



CENTRAL ASIA REGIONAL ECONOMIC COOPERATION PROJECT

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Cover photos:

(Clockwise from upper left): Manpreet Anand, USAID Deputy Assistant Administrator, delivering a welcome speech at CATF IV; Aigul Zhanserikova, Director of AigulLine LLP/KZ, showcasing her felt goods at the CATF IV Trade Fair.

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ACRONYMS

ADB	Asian Development Bank
ADBL	Association for Development of Business Logistics
AmCham	American Chamber of Commerce
ATAR	Afghanistan Trade and Revenue project
B2B	Business to business
CA	Central Asia
CA&A	Central Asia and Afghanistan
CAREC	Central Asia Regional Economic Cooperation Program
CATF	Central Asian Trade Forum
CCI	Chamber of Commerce and Industry
COP	Chief of party
DCOP	Deputy chief of party
DOD	Department of Defense
EBRD	European Bank of Reconstruction and Development
EPI	Export Partnership Initiative
EPG	Export Partnership Group
EU	European Union
GIZ	German Society for International Cooperation
MEDT	Ministry of Economic Development and Trade
MOU	Memorandum of understanding
NGO	Nongovernmental organization
PMP	Performance Monitoring Plan
REC	Regional Economic Cooperation project
STTA	Short-term technical assistance
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WDA/TJ	Women's Development Agency in Tajikistan
WES	Women's Economic Symposium
WTO	World Trade Organization

EXECUTIVE SUMMARY

The USAID Central Asia Regional Economic Cooperation project (REC) has been operating in Central Asia since October 2011. This is the tenth quarterly report of the project, covering the period from October to December 2014. The mission of the REC project is to facilitate trade among Central Asian countries, Afghanistan, as well as large trading partners of these countries.

During the reporting period, major REC accomplishments include:

- Eight export capacity events conducted in Kazakhstan, Uzbekistan and Tajikistan. In the first quarter of Year 4, 498 Central Asian firms received REC capacity-building assistance and 1,539 participants took part in REC's trade and investment capacity building trainings.
- REC's fourth annual Central Asian Trade Forum (CATF IV) was held in Almaty on October 29-30, 2014. More than 900 technical experts, government leaders, and representatives from private businesses, trade promotion agencies, international organizations, and business associations from Central Asia, Afghanistan, Pakistan and Latvia participated in CATF IV.
- REC and the Center of Agroinformation-Innovation of Uzbekistan conducted the "Cooperation with Latvia – Gateway to the EU" roundtable, where more than 50 Uzbek participants and Latvian company representatives discussed the export of fruit and vegetables to the European Union, storage and transportation of horticultural products, and the EU retail chain requirements for agricultural products.
- A B2B event for Kazakhstani and Afghan companies was conducted with the participation of the National Chamber of Entrepreneurs of South Kazakhstan and the Chamber of Commerce of Balkh province (Afghanistan), addressing trade opportunities between the two countries.
- In cooperation with GIZ and CERT Academy LLP, REC conducted an international standards seminar in Uzbekistan for 350 participants. Seminar participants discussed the ISO 9001:2015, management strategies, the creation of a KPI system, and communication systems.
- In the framework of the Central Asian businesswomen's capacity building grant project implemented by the Women's Development Agency in Tajikistan (WDA/TJ), a workshop on technology and product quality control was conducted for 15 women entrepreneurs in Gulakandoz, Sugd province, Tajikistan.
- The Tajikistan Post WTO Accession Action Plan, which was developed by REC in cooperation with MEDT, was approved by the local government, which issued a decree obligating relevant ministries and agencies to fulfil a set of action items.
- REC organized a Press Cafe to commemorate the approval of the Post WTO Accession Action Plan. Forty-two representatives from Tajik ministries, international organizations, and private sector associations participated.
- In cooperation with the UNDP New Border Management Initiative in Uzbekistan and the Korean International Cooperation Agency (KOICA), REC organized the second roundtable on Single Window Implementation Progress in Uzbekistan. Forty representatives from government agencies, international organizations, and associations participated in discussions on Single Window implementation, and procedures for streamlining exporting.

