



A Quarterly Newsletter of the Central Asia Regional Economic Cooperation
Azerbaijan • People's Republic of China • Kazakhstan • Kyrgyz Republic • Mongolia • Tajikistan • Uzbekistan

Senior Officials Discuss Priorities and Ways to Deepen Regional Cooperation in Central Asia

The Senior Officials' Meeting (SOM) on the Central Asia Regional Economic Cooperation (CAREC) Program was convened at the Asian Development Bank (ADB), Manila, Philippines on 26–27 April to discuss ways of expanding regional cooperation in Central Asia. Delegates from CAREC member countries—Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan—and representatives from multilateral institutions (MIs)—European Bank for Reconstruction and Development, International Monetary Fund (IMF), United Nations Development Programme (UNDP), and World Bank—attended the meeting.

Participants (i) reviewed the progress and work plans for the four priority sec-

tors—transport, trade facilitation, trade policy, and energy; (ii) deliberated on strategic questions and issues concerning the CAREC Program; and (iii) discussed other CAREC activities.

Review of progress and work plan. In the energy sector, delegates were briefed on the (i) implementation of four Central Asia regional power transmission projects; (ii) World Bank's study on regional electricity export potential; (iii) draft agreement on establishing a Central Asia water and energy consortium; and (iv) ADB's preparation of a draft memorandum of understanding for the formation of a CAREC members electricity regulators' forum. Delegates agreed that a CAREC energy sector coordinating committee should be established.

In trade facilitation, much of the progress was attributed to strong ownership that the member countries attach to the Trade Facilitation Coordinating Committee and the leadership of the country chairpersons in charge of specific bilateral and regional initiatives such as regional transit development, customs data exchange, and joint border control.

In the transport sector, the SOM approved the (i) Transport Sector Coordinating Committee 2005 Work Program,

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DEEPENING REGIONAL COOPERATION IN CENTRAL ASIA Delegates from the Senior Officials' Meeting held on 26–27 April 2005 in ADB headquarters

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In this publication, \$ refers to US dollars.



EXCHANGING VIEWS SOM participants discuss approaches for regional cooperation in Central Asia

approaches should include performance indicators.

Capacity building for regional cooperation in Central Asia. The presentation on capacity building for regional cooperation outlined examples of common priorities. These include strengthening commitment to cooperation, improving information, strengthening national focal points, sharing experiences and international best practices, inter-sector coordination and trade-offs, and upgrading skills critical to regional cooperation. A comprehensive review of the overall institutional framework was proposed to be undertaken to improve its effectiveness.

Regional business roundtable for Central and South Asia. A briefing on preparing the Regional Business Roundtable (RBR) was presented. RBR was designed to enhance the role of the business community in CAREC and other regional initiatives. The RBR is proposed to include the members of CAREC and Afghanistan, India, and Pakistan. The business communities of Iran and Russia may be included as observers.

Central Asia Human Development Report and Silk Road Regional Program. UNDP representatives briefed participants on the Central Asia Human Development Report (HDR) and Silk Road Regional Program (SRRP) for Central Asia. These two regional, UNDP-led initiatives were implemented as part of the CAREC Program of ADB, with inputs from World Bank.

The SRRP aims at capacity building for regional cooperation and development, and is attempting to strengthen long-term processes in three areas: trade development, investment promotion, and tourism.

The HDR for Central Asia, *Regional Cooperation for Human Development and Security*, analyzed the impact of regional integration in Central Asia and explored how regional cooperation will support economic development, improve social welfare, and lower risks of regional instability.

Next SOM and 4th Ministerial Conference. Delegates agreed to hold the next SOM in October and the 4th Ministerial Conference in early November 2005 in Bishkek, Kyrgyz Republic. ■

(ii) Regional Transport Sector Road Map, (iii) proposal to harmonize cross-border transport procedures and documentation, and (iv) proposal to harmonize transport regulations. Air transport will be included in the sector program.

On trade policy, SOM approved the objectives and proposed work program for the Trade Policy Coordinating Committee (TPCC). SOM endorsed TPCC's two recommendations. First, delays in and financial costs of entrance and transit need to be reduced. To address this, the TPCC will analyze all factors leading to delays in or costs of entrance or transit and recommend measures to reduce these delays and costs. Second, the TPCC will review existing barriers to border trade and propose improvements in these policies and procedures. MIs have prepared papers on (i) barriers to trade in Central Asia (ADB), (ii) regional trade agreements and accession to the World Trade Organization (IMF), and (iii) potential comparative advantage in trade for Central Asia.

