



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

“From Vision to Action: CAREC as a Catalyst and Facilitator”

Keynote Speech By
Haruhiko Kuroda
President
Asian Development Bank

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Introduction

Vice Premier Zeng Peiyan,
Your Excellencies, distinguished guests, ladies and gentlemen:

It is truly a pleasure to be with you today on the historic occasion of the [5th CAREC Ministerial Conference](#). I say “historic,” because this year’s conference is about putting the CAREC vision, which you have worked so hard to define, into action. It is about launching a new era of cooperation among the countries of Central Asia and their neighbors. It is about your aspirations, your dedication, and your firm resolve to build a future of shared responsibility and shared prosperity.

On behalf of the Asian Development Bank, I extend our deep appreciation to our hosts, the Government of the People’s Republic of China and the Government of Xinjiang Uygur Autonomous Region, for arranging our meeting here in Urumqi — a beautiful and historic city, and Central Asia’s gateway to the flourishing markets of East Asia. Crucially situated and vibrantly multi-national, Xinjiang today presents an inspiring example of an economy opening up and embracing the opportunities of globalization. So it is indeed an appropriate venue for us to talk about lifting the fortunes of Central Asia, and about reintegration of the Eurasian continent.

The Opportunity

Ladies and gentlemen, Asia and Europe are growing ever closer to one another. And the countries of Central Asia are poised to reap substantial benefits. With the rapid economic expansion of China and Japan to the East, Russia to the North, and India and Pakistan to the South, there is a real and growing demand for improved connections between Europe and Asia. And given its resource base and strategic geographic location, the growth, development, and stability of Central Asia is also of growing importance to the broader global community.

This momentum provides the region with an unprecedented opportunity to emerge as a center for trade and commerce, to achieve higher levels of economic growth, and to lift the burden of poverty from the shoulders of its people.

None of the region's economies will be able to fully capture this opportunity in isolation. But all will benefit from working together, and with their neighbors, to build on their strengths for mutual progress.

Regional cooperation is the way that societies are able to achieve together what could not be achieved working alone. We see this around the world, with members of the European Union, NAFTA, ASEAN and numerous others creating strong regional partnerships to solve common problems and to succeed in the global economy.

Your commitment to work under the auspices of [CAREC](#) is to be applauded. The [CAREC program](#) is becoming a useful catalyst and proactive facilitator for achieving your shared vision of "good neighbors, good partners, and good prospects." CAREC is also a true, robust development partnership – a concrete example of countries and institutions working together to fuel sustainable economic growth and give people hope for a brighter future. With your commitment as leaders to forge ahead through greater cooperation, Central Asia's time has surely come.

As I noted in my address in Bishkek last year, increased regional cooperation along with key economic reforms could help double per capita incomes in the CAREC region within a decade. As a result, poverty could fall from more than 40% today to 25% or less by 2015. This is a powerful motivator for greater regional cooperation and for working together toward achieving the [Millennium Development Goals](#).

The Roadmap

You will recall that one of the key messages from the 4th Ministerial Conference in 2005 was that "the period of uncertainty surrounding regional cooperation efforts must be swept aside, replaced by shared goals and clarity of purpose."

Over the past year, CAREC has acted decisively on that message. Building on a series of intensive consultations with participating countries, the CAREC Comprehensive Action Plan will be considered for endorsement by our meeting today. It is an important document. It provides a clear mission and concrete goals to guide our joint efforts in the coming years. This is a major step forward. The Comprehensive Action Plan marks CAREC's transition to a results-oriented program with tangible targets and outputs, based on strong country ownership, pragmatic approaches and mutual accountability. It will enable us all to effectively undertake the detailed planning needed for the region's economic and social development.

The Action Plan is built on four key pillars. The first is regional infrastructure networks. Physical connectivity is the lifeblood of trade. CAREC needs to help mainstream support for transport corridors, energy markets, and trade-related infrastructure projects into the strategies of participating countries and multilateral partner institutions. Better connections are essential to reduce costs, promote trade, and reinforce the region's potential as a land link for Europe and Asia. We must think regionally and involve the private sector through public-private partnerships to complement country-based efforts.

