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The **11th** **CENTRAL ASIA TRADE FORUM**

CENTRAL ASIA: *POST-COVID RECOVERY THROUGH BETTER CONNECTIVITY*

**OCTOBER
4-8, 2021**

A VIRTUAL EVENT

WWW.CATRADEFORUM.ORG

**PROMOTING TRADE AND
CONNECTIVITY IN
CENTRAL ASIA**

The Transport and Digital dimensions

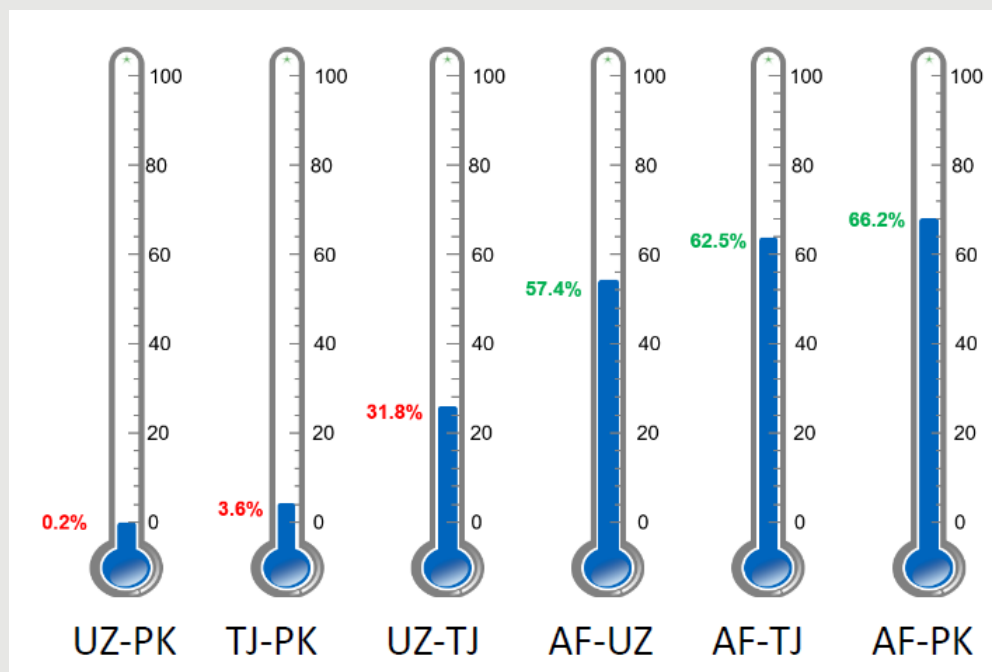
Tatiana Proskuryakova

Regional Director for Central Asia

The World Bank

Trade remains underdeveloped in Central Asia

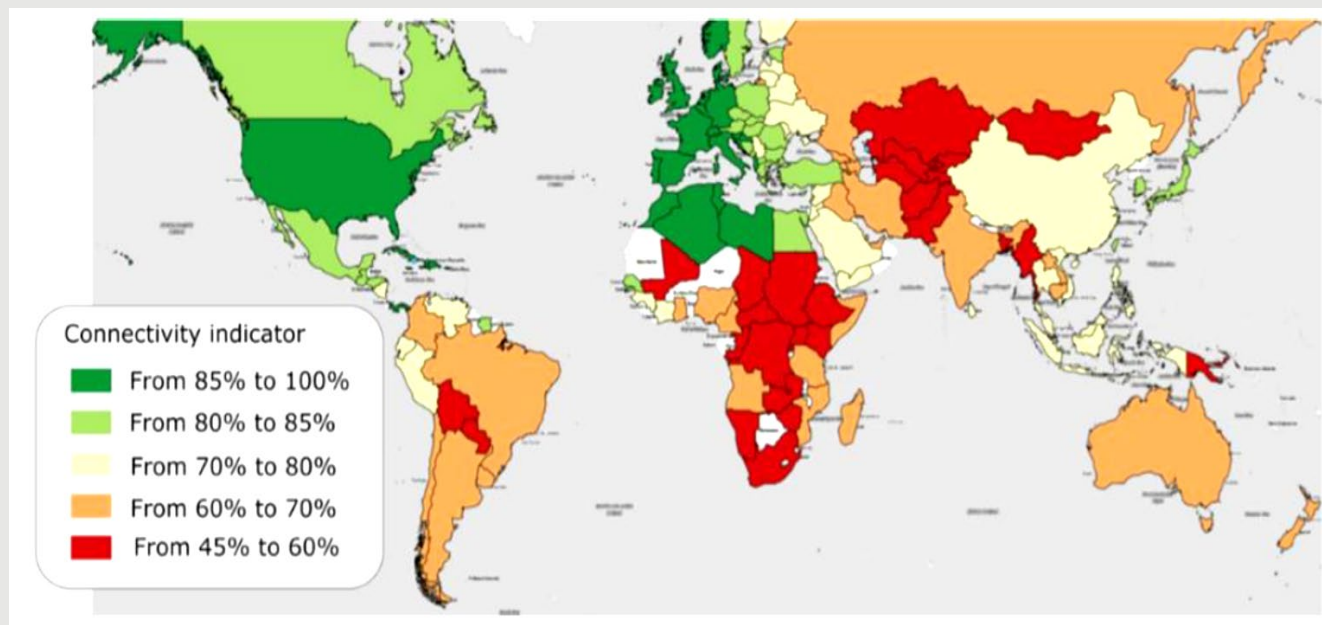
- Regional trade within CA represents less than 5% of the countries' total trade, compared to about 10% in the EU and 25% in ASEAN region.
- Comparing current trade (2017) with theoretical potential shows opportunities for regional cooperation.



