

## **Opening Remarks**

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**Senior Officials Meeting (SOM)**  
**Central Asia Regional Economic Cooperation (CAREC) Program**  
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**ADB Headquarters, Manila, Philippines**

Distinguished Delegates from Azerbaijan, the People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan,

Distinguished Representatives from the European Bank for Reconstruction and Development, the International Monetary Fund, the Islamic Development Bank, the United Nations Development Programme, and the World Bank, and

Ladies and Gentlemen:

It is my honor and pleasure, on behalf of the Asian Development Bank, to welcome you to Manila and our Headquarters. I would like to thank each one of you for having traveled a long way to attend this meeting and I hope that the arrangements are to your satisfaction.

The proposed agenda for the SOM calls for consideration of a number of vitally important strategic questions and issues. These include the geographic, sector and policy scope of the CAREC Program, as well as greater private sector participation and the relationship with other regional

cooperation initiatives. Your directives on these questions and issues will greatly influence the future of our CAREC Program.

The proposed agenda also provides for an update of the work plans and activities in priority areas (energy, trade and transport), a start on development of a comprehensive action plan and performance indicators for the Program, and consideration of activities in response to the capacity building needs of member countries. Yet other agenda items include review of plans for a business forum and an update, by the UNDP, of the Central Asia human development report and the Silk Road Regional Program.

With few exceptions, and only because of the limitations of time, all the material and presentations over the next two days represent a collective effort. The consultations have been extensive, and joint coordination has been excellent. Thanks to your patience, and the hard work of all involved, I am confident that we will have a highly productive meeting. Special thanks are due to CAREC Secretariat staff, who have spent long days and evenings ensuring everything is in order.

The objectives for the SOM follow from the Third Ministerial Conference, when Ministers in their Joint Statement directed us to do our utmost to accelerate regional cooperation and to gain greater results from our efforts. The real foundation for this is good relations among the member countries, and the trust and confidence that regional cooperation is mutually beneficial for all stakeholders. As this foundation is secured, regional initiatives will be seen more and more as desirable and possible.

Fellow participants, we need to continue to secure this foundation by picking up the pace of demonstrated success. Our work to date in the four priority sector areas has laid the groundwork for this. Let me briefly touch upon the four sectors.

In the transport sector, the 3<sup>rd</sup> meeting of the Transport Sector Coordinating Committee in March 2005 adopted an ambitious action plan for 2005 and 2006, whereby important links of the transport network will be upgraded, feasibility studies undertaken for further projects, and a good start made in harmonizing transport regulations and facilitating the cross-border movement of freight and passengers. The proposed commitments for these purposes from ADB, World Bank, EBRD, and IsDB total around US \$500 million for 2005-2006. Transport corridors linking the region and interconnecting with international markets need to be more clearly defined, so as to turn the region's status from landlocked to a land link for Asia, South Asia and Europe. And policy and regulatory reforms, particularly at border crossings, need to accompany infrastructure investments. This calls for close working across sectors.

In the energy sector, there is great scope for regional cooperation. Yet, progress to date has been slow. We need demonstrated successes. Implementation of the Regional Power Transmission and Modernization Project involving Tajikistan and Uzbekistan would be a major step forward in this direction. In other areas, I am happy to note that good progress has been made in establishing a CAREC Member Electricity Regulators Forum (CMERF). For establishment of an International Water and Energy Consortium, a draft agreement has been formulated. While the complexity

of energy issues needs patience, their importance calls for resolution of these same issues as expeditiously as possible.

In the customs area, the Regional Trade Facilitation and Customs Cooperation Program (RTFCCP) has been guided since 2002 by the Customs Cooperation Committee and a well-defined action plan, with good effect. Training and knowledge sharing have been the main focus, contributing thereby to customs reforms by the member countries. Bilateral initiatives, including in transit trade, joint border processing, and data exchange, have also been instrumental in demonstrating successful regional cooperation. Progress has also been gained through country-specific initiatives with a regional orientation. This pragmatic mix of initiatives reflects the need to nurture active participation in regional cooperation through responding to the diverse interests of member countries. This success offers lessons which could be applied broadly to other sectors. In turn, the RTFCCP could develop a results-based action plan for the medium to long term. If a customs union or free trade area is the ultimate goal, such an action plan can outline the steps needed to achieve the goal, and the sequencing and priorities of initiatives.

In the trade policy area, the Trade Policy Sector Coordinating Committee (TPSCC) has commenced its work in a productive manner. The two meetings to date, the second held yesterday, have stimulated a rich exchange of views and information. Three background papers provide the basis for a much fuller understanding of the main impediments to trade and development in the region. As in the case of the other priority sectors, it would be useful if the TPSCC could reach agreement on the long-term goals

for trade policy and schedule activities and milestones for the short to medium term leading to the realization of these goals.

Fellow participants, Ministers have requested that we begin the process of developing a comprehensive plan of action going up to 2007. Further, to reinforce the emphasis on pragmatic, results-oriented initiatives, Ministers have instructed Senior Officials to develop key performance indicators for the CAREC Program. In combination, a comprehensive plan of action and well chosen performance indicators could give great momentum to the Program. The SOM will need to agree on how to proceed, especially given the extensive consultations needed if we are to be goal oriented.

I have briefly reviewed areas where we need to make more progress, and where there appears to be good prospects for doing so. I have not commented on possible new sectors that could be included in the CAREC Program, or the possibility of inviting new members, as we await your instructions on these matters. In considering broadening the scope and depth of the Program, we will have to be careful to ensure that we are not deflected from building on the base that we have already established in the four priority areas. Of course, there is more that all of us would like to do. But we must have the resources to deliver, and the capacity to coordinate their effective and efficient use. Greater involvement of the private sector could prove instrumental, as could a well-defined capacity-building program. The SOM will need to give clear directions on these and our other agenda items.

Ladies and gentlemen, in closing, I would like to thank you for participating in this important meeting as partners in a common endeavor to improve the lot of our people, particularly the poor.

I now propose that we formally adopt the agenda and progress to Session 1:  
An Update on Work Plans and Activities in Priority Areas.

Thank you for your patient hearing.