

# “Trade and Transport Corridors in the CAREC Region”

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*Knowledge for Prosperity*

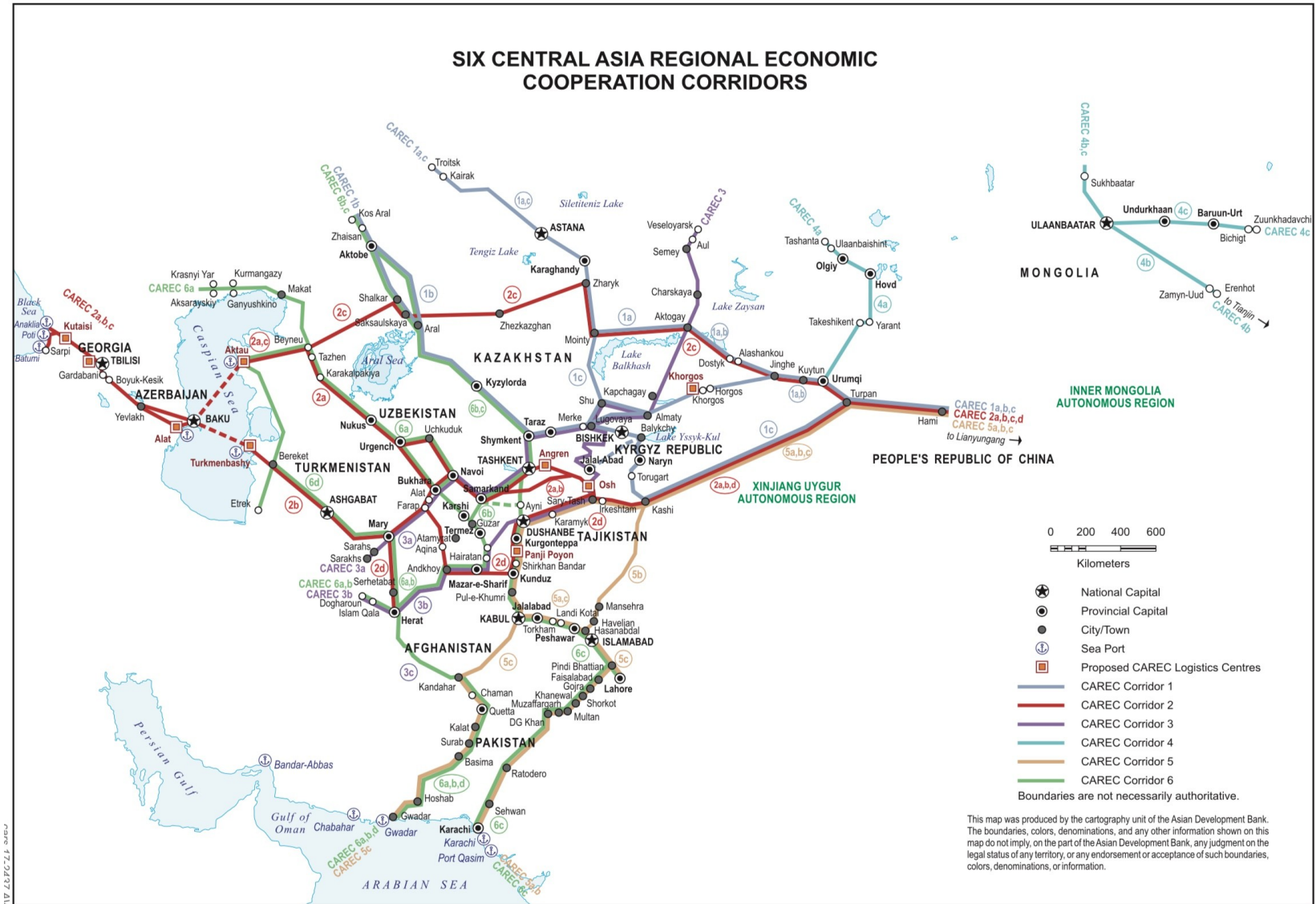
**CAREC (in the center of Eurasian connectivity):**

Afghanistan,  
Azerbaijan,  
PRC,  
Georgia,  
Kazakhstan,  
Kyrgyz Republic,  
Mongolia,  
Pakistan,  
Tajikistan,  
Turkmenistan,  
Uzbekistan



Source: [www.dbcargo.com](http://www.dbcargo.com)

**The CAREC transport corridors: crucial for connecting the region and the region with the World and thus for the region's trade.**