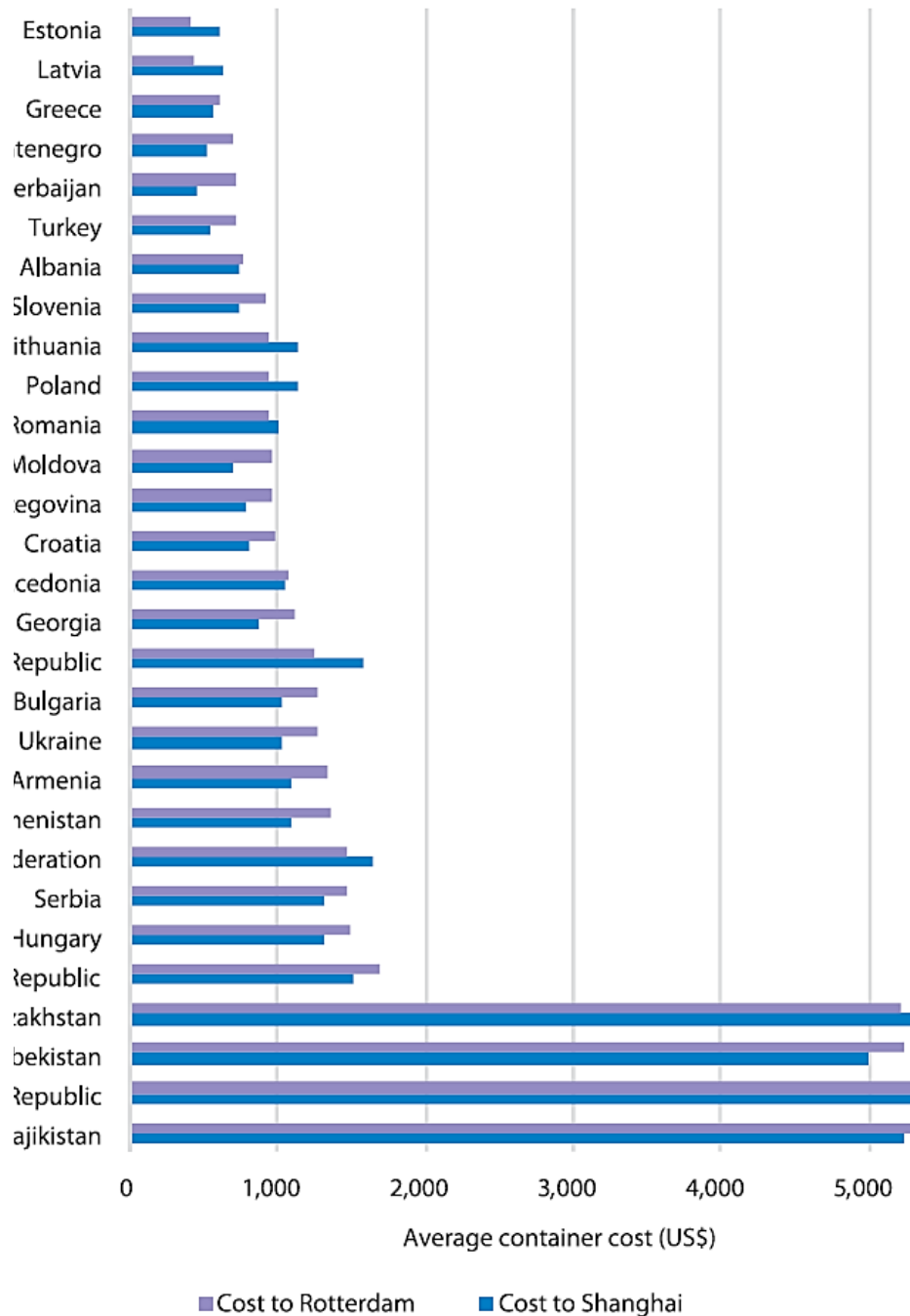
Source: World Bank (2019)
Central Asia and South Asia
– Trade facilitation - Report
Executive Summary.

