



CAREC Institute Newsletter

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The 18th CAREC Ministerial

14 November 2019

Tashkent, Uzbekistan

The CAREC Institute presented its work progress and planned activities in the 18th CAREC Ministerial Conference which convened CAREC senior officials and development partners on 14 November 2019 in Tashkent, Uzbekistan.

Participants discussed the global and regional economic outlook and its implications on the CAREC countries. The CAREC Secretariat presented an update on CAREC 2030 implementation progress across five clusters. The CAREC Transport Strategy 2030 and the CAREC Energy Strategy 2030 were endorsed. The World Customs Organization made a presentation titled “Towards SMART Borders for Seamless Trade, Travel and Transport in CAREC.”

A dialogue was conducted among public and private tourism stakeholders on key opportunities and challenges for regional initiatives and collaborative actions in the tourism sector, and the role that CAREC could play in supporting this process.

A Joint Ministerial Statement was issued where senior CAREC officials noted the positive regional outlook and expanded horizons for regional cooperation marked by strong growth, declining trade costs, and the increasing economic interactions among neighboring countries, while recognizing that the trade tensions among major trading powers still constitute a threat to the region’s economic

landscape. The statement articulated a commitment to implementing the expanded agenda of CAREC 2030 strategy in the areas of connectivity and trade, tourism, agriculture and water, and human development, as well as in deepening policy dialogue on issues of regional significance. More [here](#).

Uzbekistan was thanked for CAREC chairmanship in 2019, and Afghanistan was announced as a Chair for 2020.

CAREC Institute Director Meets Partners in Uzbekistan

15 November 2019
Tashkent, Uzbekistan

The CAREC Institute Director Sayed Shakel Shah held a series of high-level meetings in Uzbekistan, among them meetings with Dr. Ashraf Khodjaev at the Directorate General for Foreign Economic Cooperation of the Ministry of Foreign Affairs of Uzbekistan, with Mr. Uligbek Kasimkhodjaev from the State Committee for Development of Tourism of Uzbekistan, and with Rector Prof. Ukram Umurzakov from the Tashkent Institute of Irrigation and Agricultural Mechanization Engineers. The Director also visited the International Trade Fair on Silk Road Tourism, and the Innovations and Scientific Research Cluster who partners with the CAREC Institute on climate change research. Discussions focused on joint research, capacity building, co-financing, information exchange, and joint events. Some more information in the [local media](#).

Mr. Kasimkhodjaev from State Tourism Committee hosting the CAREC Institute at the international trade fair in Tashkent



The Aral Sea International Conference in Nukus

24-25 October 2019

Nukus, Uzbekistan

CAREC Institute Deputy Director Two, Dr. Iskandar Abdullaev, delivering a keynote address at the Aral Sea conference



The CAREC Institute Deputy Director Two Dr. Iskandar Abdullaev delivered a keynote address at the high-level international conference on the Aral Sea titled “Aral Sea Region – Zone of Environmental Innovations and Technologies” organized by the Government in Uzbekistan in cooperation with the UN agencies during 24-25 October 2019 in Nukus, Uzbekistan. The conference was attended by 450 participants from 46 countries and multi-lateral organizations.

The keynote address referred to realization of eco-energy, transport, tourism, and logistical potential of the pre-Aral zone. The Aral Sea region could be linked with transport, trade, tourism, and knowledge corridors with the wider CAREC to revitalize economically and socially. The government with support of the UN has launched a multi-partner Aral Sea Trust Fund which presents an opportunity for demand-based research and capacity building to support informed policy decision-making.

During the round table on water cooperation in Central Asia, Dr. Abdullaev presented the Institute’s recent research on “Climate Insurance, Infrastructure, and Governance in CAREC Region” which was found highly relevant and timely. Conversations focused on economic costs of climate change and potential options for adaptation and adoption. A greater emphasis was placed on agriculture. Adaptation and mitigation measures require significant investments in financing technological changes. Among best practices, the index insurance for livestock was discussed as a good example from Mongolia to cope with negative consequences of the climate change.

The CAREC Institute’s policy research has a potential to help connect efforts made by different Central Asian countries in improving climate change mitigation and adaptation measures.

