

JOINT MINISTERIAL STATEMENT

(Introduction)

1. The 2nd Ministerial Conference (MC) of Central Asia Regional Economic Cooperation was convened during 11-12 November 2003 in Tashkent, Uzbekistan. High-level country delegations from Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan participated in the MC. Representatives from neighboring countries and bilateral and multilateral organizations were also invited to attend as observers .

2. The ministers expressed strong commitment to working together to pursue shared vision of a region where people live in harmony and prosperity, with free movement of goods, people and ideas. The ministers reiterated the critical and urgent importance of regional economic cooperation as a means to realizing this vision, especially given close historic, ethnic, cultural and economic ties among the people in the region, as well as the need for sustainable use of natural resources.

3. At the same time, the ministers acknowledged many problems and challenges to regional economic cooperation. They therefore reaffirmed the importance of a consensus-based and practical and results-oriented approach to cooperation, as cooperation efforts following this approach are most likely to yield concrete progress as building blocks for reaching longer term strategic objectives.

(Review of progress in cooperation)

4. The ministers reviewed progress of cooperation since the 1st MC held in March 2002. They expressed appreciation for the active support of the multilateral institutions (ADB, EBRD, IMF, IsDB, UNDP and WB) for regional cooperation and helping to promote regional economic growth and stability more broadly. They specifically noted the progress that has been made within the process of the OIF in each of the priority areas of transport, trade facilitation and energy, with sizeable resources mobilized by multilateral institutions (MIs). Such progress contributes to enhancing the economic connectivity within the region and with world markets, and to the rational use of vital resources such as energy and water.

5. In the transport sector, the ministers noted with satisfaction the mobilization of resources from ADB, EBRD and IsDB to support investments that include rehabilitating sections of existing trunk lines in the region. The ministers welcomed recent opening by the Uzbek side of the Hayratan customs complex, and the renewal of traffic on the bridge between Uzbekistan and Afghanistan, with support from a number of other donors.

6. In trade facilitation, ADB has provided significant support for improving policy environment and cooperation and improving physical infrastructure of the customs in the region; support from WB and UNDP has focused on policy environment and practical solutions to transit and trade facilitation, while EBRD's trade financing facility has provided direct support to private sector growth.

7. In the energy sector, the ministers welcomed ADB and EBRD support for the regional power transmission modernization project as a first step towards developing regional power trade, and the significant analytical work carried out by WB in the energy sector including energy and water nexus which would underpin future progress of cooperation. The ministers

emphasized the importance of timely and effective implementation of these projects for realizing the potential mutual gains and demonstrating the benefits of cooperation.

8. The ministers noted with satisfaction recent efforts among the MIs to coordinate closely in supporting regional economic cooperation, including the concrete actions by the MIs collectively in preparing this Conference. The ministers appreciated ADB's leadership in donor coordination on regional economic cooperation, and recommended that close MI coordination be continued to maximize the economic benefits of lending and non-lending activities in the context of the OIF process and other regional initiatives.

9. The ministers were pleased to note that the overall institutional framework has been providing effective institutional support. This is particularly the case with the Customs Cooperation Committee for customs cooperation and trade facilitation, and working groups on the Kyrgyz transport corridor and the regional power transmission modernization project.

(Future course of actions)

10. The ministers were pleased to note that recent consultation and discussion led to a convergence of views of the countries on broad key issues, constraints, and ways forward in the priority areas of transport, trade facilitation and energy. This represents a key step forward towards laying a solid foundation for future directions and further actions of cooperation in these priority areas.

11. The ministers emphasized the importance of transport as a priority area of cooperation and its key role in promoting economic growth and poverty reduction. They expressed their support for focusing on improving transport systems in the region, in particular, on developing East-West and North-South transport corridors, and on harmonizing regulatory framework and other systems across countries to enable efficient and effective use of the corridors for transit and transport.

12. The ministers reaffirmed trade facilitation as a priority area of cooperation and were pleased to note the continuing efforts on customs cooperation as a focus in trade facilitation, supported by an Action Plan for implementing concrete measures to move forward. Based on shared recognition of the need to further promote trade, the ministers supported the proposal to improve trade policies, develop simplified transit systems, and establish conditions for trade development in accordance with WTO standards and effective mechanisms for preventing smuggling.

13. The ministers supported the broad objectives in the area of energy to enlarge trade, develop regional and national best solutions to meet future energy demands, and promote new energy resources development for the region and for export. Towards these objectives, the ministers endorsed further strengthening of the legal and regulatory basis in energy based on international standards, and the continuing of efforts towards best solutions to the energy and water nexus issue.

14. In this context, the ministers gave general endorsement to project proposals by the MIs in each priority area as reported in the SOM Report to the MC in order to expedite their implementation. The ministers gave their particular support to projects such as the ongoing regional power transmission modernization project, and the Kyrgyz transport corridor project in the pipeline as good examples of the economic benefits from increased cooperation. They expressed hope that projects such as these would serve as champions and catalysts for future

progress in cooperation. The ministers also requested the Secretariat to further study and prioritize proposals made in each priority area by country delegations during recent consultation, and submit to the SOM for consideration.

15. The ministers emphasized that cooperation extends beyond the countries currently members of the OIF. They recognized in particular the potential for mutually beneficial gains and the need for close cooperation with regional neighboring countries to allow regional cooperation to become a catalyst for international integration. The ministers requested the Secretariat and the MIs to further examine these cooperation prospects including the membership issue in close consultation with member countries.

16. Recognizing the important role played by trade policy and water management in regional cooperation, the ministers endorsed a proposal made by the SOM to establish a Sector Coordinating Committee (SCC) on trade policy and a Working Group on energy and water resources under the SCC on Energy that already exists.

17. The ministers called on the MIs to support regional economic cooperation through project investments and further analytical work. They noted that external support would be most effective if closely coordinated between multilateral and bilateral donors, and emphasized the need for concessional and grant funding for critical regional investment projects.

18. To facilitate donor coordination, the ministers endorsed the setting up of a MI coordination group (CG) and emphasized the importance of making this CG an effective and efficient mechanism for donor coordination. They also urged the Secretariat of the OIF to work seamlessly with the CG towards this objective.

19. More generally, the ministers emphasized the need to strengthen the OIF to meet increased needs for institutional support, especially focusing on enhancing countries' ownership and roles in regional cooperation. The ministers requested the SOM to prepare a report on institutional strengthening at the next MC.

(Conclusion)

20. In conclusion, the ministers reiterated that regional cooperation is vital to realizing national development aspirations in the context of globalization. They called for stronger coordination and cooperation to meet challenges ahead, and reaffirmed their commitment to working together toward the shared vision of sustained economic growth and poverty reduction.

21. The ministers welcomed the offer of the Government of Kazakhstan to host the 3rd MC at a date to be determined later in close consultation with the participating countries.

22. The ministers expressed their great appreciation to the Government of Uzbekistan for hosting the 2nd MC and for the excellent arrangements and warm hospitality.