ACTIVITY 1. BUILD AND SUPPORT EXPORT PARTNERSHIP GROUPS

During the reporting period, REC organized its signature event - the Central Asian Trade Forum (CATF), themed “From Dialogue to Deals.” The event brought together more than 900 representatives of governmental institutions, exporting companies, associations, international organizations, and business experts from the Central Asian Republics, Afghanistan, Pakistan, Latvia, India, South Korea, and Turkey.

A. Support to the existing Export Partnership Groups *Organic Farming*

One of the CATF IV technical sessions was dedicated to organic agriculture in Central Asia. The members of the Organic Farming Export Promotion Group (EPG) and other representatives from Central Asia discussed the implementation of government regulations for organic agriculture in Central Asian countries, cost effectiveness of organic plant cultivation, and shared experiences with regard to the region’s transition to organic farming.

Export Development in Uzbekistan

On December 15, 2014, REC organized the “Cooperation with Latvia – Gateway to the EU” roundtable in Tashkent, Uzbekistan, in partnership with the Center of Agroinformation-Innovation of Uzbekistan. The purpose of the roundtable was to share best practices for exporting Uzbek fruits and vegetables to Latvia and other EU countries. More than 50 representatives from the Ministry of Agriculture and Water Resources of Uzbekistan, the Embassy of Latvia in Uzbekistan, the Uzbekistan Trade House in Latvia, Uztadbirkorexport, the IFC Agro-Finance Project, and horticultural farms participated.

B. Organize Business-to-business (B2B) Matchmaking events

On December 22, 2014, REC conducted the "Trade Cooperation Kazakhstan-Afghanistan" B2B roundtable in cooperation with the National Association of Entrepreneurs and the Chamber of Commerce of Balkh province. The event took place in Shymkent, Kazakhstan and brought together 60 business representatives from Northern Afghanistan and South Kazakhstan. The Afghan delegation expressed interest in importing products such as flour, vegetable oil, wheat, mung bean, peas, beverages, and construction materials from Kazakhstan. A MOU between the Chamber of Commerce of Balkh province and the National Association of Entrepreneurs of Kazakhstan was signed and a large-scale flour importation deal was signed between two other parties.

C. Central Asian Trade Forum

CATF IV, themed “From Dialogue to Deals,” was held on October 29-30 at the Rixos Hotel in Almaty, Kazakhstan. This year’s CATF brought together international experts, government leaders, representatives of trade promotion agencies, international organizations, private businesses, and business associations from the Central Asian Republics, Afghanistan, and Pakistan. Nine hundred and forty-two participants took part in the two-day forum.



CATF IV, October 29, 2014, Almaty
Kazakhstan

In the main plenary session "Trade Development Prospects for Central Asia," representatives of relevant ministries, associations, and exporting businesses from Central Asia gave an overview of recent developments in Central Asian

regional trade and outlined further steps to promote trade cooperation in the region. Sixty-two companies from the Central Asian Republics, Afghanistan, Pakistan, and Latvia represented industries including textiles, food & beverages, agriculture, pharmaceuticals, transportation & logistics, and construction. The entrepreneurs displayed their products at the Trade Exhibition.

At the award ceremony, Shymkentmai (Kazakhstan), Isfara Food (Tajikistan) and Raimbek Bottlers (Kazakhstan) won the respective awards "Greatest Volume of Exports," "Best Supplier to Developed Markets," and "Best Trade Exhibition Stand."

As a result of the networking at CATF, four major MOUs were signed, in addition to several key deals across construction, textiles, food, and other industries. The following partnerships and deals were achieved during CATF IV:

- [REDACTED]
- MOU between the Association of Light Industry of Kazakhstan and Kulim Kulteks Kuloglu Ltd. (Turkey);
- Associations of Light Industry of Kazakhstan and Kyrgyzstan have created a Union of Design and Fashion of Central Asia;
- MOU between the Export Promotion Agency of Afghanistan and the Association Soyuzplodovosh (Kazakhstan);
- [REDACTED]
- Ramin Sadat Company (Afghanistan) plans to purchase one thousand tons of vegetable oil from Kazakhstan;
- Mehria Group of Industries, a Pakistani producer of surgical, dental, veterinary, and beauty care instruments, is planning to establish its representative office in Kazakhstan;
- [REDACTED]

All materials and the list of participants from CATF IV are available on the website (<http://eng.catradeforum.org/> in English and <http://catradeforum.org/> in Russian).

