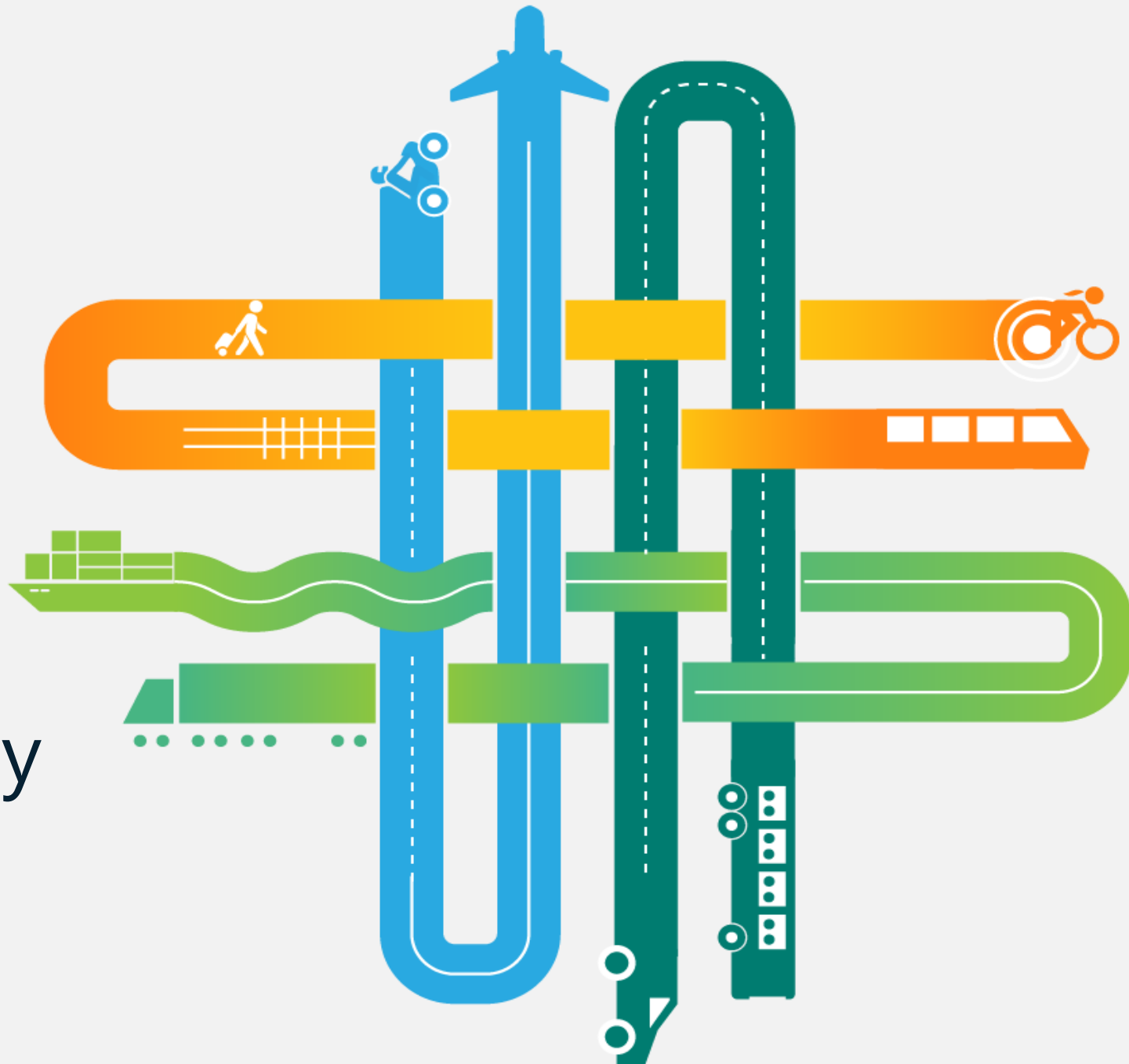




CAREC Corridors: Increased Connectivity & Improved Trade

by Iskandar Abdullaev & Shakhboz Akhmedov



Introduction – paper focuses on

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Regional Cooperation & Integration

Regional Cooperation & Integration and role of economic corridors in increasing connectivity and trade.

