



SIXTH MINISTERIAL CONFERENCE ON CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC)

Opening Remarks By
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I. Introduction

President Rahmon, Excellencies, distinguished guests, ladies and gentlemen:

President Rahmon, thank you for your warm welcome and your personal attention to regional cooperation and our meeting today. It is a pleasure for me to once again visit your country, and to witness first-hand the progress towards inclusive development and [poverty reduction](#). I am sure my colleagues in the [CAREC Program](#) - from both the participating countries and the multilateral partners - will join me in congratulating your Government on its achievements. I am sure all my colleagues will also join me in thanking your Government for the excellent arrangements and very peaceful setting for this important Ministerial Conference.

CAREC's long-term vision of "Good Neighbors, Good Partners, and Good Prospects" is very much in evidence at this Conference. Very senior delegations from [CAREC countries](#), senior representatives from partner institutions, and distinguished representatives from neighboring countries and other international organizations underscore the willingness to work together to accelerate, broaden and deepen regional cooperation in the Central Asia region.

There is good reason to believe countries' efforts, both at the national level and through regional cooperation, will bring enormous benefits to the economic life and the security of the region. The Central Asian economies are strong-in fact, performing even better than we anticipated a year ago. Booming oil fields and strong gas exports, rising commodity prices, increasing domestic demand, and growing foreign direct investment are all contributing to this impressive growth. As outlined in our most recent report, the Asian Development Outlook Update 2007, the Central Asia subregion's overall economic expansion this year is expected to exceed 11%.

The CAREC partnership has made significant strides this year, and is making a real contribution to this positive outlook. More than \$1 billion worth of projects have been approved in the priority areas of transport, energy and trade since our 5th Ministerial Conference in Urumqi. These and other projects are supporting the expansion of trade across Eurasia, and economic growth and employment creation in Central Asia. The Program now has a focused, well-resourced pipeline of projects through 2009 to ensure this contribution continues.

Your efforts, including those you have made with us under CAREC, are contributing to sustainable economic growth, improved livelihoods, and the achievement of the Millennium Development Goals.

II. Regional Perspective is Coming Together

Since our partnership began, the CAREC countries have made considerable progress in many areas. Improved roads, airports and railways are reducing travel times and costs, and opening up new opportunities for trade both within and outside the region. New customs regimes and other policy initiatives are increasing trade efficiency across the region. Rich energy reserves are attracting new investment. Afghanistan, long a barrier to east-west and north-south transit trade, has emerged in recent years committed to expanding interaction with all its neighbors. As the recently completed "Bridge to Friendship" linking Tajikistan to Afghanistan opens a new door for Central Asian access to southern markets, the region's economies are very well positioned indeed to further strengthen their ties to each other, and to the global economy.

This 6th Ministerial Conference could prove a watershed event for the CAREC Program and substantially strengthen its contribution to future regional cooperation. Two critical initiatives are on the agenda for our consideration today.

The CAREC Transport and Trade Facilitation Strategy is the Program's first CAREC-wide strategy to be considered at the Ministerial level. It identifies six priority transport corridors linking the CAREC countries to each other-and linking the CAREC region with markets in Europe, the Russian Federation, East Asia, South Asia, the Gulf and beyond. Importantly, the Strategy includes a commitment to efforts to reduce the costs of cross-border trade. This can be supported by further simplifying the rules and regulations that govern border crossings and other matters central to efficient trade. By focusing these efforts along the priority corridors the Strategy will fully integrate transport and trade facilitation improvements to maximize the impact of our investments.

This is a large and ambitious strategy. It encompasses dozens of projects and will require more than \$18 billion in investments over the next decade. The confidence that you and your colleagues have displayed in developing this regional strategy highlights the maturity of the CAREC Program, and the regional cooperation process in Central Asia as a whole. Implementation will test our combined capacities for change and our commitment to cooperation. I am confident that with the unwavering involvement of each country and each institution participating in the CAREC Program here today, the active implementation of this strategy has the potential to transform the region's economic prospects and the lives of its people.

The second proposal you will review is for the development of the CAREC Institute. I am pleased with the efforts of Senior Officials over the past year to give substance to the Institute concept following your endorsement last year at the 5th Ministerial Conference. The Institute will meet a widely recognized demand for stronger capacities for regional cooperation. I am looking forward to solid outcomes from this virtual Institute in the areas of research, training, and outreach. And I am very excited about the potential it holds to become a center of excellence and a focal point for policy discussion to further the process of regional cooperation and integration in Central Asia.

In addition, I am supportive of your plans to convene a Development Partners' Forum in 2008 to bring together all major multilateral and bilateral development partners, as well as

senior representatives of the business community and civil society, to improve coordination of our regional cooperation initiatives.