Strategic questions and issues. Participants deliberated on strategic questions and issues including the geographic, program, and policy scope of the CAREC Program; greater private sector participation; and the relationship to other regional cooperation initiatives.

(i) Delegates agreed to begin a two-track approach to expand CAREC membership. On the participation of Afghanistan and Russia, delegates will consult their respective governments and convey to the Secretariat the position of their governments. Simultaneously, the

Secretariat will consult informally with Afghanistan and Russia on their interest in participating in the CAREC Program.

- (ii) The delegates arrived at a consensus that the CAREC Program at this stage should focus on strengthening the effectiveness of activities in the priority sectors. They also agreed that the CAREC Program should continue to emphasize a project-based approach but increasingly focus on related policy issues.
- (iii) To avoid duplicating regional activities, delegates agreed that CAREC should coordinate with other regional organizations. At the same time, it should retain its flexibility and unique identity in promoting regional economic cooperation.
- (iv) Delegates also stressed the importance of performance indicators to guide the planning and monitoring of CAREC activities to support results orientation.
- (v) A regional business roundtable is being prepared to enhance the role of the business community in CAREC, and options for engaging the private sector with the CAREC Program are being identified.

Comprehensive action plan and performance indicators for the CAREC Program. Two approaches were outlined in preparing a comprehensive action plan for 2007: (i) an action plan based on CAREC support activities; and (ii) an action plan based on medium- to long-term goals, and the national plans and regional aspirations of the member countries. Both

Infrastructure Development in Central Asia: Private Sector Participation Needed

Central Asia has emerged as one of Asia's most dynamic regions, growing at over 9.2% per year in 2002–2004. Poverty has declined to about 41% of total population. ADB forecasts for 2015 suggest that the region's per capita income could double to about \$2,000 and poverty could halve to around 23%. Continued emphasis on economic reform, prudent macroeconomic management, and greater regional cooperation will lay the foundations for continued growth and poverty reduction in the next decade. Even more important is efficient and cost-competitive infrastructure, including energy, water, transport, and information and communication technology.

At a seminar¹ on Private Sector Participation in Infrastructure in Central Asia, H. Satish Rao, Director General of the Asian Development Bank (ADB) East and Central Asia Department, said infrastructure investment in Central Asia needs to increase significantly to about \$2 billion–\$3 billion per year in 2005–2010 to sustain growth and reduce poverty. He emphasized that infrastructure spending, excluding oil and gas, needs to be raised from the present figure of about \$1 billion per year. He added that with the current expansion of the

region, railways, roads, oil pipelines, and telecommunications—built during the Soviet era—need urgently to be modernized to improve Central Asia's connectivity with international markets.

Most infrastructure projects in the region are funded and provided by the state. But the state is unlikely to have the resources and capacity to provide all the region's future infrastructure needs. Hence, the private sector needs to play a vital role in complementing state activity. To date, however, private sector participation in infrastructure has been limited, but it has the potential to be involved in key sectors like railways, water supply, and aviation. The example of Air Astana, Kazakhstan's leading airline, shows the importance of public-private sector partnership in air transport in Central Asia.

Speaking at the seminar, Lloyd Paxton, Chairman of Air Astana, stressed the importance of public-private sector partnerships in air transport in Central Asia. He said, "Air Astana was established in 2001 as a Kazakhstan-British joint venture but has contributed over \$30 million to Kazakhstan's state budget." This represents a good return on an initial investment of \$8.6 million. As this example

suggests, increased private sector participation in infrastructure can bring several benefits including new finance, technology, and management.

Also speaking at the seminar, Aidar Arifkhanov, Kazakhstan's Vice Minister of Finance, highlighted the strong economic performance of Kazakhstan, the region's largest economy, due to high oil prices, good macroeconomic management, and inflows of foreign direct investment. He

said private sector participation could usefully complement state investments in infrastructure in Kazakhstan by providing new capital and management expertise. He proposed key areas for private sector participation, including energy sector infrastructure, air transport, rail transport, telecommunications, and water supply.