D. UPCOMING ACTIVITIES

- The “Export of Horticultural Products in Uzbekistan” roundtable (February 19-20, 2015).
- An event on ISO and other international standards (February 2015).

ACTIVITY 2. EVALUATE EXPORT POTENTIAL OF FIRMS AND INDUSTRIES THROUGH MARKET RESEARCH

Activity 2 supports the implementation of REC activities by providing market research, short-term technical assistance, international expertise, training, and government capacity building. The most important activities under this component included market research and matchmaking opportunities to support the pharmaceutical session in the framework of CATF IV, as well as market research on

problems and opportunities of Uzbek farmers and exporters to support the “Trade Cooperation between Latvia and Uzbekistan” roundtable.

A. Coordinate market research activities and technical assistance to new and existing REC EPG members, industries, and markets

Market Research and Matchmaking of CA pharmaceutical manufacturers to support the Pharmaceutical session in the framework of CATF IV

To support the pharmaceutical session of CATF IV, REC conducted market research of Uzbek and Kazakhstani pharmaceutical companies and recommended partnerships. REC selected more than 90 companies from the Central Asian Republics to participate in the CATF IV pharmaceutical session. REC analyzed surveys of manufacturers and state pharmaceutical agencies and conducted interviews. The survey focused on the export capacity of pharmaceutical companies and their ability to meet international standards. For this activity, REC coordinated closely with the U.S. Pharmacopeia Convention (USP) program “Promoting the Quality of Medicines in Developing Countries” (PQM) and with USAID’s Central Asia Health Office.

Market research and matchmaking selection of Uzbek farmers and exporters to support the roundtable "Trade Cooperation with Latvia - the gate to the European Union"

In preparation for a Latvian study tour follow-up meeting and in support of the roundtable on cooperation between Uzbek farmers and Latvian importers, REC conducted market research in November-December 2014 to address challenges and opportunities in Uzbek-Latvian agricultural trade. The main obstacles of supplying goods to the Latvian market were identified by respondents as: lack of modern warehousing, substandard shipment methods, and low quality packaging, among other issues. However, the respondents also emphasized the opportunity for businesses in Uzbekistan to cooperate with Latvian companies. These findings will be used as the basis for future research on barriers to export growth in the fruit & vegetables/packaging industries in Uzbekistan. REC selected approximately 30 Uzbek farmers to participate in the roundtable on December 15, 2014 in Tashkent.

B. Maintaining the Exporters Database

REC maintains a database of Central Asian exporters, in order to expand the project’s strategic reach. At the beginning of Year 4, the database contained data on approximately 1,000 exporting firms. The participation of new companies in CATF IV and events in Uzbekistan this quarter brought the number up to 1,415 companies.

C. Upcoming activities

- REC plans to conduct a market research study focusing on export development opportunities and barriers to export growth in the fruit and vegetables/packaging industries in Central Asia (January – March 2015).

ACTIVITY 3. TEST BARRIERS TO EXPORT ALONG THE EXPORT CHAIN THROUGH SELECTED PILOTS

A. Facilitate sales from CA suppliers to DOD alternatives

This quarter's activities under this component included the pharmaceutical session "Prospects of pharmaceutical market development in Central Asia," the session on quality management system ISO 9001:2015 at CATF IV, and the "ISO 9001:2015 - From Product Quality to Business Quality and Export Development" seminar in Tashkent.

