



**Statement at the CAREC Senior Officials' Meeting
28-29 August 2006, Urumqi, China**

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Thank you, Mr. Chairman. Distinguished guests, ladies and gentlemen. It is a pleasure for me to speak to you at the CAREC Senior Officials' Meeting, on behalf of the UNDP.

I wish to take this opportunity to report to you from the Silkroad Investment Forum which was organised jointly by the Government of China, UNCTAD and UNDP on 7 to 9 June of this year, in Xian, Shaanxi province of China. The meeting was attended by more than 400 participants, including delegations from the Central Asian Republics and the PRC, business community and other stakeholders, and became a very dynamic event. Put together by joint efforts of the Chinese Government, the City of Xian, UN specialised agencies and business community, this event facilitated greater exposure of the potential of the Silk Road Region to the Chinese and international business communities. At the end of the conference, the Xian Declaration, which renews the commitment of all governments to promote and facilitate investment promotion, has been unanimously adopted by all participating governments.

As we have seen, there are undisputed reasons for engagement in the region — and these are of particular interest to the private sector. The Central Asian economies together constitute a market of over 55 million consumers, and some of these economies are growing quite rapidly. Over time, Central Asia could emerge as a hub linking transport, communications, and production infrastructures between the East and the West, and playing a major role for the centres of Eurasia's economic future.

It goes without saying that the private sector consists of more than just factories, managers, and workers. It also comprises a critical part of civil society, the further development of which is needed for improved public service delivery and better policy making in virtually all the Central Asian countries. Here, cross-border links between businesses, entrepreneurs, chambers of commerce can play an important role in helping to improve policies and the business environment, and in attracting foreign investment.

** Foreign investment is in all countries critical for sustainable economic growth and development. Increasingly, it can come -- is coming -- from within the region. Not only are Russia and China emerging as major foreign investors in Central Asia: so is Kazakhstan, particularly in neighbouring Kyrgyzstan.

There are, of course, a great number of visions for the region, but we would like to see the region to be able to build on its strengths and address its weaknesses. One of distinctive features of the Forum and numerous follow-up initiatives undertaken was a regional approach to investment promotion, and this is something that we have been working together with our partners on, especially through UNDP's CA HDR. This thinking and approach to promotion of the region as a single destination for investments is relatively new, but it is gaining pace quickly. Discussions and presentations by delegations indicated that potential for economic and social development of individual countries, to a great extent depends on their ability to pursue integration, both with each other and with the larger neighbours.

In UNDP, we are strongly committed to advocate for and support such a regional approach. The UNDP's Central Asia Regional Human Development Report was published last year, which emphasises the importance of collective regional efforts for overcoming the challenges that the region is facing. Moreover, the task of trade facilitation and investment promotion for better inclusion of all segments of society, as well as dissemination of the benefits of global economic processes to all countries, is a part of the Millennium Development Agenda, and is included in the set of development objectives that the UN and the member governments are pursuing.

We see the successful initiative of CAREC as an excellent opportunity to discuss the critical issue of transport infrastructure, energy and trade, but also in the context of social and human development aspects. Regional initiatives of UNDP and our partners will be able to complement the activities of CAREC, for example in the enhanced border management programme with EU funding, BOMCA or through the Silkroad regional project.

Regional cooperation can take different forms and proceed from relatively simple steps to more complex endeavours. In this process each step taken is a step toward integration, greater stability, security and development of the countries and of the region.

One of the messages that we took from the Silkroad Investment Forum is that the Central Asia region is not as well exposed as it could be, to potential investors, business community, tourists, scholars. Although the countries of Central Asia are blessed with rich natural resources, highly educated people, rich cultural heritage and industrial and market bases, the region's potential still remains untapped. It is by creating opportunities for growth, human development and capacity that we can hope for a true flourishing of the trade, commerce and cultural exchange on the old Silk Road.

The challenges, both short and long term, are well known and have been expressed amply during the Forum and other discussions. In a large measure, the course of the region's development will be determined by the people, and governments of the countries. But strong, modern states that can provide for their own security and the prosperity of their citizens are no longer a luxury. In the globalised and inter-linked world, they are a necessity — for the public and private sectors, for the people, and for the world community.

While there are issues that have to be addressed at political and policy levels by the Governments, there is a distinctive role for the business sector, as well as for the international community and specialised development organisations in helping the region to find answers to its economic and political challenges.

If we succeed in realising the region's potential, in the optimistic scenario, this would allow for the countries of the Silk Road region to fulfil the Millennium Development Goals for poverty reduction and sustainable development, and allow the region to enjoy the full benefit of its resources.

With this message from the Silkroad Investment Forum, I would like to thank our host for the opportunity to address the CAREC Senior Officials' meeting.

Thank you for your attention.

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