CA connectivity gap remains large

- The connectivity in Central Asian countries is around 50% of that of Germany—one of the best performers, as estimated by the OECD. This affects countries' abilities to integrate into global value chains. Since the indicator also takes into account domestic production and the location of consumption centers, countries such as those of Central Asia with large territories and low population density tend to score low on connectivity.



Source:
International
Transport
Forum (2019)
Enhancing
Connectivity
and Freight in
Central Asia.

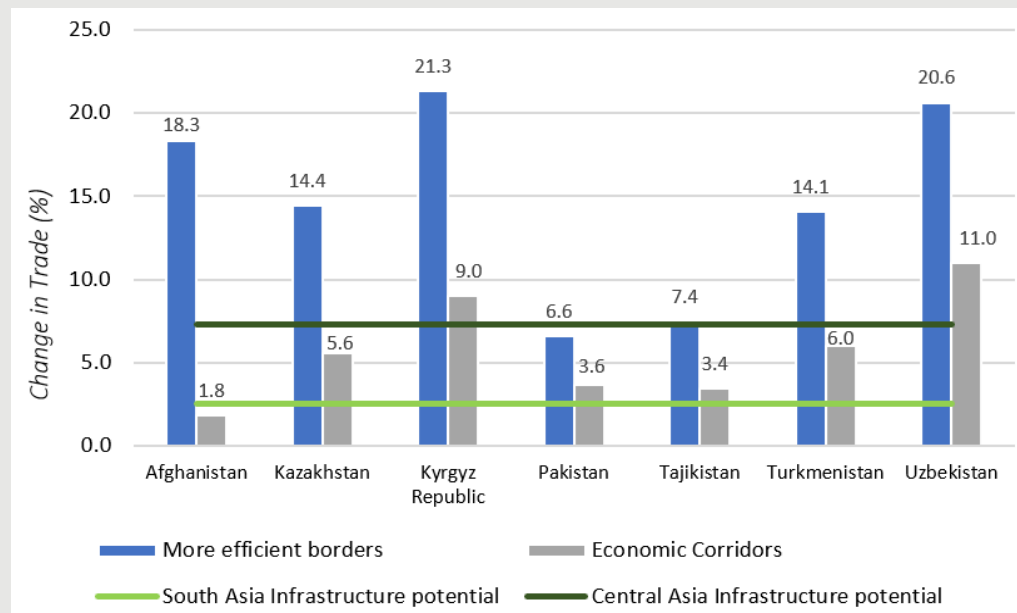


The connectivity gap can also be measured in terms of the cost to ship a container. This graph shows that the cost to ship a container to Rotterdam and Shanghai is many times higher for Central Asian countries than it is for other countries in Europe and Central Asia region.

Source: World Bank (2019) Belt and Road Economics.

Infrastructure development, the reduction of border delays and tariffs, will likely have a significant impact on Central Asian economies