How to Reverse Aral Sea Deterioration - Six CAREC Countries Affected

The CAREC Institute Deputy Director Two Dr. Iskandar Abdullaev co-authored a [book](#) on the Aral Sea which suggests a number of interventions and initiatives to avoid and reverse the current and

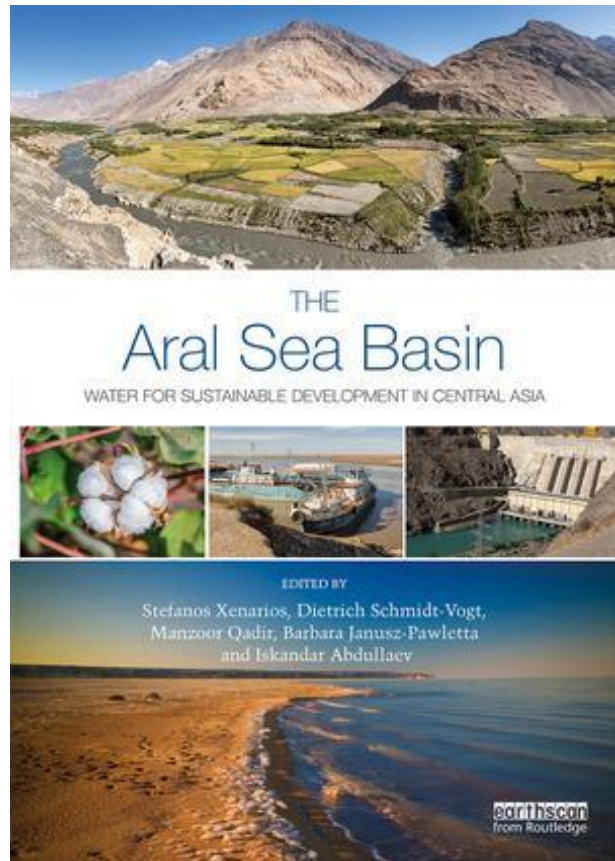
further deterioration of the Aral Basin. The authors suggest managing large hydropower projects collaboratively to bring numerous benefits to affected CAREC countries - Afghanistan, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, Turkmenistan - including improved reliability of supply and availability of water for agriculture, domestic use, and electricity generation.

Monitoring of high-altitude mountainous areas is essential for sound estimates of water availability and water-related hazards associated with snow, glaciers, and permafrost. Such systems need to be re-installed in the basin. The water user associations are recommended for decentralized management of natural resources.

Sustainable water management requires intra-regional cooperation, especially between upstream and downstream countries, and integrated approaches to rural development. The existing regional frameworks must either be reformed or replaced by new forms of cooperation in order to successfully translate political will into highly effective, integrated management of regional water resources.

It is underlined that reforming the water sector goes well beyond adopting new policies and initiatives, updating the legislative framework, and building new institutions. The key challenge lies in continuous and strong high-level political engagement of CAREC countries to better coordinate water management at national and transboundary level, the active participation of stakeholders at the basin level, and technical and financial support of entities implementing the water reforms.

The authors suggest that motivation of governments could be enhanced by addressing existing problems through the water–energy–food nexus concept and by incorporating trading and investment elements.



Knowledge Sharing in Trade Facilitation and Customs Modernization

31 October-2 November 2019

Tbilisi, Georgia

The Asian Development Bank (ADB), in collaboration with the CAREC Institute, CAREC Customs Cooperation Committee (CCC), the South Asia Sub-Regional Economic Cooperation (SASEC) Program and the Ministry of Finance of Georgia have organized an Inter-Sub-Regional Knowledge Sharing Forum on Trade Facilitation and Customs Modernization during 31 October - 2 November 2019 in Tbilisi, Georgia.

The forum aimed to share knowledge, experience, and best practices on challenging aspects of trade facilitation reform and modernization facing CAREC and SASEC customs administrations, with special emphasis on overland trade, including areas such as transit systems and facilitation, joint border

controls, regional improvement of border services, and private sector involvement. The participants deliberated about critical success factors of trade facilitation measures for efficient trade flow, resource allocation, and improved regional cooperation.

In addition to the forum, the SASEC held its annual meeting while the CAREC CCC conducted an inter-sessional meeting to (i) discuss pending follow-up actions to the 18th meeting of the CCC, and finalize the CCC action plan; (ii) discuss monitoring schemes/framework for updating progress in CCC priority areas and implementation of the provisions of the WTO TFA; and (iii) agree on plans to showcase the work of the CCC to mark the 20th anniversary of the CAREC Program.

Dr. Iskandar Abdullaev, CAREC Institute Deputy Director Two, presented the Institute’s ongoing and planned research on e-commerce and SPS e-certification as it relates to customs cooperation. In addition, he presented the transition plan for the CAREC Corridor Performance Measurement and Monitoring (CPMM) mechanism from the ADB to CAREC Institute for 2020-2021.

Trade Facilitation and Customs Modernization workshop participants in Tbilisi, Georgia



Road Safety Engineering - Workshop Report

The workshop report on the elements of road safety engineering summarizes the CAREC Institute’s workshop of September 2019 and shares lessons and recommendations for future consideration.

