



## **9th Ministerial Conference on Central Asia Regional Economic Cooperation**

**Opening Remarks by  
Xiaoyu Zhao  
Vice President  
Asian Development Bank**

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Cebu, Philippines**

Excellencies, Distinguished Guests, Ladies and Gentlemen,

### **Introduction**

Thank you Honorable Minister Dr. Zakhilwal for your opening remarks. It is a pleasure to welcome everyone to this wonderful island resort in the Philippines. I would also like to thank Minister Zakhilwal and the Government of Afghanistan for their excellent chairmanship this year, which I believe will be seen in the future as one of the CAREC Program's most pivotal years.

I would also like to take this opportunity to thank the Government of Uzbekistan for hosting this year's Annual Meeting of the ADB's Board of Governors. That was the first time that this very important event was held in a Central Asian country.

### **Reflections on 2010**

The theme for this Ministerial Conference is "Toward CAREC 2020." Much of the focus in 2010 has been on the preparations for the tenth anniversary of CAREC's institutional arrangements. It is a time for reflection on what we have achieved, what could have been done better, and what opportunities will be available during the next decade.

This year has been an important one for CAREC in many respects. As the global economy is emerging from the crisis that began in 2008, we face vastly different conditions, many of which will be highlighted by President Kuroda in his keynote address. While the

outlook for parts of emerging Asia has remained positive, the external environment has become less supportive and more uncertain, and risks have increased somewhat. Perhaps it is more imperative than ever for the CAREC countries to work more closely together to generate more regional benefits and public goods.

We have also recognized during this year the importance of Asian countries trading with each other instead of focusing their exports toward the developed countries. Asia's rising middle class, through its sheer size and dynamism, presents a huge opportunity for the region and for the world. A special chapter of *Key Indicators for Asia and the Pacific 2010*, ADB's flagship annual statistical publication, found that in 2008 Asia's consumers spent an estimated \$4.3 trillion as measured in 2005 purchasing power parity dollars. This is equivalent to about one-third of OECD consumption expenditure. By 2030, Asia's consumers will likely spend \$32 trillion, comprising about 43% of the world's consumption. This report also found that Asia's middle class had risen to 56% of the population—or nearly 1.9 billion people—up dramatically from 21% in 1990. With the appropriate middle-class friendly policies, Asia will be able to move away from export-led to domestic-led consumption growth and reduce its exposure to negative external shocks, such as the 2008 global financial crisis.

For CAREC, 2010 has seen our cumulative investments in the priority sectors of transport, energy, and trade exceed \$13 billion. We have also taken steps to determine how well those funds are being used and the impact they have on improving the lives of people in the CAREC region with the preparation of a CAREC Results Framework and an accompanying Development Effectiveness Review.

Other important developments this year are in the private sector. CAREC established its first private sector body in the form of the CAREC Federation of Carrier and Forwarder Associations. The federation will play a vital part in CAREC's trade facilitation program for years to come. We also held the second Business Development Forum in Urumqi in July. This forum was even bigger and more successful than the first in 2006, and it demonstrated the numerous opportunities in the region for the public and private sectors to work together.

In summary, 2010 has been a watershed year for us in CAREC. I expect that we will build from these experiences and achievements to place CAREC in an even stronger position as it heads into its next decade.

### **Agenda for the Ministerial Conference**

Today we are rolling out a slightly different type of meeting among the ministers. We will have a half day Ministerial Conference followed by the first CAREC Ministerial Retreat later in the day. This morning we will hear a keynote address from ADB's President Kuroda. His address will set the tone for our discussions today, and I am certain that we will all find it memorable.

Following President Kuroda's address, we will hear from Mr. David Owen of the IMF on the economic outlook for the CAREC region. His assessment will give us further food for thought today, including for the Ministerial Retreat.

In Session 4 the ministers will consider the report from the Senior Officials' Meeting. Mr. Said Mubin Shah from Afghanistan, who chaired the Senior Officials' Meeting, will inform us of their deliberations and recommendations. Mr. Shah will report on the progress made in the CAREC Program during the past year, highlighting the key issues and action items for the Ministers' consideration. We look forward to hearing the Ministers' views and their guidance.

We will then request the World Bank to present the collective views of the CAREC Multilateral Institutions on the report of the Senior Officials' Meeting and overall Program matters.

During the closing session, we will consider the Joint Ministerial Statement and finalize this to express our decisions and intents. Afterwards, the Honorable Minister Zakhilwal will make his closing remarks, and then we will break for lunch.

I would like to thank all of you for coming, and I wish us a very productive day.