CATF IV Pharmaceutical session "Prospects of development of pharmaceutical market of Central Asia"

This session was organized in response to requests from the pharmaceutical private sector, and was conducted jointly with the U.S. Pharmacopeia Convention (USP) program "Promoting the Quality of Medicines in Developing Countries" (PQM) and with USAID's Central Asia Health Office. In attendance were more than 100 representatives from Central Asian pharmaceutical manufacturers and about ten manufacturers from South Korea, Poland, China, and India. Among the speakers were Ms. Botagoz B. Smagulova of the Ministry of Health of Kazakhstan, and Mr. Zhamoliddin Nazhmetdinov of the Joint Stock Concern "Uzpharmsanoat" under the Cabinet of Ministers of the Republic of Uzbekistan. Both officials gave presentations on the continuing development of the pharmaceutical industries of their respective countries. In addition, international experts presented on GMP standards and the WHO prequalification program.

CATF IV session on quality management "Quality and competitiveness of export products"

With the goal of improving the quality of products and services of exporters and producers, REC conducted a session "Quality and competitiveness of export products" at CATF, in cooperation with GIZ. Approximately 300 representatives of export-oriented enterprises, certification agencies, consulting and training companies, and international organizations participated in this session, which sought to help entrepreneurs to implement modern management tools based on international standards such as ISO. The session covered the new requirements in ISO 9001:2015, strategic management, KPI system, risk management, and the sustainable development of enterprises. Two Kazakhstani producers shared their experiences with meeting ISO 9001:2015 standards.

Seminar on quality management "ISO 9001: 2015 - From Product Quality to Business Quality and Export Development" in Tashkent, Uzbekistan

As a follow-up to the quality management session at CATF IV, REC conducted a related seminar on December 11, 2014 in Tashkent, in cooperation with GIZ and CERT Academy LLP. Approximately 350 representatives from Uzbek manufacturers and enterprises, the Uzstandard Agency, the Chamber of Commerce and Industry, business associations, certification agencies, and consulting and training companies participated. The Tashkent seminar also focused on compliance with ISO 9001:2015 and ISO 22000, OHSAS 18001, and GMP, among others.

B. Analyze potential export channels for products currently supplied by Central Asian companies to the Department of Defense in Afghanistan and include those companies in a CAR roundtable and other activities connected with trade growth

In December 2014, REC began its market analysis to identify alternate avenues for DOD suppliers in the private and public sectors. The analysis of potential business channels will be completed in February 2015. In March 2015, REC will conduct focus groups in Almaty with Kazakhstani suppliers and in Uzbekistan with Uzbek suppliers in order to identify gaps and needs in response to a decrease in business operations.

C. Upcoming activities

- Complete a market analysis to identify alternate avenues for Department of Defense suppliers in the private and public sectors (February 2015).
- Conduct focus groups in Almaty with the Kazakhstani suppliers (March –April 2015).
- Conduct focus groups with the Uzbek suppliers to identify gaps and needs in response to a decrease in business operations (March-April 2015).

ACTIVITY 4. SUPPORT WOMEN’S ECONOMIC SYMPOSIUM (WES) FOLLOW-ON ACTIVITIES

A. Grant Program

This quarter, SPINNA Circle completed its grant project. In the course of its activities, more than 100 women were able to access inputs on skills development and quality requirements, and increase their expertise in market trends analysis and product development. SPINNA Circle also provided students from the Kazakhstan University of Business and Technology in Astana with inputs from international experts. This helped start discussions about creating a MOU between the university, SPINNA Circle, and Middlesex University in the UK to provide a skills exchange, short courses, student exchanges, and summer programs. Both Middlesex University and Central Asian textile producers have expressed interest in cooperating on fashion courses. REC plans to award an additional grant to SPINNA Circle in early 2015. The follow-on project will bring the same model to Kyrgyzstan and Tajikistan, while continuing to provide capacity building trainings in the region and implement follow-up activities in Kazakhstan and Uzbekistan.

The WDA/TJ grant project “Economic empowerment of women and market access opportunity” moved forward this quarter. In October, the grantee held a training workshop on technology and the improvement of product quality for fifteen women in Gulakandoz, Sugd province, Tajikistan. In November, the grantee participated in the Crafts Fair/International Festival “Dioru Husn 2014” in Dushanbe. WDA/TJ arranged the participation of 36 artisans in the event. Sales from the event totaled [REDACTED]. The grant project organized two sewing workshops and resulted in signed contracts for the production of uniforms for Tajik schoolchildren, uniforms for Tajik and Afghan construction companies, and bedclothes for Afghan buyers for a total value of more than [REDACTED].

