



## **THIRD MINISTERIAL CONFERENCE ON CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC)**

### **Regional Cooperation—The Way Forward”**

**Keynote Speech by  
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Your Excellency Prime Minister Akhmetov,  
Excellencies,  
Distinguished Delegates,  
Ladies and Gentlemen:

It is a great honor to address this 3rd Ministerial Conference on Central Asia Regional Economic Cooperation. Central Asia holds a unique position in the world today—unique in terms of its history, its strategic location, and its rich mix of natural and human resources. Wide and deep regional cooperation is a powerful instrument of development. Aggressively pursued, it will help Central Asia maximize the potential of its unique combination of assets and opportunities to accelerate economic growth and reduce poverty.

This Conference is a clear statement of the importance your governments place on working together to improve Central Asia’s economic and social development. It is a clear sign of the determination shared by each country represented here to ensure its people receive the full benefits of regional cooperation. I commend you on this commitment.

When we gathered in Tashkent last year I emphasized that the success of regional cooperation is in your hands. This is your region. It will be your vision, your commitment, and your concerted actions that will make Central Asia stable and prosperous. I am encouraged by the growing spirit of partnership and understanding in the region. This shared attitude is the foundation for deeper cooperation and mutual trust in the years ahead.

We all know that regional cooperation is not easy. Finding ways to share valuable resources; opening borders to people and goods; coordinating the construction of transport and telecommunications networks. These are all complex issues. And they can sometimes touch upon sovereign concerns. But I believe we all now agree: Regional cooperation is not an option for Central Asia; it is a necessity.

Meaningful success will require difficult choices. It will require patience and careful nurturing, with a focus on tangible results and only a gradual widening of our operational

focus. Most importantly, success will require steadfast political commitment and goodwill. This approach is not as glamorous as some of us may wish. But it is one that is tried and tested—and has proven effective in raising living standards and reducing poverty.

Prime Minister Akhmetov, please accept my congratulations and allow me to express my gratitude to you and your Government for hosting this Conference—and for the warm hospitality we have all enjoyed. Astana symbolizes the determination of your Government to better serve the people of Kazakhstan by situating the capital to reach out to all areas of your country.

In a similar manner, this Conference symbolizes the determination of all countries represented here to work together to better serve the people of Central Asia. The best way to serve the people of Central Asia is to provide them with economic opportunities. Most important for this is good political and economic relations among neighboring countries. This has been demonstrated time and again throughout the global community.

After a decade of independence, the nations of Central Asia are entering a new era of development. Since 2000, the region as a whole has attained impressive rates of economic growth, averaging over 8% per year (2000-2003). And there is reason to be optimistic about the future. Central Asia is endowed with abundant human and natural resources. ADB forecasts growth rates in excess of 7 percent annually for the region over the next decade. These assets lay solid foundations for economic growth, investment, and trade.

The Asian Development Bank is committed to working with you as an honest broker to help build our partnership and deepen regional economic cooperation. This is the key that can unlock Central Asia's vast potential.

I would like to welcome the representatives of other multilateral institutions represented here today. The European Bank for Reconstruction and Development, the International Monetary Fund, the Islamic Development Bank, the United Nations Development Programme, and the World Bank are our partners as Multilateral Institutions under CAREC. This Conference underscores our determination to fully coordinate our efforts. We are eager to assist participating countries in strengthening cooperation in the priority areas, namely the transport, trade facilitation, trade policy, and energy sectors, as well as with other regional programs, such as the Central Asian Cooperation Organization (CACO), the Shanghai Cooperation Organization (SCO), the Eurasian Economic Community (EEC), the Economic Cooperation Organization (ECO), and others.

Excellencies, Distinguished Delegates:

The rationale for closer economic cooperation is clear. The opportunities for expanding development are concrete. At every point of the compass this region has opportunities in vibrant and growing markets. To the north, Russia's economy is reviving. To the east, China's growth is strong. To the south, India and Pakistan offer large emerging markets. To the west, the European Union is expanding.