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Economic Corridors – Cases from the CAREC region

Almaty–Bishkek Economic Corridor (ABEC), Shymkent–Tashkent–Khujand Economic Corridor (STKEC), Potential of Uchkuduk–Kyzylorda Corridor

04

Knowledge Corridors

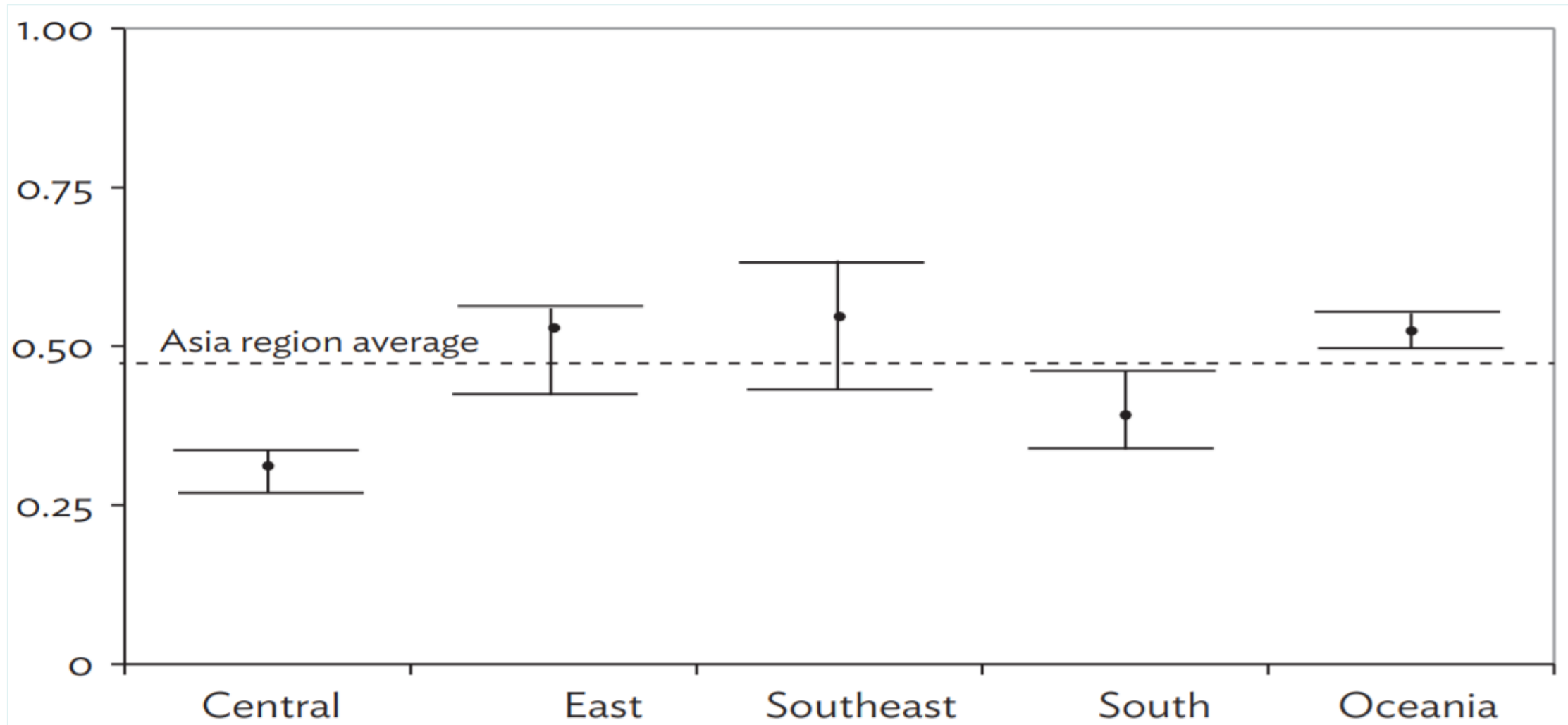
Factors affecting the utilization of the Caspian Route: exchange of technology, knowledge, skills, and information.

Regional Cooperation and Integration

- ▶ Delivering economic and social values as spillovers, regional integration is one of the most effective ways to foster stability, address regional challenges, and increase economic growth
- ▶ Stronger institutions and closer trade integration, intraregional supply chains, and more robust financial links that will enable economies of scale to be tapped
- ▶ **The economic corridor is often an explicit outcome of regional economic integration** and is a central pillar of its sustainability.
- ▶ ADB sees regional integration as a means for economic growth and poverty reduction in Asia. The CAREC Program is one of ADB's initiatives to foster regional cooperation and trade.



Regional Cooperation and Integration



Regional Cooperation and Integration

- ▶ the CAREC Institute developed the CAREC Regional Integration Index (CRII), a multidimensional and multi-indicator index showing integration levels in the region (CAREC Institute 2019)
- ▶ a). The CRII measures regional integration along six dimensions: (i) trade and investment integration, (ii) money and finance integration, (iii) regional value chains, (iv) infrastructure and connectivity, (v) free movement of people, and (vi) institutional and social integration.