The report emphasizes the benefits that traffic police and engineers can gain in cooperation when sharing resources and information. It narrates how to treat road safety as a business that requires investment to deliver significant returns, how “high crash frequency” locations can be investigated and treated with low cost countermeasures, how engineers can prevent crashes on new roads by applying the road safety audit process during planning, design, and construction, etc.

Details of a case study on blackspot investigation, where participants experienced learning by doing, are of particular interest. Further, the trainer and organizers share lessons to improve future workshop delivery.

Recommendations are provided to strengthen connections with national technical universities to assist the teaching staff to be better equipped to teach road safety engineering to their students. The network of national technical universities is proposed to become a platform for knowledge sharing and mentoring in road safety audits (including cross-border audits) for national road authorities. Moreover, the report proposes establishment of the national road auditor registration schemes, and enactment of national road audit policies. Development of the fourth manual on pedestrians is proposed to complement a set of CAREC road safety manuals, as there is a lot of interest to improve pedestrian safety. Read more [here](#).

Reform of State-Owned Enterprises - Workshop Proceedings

The proceedings of the workshop on reforming state-owned enterprises (SOEs) summarizes contents of the September 2019 event organized jointly by the CAREC Institute and the ADB Institute.

The paper discusses how SOEs were created initially to achieve import substitution industrialization and promote domestic production and ended up to account for 15% of GDP in OECD countries (2018) and 20-30% of GDP in transition economies, 20% of investment and 5% of employment globally. At the same time, SOEs are not subject to market discipline. The lack of competition and frequent government bailouts during crises may lead to their inefficient performance.

The report provides results of empirical studies which suggest that solvency, per capita costs, and per employee productivity have more deterministic power over the success or failure of SOEs, compared with profitability. While profit making of SOEs is important, focusing on profitability as the sole assessment criterion would mislead policy makers, keeping in mind that the nature of many SOEs is to generate social welfare.

Examples of Coal India and Air India, Kazakhstan's Kazmunaigas, and Singapore's Temasek Holdings are provided. It is suggested that one-size-fits-all approach would not be justified as different varieties of capitalism apply to different institutional contexts. The SOE policy is considered a key component of any reform agenda, and it can take many forms, e.g. outright divestment, partial divestment, and privatization, to improve efficiency while retaining state ownership.

The topic proves particularly pertinent for CAREC members - Uzbekistan, Kyrgyzstan, Pakistan, and Afghanistan - who are conducting active analysis of the sector and formulating reform approaches. Read more [here](#).

40 Years of Fiscal and Economic Reforms: Chinese Experience

The Chinese Academy of Fiscal Science (CAFS) and the CAREC Institute undertook a joint work to mark 40 years of the reforms of the People's Republic of China (PRC), and share knowledge about the PRC's policies and practices across a range of sectors including: public private partnerships, state owned enterprises, small and medium enterprises, e-commerce, fiscal policies, public sector reform, urbanization and municipal services, poverty alleviation policies, trade policy, and trade facilitation reforms.

The Chinese reform experience proved unique - an undertaking never accomplished by other socialist countries. It was a progressive reform path where various systems interacted, influenced,

promoted, and governed one another. Metaphorically, the reform journey was compared with “crossing the river while feeling the stones,” meaning that policy makers were engaged in a continuous cycle of learning, reflection, adjustment, and issue-focused targeted implementation. Adjustments were timely and adequate to maintain a dynamic balance.

These reforms resulted in the government function optimization, improvements in public service capabilities which ultimately lifted hundreds of million out of poverty, and improved people's living standards substantially. As a result, by 2019, the PRC has graduated as the second largest economy in the world, second largest contributor to the United Nations, and a significant investor around the globe.

The summary volume of English translation describes the context of policy decisions for all mentioned sectors, elaborates on stages of development, and aspects of particular policies. The original version of the book has been published in Chinese in August 2019. Read more [here](#).

China Aviation and Tourism Forum

24-25 October
Beijing, the PRC

Mr. Dang, Haipeng, Division Chief of CAREC Institute, moderating a session at the Tourism and Aviation Forum



The CAREC Institute attended the China Tourism and Aviation Forum organized jointly by Travel Link, G&W Consulting, and the Civil Aviation Administration of China during 24-25 October in Beijing, the PRC.

Given that the number of outbound tourists from the PRC reached 150 million in 2018, with an increase of 15% compared with the previous year, the Industry experts deliberated how airlines can develop new routes, how airports can attract new routes and prepare for the Chinese market, how destinations can attract Chinese travelers and provide better services, and how all these entities in

the system can work closely. Participants gained insights into the specifics of the Chinese airlines and airports, their policies, and needs.