Turkey has a special commercial role to play in Central Asia's infrastructure development, given its location between the enormous gas reserves of Central Asia and the gas markets of Europe, said Hilmi Guler, Turkey's Minister of Energy and Natural Resources during the seminar. "The Baku-Tbilisi-Ceyhan Crude Oil Pipeline and the Baku-Tbilisi-Erzurum Natural Gas Pipeline projects show that the private sector, the state, and development banks can work together in infrastructure development," he said.

Reducing red tape and other bureaucratic obstacles was essential to private sector participation in infrastructure in Central Asia, according to Rustam Azimov, Uzbekistan's First Deputy Prime Minister. He cited the new opportunities for strategic foreign and local investors in Central Asian infrastructure due to the recently concluded free trade agreement between Kazakhstan and Uzbekistan.

Many impediments to private sector participation in infrastructure exist in Central Asia. The main obstacles include (i) underdeveloped capital markets, (ii) crowding out of infant private sector companies by state entities, (iii) gaps in the enabling environment, and (iv) corruption.

Multilateral development banks can play a role in fostering the creation of efficient and cost-competitive infrastructure at the national and regional levels in Central Asia. The indirect role of creating a supportive enabling environment of private sector development is vital and can also stimulate the entry of private sector players in infrastructure sectors. ■



WORKING FOR PROGRESS Construction of tunnels for better transport system through public-private sector partnership

¹ The seminar was held on 6 May 2005 at the 38th Annual Meeting of ADB's Board of Governors in Istanbul, Turkey.

Risk Management and Postentry Audit: Tools to Facilitate Trade

Developing customs control practices based on risk management is a key objective of the Central Asia Regional Economic Cooperation (CAREC) Trade Facilitation Program. With the rapid rise in the volume of trade and the limited resources of customs administrations, the traditional method of inspecting every consignment upon arrival at customs borders has become a barrier to trade.

Risk management offers a solution, enabling customs administrations to move from an approach that targets consignments to an audit-based control. An important part of this process is planning and conducting post-clearance audit activities over a defined period, usually 12 months.

To discuss these concepts, a Seminar on Risk Management and Postentry Audit was held in Shenzhen, People's Republic of China (PRC) on 7–10 June. This brought together customs officials from CAREC member countries, including customs deputy heads from Azerbaijan, PRC, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan.

Aside from technical presentations and country experiences on risk management and post-clearance audit, field visits were conducted in Shenzhen's key customs points. The field visits demonstrated how automation and risk management enabled the Shenzhen Customs to clear each container truck in a few seconds and allow up to 98% of goods to pass through border crossings without physical examination. Participants also addressed issues related to data exchange and application of information and communication technology (ICT) to automate customs processes. The Uzbekistan Customs presented an ICT proposal for data exchange among member countries and a draft agreement to provide the legal basis for its adoption and pilot testing.

The discussions focused on the key conditions and initial steps to be taken to implement risk management.

Promotion of informed compliance. Introducing risk management-based customs control reflects a fundamental change in the role of government. Customs administrations are adopting a role as

facilitators of compliance with customs laws and regulations by traders and brokers. A change in the corporate culture of customs administrations from a “control mind-set” to “compliance facilitation” or “informed compliance” is essential for introducing risk management. Informed compliance can be promoted by combining audit; training; and communications with traders, their representatives, and other government agencies.

Management leadership. Implementing risk management involves not only cultural but also organizational changes such as creation of divisions in charge of intelligence, risk management, and compliance functions and investment in ICT infrastructure. These would not happen without the support and leadership of management.

Structured approach for data review. Risk management involves systematic collection and analysis of customs data and intelligence information to distinguish high-risk from low-risk cargos. A structured approach to data review is essential for timely assessment of data and regular update of risk profiles.

Regional cooperation is another key. Regional cooperation is crucial to effectively manage region-specific risks. Since most member countries are landlocked and rely on each other for transit trade, the member countries need to establish the legal basis and set up a mechanism for information exchange and manage risks related to transit movement. In this regard, the Agreements on Mutual Administrative Assistance was emphasized along with accession to the World Customs Organization Johannesburg Convention.



