

**Closing Statement**  
**Central Asia Regional Economic Cooperation Business Development Forum**  
*by Mr. Liqun Jin, Vice President for Operations 1*  
**Asian Development Bank**

Vice President Brigita Schmognerova  
Mr. Xie Boyang  
Mr. Yin Zonghua  
Ladies and gentlemen

On behalf of the Asian Development Bank, I would like to thank all those who participated in the CAREC Business Development Forum. I am particularly grateful to the government of the People's Republic of China for the warm welcome and hospitality extended to us here in Urumqi. I also thank my colleagues at the European Bank for Reconstruction and Development and the All China Federation of Industry and Commerce who also provided invaluable support.

In March 2002, then serving as a Vice Minister of the People's Republic of China, I had the privilege of heading the delegation of my government to the first Central Asia Ministerial Conference on Economic Cooperation that was convened at the ADB Headquarters in Manila, Philippines. I recall that the delegates then "emphasized that for regional economic cooperation to be effective, viable and sustainable, it must be based on mutual understanding, trust and consensus, and yield mutual benefits".

It must be admitted that, four years hence, we still observe the following facts in CAREC:

- Average poverty incidence in the region remains very high at 40%;
- High rates of malnutrition and declining state of public health exist in a number of Central Asian countries;
- Serious weaknesses in all types of infrastructure remain pervasive;
- Financial sectors in most Central Asian countries remain underdeveloped making it difficult to mobilize funds to support growth initiatives;
- Many policies, institutions, and bureaucratic procedures, require immediate reforms and improvement to support greater investments in the region; and

- The business community still does not play an active enough role as a partner in CAREC programs.

It is in this context that the CAREC BDF wishes to convey one clear message to governments, business, and other sectors - - the current regional scene and global situation calls for the immediate formation of much stronger partnerships between policymakers and the CAREC business communities to overcome the major challenges and issues facing the region.

Ladies and gentlemen, I submit the following broad conclusions as a way of summarizing the most active deliberations of this unique and challenging forum:

First and foremost, CAREC has to be relevant to business and CAREC processes must move towards making the business sector the engine of growth in the region. There is vast need for investment in infrastructure, industries, agribusiness, and tourism in the region. A key enabler for trade and investment activities in these areas is an efficient and business friendly financial system. We submit that the primary deterrence to capital flows to meet the region's investment requirements is none other than policy constraints and disharmony in regulatory frameworks across countries in the region. This is an issue that needs to be resolved urgently.

It is in this regard that the private sector must be given a stronger voice in developing business-related policies through its active and sustained participation in the CAREC Working Groups. Governments in the region must give much more attention to creating business environments characterized by a minimum of bureaucracy and procedures that are straightforward and transparent.

For these purposes, I specifically propose that each CAREC country designate a business focal person and to form public-private sector consultative councils to ensure that efforts and mechanisms to involve the business community in CAREC are rapidly implemented. It is also important that concrete resources are identified to explicitly support these efforts.

Second, CAREC countries need to undertake urgent initiatives to finance the region's massive infrastructure requirements, in close cooperation with the business sector and multilateral institutions. In general, these capital-intensive public-private sector partnerships will need to be strongly supported by financial sector institutions in CAREC, so urgent measures to stimulate these institutions are also required.

Thirdly, the harsh terrain that separates markets in the region is a challenge, but an even greater challenge is the lack of policy coordination. The situation urgently calls for a region-wide harmonization of business-related legislations and policies towards making the region more attractive to foreign ventures. These policies range from harmonized border control procedures to power sale regulations between countries. CAREC, as a regional institution, can play an important role in this process, but again carefully listening to the views of business.

Finally, I am pleased to note that the participants in the CAREC BDF fully endorsed a stronger role for the business community in achieving CAREC's primary aim of helping raise the living standards and reducing poverty in Central Asian countries through more efficient and effective regional economic cooperation. In addition, participants stressed that the pursuit of economic growth must proceed with adequate concern for the environment. These key issues must be included in programs to enhance the involvement of the business sector in CAREC regional economic cooperation activities.

In conclusion, I again applaud everyone for their contribution to this forum. We clearly need to work hard in the near future to sustain this most promising public-private sector engagement in order to undertake the business activities that will support the practical application of the principles and goals of CAREC.

Thank you.