Fifth North and Central Asia Multi-Stakeholder Forum on Implementation of the Sustainable Development Goals

Session 8: SDG 17 - Partnerships for the Goals

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Trade and Investment

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Much of the vigorous trade recovery is driven by price effects.

NCA post the largest export value increases by nearly 30%, mostly supported by increasing oil prices.

In real terms trade grew moderately in real terms at 7%-8% in 2021. While the AP region sees 8.3% (exports) and 7.0% (imports) growth.

NCA is expected to slightly outperform the rest of AP with 9% (exports) and 6% (imports).

Recovery in trade volume may keep its momentum in 2022, but high uncertainty is looming the forecast.
Regional integration

- Less than 45% of trade in NCA is with AP region.
- 60 out of 300+ agreements in AP involves NCA countries.
- Most agreements in NCA focuses only on goods.
- Trade with agreement partners are less than 50% of total trade in most cases.
Trade facilitation & digitalization in NCA

Digital & sustainable trade facilitation in NCA (2021)

North and Central Asia

- Transparency
- Formalities
- Institutional Arrangement & Cooperation
- Paperless trade
- Cross-border paperless trade

<table>
<thead>
<tr>
<th>Country</th>
<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td></td>
<td>50.54%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>50.54%</td>
<td>62.37%</td>
</tr>
<tr>
<td>Georgia</td>
<td>69.89%</td>
<td>84.95%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td></td>
<td>62.37%</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>72.04%</td>
<td></td>
</tr>
<tr>
<td>Russian Federation</td>
<td></td>
<td>82.80%</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>86.02%</td>
<td></td>
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<tr>
<td>Uzbekistan</td>
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</tbody>
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Digital & sustainable trade facilitation in NCA (2021)
Trade facilitation & digitalization in NCA

- Continued progress on streamlining trade procedures
- Paperless trade implementation rates vary greatly
- Cross-border paperless trade is still a challenge
- Countries will benefit by moving towards trade digitalization via regional cooperation: UN treaty providing a dedicated intergovernmental platform
Inward FDI Flows and Stocks North and Central Asia, 2010-2020

Source: ESCAP calculations, based on FDI Markets 2021
Greenfield FDI inflows in North and Central Asia, 2009-2011

Source: ESCAP calculations, based on FDI Markets 2021
Sustainable FDI

FDI and the 2030 Agenda
- FDI directly contributes to:
  - SDG 7 on renewable energy
  - SDG 9 on Industry and Innovation
  - SDG 17 on means of implementation
- Indirectly to nearly every other goal!

How?
- Access to markets / customers
- Capital inflows / foreign exchange
- Transfer of knowledge & skills (managerial, technical)
- Transfer of technology
- Competitiveness
- Employment

4 Components of Sustainable FDI
- Economic
- Environmental
- Social
- Good Governance
## Priority Sectors for Sustainable FDI

<table>
<thead>
<tr>
<th>Sector</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>Investment in generation, transmission and distribution of electricity</td>
</tr>
<tr>
<td>Transport</td>
<td>Investment in roads, airports, ports and railroads</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Investment in infrastructure (fixed lines, mobile and Internet)</td>
</tr>
<tr>
<td>Water and sanitation</td>
<td>Provision of water and sanitation to industry and households</td>
</tr>
<tr>
<td>Food security and agriculture</td>
<td>Investment in agriculture, research, rural development, safety nets, etc.</td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td>Investment in relevant infrastructure, renewable energy generation, research and deployment of climate-friendly technologies, etc.</td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>Investment to cope with effects of climate change in agriculture (e.g. drought and flood resistant crops), infrastructure, water management, coastal zones, etc.</td>
</tr>
<tr>
<td>Eco-systems/bio-diversity</td>
<td>Investment in conservation and safeguarding eco-systems, marine resource management, sustainable forestry, etc.</td>
</tr>
<tr>
<td>Health</td>
<td>Infrastructure investment, e.g. new hospitals; research and development of new medicines</td>
</tr>
<tr>
<td>Education</td>
<td>Infrastructural investment, e.g. new schools</td>
</tr>
</tbody>
</table>
Returns on Sustainable Inward FDI, 2006-2018

Source: ESCAP calculations, based on the 27th Global Trade Alert Report
Recommendations

Policy change through dialogue

Target FDI in priority sectors and leverage new FDI approaches; incentivize sustainable FDI in those sectors.
THANK YOU

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