

**Keynote Address by
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I. Introduction

First Deputy Prime Minister Altankhuyag Norov, Excellencies, Distinguished Guests, Ladies and Gentlemen:

2009 has been a challenging year. Countries around the world and in the CAREC region have been working hard to deal with the negative impact of the global economic crisis, and to revive growth. In this difficult period, the CAREC Program has maintained its focus and is delivering on its goals through cooperation. I want to congratulate you all for this achievement. Crisis creates opportunity. And working together, CAREC countries can use this challenge to strengthen partnership and expand collaboration.

I would like to thank you, First Deputy Prime Minister Altankhuyag Norov, and the Government of Mongolia, for your warm hospitality and your chairmanship of the CAREC Program this year. I would also like to thank all the Delegations and our development partners for their contributions to the Program.

I am delighted to see that the implementation of CAREC sector strategies and action plans adopted last year in Baku remains on track. By the end of this year, CAREC partners are expected to provide grants and loans worth almost \$4 billion for projects in the transport, energy, and trade sectors. These investments join the stock of ongoing projects across the region.

II. New Initiatives

I would like to highlight two new initiatives.

The first deals with energy. The Energy Action Plan Framework will guide the Program's approach on energy security, energy efficiency, and energy trade. Under this framework, CAREC countries will "deliver" knowledge, policies, and investments. In this regard, the CAREC Program will need to address three questions. The first is: How can regional cooperation improve the region's energy demand-supply balance? Second, how can cooperation maximize the regional benefits of the unified Central Asian Power System? And the third is: How can cooperation be strengthened by integrating analytical work on energy and water issues?

I recognize that these are complex questions. Our responses in these areas will impact on the region's development prospects. A modern economy cannot function without energy. I believe we must address these issues in transparent, bold, and innovative ways. Building on the mutual trust and pragmatism that characterizes the CAREC Program, I believe we can find

answers that meet common interests and all can support. I also believe that to succeed, countries themselves must lead this process.

The second initiative is to develop a CAREC Program Results Framework. The Results Framework is a tool we now use in ADB, already with some success. It can help us articulate the Program's achievements. By tracking their progress, we can show the value of investments and policy actions to the CAREC leaders, partners, and stakeholders. We can also unearth information to refine strategies, investment plans, and knowledge.

I believe these two initiatives will strengthen the CAREC program and further deepen cooperation.

III. New Perspectives

Excellencies, I would like to speak about a broader opportunity the global crisis has opened in our region. Asia has embarked on the road to regional cooperation and integration. As was the case during the Asian Financial Crisis in 1997-98, the global crisis today is accelerating thought, discussion, and actions on where Asia should be heading during the 21st century. The CAREC region must be a part of this process. It cannot afford to lag behind.

Eighty-five years ago, the founder of the first popular movement for a united Europe, Count Coudenhove-Kalergi said that "all great historical ideas started as a utopian dream and ended with reality." He went on to say that whether a dream becomes reality depends on those who unflinchingly believe in it, and act on it. Today, the European Union includes 27 countries and will further expand in the future.

My dream – one I believe that is shared by many – is that of a truly integrated and globally connected Asia. An Asia where countries are seamlessly connected by land, sea, and air; where there are no barriers to trade; where goods and services move freely across borders; where capital can be transferred unimpeded to efficiently allocate resources for investment. An Asia where people are free to settle where they can use their skills best; and most importantly, an Asia that tackles challenges together, in a collegial manner, with a common purpose. It is an Asia free from poverty, where countries and people forge strong partnerships for shared prosperity. As you have captured in the CAREC Program motto, it is an Asia of "Good Neighbors, Good Partners, and Good Prospects."

Obviously, this is a dream that will not happen overnight. In fact, this may not be realized in our lifetime. But the longer it takes, the sooner we must start. And I believe we are playing an important part in getting the ball rolling in CAREC. Big dreams are realized by taking small, incremental steps. Our CAREC work and its pragmatic approach are contributing to this process. Transport investments are connecting participating countries to each other and to key Eurasian markets. Customs harmonization is being accelerated, and single window border systems are being developed. Power generation and transmission systems are also being rehabilitated, and energy is being traded. The environment is of concern to us all, which is increasingly shaping our actions.

I know there are those who see Asia's vast diversity—political, economic, historical and cultural—as an impediment to true integration. They will argue that a few concrete results in limited areas are all we can feasibly hope for. This is, in a sense, a "minimalist" approach to Asian integration and institution-building.

Others embrace a bolder approach – a far broader, more ambitious blueprint for creating institutions that incorporate regional cooperation for accelerating Asian integration.

This approach naturally delves into sensitive political and national issues of sovereignty. It asks what we are willing to hand over to a supranational regional institution for the sake of Asia's regional public good. Does integration rise from a direct political commitment? Will Asia one day have an Asian economic community? And what would it take of the region's people and leadership to build the necessary institutions? These are not questions to be answered today. But they are issues that will shape our future.

There are obviously several middle-of-the-road approaches as well. These will look toward subregional cooperation growing into institutions, then melding together, and finally encompassing the entire Asia-Pacific region, as common interests expand and partnerships are forged across the various subregions.

As we work out the problems associated with the current global crisis and the future challenges it could entail, I believe we will realize that our national interests are in fact better served through cooperation and integration. Whether in collectively pursuing Asian interests in reforming the global financial architecture, or participating in working out global payment imbalances, I think we will find that a more coordinated and unified approach to Asian integration and institution building is more productive than any standalone projection of policy.

IV. Conclusion

Excellencies, Asian integration is real. It is happening now. I believe this trend represents great opportunities for the CAREC countries—and you are set to seize them. As a key link between Asia and Europe and the Middle East, it is in each of your countries' interest to be a part of this debate. ADB is committed to supporting this process and to helping Asia ensure that economic cooperation and integration bring the greatest possible benefits to the people of the CAREC region, and Asia as a whole.

Thank you for your kind attention.

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