



**Joint Ministerial Statement
6th Ministerial Conference on
Central Asia Regional Economic Cooperation
3 November 2007
Dushanbe, Tajikistan**

Representing the Governments of Afghanistan, Azerbaijan, People's Republic of China (PRC), Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan, Ministers adopted the following statement on the conclusion of the Sixth Ministerial Conference on Central Asia Regional Economic Cooperation (CAREC) in Dushanbe, Tajikistan, on 3 November 2007:

A. CAREC Accomplishments

1. Ministers are pleased by the considerable advances in transport, trade, and energy cooperation in CAREC participating countries in recent years. The CAREC Program has succeeded in nurturing this progress through its emphasis on practical, results-based actions.

2. Our cooperation under CAREC is yielding significant benefits. Examples of these accomplishments include: improvements to the Almaty-Bishkek Highway, which have cut travel time in half; ongoing upgrades of the Osh-Sarytash-Irkeshtam road, which are opening a new trade corridor with the People's Republic of China (PRC); and reconstruction of Afghanistan's ring road network, which is creating easier access to southern markets. In addition, new electricity transmission lines are being constructed throughout the region and activities under the CAREC Members' Electricity Regulators Forum (CMERF) are helping to harmonize energy regulatory practices; further, new pipelines such as the Baku-Tbilisi-Erzurum gas pipeline are enabling rapid development of the region's rich oil and gas sector. The adoption of new customs codes in Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan; bilateral pilot customs initiatives involving the PRC with Kazakhstan and Mongolia; and other trade facilitation measures by CAREC countries are contributing to the rapid growth in trade. These actions are being supported by a series of studies on barriers to transit and border trade, tax regimes, quantitative restrictions, and regional trade agreements that are helping CAREC countries better understand the measures needed to create a more open trade environment and World Trade Organization accession requirements.

3. These and other CAREC Program activities are contributing to concrete improvements for our people: Our economies are growing rapidly and trade within the region as well as with the outside world is expanding. While borders define our countries, the need for economic cooperation and integration to sustain rapid growth is now universally endorsed. Central Asia is becoming a pivotal region in Eurasia, a vital land-bridge linking Europe, Russian Federation, People's Republic of China, South Asia, and the Middle East. The sharp rise in poverty in some CAREC countries following the disintegration of the Soviet Union is being reversed; optimism and confidence are replacing despair and hardship.

4. Ministers fully agree that the Program, which joins the eight CAREC participating countries with six multilateral organizations (i.e., Asian Development Bank, European Bank for

Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank), serves our common interests in promoting and facilitating regional economic cooperation. CAREC represents a robust partnership that views development from a regional perspective, invests almost \$1 billion annually in regional transport, trade, and energy initiatives, and supports a wide variety of technical assistance initiatives. CAREC's Comprehensive Action Plan (CAP) defines our goals, objectives, and expected results; we are confident the CAP will help propel regional cooperation forward in new and inspiring ways. Our informal yet highly effective institutional arrangements for the CAREC Program, including the four sector working groups, the Senior Officials' Meetings and annual Ministerial Conferences, backed by in-depth briefing materials and a well-resourced Secretariat, has resulted in a strong regional team of political leaders and government officials committed to the goal of development through cooperation.

5. We remain unanimous in our view that regional cooperation is vital to achieving rapid, sustainable economic growth, and to accelerating our progress in reducing poverty and generating greater prosperity for all of our people. We also look forward to improved coordination with development partners who play an important role in supporting regional cooperation among Central Asian countries and in promoting Central Asia's development and integration into the world economy. Country ownership, consensus, mutual benefit, pragmatism, and results continue to be the principles that guide the CAREC Program.

B. CAREC Vision

6. In the decade ahead, our continuing cooperation under CAREC will be increasingly important to achieving our long-term vision of "Good Neighbors, Good Partners and Good Prospects".

7. We envision that by 2018, our countries will be connected by an efficient multi-modal transport system that also links us to markets in Europe, the Russian Federation, East and South Asia, and beyond. In particular, we envision a number of key rail and road transport corridors, together with secondary access routes, integrating the region and consolidating its role as a pivotal land-bridge for Eurasia. Cross-border transport procedures, documentation, and regulations will be simplified and harmonized, and civil aviation connections greatly improved. By removing the trade barriers and impediments that currently hamper our ability to compete in international markets, we will achieve our shared objective of significantly reducing the costs and time of transporting goods and services on key trading routes. We anticipate that trade within our region and with global partners will grow dramatically during the next decade and will make a vital contribution to doubling or more our economic output and living standards.

8. We envision that by 2018, all CAREC countries will be members of the World Trade Organization (WTO), with a consistent, rules-based trade regime and dispute resolution mechanism for the region. Our shared objectives are to significantly increase official trade among CAREC countries as well as with non-CAREC countries and to facilitate and improve the quality of transit trade so as to better integrate with global markets and foreign investors.

9. The private sector will play an increasingly important role in CAREC. We envision our business sectors participating in global value chains and cross-border production networks, helping our economies diversify from the current heavy reliance on commodity-based trade. To support business development our regional transport and trade initiatives will be closely integrated and will urgently address the need for improved business logistics in our region. Partnership with the business community will guide these endeavors. Our objective is to create

a highly favorable and productive business investment environment. Efforts to attract and encourage the participation of business people and business associations in CAREC will be made accordingly.

