

# **"Regional Cooperation in Central Asia: Harnessing the Dynamism of Business"**

*Keynote Statement*

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Vice Minister Yi Xiaozhun,  
Madam Brigita Schmognerova,  
Mr. Xie Boyang,  
Mr. Hu Wie,  
Distinguished Guests,  
Ladies and Gentlemen,

On behalf of the Asian Development Bank, I wish to thank the Ministry of Commerce for graciously co-hosting the first Central Asia Regional Economic Cooperation Business Development Forum here in Urumqi. We are equally grateful to the European Bank for Reconstruction and Development and the All China Federation of Industry and Commerce for joining with us to make this forum possible.

Every day of the week, some important forum or conference is held in different parts of the world. This forum, however, is different because we are making history not for our respective countries but for the region.

The governments represented here today have made a concrete commitment to join together to accelerate economic growth and create greater opportunities for people across Central Asia. In this, however, they face numerous challenges – many of which cannot be addressed without the presence and participation of a healthy, vibrant private sector.

Thus, this forum brings together eminent business leaders and policymakers to explore some of the key issues facing businesses in the region, to identify solutions, and to strengthen partnerships for building a future of shared prosperity and mutual goodwill.

### **Harnessing Opportunities through CAREC BDF: The Commitment**

For those who are not familiar, the Central Asia Regional Economic Cooperation, or CAREC, Program was established nearly a decade ago to help raise living standards and reduce poverty in Central Asian countries through more efficient and effective regional economic cooperation.

The CAREC Program presently includes 8 countries, namely: Afghanistan; Azerbaijan; People's Republic of China (focusing on Xinjiang Uygur Autonomous Region); Kazakhstan; Kyrgyz Republic; Mongolia; Tajikistan; and Uzbekistan.

One of CAREC's key strengths is the close alliance among participating countries and a group of six partner multilateral institutions, including the Asian Development Bank, the European Bank for Reconstruction and Development, the International Monetary Fund, the Islamic Development Bank, the United Nations Development Programme, and the World Bank. CAREC also benefits from its close cooperation with other regional cooperation programs.

Since its inception, the CAREC Program has focused on financing infrastructure projects and improving the region's policy environment in the priority areas of: transport, energy, trade policy, and trade facilitation. This year will mark an important milestone for the Program. At the 5<sup>th</sup> CAREC Ministerial Conference, to be held here in Urumqi this Friday, CAREC members are expected to endorse a Comprehensive Action Plan and

Strategic Framework for the Program. The Action Plan is the result of a series of intensive consultations with participating countries and presents a clear mission and concrete goals for the years ahead. In short, this means the Program will really begin hitting its stride.

The CAREC countries will recognize the important role the private sector must play if the region is to achieve its ambitious goals. At last year's Ministerial Conference, they endorsed the Bishkek Action Plan, outlining ideas from business leaders, government officials and multilateral institutions on how public and private sector collaboration may proceed.

Building on the Bishkek Action Plan, the People's Republic of China moved for the holding of this Business Development Forum for Central Asia. The Forum is therefore the result of a series of great ideas and recent efforts, bearing testimony to CAREC's commitment to bringing the private sector on-board.

### **CAREC Business Development Forum: The Context**

There is no question that increased partnership between the public and private sectors will have tangible benefits for all. In its day, the Silk Road, with Xinjiang very much at its core, constituted a dynamic business environment. It served as the crossroads for the movement of peoples, goods, and ideas between Europe, the Middle East, East Asia and South Asia. It provided vast opportunities for merchant populations, who seized on the region's potential and became middlemen in a trade that soon extended far beyond just silk into gold, precious metals, furs, textiles, ivory, and much more.

Can this history and the strengths of the ancient Silk Road be translated into business opportunities in present day Central Asia? I believe they can.