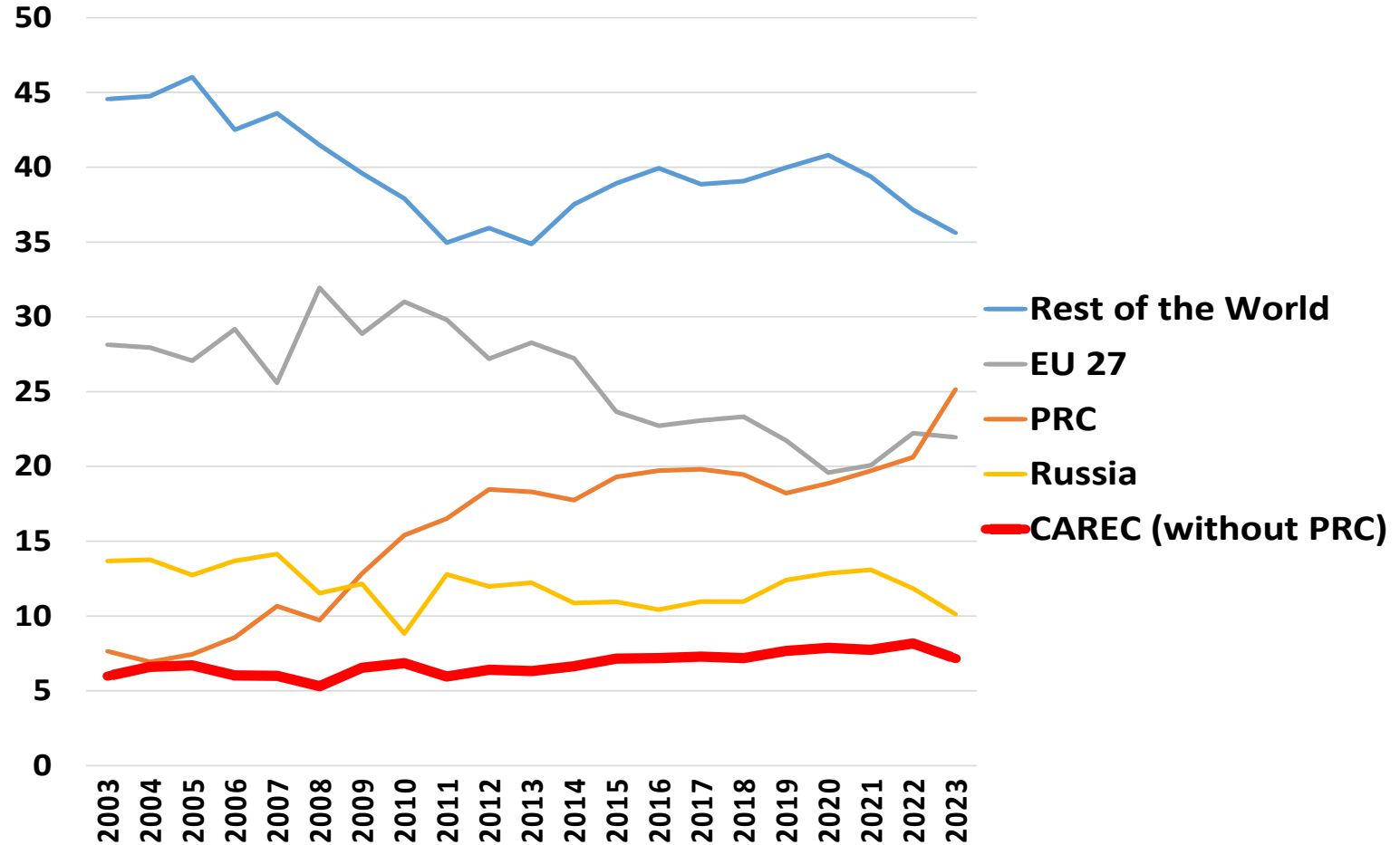


Knowledge for Prosperity

**The share also of intra-CAREC trade is on the rise since 2008, though rather volatile and slow.**

**(There is a substantial increase in the share of the PRC.)**

Share in CAREC's foreign trade in goods (exports+imports), %



Source: TradeMap, author's calculations

**On 25 November 2022, Kazakhstan, Azerbaijan, Georgia and Turkey signed a Roadmap for the development of the Middle (the Transcaspian) Corridor for 2022-2027 (roughly CAREC Corridor 2).**

**The elimination of bottlenecks and the development of the corridor shall increase its capacity to 10 million tons per year.**



Source:

<https://www.newsilkroaddiscovery.com/kazakhstan-azerbaijan-georgia-and-turkey-signed-a-roadmap-for-the-development-of-the-middle-corridor-for-2022-2027/>