10. Energy security is fundamental to economic development and poverty reduction. By 2018, no community in the region should be without reliable and affordable electricity. To this end, we envision greatly increased cooperation among CAREC countries, drawing on the vast petroleum, natural gas, coal, hydropower, and other energy resources of the region. Our objective is to help fulfill Central Asia's potential as an energy hub. We will strengthen existing cross-border networks and realize win-win and least-cost solutions for expansion, and together reach out to external markets. We will strive to strengthen our energy efficiency and conservation measures, and to enhance the contribution of alternative and renewable energy sources to the supply mix. In addition, we resolve to take advantage of the current and proposed global agreements on greenhouse gas emission reductions. We note that significant work has been carried out on a CAREC Energy Sector Strategy and will provide the necessary support for its completion.

11. We envision CAREC countries cooperating extensively to address shared regional interests, notably cross-border environmental issues, efforts to control communicable diseases such as avian influenza, HIV/AIDS and tuberculosis, and disaster management and preparedness. Our objective is to ensure that shared social and environmental interests are integral to regional cooperation and development. While individual programs like CAREC may focus on a limited range of such issues, their contribution to building trust and confidence in Central Asia is part of the needed response.

C. CAREC Sector Strategies and CAREC Institute Prospectus

12. Today we endorsed two important documents that will help us achieve these goals: the CAREC Transport and Trade Facilitation Strategy, and the CAREC Institute Prospectus. The transport component of our Transport and Trade Facilitation Strategy is built on three pillars—infrastructure, management, and technology—that characterize the challenges and opportunities faced by the sector. The strategy will establish competitive transport corridors across the CAREC region, facilitate movement of people and goods across borders, and develop safe, dependable, effective, efficient, and fully integrated transport systems that are environmentally sustainable. It will also ensure proper maintenance and modernization of the region's road, rail, and air infrastructure, and realignment of transport regulations and procedures with international best practices. The strategy lists more than 100 investment projects and technical assistance activities totaling about \$20 billion required over the next decade.

13. The trade facilitation component is aligned with the transport objectives and priority corridors. The strategy will improve the efficiency of trade among and beyond the CAREC countries, encourage the free movement of goods and business people, and enhance the transparency and awareness of relevant laws, regulations, and procedures. It will focus on enabling customs reform and modernization; establishing an integrated, interagency approach to trade facilitation; and promoting efficient regional logistics development.

14. The CAREC Institute Prospectus lays out our plans to establish the CAREC Institute, initially as a "virtual" institute, and to develop the capacity and information required to identify and pursue mutually-beneficial regional cooperation initiatives. The Institute will have two main purposes: to enhance the capabilities of CAREC government officials to engage in regional

cooperation processes and to plan and implement regional cooperation projects; and to outline new approaches to regional challenges based on international best practices, empirical research, and policy analysis. The Institute will also contribute to mainstreaming regional cooperation as an integral part of development and community participation.

D. CAREC Work Plan

15. Our long-term vision requires a clear work program. We approve and endorse the Report of Senior Officials to the Sixth Minister Conference (attached), noting in particular the 2008 work program. It is a challenging and demanding work program, calling upon all CAREC participants (Governments, development partners, and business and civil society representatives) to intensify their efforts in support of regional cooperation.

16. On behalf of our Governments, we request Senior Officials to pursue the following objectives and report on progress to the 7th Ministerial Conference on CAREC:

- Ensure more proactive participation of CAREC National Focal Points to support the mainstreaming of Program objectives into national development plans and budgets, to provide strategic support for the implementation of the Program, and to facilitate CAREC-related bilateral dialogue.
- Initiate implementation of the CAREC Transport and Trade Facilitation Strategy with a focus on (i) developing monitorable performance indicators and implementing appropriate monitoring mechanisms, (ii) convening a high-level forum involving relevant officials from each country, and (iii) focusing transport and trade sector work on the identified priority corridors.
- Undertake further country consultations and efforts to finalize the CAREC Energy Sector Strategy focused on (i) developing integrated energy markets, (ii) developing the region's energy potential, and (iii) overcoming energy shortages within the region, in line with national energy sector reforms and in an environmentally sound and economically efficient manner.
- Finalize the CAREC Trade Policy Strategic Action Plan with a focus on (i) promoting trade openness in the region, (ii) WTO accession for all CAREC countries, and (iii) support for WTO-related capacity building.
- Establish the CAREC Institute and ensure it gives priority to training for Government officials, while at the same time initiating research, dialogue, and outreach activities to deepen mutual understanding and benefit.
- Continue to identify and support CAREC "second tier" initiatives.
- Prepare a detailed progress report for the 7th Ministerial Conference on implementation of CAREC's Comprehensive Action Plan.
- To further understandings reached during the meeting of secretariats of regional cooperation initiatives in Istanbul in October 2007, develop effective consultation and cooperation modalities with the Economic Cooperation Organization, Eurasian Development Bank, Eurasian Economic Community, Shanghai Cooperation Organization, and other regional initiatives to ensure the potential of our efforts is maximized.
- Broaden participation in the CAREC Program through support for a senior-level Development Partners' Forum.

E. Concluding Comment

17. Ministers urge priority attention to regional cooperation initiatives for CAREC participating countries. Working together to coordinate transport, trade and energy infrastructure investments essential to integrating our region both internally and to global markets, we will make a vital contribution to improved employment and income prospects. Working together to create more open trade systems and to address the regulatory dimensions of our transport and energy systems will greatly improve the effectiveness of our infrastructure investments, as well as contributing directly to greater competitiveness and higher living standards. Working together we can expand regional cooperation to better protect and manage the environment, and to more effectively address human development and other shared challenges. CAREC now has the institutional structure, strategic plans, and confidence of all CAREC countries, to push the agenda forward. We urge acceleration of the regional cooperation agenda and urge our development partners to provide their utmost support.