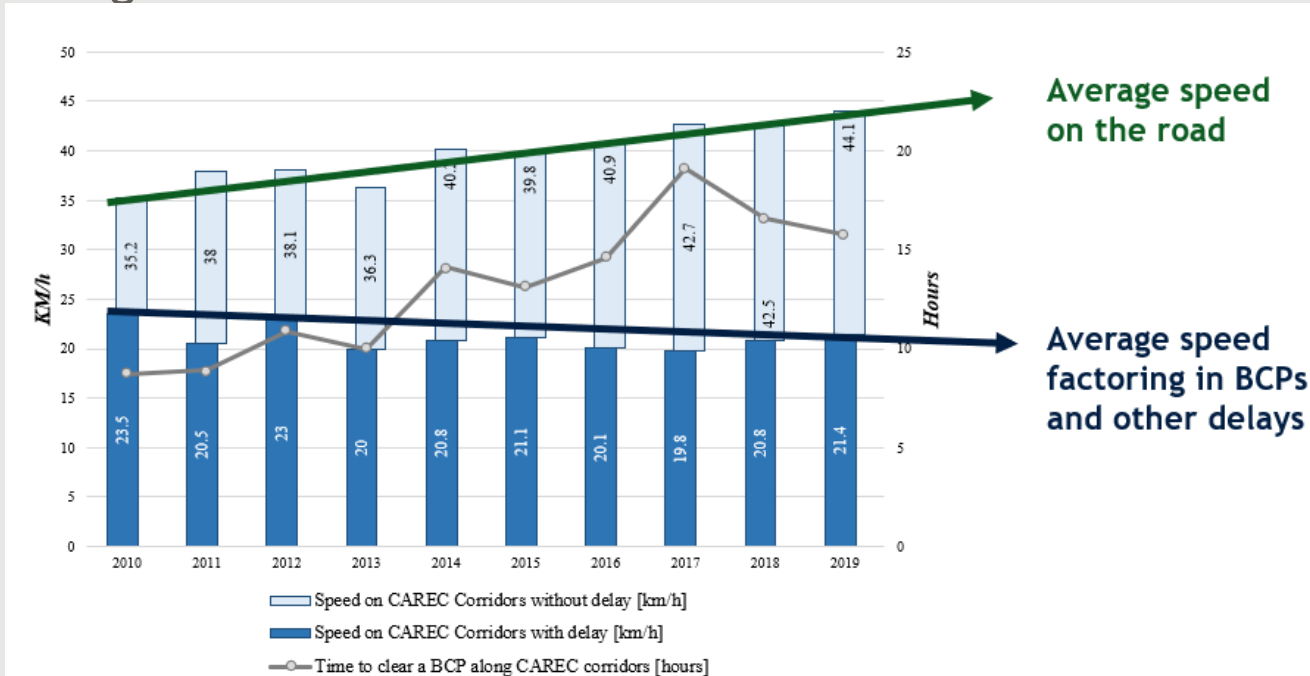
- A WB study estimates that improvements in BCP efficiency could lower the average time needed to trade by 22%, compared with 9% for additional investments in hard infrastructure alone.



Source: World Bank (2019)
Trade Effects of the New Silk
Road: A Gravity Analysis

The time saved on the road, thanks to large infrastructure investments, are being lost at borders

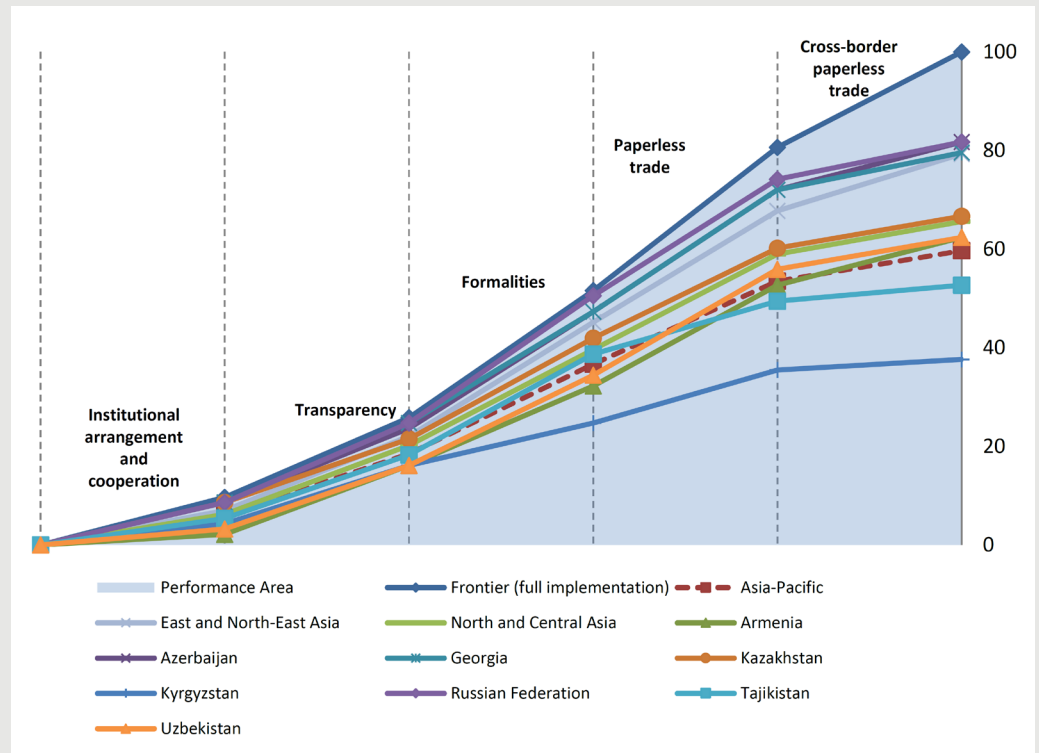
- The CAREC CPMM data shows that while the speed without delay (travel speed) on CAREC corridors has been improving significantly during the last 10 years, the speed with delay (factoring in BCPs and other delays such as police controls) does not show a clear trend. This is due in particular to an increase in the time needed to clear a BCP along the corridors.



