

Structural Economic transformation in North and central Asia: Towards Achieving the Sustainable development Goals: Comments on Infrastructure development

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Almaty, 29 April, 2019

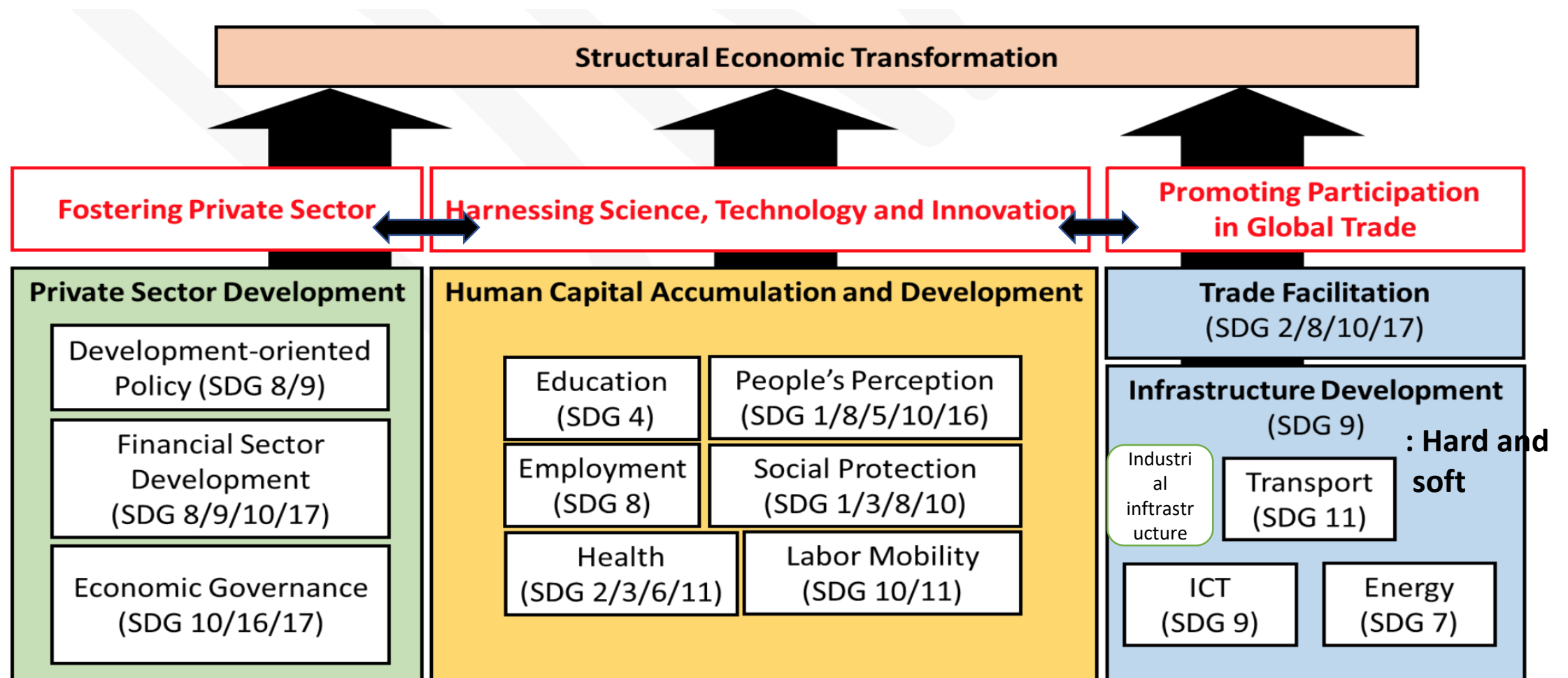
Grand Tien Shan Hotel

General comments

Structural change: The concept?

- The focus is on inter-sectoral shifts from primary to secondary sectors; little is talked about the intra-sectoral shift from low value added to high value added activity. (may be added)

The SET framework: Linkages and components



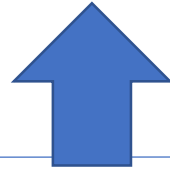
Two additional comments

- The introduction does not introduce land locked characteristic of NCA while Vienna plan is about land locked characteristics .
- The resource abundance of the region and associated issues can be mentioned to better place the economies.