The second pillar is knowledge and capacity building. A wealth of knowledge exists within the region and among the multilateral partners. We must harness this experience and

expertise to produce the research and analysis that will help us design and implement win-win regional initiatives. It will also be critical to build a cadre of middle and senior level officials skilled in the implementation of complex regional projects. To achieve these objectives, the Comprehensive Action Plan proposes the creation of a CAREC Institute to coordinate this work.

Third is trade, investment and business development. To attract investment, the region will need to improve the business climate and ensure better access to markets. This pillar provides a more integrated framework for making this happen. As you know, the first CAREC Business Development Forum was held here in Urumqi earlier this week. It is crucial to the region's success to actively seek the views of the business community in identifying obstacles to business development, as well as possible solutions. This type of dialogue will identify key challenges and help build consensus on how best to improve logistics, attract investment, and promote participation in global value chains and other trade opportunities. In each of these areas, and others, policy improvements will be necessary if the region is to create an environment conducive to greater private sector investment and good governance.

The fourth pillar, regional public goods, calls for the expansion of the CAREC program to address selected transboundary issues. These may include environmental protection, natural resource management, disaster management and preparedness, and regional surveillance to contain public health threats, such as avian flu and HIV/AIDS. The opening up of borders makes it all the more important – and provides a greater opportunity – to manage these issues in partnership, with benefits accruing to all.

In addition to articulating these four pillars, the Comprehensive Action Plan includes a commitment to complete regional strategies for each of CAREC's priority sectors – transport, energy, customs cooperation and trade policy – in 2007. These strategies will, for the first time, develop a complete picture of each sector from a regional perspective. They will show us what is in place, what is planned, where the gaps are, and how we can most effectively coordinate efforts to fill them.

Another important aspect of the CAP is the commitment to deepen the program through a sharper focus on policy and institutional reforms. As we know, the CAREC program has made significant progress in recent years in building the hardware for regional cooperation, such as roads and railways, as well as developing the software, or complementary policies and practices to facilitate freer flows of goods and services. As I noted, sector strategies will be completed in 2007. Government officials and development partners are meeting frequently to discuss shared challenges and opportunities. Studies are underway in a variety of areas that will provide much needed analytical inputs to future policy and project decisions. Significant knowledge products on regional cooperation are being created and broadly disseminated and discussed.

The Resources

In short, we have a sound roadmap for moving forward. And your development partners are squarely behind you, with the resources to get the job done.

During 2006-2008, CAREC's six multilateral partners have committed more than \$2.3 billion to support regional investments in transport, energy and trade-related infrastructure. These CAREC loans will be put to work building roads, upgrading railways and airports, installing gas transmission lines, promoting sustainable energy development, and facilitating trade. These funds are in addition to substantial support from other multilateral and bilateral

development partners. And more financing is expected to be on offer as participating countries and multilateral institutions firm up their planning for the medium term.

On behalf of the multilateral partners, I can say that we are fully committed to mainstreaming regional cooperation in our country strategies and programs, and to increasingly viewing our work in this region through a regional lens. I can also tell you that we will actively seek more interaction and closer cooperation with other regional cooperation bodies to increase synergies and maximize results on the ground.

Concluding Remarks

Ladies and gentlemen: I believe CAREC has made excellent progress in its first few years. The atmosphere for cooperation has improved measurably. And the CAREC program has contributed to this new momentum with practical steps toward its goal of development through cooperation, leading to accelerated economic growth and poverty reduction. There is much to be done, however, and the opportunity is before us, here, today, to capitalize on global trends.

I want to close with a message particularly for the CAREC countries. That is, while your development partners stand side by side with you in this effort, you, collectively, are the drivers of the program's success. Maximizing CAREC's impact will require each of you to take full ownership of the program, to continue building partnerships and trust, and to maintain the political will to forge ahead.

With determination and sustained effort, I am confident that together we will make rapid progress in restoring this region's historical trade routes, returning it to its rightful position in a thriving global economy, and building a better future for the peoples of Central Asia.