Developments in Afghanistan also open new opportunities for cooperation. Work is well under way to improve transport corridors that will connect Central Asia with South Asia through Afghanistan. This will provide crucial access to the sea. To ensure that access is efficient, ADB and other development partners are supporting work to improve trade facilitation in Afghanistan.

This provides a strong impetus to move forward on trade facilitation initiatives within Central Asia, and to strengthen infrastructure and other links between countries. These markets offer access to new resources and new trade relationships. Greater interaction with them can lead to stronger economies in Central Asia and the prospect of more rapid poverty reduction than ever before.

Regional cooperation will play a crucial role in making this happen. You have chosen wisely to focus the Central Asia Regional Economic Cooperation, or CAREC, Program on a limited number of key areas. Closer cooperation in the transport, trade facilitation, trade policy, and energy sectors poses both serious challenges and major opportunities.

Access to the thriving markets just beyond this region requires well-integrated transport systems, open trade policies and harmonized customs procedures within the region. Most CAREC member countries are landlocked, some doubly so, making transit trade inevitable. Access is also critical to the development of the region's vast energy potential. The current high world prices for oil and natural gas underscore the need to facilitate trade and transit.

Hydropower represents additional untapped energy potential. Realizing this potential will require resolving issues surrounding the water/energy nexus—especially with regards to the Syr Darya and Amu Darya Basins.

Agriculture remains the main source of employment in this region and adequate irrigation is essential. Water use, including for agriculture and hydropower generation, must be carefully planned so as to yield win-win outcomes for all participating countries—a criteria that should be the hallmark of all regional economic cooperation initiatives.

Over the past year, the CAREC Program made significant progress in each key area. Government officials and development partners are meeting more frequently for substantive, detailed discussion. Studies are under way in a variety of areas that will provide much needed analytical inputs to future policy and project decisions. Roads are being built. Power-sharing arrangements are being worked out.

This is real progress. And it will bring real results. Regional cooperation is the way forward for Central Asia. I am confident that the work being done today will lead to greater prosperity, expanded opportunities, and less poverty in Central Asia in the years to come.

Prime Minister Akhmetov, Excellencies, Distinguished Delegates, Ladies and Gentlemen:

There is a consensus that development requires a more holistic approach. It views economic, social, and governance issues as interdependent building blocks. If any of these blocks is missing, the foundation for development is likely to be weakened. The Asian Development Bank is committed to eliminating poverty in all of its developing member countries. This is a daunting challenge. But many Asian countries have demonstrated that great strides are possible, based on economic growth with equity, sound social programs, and good governance.

The Central Asian republics, Azerbaijan, Afghanistan, and Mongolia pose special transitional challenges, but as I noted earlier, progress within this region and the economic situation and opportunities on its borders leave me optimistic about the future.

Of course, tough issues must be addressed, including the creation of a more transparent and positive environment for private enterprise. The legacy of central planning still competes with market-based principles. Barriers and impediments to trade and investment

are serious in some instances. Governance needs strengthening at all levels. Regional cooperation will play a vital role in nurturing the necessary changes.

The CAREC Program has made considerable progress since the 2nd Ministerial Conference. In addition to the investment projects and the large body of work now under way in each of the key activity areas, it is important to note that the Program's Overall Institutional Framework has been strengthened. The consensus principle as the foundation for cooperation has been upheld. And private sector participation is being encouraged. Importantly, greater cooperation with neighboring countries, particularly Afghanistan, has advanced well.

These achievements are a result of your governments' strong political will and desire to make regional cooperation a success. They set the stage for our discussions today. And they challenge us to set the bar high and to ensure that the momentum for closer cooperation is maintained and strengthened in the year ahead.

Prime Minister Akhmetov, Excellencies, Distinguished Delegates, Ladies and Gentlemen:

My vision for Central Asia is to realize an integrated, prosperous, poverty-free and peaceful region, rich in its own cultures and vibrant with flourishing markets, and at the same time re-emerging as a modern Silk Road, performing as an effective bridge between other cultures and markets. We have the opportunity to make this happen. We must not let it pass.

Thank you for your attention and the honor of addressing this very important assembly.