INFRASTRUTURE

The concept: Four types of infrastructure for promoting participation in GPNs

INTERNATIONAL AGREEMENTS (not trade facilitation as the text does not match)



Transport

Hard: Multimodel transport corridors,

Soft: **Governance**, Transit, custom, visa rules: Facilitation harmonization, **Safety**

Industrial

Hard: SEZs, industrial parks, economic corridors

Soft Strategic Frameworks

ICT

Hard infrastructure, ICT corridors

Soft policies and legislations

Energy

Hard infrastructure, Energy corridors

Soft policies, energy pricing, markets, and legislations, cooperation

Hard transport infrastructure: An Explosion

- Several actors and stimulants
 - Nation states
 - External players
- 6 international corridors planned under CAREC Trade and Transport Facilitation Strategy with external partners playing an important role.
 - China : Belt Road initiative
 - World Bank, Asian Development Bank, Asian Infrastructure Investment Bank (CAREC), UNESCAP, European Union (TRACECA), Japan, the Middle East
- CAREC 2030 strategy re-emphasizes these corridors.
- Plans vs. progress?

Further...rationality of hard infrastructure?

- There is explosion of infrastructure projects but it's important to analyse the rationality and viability of various projects.
- They have financial and environmental implications and require to be assessed for economic returns.
- Prioritize them
- Strike a balance between soft and hard infrastructure.

Soft considerations

- Governance and maintenance
- Promotion of logistics industry
- Safety
- Institutions
 - Transit rules, trade policies, harmonization of rules and standards
 - Mobility of goods, services and people across them , Visa rules
- Environment implications noise and pollution. Newer technologies.

Industrial infrastructure: Hard

- Much emphasis has been on connectivity; A Critical need is to leverage the benefits emanating from connectivity.
- Industrialization never took root in these countries due to their embeddedness in the value chains of the former USSR.
- Industrial infrastructure such as industrial parks and SEZs being created.
- Many are in the border areas.
- Tourism is considered as a potential area which requires the specific infrastructure,
- All of them have legal frameworks in place to develop their SEZs and industrial parks. for having SEZs. In the Kyrgyz Republic
- Regional economic corridors.: Bishkek-Almaty ; more are in the pipeline: Shyamkent to Dushanbe and to Tashkent for instance.

Industrial infrastructure: Soft

- Strategic frameworks
- Industrial policies
- Harmonization of industrial policies for the promotion of regional value chains.
- Capacity building

Energy Infrastructure: Hard and soft

- Energy security is a main issue in the region.
- Unequal distribution of resources and lack of well developed institutions lead to a situation of energy deficiency in the region.
- Energy crisis of the 2008-09
- Kazakhstan and Uzbekistan are short on water, and Kyrgyzstan and Tajikistan short on electricity.
- Region is also susceptible to water crisis.
- Some insights may be provided in a paragraph.
- Energy corridors of Europe may be set as the benchmark for energy cooperation.
- Institutions, pricing and markets may be harmonized.

ICT infrastructure: hard and Soft

- Development of the IT ecosystem is critical for digitization.
- High tech park in Kyrgyzstan but IT promotion is not institutionalized in the economic strategy. Lack of quality IT education, institutions and innovations .
- IT policies need to be in place for that

P. 17 last para

Infrastructure and industrial diversification in Central Asia: Challenges

- Infrastructure facilitates trade, investment, increases productivity, promotes knowledge sharing, and creates an environment for economic and even social innovation.
- But this also bring challenges : Technology environment human capital and physical capital through private involvement are also the perquisites for them.
 - Finance. The Asian Development Bank (ADB) projects that USD 33 billion per year will be needed between 2016 and 2030 to tackle the massive infrastructure requirements of Central Asia.
 - To avoid debt crisis, encourage private investment and this in turn requires favourable business environment this infrastructure development itself is related with private investment.
 - The quality infrastructure requires technological upgrading, human capital and technologies.
 - **Infrastructure projects must strike a balance between economic viability, commercial viability, social inclusiveness and environmental effects.**
 - **There is direct link between infrastructure development and the other to pillars in the framework.**

Thank you