RISK MANAGEMENT Luohu Customs in Shenzhen. **KNOWLEDGE SHARING** (inset) Participants listen to the discussion on risk management mechanisms in Shenzhen

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CAREC's Trade Facilitation Initiatives Gain Momentum in 2005

The Central Asia Regional Economic Cooperation (CAREC) Trade Facilitation Program in 2005 has so far focused on four priority areas: (i) information technology for automated customs services and data exchanges; (ii) promotion of risk management and post-clearance audit; (iii) joint customs control and single-window practices; and (iv) regional transit development. Four regional events have been organized in these priority areas.

On 7-9 September, the customs heads of the CAREC member countries will convene at the 4th Meeting of Heads of Customs Administrations in Ulaanbaatar, Mongolia to take stock of the progress and endorse the work plan for 2006. Two major studies on trade facilitation strategy and trade logistics were launched to broaden the CAREC Trade Facilitation Program. Consultant teams were fielded in Mongolia and will be sent to three other CAREC member countries to help them draft their trade facilitation plans.

In Azerbaijan and Mongolia, assistance focuses on gap analyses and formulation of customs modernization strategies. In the Kyrgyz Republic and Tajikistan, assistance centers on business process reengineering and design of customs information systems plans.

The highlights of these activities are as follows.

The *Forum on Trade Facilitation and Customs Modernization* was held in Singapore on 26-28 January to address issues and challenges in developing a unified automated information system (UAIS). Automating customs services through UAIS is recognized as a major trade facilitation measure that helps improve efficiency and reduce corruption. The forum highlighted Singapore's experiences and addressed issues like flexibility in the architecture design and interoperability of the UAIS among member countries. The Asian Development Bank (ADB) published a pa-

per on *Singapore's TradeNet System* in March 2005 to disseminate Singapore's experience and lessons learned from the automation efforts.

ADB approved the Regional Customs Modernization and Infrastructure Project in November 2004 to help the Kyrgyz Republic and Tajikistan launch the UAIS. Other CAREC member countries are at varied stages of implementation and upgrading of their UAIS.

The regional *Seminar on Risk Management and Postentry Audit* was held in Shenzhen, cosponsored with the PRC Customs.

Regional cooperation for customs data exchanges is a key condition for an effective risk management system. Recognizing this, a one-day working group meeting was held to discuss Uzbekistan Customs' proposal to establish a platform for data exchange among the member countries. The Uzbekistan Customs was also encouraged to pilot test the proposal with a CAREC member country. To facilitate the initiative, ADB prepared a paper on *World Customs Organization Customs Data Model* in May 2005, which suggests data requirements for cargo manifests and export and import declaration.

The *Seminar on Trade Facilitation and One-Stop Service*, cosponsored with the Thailand Customs Department and the World Customs Organization, was held in Bangkok on 27-29 July. It aimed to support the joint customs control that Kazakhstan and the Kyrgyz Republic initiated and to promote single-window practices. Joint customs control allows neighboring countries to process customs clearance together while a single-window facility enables traders to submit all the trade requirements in one stop. The seminar presented the trade facilitation and customs modernization program of Japan and Thailand and their efforts to encourage inter-agency cooperation to provide one-stop or single-window services.



CUSTOMS MODERNIZATION A customs official in Shenzhen briefs delegates on customs control techniques

The *Forum on Regional Transit Development* will be cosponsored by ADB and the PRC Customs tentatively in late October 2005 in Shanghai. The forum aims to support PRC's accession to the Transport Internationaux Routiers (TIR) Convention and will address issues related to the implementation of the International TIR Customs Transit System. PRC's accession to the TIR Convention offers a potential solution for transit trade through Central Asia and Mongolia. The forum will also focus on regional transit arrangement as being promoted by Kazakhstan, Kyrgyz Republic, and Tajikistan through bilateral transit agreements.

The study on the *CAREC Trade Facilitation Strategy* will review the CAREC's trade facilitation initiatives against major international benchmarks (such as efforts to align customs laws and procedures according to the Revised Kyoto Convention). It will identify issues and challenges in the context of ongoing trade and development discussions and efforts to introduce trade facilitation into the negotiation agenda of the World Trade Organization. It will also introduce a broad trade facilitation agenda for the CAREC Program, recognizing the interconnection between customs and other trade-related agencies and the private sector.