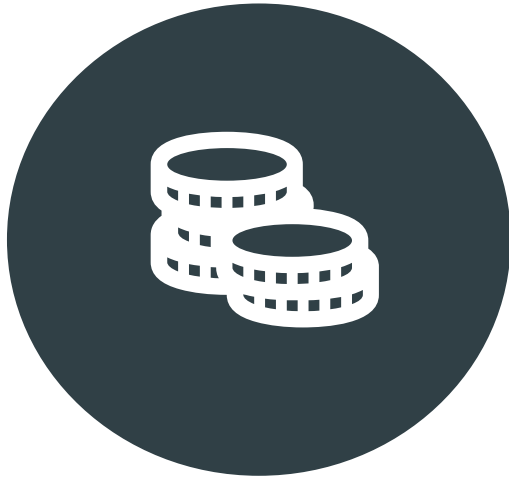
Benefits of Economic Corridor

- ▶ Economic corridors are the confluence of economic development and integrated growth in areas involving intensive interaction of productive factors. Besides direct benefits economic corridors have indirect values that affect many lives in adjacent areas.
- ▶ The corridor may provoke the industrialization of lagging regions that bring jobs and other social opportunities. At the same time, this can accelerate regional integration in general.



Benefits of Economic Corridor

ECONOMIC SPILLOVER



Improved economic development,
Development of remote areas,
Small business opportunities

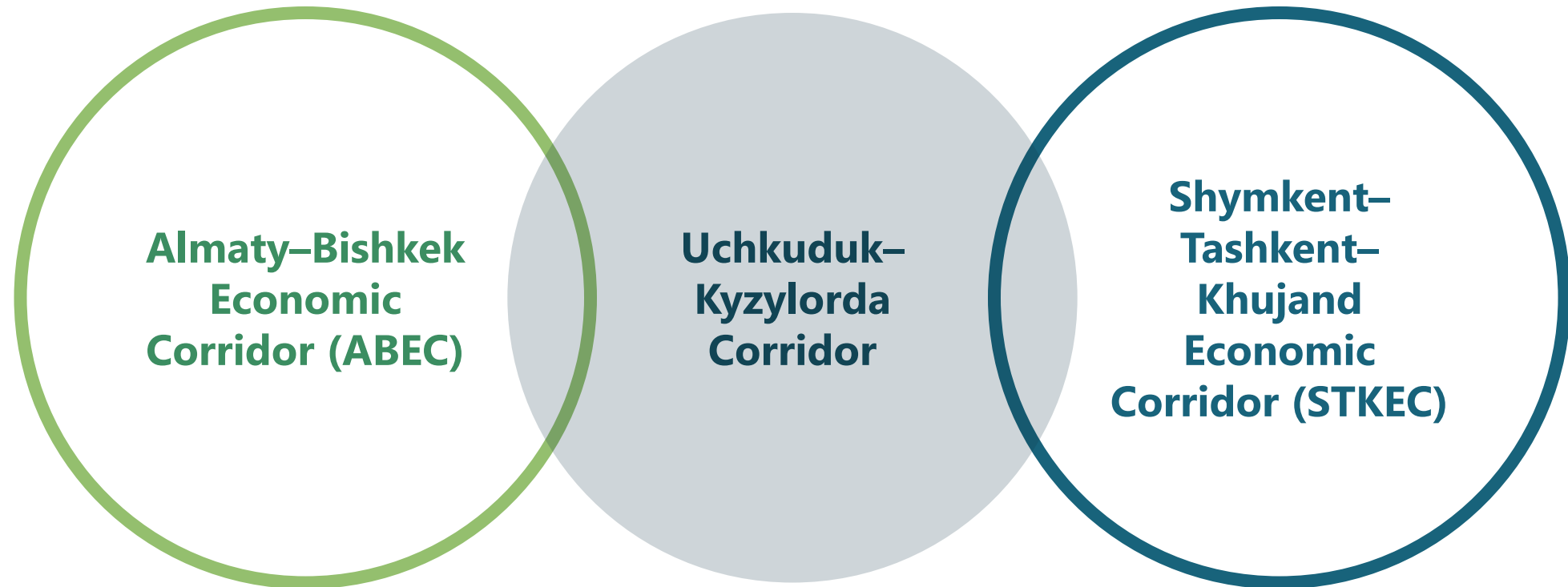
SOCIAL SPILLOVER



Eased mobility of people,
Social infrastructure,
Quality of life and society



Economic Corridors—Cases from CAREC



Why Uchkuduk–Kyzylorda Corridor

2016 – a tipping point in Regional integration and cooperation in Central Asia

Trade between Kazakhstan and Uzbekistan since 2016 has tripled.