Source: Corridor Performance Measurement and Monitoring (CAREC), Corridor Performance Measurement and Monitoring (CPMM).

Digitalization has the potential to decrease costs and boost trade

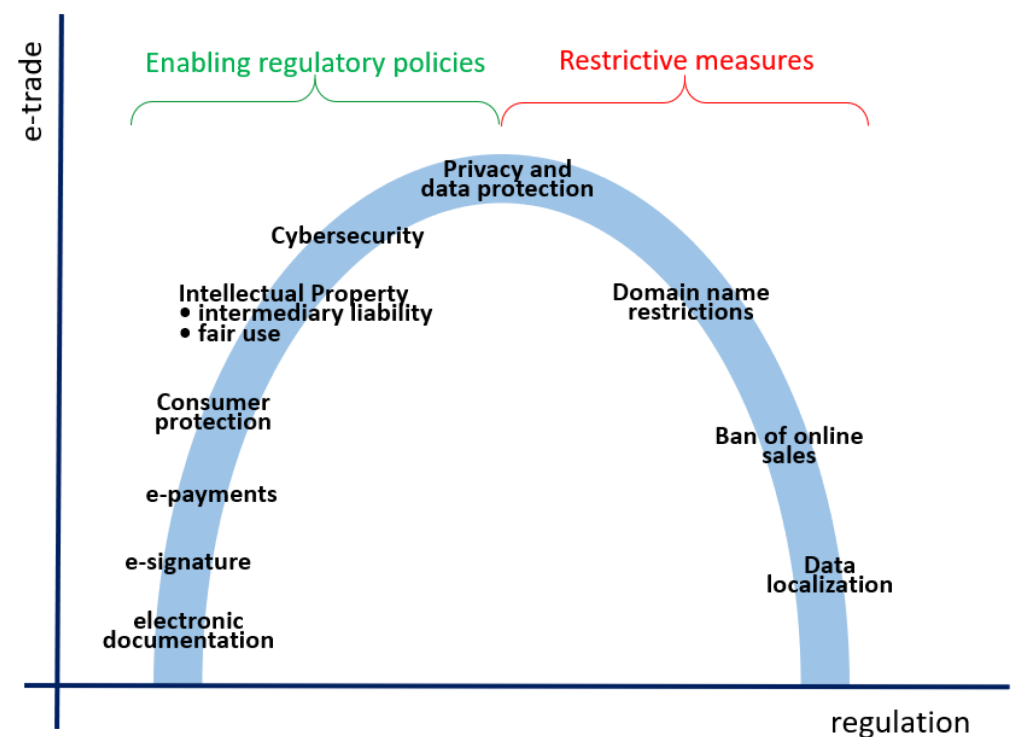
- According to the UN, while full implementation of all TFA measures result in a 11% reduction in international trade costs for North and Central Asia, a TFA+ package of measures involving full digital implementation of the TFA together with enabling the seamless electronic exchange of trade, would lead to almost 20% reduction.



Source: UNESCAP (2019) Digital and Sustainable Trade Facilitation in Asia and the Pacific

Better e-trade regulation is needed

- The benefits of digitalization for trade are not automatic and can be compromised by restrictive trade policies. Barriers affecting services related to communications infrastructure and connectivity, including data connectivity, are particularly cumbersome as they affect all trade supplied through digital networks.

