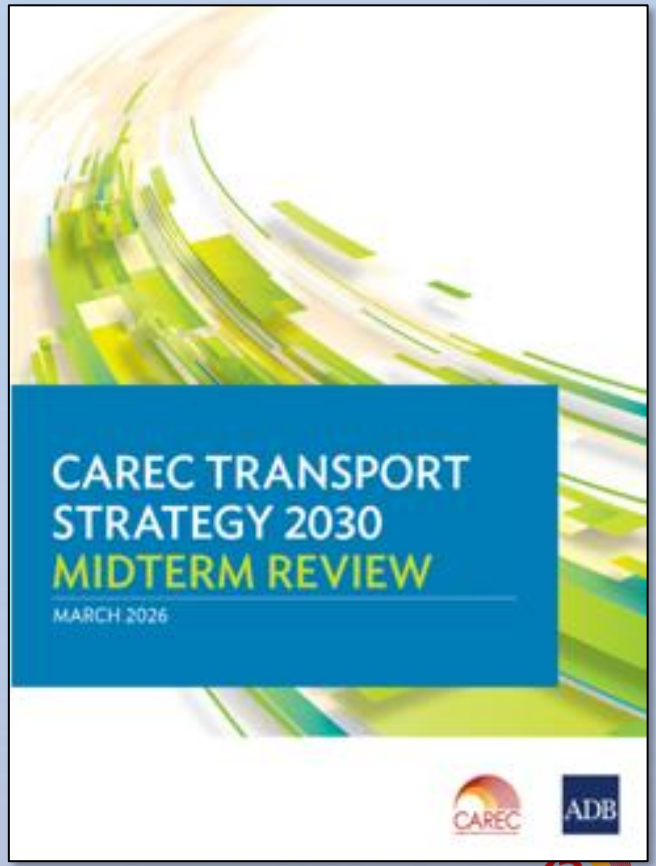
The MTR confirms strong delivery on road and rail links; remaining gaps are concentrated in cross-border points, multimodal connection, etc.

2 Soft connectivity becoming a binding constraint

Border crossing times, transit regimes and logistics services—drive corridor performance.

3 Transport investments must anchor economic activity

The MTR calls for sequencing transport with logistics centers, industrial zones and border economic hubs to generate value, jobs and trade—not just throughput.



A corridor must be designed as an economic corridor from the start

ADB Economic Corridor Development Guidance Note: movement-based corridors are necessary but not sufficient

Transport corridor

Trade corridor

Regional development

Spatial transformation

Experience shows transport corridors do not mature into economic corridors on their own — multisector planning, reform and institutions must be built in from day one.

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Diverse economies, connecting corridor: a tailored approach

CAREC region spans three income groups — corridor investment must be calibrated to each

Upper Middle-Income Countries	Lower Middle-Income Countries	Low-Income Countries
Azerbaijan	Kyrgyz Republic	Afghanistan*
Georgia	Pakistan	
Kazakhstan	Tajikistan	
Mongolia	Uzbekistan	
People's Republic of China		
Turkmenistan		

Differentiated priorities

- Productivity vs. the middle-income trap
- Linking vs. landlockedness
- Agglomeration economies with diversification
- Services growth: tourism, transport-logistics, finance
- Trade and transport abundance — resilience to shocks
- Private sector vs SOEs' roles in economy

**ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021.*

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Almaty–Bishkek Economic Corridor (ABEC): 10 years of proof

CAREC's first pilot economic corridor — what it delivered and what it teaches

Committed projects

- Health security; climate-resilient agriculture value chains
- Issyk-Kul environment and sustainable tourism
- Regional improvement of border services; Bishkek clean heating

Tourism, standards and replication

- Harmonized accommodation classification adopted by KGZ Cabinet
- Tourism master plan green update
- Lessons scaled across all 6 CAREC corridors; recognized in ADB's RCI Operational Approach

New initiatives

- Almaty–Issyk-Kul alternative road (PPP)
- Electric bus pilot; STREAM transboundary river management
- Trade and logistics center at Uzynaganash

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CAREC Corridor 2 Working Group: Turning planned investments into delivery

A dedicated multi-sector coordination body under the CAREC framework, with ADB as CAREC Secretariat

Composition and reach

- Ministries for investment programs, economic corridors and transport
- Nine countries: PRC, AZE, GEO, KAZ, KGZ, TAJ, TKM, UZB, MON
- Reports to the CAREC SOM and Ministerial Conference

Mandate: delivery, not another layer

- Promotes investment in transport, skills, health, agriculture value chains, governance, services and digital connectivity
- Aligns national investment planning to avoid timing mismatches
- Harmonizes transport and transit regulations across the corridor

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BUILD (Border Upgrades for Integration, Logistics, and Development) Facility

- New financing facility for border crossing point (BCP) improvements in CAREC region approved in August 2026
  - address infrastructure, digitalization, and border management reforms
  - builds capacity within CAREC countries
  - call for proposals starts 1 October 2026
- ADB financing of $400 million to finance BCP projects along the CAREC network
- ADB's extensive experience on BCP projects show significant cost and time reduction at BCPs
- TA supporting the BUILD preparation and implementation approved in April 2026





Linking ADB's Pan-Asian corridors: driving resilient connectivity and competitiveness

CAREC, Greater Mekong Subregion (GMS) and South Asia Subregional Economic Cooperation (SASEC) corridors can evolve into a single pan-Asian economic corridor network

How we take it forward

- Create **Pan-Asia Transport Model** and align the CAREC and GMS Transport Strategy 2030 midterm reviews and the SASEC Strategy 2035
- Mobilize private capital through PPP, blended finance and innovative instruments
- Showcase economic corridor results at ADB's 2027 Annual Meeting at Aichi-Nagoya, Japan

What the linkage delivers

- Cross-border efficiency, policy harmonization and multimodal transport systems
- Resilient, streamlined supply chains and deeper integration with global markets
- Industrial productivity, plus technology and knowledge transfer across borders

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