This quarter REC met with the Central Asian and Afghanistan Regional Women’s Business Association, and participated in the roundtable on Women’s Regional Cooperation organized by the Association. REC plans to establish a secretariat which will build the capacity of the Association’s members and put on public events such as forums and expos. The Association has submitted a draft concept paper for a grant project. REC is currently working with the grantee to finalize their application.

B. Upcoming activities

- REC plans to sign grant agreements with SPINNA Circle and the Central Asian and Afghanistan Regional Women’s Business Association.

ACTIVITY 5. ASSIST TAJIKISTAN IN FULFILLING ITS WTO POST-ACCESSION COMMITMENTS AND IMPLEMENTATION OF THE WTO TRADE FACILITATION AGREEMENT

This quarter's most important activity under this component was the government approval of the Post WTO Accession Action Plan, prepared by the Ministry of Economic Development and Trade (MEDT) with support from REC.

A. Tajikistan WTO Activities

Council for TRIPS Questions

Following the WTO Council for TRIPS meeting, the Government of Tajikistan received a set of questions related to the protection of intellectual property rights. REC provided officials with necessary expertise and support in preparation of replies to these questions, and related issues concerning applicable IPR legislation and the implementation of TRIPS rules in Tajikistan. Replies will be finalized and submitted to the Council for TRIPS next quarter.

B. Legislative Developments

The Post WTO Accession Action Plan, developed by REC and MEDT, was approved by the Government of Tajikistan in the form of a governmental decree making the fulfillment of action items mandatory for all ministries agencies. The plan provides a list of activities necessary to fulfill Tajikistan's commitments taken during the WTO accession process as well as other activities aimed at further liberalization of the trade regime.

C. Public Outreach Activities

During this reporting period, REC organized a Press Cafe to commemorate the approval of the Post WTO Accession Action Plan. The event took place on December 16, 2014, at the Dushanbe Serena Hotel. Event speakers included: Saidrahmon Nazriev, Deputy Minister of MEDT, and Katie McDonald, USAID Office Director in Tajikistan. Jovan Jekic, REC Senior WTO Advisor, moderated discussions on the content of the Post WTO Accession Action Plan and plans for its implementation. Additionally, CATF's Tajikistan-based winner of the Best Exporter Award, Isfara Food, publicly received their award and talked about their successes in reaching European markets. The audience included representatives from the relevant ministries/agencies, the private sector, media, academia, and the donor community.

D. Upcoming activities:

- Finalize responses to WTO Council for TRIPS inquiries.
- Resume work on the regulation of trade remedies (antidumping, countervailing, and safeguards).
- Begin preparation of the feasibility study related to establishing a single food safety control body.
- Begin work on the Dictionary of Trade Facilitation.

ACTIVITY 6. HELP CENTRAL ASIAN COUNTRIES IMPLEMENT PRO-TRADE POLICIES, REGULATIONS, AND PROCESSES

This quarter's most important activities under Activity 6 were: conducting a trade policy section "Development of economic corridors: impact on trade in Central Asia" at CATF IV; a roundtable on

Single Window implementation progress in Uzbekistan; and a transport and logistics session “The impact of transport and logistics in the development of trade in Central Asia” during CATF IV.

A. Develop and manage trade facilitation efforts

CATF IV Trade policy session on “Development of Economic Corridors: impact on trade in Central Asia”

Approximately 70 representatives from export-oriented companies and trade-facilitating organizations participated in this session, which addressed the importance of the trade policy for the Central Asian states and evaluated political and economic factors and processes influencing the development of trade in the region. The session offered participants the chance to share opinions on the most topical issues and trends of commercial and economic cooperation.