The study on *Trade Logistics Strategy for PRC's Xinjiang Uygur Autonomous Region* will help promote Xinjiang's regional transit role for the CAREC member countries and support the joint initiative of the PRC and Kazakhstan in promoting the Horgos-Xorgos border-crossing area as a major regional logistics center. Needs assessments and recommendations will be made for the PRC's accession to the TIR and the use of the international transit system. ■

Seminar Discusses Regional Trade Integration Issues for CAREC

Regional trade integration in countries participating in the Central Asia Regional Cooperation (CAREC) Program can complement the process of accession to the World Trade Organization (WTO), which leads to multilateral trade liberalization. Concerns, however, have emerged on the appropriate sequencing between WTO accession and the implementation of customs unions. These are the issues discussed in two papers on regional integration.¹ The Trade Policy Coordinating Committee (TPCC) with the support of the International Monetary Fund (IMF) has begun analyzing trade policy issues in Central Asia.²

The paper on *Regional Trade Integration and WTO Accession: Which is the Right Sequencing? An Application to the CIS* analyzes which activity should come first—WTO accession or the implementation of the Eurasian Economic Community (EAEC) customs union—and whether the latter alters, facilitates, or delays WTO accession for some Commonwealth of Independent States (CIS)³ countries.

The paper simulates the welfare effects resulting from the two sequencing alternatives: customs union and WTO, or the reverse. The paper uses the consumer welfare of individual country members as a benchmark to assess the desirability of each sequencing path—as opposed to the consumer welfare of the EAEC as a whole.

The paper projects the welfare impact of the two sequencing alternatives using commodity-level data in two scenarios: (i) simulates the impact on welfare of adopting the EAEC common external tariff prior to the WTO accession, and (ii) simulates the impact on welfare of adopting the EAEC common external tariff after joining the WTO. The results show that, from a consumer standpoint, joining the WTO ahead of the EAEC customs union is preferred.

The study concludes with the reasons for the need to be cautious in implementing the customs union. First, some countries would experience welfare losses because of trade diversion due to an in-

crease in the rate of protection. Second, the harmonization process could possibly benefit certain countries more than others. Finally, while a customs union does not limit in principle the scope for future multilateral liberalization if pursued first, it slows down decision making because of the need to coordinate positions.

Regional integration cannot be considered a substitute for multilateral liberalization, and should not become a hindrance to it. Countries need to carefully evaluate the issues involved in the sequencing of WTO accession and regional integration. These issues were discussed in the paper, *Regional Trade Integration: Considerations for the CAREC Countries*.

The main messages of this paper are that (i) regional trade integration in the CAREC countries can be complementary to the process of multilateral trade liberalization, provided that most-favored-nation (MFN) tariffs and other border barriers are low, product coverage is broad, rules of origin are simple and transparent, and overlapping and inconsistent regional trade agreements (RTAs) are avoided; (ii) RTAs offer a vehicle for the CAREC countries to leverage domestic (“behind-the-border”) reforms and remove obstacles that may be country-specific but have a regional impact; and (iii) RTAs can minimize the costs of trade diversion by promoting open regionalism and providing easy access to potential new members.

This paper also identifies best practices in drafting RTAs: (i) low external barriers and a continued commitment to MFN liberalization; (ii) open access to membership; (iii) consistency among different agreements; (iv) comprehensive product coverage; (v) liberal, transparent, and consistent rules of origin; and (vi) behind-the-border reforms to promote synergies and strengthen the supply response.

The paper also cited the experience of the Asia-Pacific Economic Cooperation as a successful model of regional integration, which might offer valuable insights for the CAREC Program.

This paper reinforces the earlier discussion on the compatibility of RTAs and WTO membership. It points out that RTAs are not incompatible with membership in the WTO, as long as they follow certain standards. Appropriate sequencing should consider (i) how the sequencing choice may affect countries’ leverage in regional trade negotiations—and thus the resulting structure of protection; and (ii) pursuing regional integration first may lead to possible delays in the WTO accession process.