Uchkuduk-Kyzylorda corridor links the economically advanced zone of Uzbekistan with Kyzylorda and then toward the main roads to Europe and China through the Caspian route.

Connecting CAREC corridors 1-b, 2-a, and 6-a

Why Uchkuduk–Kyzylorda Corridor

- ❑ November 2020 – Deputy Prime Ministers of two countries met to discuss this potential corridor:
 - international bus service
 - high-speed railway
- ❑ Direct transport roads between Kyzylorda and Uchkuduk, when constructed, would reduce road congestion, mitigate delays, and increase road safety through the Tashkent region.
- ❑ Navoi FEZ is granted a special legal regime including taxation, currency exchange, and customs regimes with connecting routes to other big cities, such as Samarkand, Bukhara, Khiva.
- ❑ Proximity to the international airport, E-40 highway, and railway lines of global significance
- ❑ Excellent prospects for economic and traffic growth in the middle of Uzbekistan, where many main roads leading to the different CAREC corridors and the trans-Caspian route in the west of the country intersect.



Potential of Uchkuduk–Kyzylorda Corridor

Tourism

As a spillover effect, the tourism sector can benefit significantly from this corridor. Both Kazakhstan and Uzbekistan are boosting their touristic potential and planning combined tours across countries and the region.

Shortcut

The to-be-introduced Silk Road visa is to enhance the tourism industry by attracting more tourists. The corridor helps to make a shortcut to the main historical places of both countries (Kyzylorda, Bukhara, Samarkand, Khiva) while increasing cost and time efficiency that would allow tourists to visit several places over one trip.

Knowledge Corridors

- ▶ Knowledge corridors is an interconnected web with virtual destinations, thoughts, and ideas of knowledge enablers (government), knowledge articulators (sector experts), knowledge generators (research entities), and knowledge transformers (business sector).
- ▶ The idea of knowledge corridors is to harness this immense potential, develop directional frameworks, and translate knowledge into tangible gains.
- ▶ The role of knowledge corridors in regional economic cooperation platforms is critical, considering the importance and need for a standardized and systematic approach in regional transport, trade, energy, and tourism development.



Knowledge Corridors

- ▶ The central idea of knowledge corridors is to make knowledge a profitable commodity or convert “data to dollars.
- ▶ Data generated by universities and processed by think tanks will be converted into profits and reinvested in knowledge.
- ▶ Think tanks are instrumental in helping governments make informed policy choices.
- ▶ Universities can diversify their research portfolios by adding to their curriculum topics and themes in which businesses have shown interest.
- ▶ Development partners are essential to generating and sharing knowledge, linking knowledge actors, and mobilizing necessary technical and financial support.



Conclusion

- ❑ The CAREC region is the least integrated in Asia and has multiple opportunities to reap the current high levels of economic growth of member countries.
- ❑ Important factor shaping the long-term outlook for increasing connectivity and enhancing trade among CAREC countries would be **setting up comprehensive yet simple procedures in existing CAREC corridors to move goods and services regionally**. CAREC countries can increase trade and exchange goods, labor, and services through new corridors.
- ❑ The role of economic corridors for high trade rates, export–import operation without delays, and quick passage of goods and services will support economic spillover among CAREC countries.

Conclusion

- The Uchkuduk–Kyzylorda corridor, located at the midpoint of roads, can foster the **agglomeration of economic and trade activities in closer areas to the Caspian Sea**, helping the CAREC region link with Turkey, the Middle East, and Africa and reducing the road traffic in the Tashkent region.
- While the economic growth level of CAREC countries varies considerably, the development of economic corridors will require relevant stakeholders in the region to surmount the following challenges: **(i)** absence of hard infrastructure and existing soft infrastructure bottlenecks, **(ii)** weak cross-border coordination, and **(iii)** limited private and human capital.



Thank you!

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Reference notes:

1. Thoughts from - Unlocking Transport Connectivity in the Trans-Caspian Corridor. Chapter 2. CAREC Corridors: Increased Connectivity and Improved Trade Iskandar Abdullaev and Shakhboz Akhmedov

2. Visual on the cover page is from https://www.google.com/imgres?imgurl=https%3A%2F%2F2019.itf-oecd.org%2Fsites%2Fdefault%2Ffiles%2Fkey_visual.png&imgrefurl=https%3A%2F%2F2019.itf-oecd.org%2F&tbid=8RzWfh8SBkl_MM&vet=12ahUKEwim1Py_OcnzAhWJuyoKHVpkAREQMygEegUIARC4AQ..i&docid=fZtck4a4OYSfNM&w=885&h=899&q=transport%20connectivity&hl=en&ved=2ahUKEwim1Py_OcnzAhWJuyoKHVpkAREQMygEegUIARC4AQ