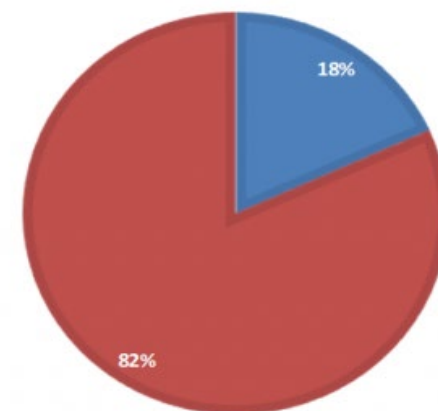


Source: Daza Jaller, Lillyana; Gaillard, Simon; Molinuevo, Martín. 2020. *The Regulation of Digital Trade : Key Policies and International Trends*. World Bank, Washington, DC. © 10/4/2021 World Bank

FOOTER GOES HERE

b. Share of trade liberalising and trade restricting policy changes affecting digitally enabled services between 2014 and 2019

■ Digital trade liberalising measures ■ Digital trade restricting measures

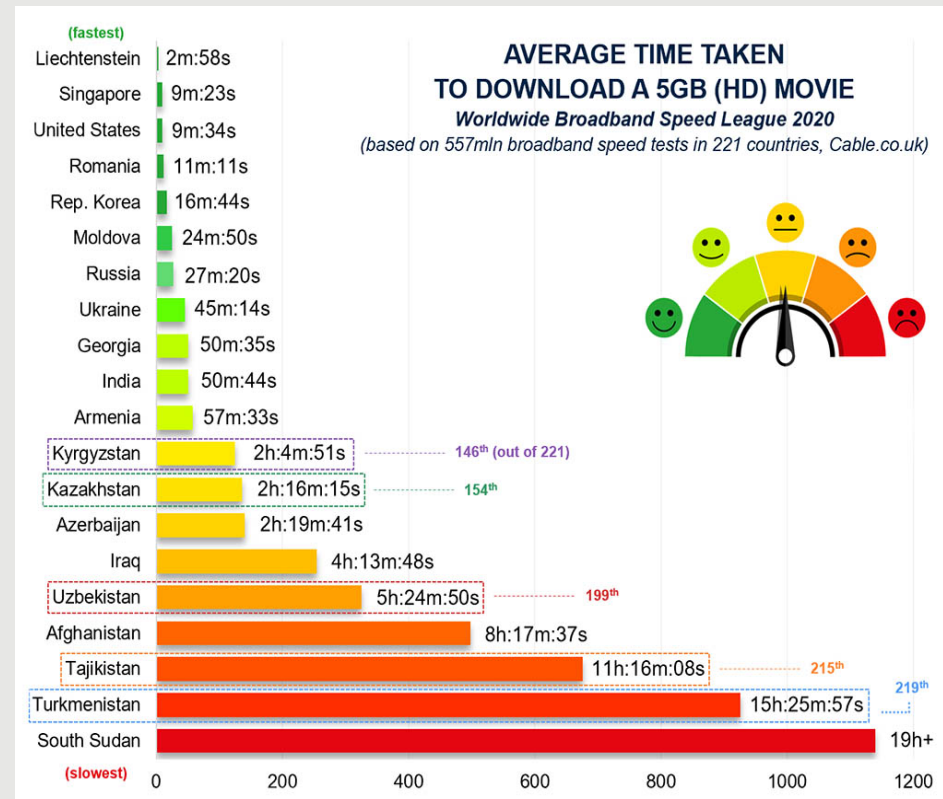


Source: Javier López-González (2021) *The changing nature of digital trade, current and future barriers and ideas to overcome them*.

CA suffers from poor internet connectivity and lacks of solid policy and regulation foundations

To provide access to better internet, to a larger share of the population, a number of policy actions need to take place:

- Undertake sector SOE reforms, unbundling wholesale/retail and separating policy making from ownership
- Strengthen independent regulatory authorities
- Eliminate monopolies and limit incumbent market dominance
- Simplify licensing regime



Source: World Bank (2020).

How does the WB support trade and digitalization in CA?

Through investments in infrastructure and border-crossing connectivity, such as the Central Asia Road Links (CARs) Program, a collaborative regional, multi-phase program initiated by governments of Central Asia. The program aims to increase transport connectivity between neighboring countries.

Through a multi-sector and multi-dimensional approach to digitalization, implemented at national levels and regional level through the Digital CASA program.



Through analytical work providing evidence for policy interventions and investments.

Through policy dialogue and reform support programs.

Thank you!