Joint Ministerial Statement

7th Ministerial Conference on
Central Asia Regional Economic Cooperation

21 November 2008
Baku, Azerbaijan

Representing the Governments of Afghanistan, Azerbaijan, People’s Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan, Ministers adopted the following statement at the conclusion of the 7th Ministerial Conference on Central Asia Regional Economic Cooperation (CAREC) in Baku, Azerbaijan, on 21 November 2008.

1. Ministers today confirm that the CAREC Program is making significant progress in deepening regional economic cooperation among our countries. The Program’s principles of partnership, pragmatism, and ownership are critical to the success of our joint endeavors, and are moving us steadily toward our long-term vision of “Good Neighbors, Good Partners, Good Prospects”.

2. Since adopting CAREC’s Comprehensive Action Plan in 2006, the Program has advanced with assurance and strategic direction. We are pleased to note that with our six multilateral partners¹ we have programmed about $2.4 billion of investments in 2008 for regional projects in our priority areas of transport, energy, and trade. This is a significant increase from the approximately $1 billion mobilized in 2007 and clearly validates a focus on practical projects and actions that will bring concrete benefits to the people of Central Asia.

3. Today we endorsed a number of documents that will guide our joint efforts in the years ahead.

   • The Implementation Action Plan for the Transport and Trade Facilitation Strategy will accelerate progress in raising the six CAREC transport and trade corridors to international standard. This will greatly strengthen the competitiveness of CAREC economies and enable a sharp expansion of trade – both within our region and beyond. By combining transport investments with trade facilitation initiatives we will create an efficient multimodal transport and trade system, making Central Asia, once again, a vibrant land bridge for Eurasia.

• The **Trade Policy Strategic Action Plan** will support our commitment to achieving World Trade Organization membership for all CAREC countries. The Action Plan will enable trade and improve the investment climate across Central Asia by simplifying and liberalizing our respective trade regimes within a reasonable timeframe. The initiatives include uniform application of VAT and excise taxes on domestically produced and imported goods; cutting tariffs; abolishing quantitative restrictions; and reducing barriers to transit and border trade.

• The **Strategy for Regional Cooperation in the Energy Sector** will promote cooperation to expand energy trade, improve energy efficiency and security, and identify mutually beneficial approaches to meeting regional energy needs. Concerted initiatives to develop our energy resources; to improve the efficiency of electricity production, distribution, and use; and to introduce clean energy technologies, will spur economic growth and poverty reduction.

• The **CAREC Institute Work Plan for 2009-2011** will advance the development of government officials skilled in leadership, public sector management, and knowledge relevant to promoting and facilitating regional cooperation. It will expand our exploration of new solutions to regional challenges and speed the introduction of international best practice into the work of CAREC governments and institutions.

4. Together, these documents and related work plans for CAREC sector committees present an ambitious but practical agenda for our Program. We pledge our commitment to work together to execute these plans in cooperation with our multilateral partners.

5. Recognizing the breadth of actions and substantial financing requirements identified in our sector strategies, building practical and focused interaction with new partners will be critical to our success. To address these needs CAREC will pursue private sector development and expand interaction with other development agencies supporting regional cooperation in CAREC countries.

6. Private sector development will be a crucial component in our regional economic cooperation agenda. Expanding private sector activity encourages business investment, employment growth, and economic diversification. A cooperative approach to improving the overall business environment can increase investment confidence in the region, and assist enterprises to access markets, capital, and technology.

7. We understand private sector development flourishes when stable policy environments are evident; appropriate regulatory, fiscal and taxation settings exist; property and contractual rights are secure; corporate governance is strong; and risk is clearly identifiable and manageable.

8. CAREC will undertake a range of actions to promote private sector development. These actions will increase awareness among government officials of the needs of the private sector, improve understanding of key barriers to private sector development, and foster consensus on regional initiatives for improving the policy and regulatory environment for private sector investment. In 2009, we request the CAREC Institute to undertake a detailed review of the status of the private sector in the region, and to develop training courses incorporating international best practices, and information and experience sharing.
9. To ensure continuing engagement with the private sector, we endorse the holding of a CAREC Business Development Forum in Urumqi in 2009 and on a periodic basis in future that will support private sector participation in regional initiatives, encourage foreign direct investment in priority infrastructure projects, and promote collaboration among private sector organizations in CAREC countries.

10. To expand our cooperation with multilateral, bilateral, and other development agencies, we endorse plans to hold the first CAREC Partnership Forum in 2009. The Forum will provide an opportunity for all parties supporting regional cooperation among CAREC countries to share information and experience, explore options for collaboration to maximize results, and contribute to the development of our region.

11. Our Program has made great progress in 2008. Building on the mutual trust and respect we have developed since our first Ministerial Meeting in 2002, CAREC is moving from its planning stage to program and project implementation. We are confident in our plans. We are confident that deepening regional economic cooperation is vital to economic prosperity and poverty reduction in our region. We are confident that together, and with our partners, our endeavors will bring substantial and measurable benefits to the people of CAREC countries.

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