Roundtable on Single Window Implementation progress in Uzbekistan

On December 4, 2014, REC organized the second roundtable on Single Window Implementation Progress in Uzbekistan, in collaboration with UNDP New Border Management Initiative in Uzbekistan and Korean International Cooperation Agency (KOICA). In attendance were representatives of Uzbek Government agencies, the Chamber of Commerce and Industry, and international organizations accredited in Uzbekistan. This event discussed progress made during the past 6 months and included feedback by international experts on the Master Plan developed by KOICA.

B. Develop and manage transport corridor improvement efforts

CATF IV Transport session “The impact of transport and logistics in the development of trade in Central Asia”

To reduce barriers to trade between Central Asian countries and Afghanistan, REC conducted a panel session "Impact of transport and logistics for the development of trade in Central Asia" at CATF IV, in cooperation with the Union of Transport of Kazakhstan KAZLOGISTICS. Approximately 90 CATF attendees participated in this session. Parties discussed prospects and opportunities for business development of transport companies of Kazakhstan, Uzbekistan, Tajikistan, and Afghanistan, while also reviewing existing projects and prospects for the development of transport and logistics. As a result, a MOU was signed between the Uzbekistan Association for Business Logistics Development and the Union of Transport and Logistic Organizations and Associations of Kazakhstan “Kazlogistics.”

Eurasian Transport Integration Conference

On November 12-13, 2014, REC took part in the 1st Eurasian Transport Integration Conference "Transcending energy- new synergies for a new world - The Eurasian Transport Integration between geopolitical challenges, business opportunities and future prospective" in Astana. This Conference was organized by the Institute of World Economics and Politics under the Foundation of the First President of the Republic of Kazakhstan in partnership with the Berlin Centre for Caspian Region Studies of Freie Universität Berlin with the assistance of USAID Regional Economic Cooperation Project. More than 230 participants from Central Asia countries, Russia, Afghanistan, Georgia, and Turkey discussed geopolitical challenges, economic rationale, technical constraints, and business perspectives.

C. UPCOMING ACTIVITIES

- “Development of transport and logistics for delivery of fruits and vegetables” roundtable (February 2015).

COMMUNICATIONS AND OUTREACH

During the reporting period, REC continued promoting awareness of its mission, objectives, activities, and initiatives. REC maintains a website (<http://car-rec.net/>) and Facebook account, posting photos from its events, press-releases, relevant regional news, and training materials, etc. For the reporting period, 11 press releases/announcements were issued and posted on the website and Facebook account.

As part of its PR campaign for CATF IV, REC initiated and arranged the publication of three interviews with REC's counterparts on internet media (Yuliy Yusupov/UZ and Lubov Khudova/KZ) and two TV interviews (with USAID/CAR Mission director and REC's WTO Advisor in TJ), as well as multiple other publications and TV broadcast.

PERFORMANCE MONITORING PLAN

To track the project's progress, REC has developed life-of-project indicators for impact and outcome levels that measure achievements and expected results. There are indicators for each activity objective, as well as indicators that respond to the overall program goal.

To date, REC has achieved the following cumulative and quarter results:

- Total EPG sales are \$37,179,175, with export sales for all EPGs increased by \$19,855,841 during the life of the project thus far. For Q1 Y4, EPG's export sales increased by **\$60,000**.
- REC export sales in other areas (B2B, CATF, and others) increased by \$7,885,963 during the life of the project thus far. For Q1, this category of sales increased by **\$1,064,700**.
- The number of firms receiving project-supported capacity-building assistance to increase exports in quarter 1 is **498**.
- The number of participants in project-supported trade and investment capacity building trainings in the 1st quarter is **1,539**.

A calendar of events from this quarter is included in the annexes.

Annex A. Calendar of Events

Dates	Meeting/Event	Location
October 29-30, 2014	CATF IV “From Dialogue to Deals”	Almaty, KZ
December 11, 2014	Seminar on ISO 9001:2015	Tashkent, UZ
December 15, 2014	“Trade cooperation with Latvia – Gate to the European Union” Roundtable	Tashkent, UZ
December 16, 2014	Post WTO Accession Plan Press Cafe	Dushanbe, TJ
December 22, 2014	Kazakhstan – Afghanistan B2B Meeting	Shymkent, KZ