**CAREC** CENTRAL ASIA REGIONAL
ECONOMIC COOPERATION

Search

Home » Cargo Model

# CARGO MODEL

## The Central Asian Regional General equilibrium mOdel (CARGO)

To elucidate the benefits of CAREC initiatives to promote regional economic integration, ADB commissioned the development of a new scenario and data analysis tool. CARGO is a dynamic forecasting tool that captures detailed structural characteristics of member countries and their trading partners. The approach used here, multi-country general equilibrium modeling, is particularly suited to estimating the extensive indirect effects of such commitments in all of CAREC's major sector areas, Transport, Trade Facilitation, Energy, and Trade Policy. In it's first application, CARGO results show that the overall benefits of the CAREC Corridors dramatically outweigh their costs. Transboundary spillovers confer significant growth leverage on other regional economies and benefit even distant trade partners.

These findings are fully consistent with intuition and regional policy expectation, that large and coordinated infrastructure investments are a potent catalyst for long term economic growth. More detailed analysis reveals the inclusive features of infrastructure, driving down information and transit costs to expand the profitable horizon of investment for enterprises of all scales and workers of all income levels. As expected, infrastructure confers market access that is the key to self-directed poverty reduction.

More extensive model application and scenario analysis will improve our understanding of a wider range of policy options. In parallel, more intensive data development, possibly including models for each individual CAREC member economy, can improve resolution of the analysis, allowing identification of more beneficiaries as well those who might need targeted incentives or adjustment assistance. Finally, innovative user interfaces will help integrate all these quantitative tools into decision making and dialog, facilitating more evidence based policy across this region and helping to realize its vast economic potential.

## Links to CAREC Country Results

- **Afghanistan**
- **Azerbaijan**
- **Kazakhstan**
- **Kyrgyz Republic**
- **Mongolia**
- **Pakistan**
- **Tajikistan**
- **Turkmenistan**
- **Uzbekistan**
- **Xinjiang, People's Republic of China**



Annual GDP Growth, 2010-2030   ■ 0-2%   ■ 2-4%   ■ 4-6%   ■ >6%