Ms. Meng, General Director of International Cooperation and Service Center (ICSC) of CAAC expressed willingness to hold joint forums with the CAREC Institute to promote international cooperation on route, destination, and airport management. Mr. Serik Rys-uly, Regional General Manager of Kazakhstan Airlines, and LIN Xi, Regional Manager of Azerbaijan Airlines, expressed concerns about visa-related barriers. In addition, several CAREC representatives requested support in development of tourism products.

The CAREC Institute plans several knowledge sharing and capacity building activities for its CAREC members in 2020 to facilitate development of the sector and benefit CAREC economies.

China-ASEAN Fiscal and Taxation Cooperation Forum

1-3 November 2019
Nanning, the PRC

Mr. Ziqian Liang, Deputy Director One, CAREC Institute, delivering a keynote speech at the forum



The CAREC Institute Deputy Director One Mr. Ziqian Liang delivered a keynote speech at the sixth China-ASEAN Fiscal and Taxation Cooperation Forum during 1-3 November 2019 in Nanning, Guangxi Zhuang Autonomous Region, the PRC. The forum was organized by the China International Taxation Research Association and Chinese Academy of Fiscal Science. It continued the momentum of the 16th China-ASEAN Expo held in Nanning City.

Renowned scholars, government officials, and international partners discussed innovations in international tax dispute settlement mechanism, tax reforms in different Belt and Road cooperation countries, the comparative research on VAT, influence of tax-related factors on investments, comparative study on bilateral tax treaties, research on optimizing tax and business environment of

free trade zones during the tax system reform, impact of digital economy on international tax jurisdiction, study on cross-border taxation collection, and many more.

The CAREC Institute explored opportunities for cross-border cooperation among various regional initiatives and for establishment of new modes of partnerships.

Former CAREC Institute Director Receives the Tianshan Award

8 November 2019
Urumqi, the PRC

The former Director of the CAREC Institute Mr. Sanjaasuren Bayaraa has received the Tianshan Award by the Government of Xinjiang Uygur Autonomous Region of the PRC in a ceremony held in Urumqi on 8 November 2019 in recognition of his outstanding contribution to the regional development. Mr. Bayaraa addressed the award ceremony and extended his gratitude to the Tianshan Award Selection Committee. He also thanked the Government of Xinjiang Uygur Autonomous Region for their long-term support to the CAREC Institute.

The Tianshan Award is the highest honor granted by the Government of Xinjiang Uygur Autonomous Region to foreign experts who have made outstanding contribution to the economic and social development of Xinjiang. The honor is awarded to approximately five foreign experts annually.

Mr. Sanjaasuren Bayaraa receiving the Tianshan Award from the Xinjiang Government



International Symposium by Shanghai Academy of Global Governance

9 November 2019

Shanghai, the PRC

The CAREC Institute Deputy Director Two Dr. Iskandar Abdullaev participated in the conference titled “Connecting the World and the Future - 2019. Global Governance and China” organized by the Shanghai Academy of Global Governance and Area Studies which is promoting the growth of area studies and global governance as a discipline. The conference was attended by around 300 scholars from 30 countries and was part of the China International Import Expo-2019.

Dr. Abdullaev spoke about water cooperation in CAREC highlighting that climate change impact and adaptation measures need to be seen as strategic issues. He argued that the Aral Sea problem has not yet been internalized, and the region was not immune to new similar environmental disasters. Lessons from the environmental catastrophes need to be systemized; and understanding adaptation strategies and capacities for both humans and environment is critical, he remarked.

For this, it would be necessary to remove tensions over disputed water and energy issues through multilateral dialogue, and the water-ecological cooperation issue needs to be elevated to a new level through both economic and political support.

Call for Papers - Private Investment in Sustainable Infrastructure

The Asian Development Bank Institute (ADBI) and the CAREC Institute are seeking original, unpublished papers that examine ways to unlock private investment in sustainable infrastructure in Asia, with an emphasis on CAREC countries.

Papers may focus on, but are not limited to, the following topics: new schemes for investment in sustainable infrastructure; role of government in attracting private investment in sustainable infrastructure; role of government agencies in debt financing of infrastructure; attracting investment in regional water management infrastructure; models for measuring risk of investment in sustainable infrastructure; how to measure the spillover impact of infrastructural projects; how to conduct due diligence assessment on regional infrastructure projects; infrastructure investment trusts; financial guarantees for private investment in sustainable infrastructure; public-private partnerships and sustainable infrastructure investments; institutional investors and sustainable infrastructure investments; innovative community-based infrastructure development.

Application deadline: 20 January 2020. More [here](#).