By joining the WTO first, small open economies can obtain leverage over the trade policies of larger (possibly less liberal) economies still in the process of accession. Customs unions negotiated before WTO accession can cause delays in the accession. ■

Regional integration is not a substitute nor a hindrance to multilateral liberalization

¹ These papers are *Regional Trade Integration and WTO Accession: Which is the Right Sequencing? An Application to the CIS* and *Regional Trade Integration: Considerations for the CAREC Countries*, both prepared by Patrizia Tumbarello, Economist, Asia and Pacific Department, International Monetary Fund (IMF). The views expressed in this paper are those of the author and do not necessarily represent those of IMF or IMF policy. These papers were presented during the second meeting of the Trade Policy Coordinating Committee in Manila on 25 April 2005.

² Two other studies on *Comparative Advantage in International Trade for Central Asia* (by World Bank) and *Barriers to Trade in Central Asia: Promoting Trade through Regional Cooperation in Trade, Transport, and Transit* are ongoing and will be featured in a future issue of *CAREC Newsletter*.

³ The CIS comprises Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Kazakhstan and Uzbekistan Initiatives: Promoting Regional Cooperation and Integration

New initiatives have been raised to promote regional cooperation and integration in Central Asia. Uzbekistan President Islam Karimov suggested establishing a Central Asian Common Market (CACM). Kazakhstan President Nursultan Nazarbayev recommended creating a Union of Central Asian States (UCAS).

The Uzbekistan Government prepared a draft concept for the CACM that involves three stages: (i) setting up an effective free trade zone, requiring 3–4 years, during which countries in the region are considered to have acceded to the World Trade Organization; (ii) establishing a Central Asian customs union in about 5 years; and (iii) creating a common market to provide legal, economic, and institutional conditions for free movement of capital and labor, and fair competition, which will require 5–7 years after the completion of the second stage.

The draft concept on CACM was adopted by the heads of four Central Asian states—Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan—during the Central Asia Cooperation Organization Summit held in Dushanbe, Tajikistan on 18 October 2004.

The Government of Uzbekistan formulated a proposal on this initiative, which included (i) developing a common modality for creating a favorable investment climate; (ii) accelerating social and economic development of each member country; (iii) optimizing and rationalizing the utilization of natural resources; (iv) addressing problems that hinder trade and economic cooperation in the region; (v) implementing priority infrastructure projects; and (vi) involving Afghanistan gradually in the integration process in the region.

To develop the mechanisms for the CACM proposal, an intergovernmental working group was established, consisting of representatives of the above mentioned four Central Asia countries. It convened its first meeting on 24 February 2005 in Tashkent, Uzbekistan.

The initiative of creating the UCAS, as proposed by the Kazakhstan President, was first articulated at the joint session of Parliament Chambers on 18 February 2005 in Astana and at the enlarged board session of the Foreign Ministry of Kazakhstan on 7 June. The UCAS aims to achieve (i) gradual integration and coordination of actions in implementing economic reforms; (ii) formation of a free commerce zone, a

customs union, a common market of services and goods, capital, and manpower, and a common currency; (iii) stability and progress in the region; and (iv) economic, and politico-military independence.

The Government of Kazakhstan plans to undertake preparations on this initiative. A draft concept for the proposal is currently being developed based on the European Union model, and will be submitted to other governments in Central Asia for consideration.

As these developments gain ground, further progress in regional cooperation and integration in Central Asia is expected to be achieved. This could help reduce barriers to trade and investment, enhance connectivity, and accelerate economic growth of the region as a whole. ■

Risk Management and Postentry Audit

(continued from page 4)

Steps to implement risk management system. Risk management should start with identifying “baseline compliance” of traders and industries to determine the level of noncompliance that will be the target of a risk management system. Understanding the nature of noncompliance will determine the needed measures. If noncompliance relates to a lack of knowledge about newly introduced customs laws and regulations, the solution should more likely be training and effective communications with traders, rather than the imposition of penalties. On the other hand, incentives should be

provided to traders with good compliance such as less government intervention and fast-track clearance. Monitoring and reviewing compliance should also be regularly conducted since these provide key performance indicators.