Mr. President, Excellencies, ladies and gentlemen;

Together these initiatives have the potential to significantly advance the creation of the "regional perspective" envisioned in the CAREC Comprehensive Action Plan adopted at the 5th Ministerial Conference. I believe there is now a consensus in this region on the importance of regional cooperation to sustainable economic growth. When we see the region and its opportunities from a common perspective and agree to focus our resources and energies on a common agenda, we will make tremendous progress.

III. Regional Cooperation and Integration: the Four Pillars

ADB as your partner in development, and I personally as its President, are staunch believers in the positive power of regional cooperation and integration. We see it not as an end in itself but as a means to sustained economic growth and regional stability.

Looking at the Asia and Pacific region as a whole, the trend toward regional cooperation and integration is encouraging, with much progress being made at subregional levels. In recent years, many of the region's leaders have begun deepening their efforts to cooperate and integrate their economies with their neighbors, such that the vision of pan-Asian integration seems achievable in the not-too-distant future. Given the great diversity among countries and subregions, however, what is unfolding is a multi-track, multi-speed approach to economic integration that allows for a healthy dose of pragmatism among a collegial group of countries and economies.

In our view, there are four key, inter-related pillars to build on as the regionalization process moves forward. First, as is clear here in Central Asia, physical connectivity through roads, railways, communications networks and so on, is the bedrock of regional and subregional initiatives. Adequate transport and communication infrastructure, competitive logistics, distribution and trade services, and conducive policy environments are essential to maintaining the region's competitive edge.

Second, physical connectivity must be supplemented by efforts to increase cross-border trade and investment among national markets for goods, services, and capital. ADB is supporting trade and investment integration by, for example, helping build the capacities of our developing member countries to maximize the potential benefits of free trade agreements, and enhancing our research on trade in Asia and the Pacific.

As part of our thrust toward a more regional and ultimately global focus, I would like to mention here our partnership with the World Trade Organization's new Aid-for-Trade initiative. Aid-for-Trade coordinates and monitors assistance to developing economies to increase international trade and take advantage of globalization. It is meant to build capacity to negotiate trade agreements, develop trade in terms of export promotion and finance, build the required infrastructure, create supply-side capacity by increasing tradable products, and finance any required adjustment programs such as safety nets or retraining. This initiative can substantially benefit the landlocked countries of Central Asia and I encourage all of you to become involved.

The third pillar of regional cooperation and integration is perhaps most advanced in East Asia. Monetary and financial cooperation enhances support for regional systemic economic reforms, opens new avenues for finance via bond market development, and promotes

exchange rate stability. The countries that were affected by the Asian financial crisis 10 years ago have made considerable progress in areas like regional reserve pooling, comprehensive economic surveillance, and greater policy coordination - all of which can secure financial stability and reduce the risks of future crises.

The fourth pillar is, of course, the provision of regional public goods. It is crucial as economies become more integrated and open that they find ways to effectively manage trans-border risks, such as environmental degradation, communicable diseases, and natural disasters. Issues like energy security and green house gas emissions leading to climate change also need to be viewed from a regional and global perspective, as they ultimately will impact growth and stability the world over.

Building on these four pillars, countries and subregions can embrace economic integration according to their particular needs and state of development. By taking this multi-speed, multi-track approach to integration, countries can start working together, as CAREC countries have done, on selected common issues, with the option for others to join later, or appropriate new issues to be added. This approach should ensure that Asia's economic integration process remains market friendly, growth oriented, and sustainable. Of course, the process must also be responsive to the private sector's needs. Government-sponsored integration initiatives should provide the best possible climate for the private sector to grow and thrive.

ADB's Regional Cooperation and Integration Strategy strengthens and unifies our support for this process, and is broadly aligned with the CAREC Action Plan endorsed last year.

IV. Conclusion

In closing, I would like to congratulate all CAREC countries and partners on the progress made not only this past year, but since 1997 when the first discussion of the CAREC concept began. What once may have been difficult to imagine - this dynamic and growing Central Asian economy, with leaders working together for the benefit of all - has become a reality.

Essential to building on this achievement is that the countries represented here today continue to make the most of their complimentary advantages through this increasing regional economic cooperation and integration. As the process moves forward, strengthening mutual understanding within the region and connecting more closely with the global economy will produce measurable gains for your countries, and Central Asia's position in the international community will only continue to rise.

I would like to take this opportunity to reaffirm ADB's support for the countries of Central Asia, for your efforts to promote regional economic cooperation, and for our joint efforts to build prosperity and expand opportunities for all people in this region.

Thank you.