**In September 2024, the company “China–Kyrgyzstan–Uzbekistan railway” opened its office in Bishkek.**

**The company will engage in the construction of the railway from China to Uzbekistan through the Kyrgyz Republic, which will be a milestone also for the connectivity of the Kyrgyz Republic.**



Source:

<https://economist.kg/transport/2024/09/28/v-bishkiekie-otkryli-ofis-osoo-zhielieznodorozhnaia-kompaniia-kitai-kyrgyzstan-uzbiekistan-2/?ysclid=m24lfyu5lj1266693522-27>

**What are the issues of corridor development?**  
(beside hard infrastructure)

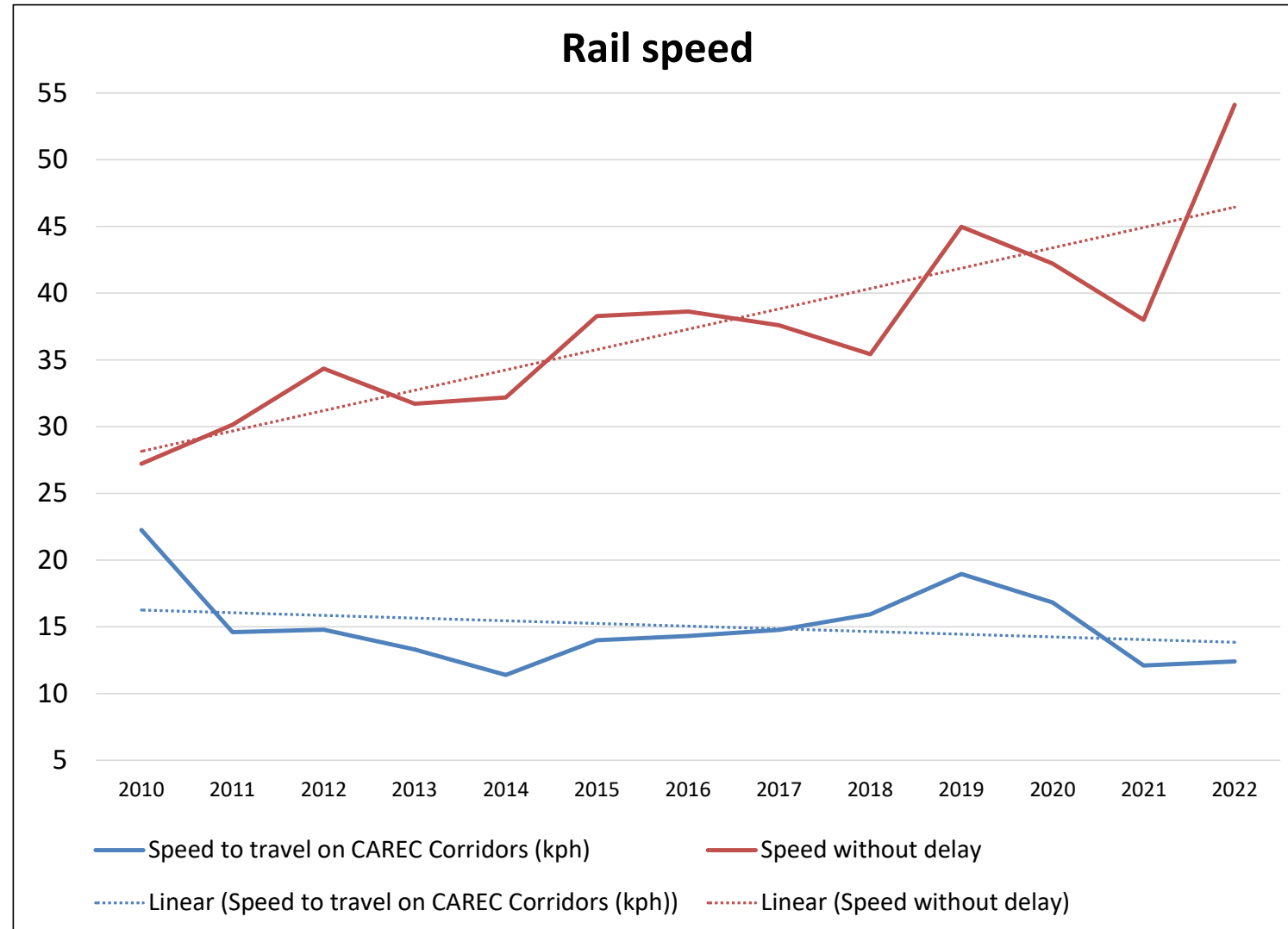


- **Insufficient capacity and speed because of procedures (e.g. no single windows, no aligned SPS standards, no full digitalization and paperless trade)**
- **Insufficient greening of transportation (not enough modern fuels, transport efficiency, multimodality)**
- **Insufficient service to local economies and SMEs (transit is good, economic corridors are better)**
- **Insufficient coordination among the various corridors (no mutual support for higher flexibility)**

**Hard infrastructure alone is not enough...**

*Corridors Performance, Measurement and Monitoring (CPMM):*

The average speed traveling CAREC corridors without delay has improved quite significantly, especially for rail, but speed with delay has not so much.



