

**Opening Speech of Prime Minister of the Kyrgyz Republic F. Kulov
at the Fourth Ministerial Conference of
Central Asian Regional Economic Cooperation (CAREC)
on the topic “Need for Greater Regional Cooperation and the Vision till 2015”
Bishkek city, November 6, 2005, Hyatt Regency Hotel**

Esteemed Mr. President!

Dear participants of the Conference!

On behalf of the Government of the Kyrgyz Republic I would like to welcome you in the Kyrgyz land from the bottom of my heart.

We are very much happy that the participant countries of the Central Asian Regional Economic Cooperation (CAREC) accepted the invitation to participate in the current Ministerial Conference.

I would like to congratulate the representatives from Afghanistan with receiving a status of a full-pledged participant of the CAREC. I hope that the membership of this country will provide a possibility to significantly expand the promise for regional cooperation.

I am sincerely welcoming representatives of donor countries and international financial institutions, which are also active members of the CAREC and are present today in this conference hall. Availing this opportunity I would like to express the appreciation on behalf of the Government of the Kyrgyz Republic for technical and financial support to the CAREC program extended by them.

I am also welcoming representatives from observing countries. They are potential pretenders to full membership in the CAREC. And we shall be happy to see their active participation in dealing with regional problems.

On behalf of the Government I would like to thank the Asian Development Bank for the support and assistance in organization and conducting of the today's' Ministerial Conference.

Dear Conference participants!

Regional cooperation is the only realistic way to achieve sustainable economic growth and poverty reduction in our countries. Integration processes throughout the world, especially in Central Asia, are gaining momentum. There is a search for most optimal and effective forms of cooperation. And this can be explained. Under the conditions of globalization it is difficult for small countries to survive given the increasing severe competition for resources and markets. And economically developed countries are trying to expand areas of their influence. To my mind, the model of regional cooperation based on the consolidation guided by one or several

economically developed countries, is the most viable one. This is also proved by international experience.

Undoubtedly, it is very much important for various regional cooperation initiatives not to compete with each other, but to supplement each other in a harmonized way. A positive example can be the decision to merge the Central Asian Cooperation Organization (CACO) and the Eurasian Economic Community (EEC).

The optimal form is also acquired by the interaction of the Shanghai Cooperation Organization (SCO), EuAsEC and the CAREC Program. Initiatives under the SCO and EuAsEC are realistically supported technically and financially by the CAREC Program.

Dear Conference participants!

The current Ministerial Conference provides us with another opportunity to collectively discuss the existing problems and develop measures to counteract such global challenges and threats of the present day as poverty, hunger and disease, international terrorism and fighting against drugs.

The major goals set up by ourselves is the use of the great economic potential based on mutually beneficial cooperation for the sake of common well-being of our countries, keeping peace and stability in the region.

The achievement of these goals requires resolving such most important tasks as further improvement of legal and economic framework for cooperation in the region, elimination of barriers to comprehensive development of trade and entrepreneurship, first of all customs and transit restrictions.

Active economic interaction of the CAREC participant countries, establishment of the regional market and new hi-tech production processes will ensure the development of their economic capacity and acceleration of integration to the global economic space.

No doubt, that a necessary pre-condition for our countries to enter the world market is development of transport infrastructures. I am convinced that all Central Asian countries are interested in trans-continental highways connecting Europe and Asia, which will enable our region to substantially intensify economic relations, increase trade with all countries of the world.

On the other hand, development of transport infrastructure promotes a more complete use of labor resources, development of natural resources deposits and, in the long run, increasing the economic potential of the states of the region.

For Kyrgyzstan the most important projects in the area of transport infrastructure are: construction of the railways China – Kyrgyzstan; construction and rehabilitation of roads Osh – Irkeshtam – Kashgar, Taraz – Talas – Suusamy, Bishkek – Almaty.

In future the task is to unify CAREC member countries into a single transport and communication system with establishment of a corresponding contractual and legal framework.

Of equal importance are the steps towards integration in the energy sector. As you know, the Kyrgyz Republic is one of the states possessing significant energy resources. This is especially true in terms of hydropower resources, the capacity of which is estimated by experts of some 142 billion kWth, of which about 10 % has been developed as of today. The Government of Kyrgyzstan take decisive measures to build up the energy capacity of the republic and increase export to neighboring countries, and it is interested in opening new sales markets. Construction of the Kambarata HPPs, modernization of the existing and construction of new power transmission systems will enable to significantly improve the efficiency of the use of water resources and provide the countries of the region with the needed cheap electricity.

However, in order to develop hydropower resources in full, Kyrgyzstan needs large investments. At present we are actively negotiating with potential investors and we hope that practical actions will be started in the nearest future.

Trade development will also positively impact investments, but we face serious difficulties in practice. There are many supporters of a protectionist policy based on the principle of on protection of domestic enterprises, in every case and for every reason. As global experience shows, such a policy is inefficient. Introduction of various trade restrictions suppresses the economy of some countries. While we are busy with creation of barriers against each other the global economy moves forward.

In other words, we need to openly discuss trade issues and develop unified principles, norms, rules to be further implemented in practice.

Reduction of barriers in trade development will considerably expand the capacity of the Central Asian market, making it more attractive for direct investments which will be beneficial for economies of all countries of the region.

Dear conference participants!

I believe it necessary to elaborate regional program of trade facilitation. The output of such program should be drafting of unified principles, norms and rules for free promotion of goods and services. This will help to establish a statutory and legal base for the development of free trade zones.

Introduction of a full-scale free trade regime will serve as a reliable platform for transition to higher levels of economic cooperation. The accelerated establishment of free trade zone the most fully meets common economic interests of Central Asia countries.

Dear conference participants!

The topicality of the today's meeting is undoubted. I am sure that the today's conference will greatly contribute to strengthening of friendly and good-neighborly relations, helping to deepen economic integration and develop mutually beneficial ties among our countries.

In conclusion I would like to wish all of you successful and fruitful work.

Thank you for your attention!