

Statement by **Mr. Andrey Shirokov**
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Honorable Ministers, Dear Colleagues!

Let me express gratitude to Government of Kazakhstan for hosting this forum and to ADB for facilitating CAREC agenda.

CAREC program effectively supports institutional and infrastructure developments in the region, as well as connectivity in its various aspects.

Our Fund as a stabilization institution contributes to CAREC agenda by assisting its member states in maintaining macroeconomic stability, development of key infrastructure, institutional, and structural reforms. The comprehensive system of macroeconomic surveillance, which we developed at the Fund, is our key instrument that frames operational decisions.

Let me express a few thoughts on economic prospects and policy challenges for our member states.

- The recent economic trends show that all countries in the region continue to grow at a solid pace. Also, all economies have been able to sustain fiscal and external stability.
- At the same time, positive externalities from recent years, associated with substantially increased volumes of foreign trade and cross-border capital and labor transfers, are starting to fade. It may have negative implications for near-term growth and external vulnerabilities.
- Despite lower levels of uncertainty, macroeconomic, financial and geopolitical risks remain significant. Concerns on inflation pressures in major global economies have been replaced with risks of the growth slowdown. This in turn could suppress global demand with a negative implication for smaller economies in the region of our operations.

In this context, our policy recommendations would be:

- **First**, to sustain adequate levels of international reserves to decrease external vulnerability and prepare countries for future shocks.
- **Second**, to expand fiscal space, by revenue mobilization and prioritizing expenditures.
- **Third**, to avoid pro-cyclicality in fiscal policies to minimize macroeconomic imbalances.
- **Fourth**, to advance on difficult structural and institutional reforms during “good time”.

We believe that CAREC can play even stronger role in regional cooperation on macro policies and responses. Therefore, EFSD looks forward to contributing to CAREC economic and financial stability cluster which in our opinion, should be further developed.

To conclude, the EFSD is grateful for effective cooperation with CAREC Institute. This year, we jointly supported Think Tank Forum and issued a joint paper related to debt sustainability for CAREC economies.

Thank you!