Next steps for the CAREC Program. A major task will be training and disseminating risk management practices to customs officers in CAREC member countries, particularly those working at key customs border-crossing points. Focusing on in-country training and developing a guide on compliance management could be included in the Asian Development Bank’s future activities. ■

Regional Events, July–December 2005

- CAREC Members Electricity Regulators Forum Meeting, 4–6 July, Beijing, PRC
- Seminar on Trade Facilitation and One-Stop Service, 27–29 July, Bangkok, Thailand
- 4th Meeting of Heads of Customs Administrations, 7–9 September, Ulaanbaatar, Mongolia
- 4th Transport Sector Coordinating Committee Meeting, 12–13 October, Bishkek, Kyrgyz Republic
- 3rd Trade Policy Coordinating Committee Meeting, 13 October, Bishkek, Kyrgyz Republic
- Preparatory Senior Officials’ Meeting on CAREC, 14 October, Bishkek, Kyrgyz Republic
- Forum on Regional Transit Development, October, Shanghai, PRC
- Regional Business Roundtable for Central and South Asia: Preparatory Meeting, 3–4 November, Bishkek, Kyrgyz Republic
- 4th Ministerial Conference on CAREC, 5–6 November, Bishkek, Kyrgyz Republic

Other Regional Organizations

4th CACO Business Forum Focuses on Coordination and Resource Development

The Fourth Business Forum of the Central Asia Cooperation Organization (CACO) member states underscored further coordination and the need to fully develop the resources in CACO countries to achieve sustainable economic growth and to improve living standards.

The forum was held in Dushanbe, Tajikistan on 19–21 May, hosted by the Ministry of Economy and Trade of Tajikistan. Representatives from the CACO member countries (Kazakhstan, Kyrgyz Republic, Russia, Tajikistan, and

Uzbekistan); multilateral institutions (Asian Development Bank, International Monetary Fund, United Nations Development Programme, and World Bank); and business community in some countries (Afghanistan, France, Germany, and Iran) attended the forum.

The forum concluded with a draft statement that stressed the (i) need to fully utilize the potential of natural and human resources in CACO countries for sustainable economic growth and to improve the living standards of the people; (ii) interest

of forum participants to establish closer ties and contacts with other states; and (iii) call to address challenges facing CACO through further coordination.

In addition to the main sessions, the forum organized an exhibit of various products of Tajikistan companies. Other sessions were also held on (i) free movement of goods, services, capital, and labor force in CACO member states; (ii) cooperation in education, science, and culture; and (iii) entrepreneurship and public institutions, and microfinance in the private sector. ■

UN SPECA Conference Held to Strengthen Cooperation in Central Asia

The International Conference on Strengthening Subregional Economic Cooperation in Central Asia and the Future Role of the UN Special Programme for the Economies of Central Asia (UN SPECA) was held in Astana, Kazakhstan on 25–27 May to support Central Asian states in strengthening cooperation and promoting economic development and integration into the economies of Europe and Asia.

To achieve cooperation and integration, the United Nations Economic Commission for Europe (UNECE) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) raised a joint proposal involving the following.

(i) *Promoting institutional reform*: to replace the Regional Advisory Council

with the Governing Council and to create a coordinating committee to serve as liaison to the Governing Council and the thematic working groups.

(ii) *Broadening project portfolio*: to extend the scope of sectors, including trade facilitation and World Trade Organization accession, water, energy and environment, statistics, capacity building, and information and communication technology development.

(iii) *Funding and coordination*: to seek cooperation and funding for the implementation of SPECA work plan.

(iv) *Expanding the geographical scope*: to invite Afghanistan to join SPECA.

Participants endorsed the proposals to invite Afghanistan as a member of SPECA and implement institutional reforms. Expanding project portfolio, funding, and

addressing coordination issues need to be further reviewed.

In parallel with the plenary sessions, a business forum, a seminar on a knowledge-based economy, and a roundtable on gender and economy were also held, with the participation of the private sector and civil society.

The Government of Kazakhstan in cooperation with UNECE and UNESCAP organized the event. About 130 participants attended the conference—high-level officials from SPECA member countries (Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan), neighboring countries, European Union, UN organizations, international financial institutions, regional and subregional cooperation organizations, and bilateral donor agencies. ■

NEWS FROM

CAREC

The quarterly newsletter of CAREC is a joint effort of multilateral institutions (MIs)—ADB, EBRD, IMF, IDB, UNDP, and WB—aimed at enhancing communications among MIs and CAREC participating countries. *News from CAREC* disseminates information on CAREC activities and provides a forum on development issues in the CARs. Articles in the newsletter, however, do not necessarily reflect the official views of the MIs and participating governments. We welcome readers' comments and suggestions.

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