Source:

<https://data.adb.org/dataset/central-asia-regional-economic-cooperation-carec-program-corridor-performance-measurement>

: chart by the author



# Governance!!

*(on several levels)*

**Message: corridor governance will be crucial!**



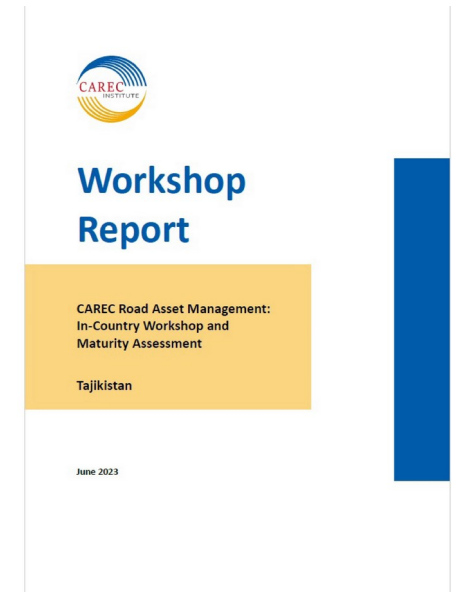
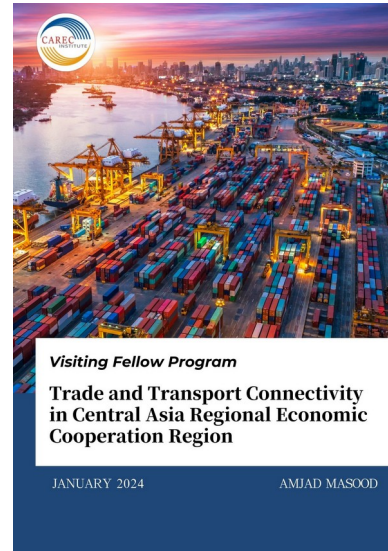
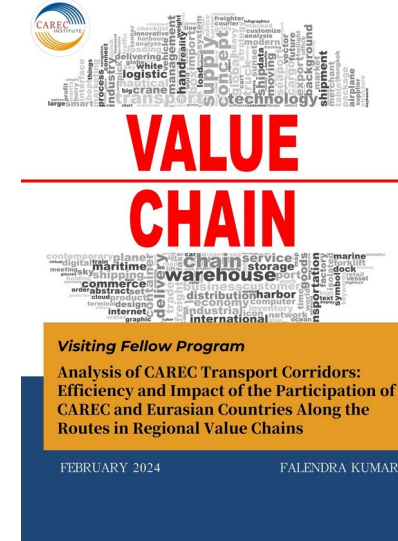
- **Country-cooperation** (though some competition is healthy)
- **Corridor-cooperation** (though some competition is healthy)
- **Easy access for local business and SMEs** (no preferential treatment of big corporations)
- **Greening initiatives and preferential treatment of sustainable transport** (modern fuels, emphasis on rail etc.)

**Priority transport  
corridor development  
needs in the Kyrgyz  
Republic**

- ***Digitalization***
- ***Interoperability***
- ***Removal of non-tariff barriers***
- ***Liberalization of quotas/cabbotage***
- ***Better cost-reflective, transparent, and flexible tariff setting***
- ***Developing and upgrading multi-modal logistic centres (especially Osh and Alamedin)***
- ***Rail electrification on some additional lines***

# Some CAREC Institute publications related to connectivity and trade

(<https://www.carecinstitute.org/>)



**The CAREC Institute is currently also conducting a study on containerization on the Middle (Transcaspien) Corridor.**

## Objectives of the Study

1

To assess the current status of the transport and logistics sector, in particular the level of containerization in cross-border trade

2

To identify the barriers and bottlenecks that impede adoption of containerization, which can be attributed to issues in regulation, operation or market economics.

3

Analyse the time and cost performance of containerized shipment, viz-a-viz other methods of transportation, to determine the situations where containerization makes economic sense.

4

Recommend possible policy and incentive measures for CAREC countries to promote and adopt containerization. In addition,



**Looking forward to future cooperation!!**

<https://www.carecinstitute.org/>

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