The region boasts rich deposits of oil, natural gas, minerals, and rare metals. The fertile Ferghana Valley, shared by Kyrgyz Republic, Tajikistan, and Uzbekistan presents many opportunities for investments in agriculture, particularly in cotton, livestock and grain production.

Central Asia also has great potential for tourism as shown by the encouraging ten-fold growth of tourism revenues over the past decade.

There is tremendous promise in the region's entrepreneurial diversity and its rich reservoir of resources. What is needed now is your insight on specific measures that would transform these assets into powerful generators of economic growth and opportunity.

### **The Role of CAREC BDF: The Challenge**

Those of you who hail from the business world are in the best position to advise governments on some fundamental issues. For example:

- What needs to be done to increase regional trade and investment?
- What impediments stand in the way of private sector development in the region?
- What forces should shape the priorities for private sector growth and investment?
- What incentives and actions will inspire more private sector participation in regional cooperation initiatives?

It is clear that much will depend on building up the region's infrastructure to connect people, goods, and ideas not only within the region, but to the huge energy, mineral and other markets in Europe and Asia.

This alone seems a daunting task. Central Asia is an extremely large territory of varied geography that spans 4,000 kilometers, approximating

the size of Europe. With a harsh terrain, scattered populations, difficult border crossings, and limited transportation and communication options, the construction of roads, railways and other infrastructure is not only important, but essential to the region's future.

The private sector would benefit enormously from such improvements. But first, private sector investment and expertise is necessary to get the job done. This raises yet more questions:

- What policy reforms are needed to encourage private sector participation in infrastructure?
- What options can be explored for public-private partnerships to spread the investment risks fairly?
- What does the private sector want to invest in?
- And how can private funds be leveraged to meet this large challenge?

Beyond the physical challenges is the serious poverty situation. The number of people surviving on a budget of less than US\$1 a day, ranges from 28% of the population to as high as 64% in certain countries in the region. Here, too, the private sector has a critical role to play as a key generator of regional economic growth and jobs. And, it has much to gain as poverty declines and rising incomes increase demand for products and services. Your perspectives on how impediments to growth and job creation can be removed are urgently needed to meet CAREC's goals for poverty reduction.

To these important ends, the CAREC Business Development Forum aims to create an effective public-private sector partnership mechanism for regional cooperation, improve the CAREC business environment, strengthen capacities of the private sector to participate in regional business, and provide a voice to the business sector in the development of Central Asia.

We hope to achieve these goals through our discussions in the Plenary Sessions and the five sector discussion groups. We also hope that business participants will be able to forge partnerships during the Forum and that these partnerships will result in concrete investment projects in the near future. Last but not least, I would like to see this group create an effective forum for private sector feedback and input into the CAREC Program, towards improved investment, trade, and transport conditions in the CAREC region.

## **Conclusion**

Ladies and gentlemen, the strength of Central Asia is not only in its land. It is in the resources that make up our countries, including our people. In saying this, we have assembled some of the region's greatest resources here today.

This is a major breakthrough in the desire of governments and multilateral institutions to integrate business perspectives in regional cooperation efforts. These efforts need to go beyond intentions and plans into actual joint initiatives. The business community from both within Central Asia and elsewhere will need to interact with the public sector when considering new investments in the region, so that the most urgent needs are addressed and opportunities for the growth of businesses are maximized.

By thinking and working together as a region, we can dismantle the borders that divide us and hinder growth. We can optimize the efficient use of vast resources, tempered with the principles of environmental sustainability. We can open more meaningful trade opportunities to gain access to diverse markets and sources of goods. And we can reduce poverty and improve the standard of living for the largest possible number of people in the region.

Like any conference, the outcome of this Forum will not be defined by the documents that it will produce, but by the actions we will take in the days and months to follow.

I look forward to hearing your views, perspectives and recommendations on how governments, the business sector, and multilateral institutions can work together to stimulate development in the region through closer cross-sectoral and regional cooperation in Central Asia.

Thank you.