

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

**WOLFENSOHN CENTER FOR DEVELOPMENT AT THE
BROOKINGS INSTITUTION**

**“INTEGRATING CENTRAL ASIA INTO THE WORLD ECONOMY:
PERSPECTIVES FROM THE REGION AND THE U.S.”**

WELCOME:

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PART 1: THE PERSPECTIVE FROM THE REGION

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MARTHA BRILL OLCOTT: It's my pleasure to welcome you all to the Carnegie Endowment for International Peace. I'm Martha Brill Olcott, a senior associate in our Russia-Eurasia program. We are really honored that you've all come, we're delighted to welcome our speakers, and I'm going to turn the panel over now to Johannes Linn, director of the Wolfensohn Center for Economic Development at Brookings Institution, my neighbor and the co-organizer of this conference who has brought with him the power, the convening power and resources of the Asian Development Bank and the CAREC program who have helped sponsor this meeting. Thank you very much, Johannes?

JOHANNES LINN: Thank you Martha, and thank you all for coming. Thank you, our distinguished panel of speakers for joining us this afternoon. It's really a great pleasure for me to work together with the Carnegie endowment, especially with Martha who I have learned so much from over the last two decades. I guess in thinking and talking about and learning about Central Asia, I just want to thank you Martha for what you've done.

Thank you also to ADB for co-hosting this with us, in fact VP, Vice President Larry Greenwood is chairing this panel from ADB; I will introduce him in a moment. And, so once again welcome everybody.

I – my brief introduction for this afternoon's session, I just want to say very few words about the significance of these from my personal perspectives. Lives in Central Asia and its integration into the broader world economy, but especially into the Eurasian economic space. I've worked now in and with Central Asia for about ten years and the changes that have taken place in the region, not just in terms of the recovery from the pains and the anguish of the disintegration of the former Soviet Union, but now especially I would say over the last five years, dramatic progress has been made in the region in connecting with each other, connecting with the rest of the world, connecting with the neighbors surrounding Central Asia, I think is quite extraordinary.

What is also extraordinary perhaps is that we now see very much in the making, I think what I would call perhaps the miracle of the first half to the 21st century, which is that after 300 or 500 years of a natural economic space called Eurasia, you actually see now a process of integration across this huge super-continent while it's in a way catching up with the globalization process that has taken place worldwide for the last, say 200, 300 years and of course much accelerated since the Second World War during the second half of the 20th century.

Eurasia is, if you look at the greatest dimensions, whether it's trade, whether it's energy, whether it's communication more generally, whether it's other aspects such as

capital markets, environment, tourism, you name it – also, by the way, some of the negatives such as drug trade or the risks of epidemics – this Eurasian space that spreads all the way from Japan over to Britain or from northern Siberia to the southern tip of India, is integrating and it's integrating very rapidly. And we can demonstrate – we have demonstrated this. If you then look at Central Asia, at the core of what is now the most dynamic part of the world economy, Russia, China, India, Middle East, and of course in a way almost at the fringes now of this race, Japan and Western Europe, you realize that Central Asia is located, is at the hub of really what is now a huge fraction, I would guess about 70 percent of the world economy and the most rapidly growing part of the world.

So, the issue for Central Asia is now, rule number one, will Central Asia benefit from this extraordinary rapid development of and integration of the Eurasian continent, super-continent, and will it contribute to that integration process by actually acting as a connector given its central location? Will it act as this central connector that facilitates transit, that facilitates the connection of people through migration, for example, as we now see rapidly from Central Asia to Russia and other parts? Will it help of stemming some of the problems such as drug trade or epidemics that may be spread by birds, among other things, who have natural flyways that go north-south across the continent?

So, the dual question – can and will Central Asia benefit from integration, and secondly, will it contribute? I think it's sort of the core of the discussion that we have this afternoon. We're very privileged to have two sets of – two panels with two sets of exciting speakers. Our first panel will be representatives, senior representatives from the region. We're very happy to have ministers and ambassadors from the countries of Central Asia with us today to give us their perspective of this process that I've talked about; how does it look from their perspective and how do they see the contribution that their countries, their governments, more importantly their business, their people will make to this process, this dual process of integration? And do they see that we, in fact from the outside, as development partners, provide enough support?

We will then have in the second half of the afternoon a presentation by two senior State Department officials who, I am very happy to say, have come here to present to us and discuss with us the vision for – as seen from the U.S. perspective of how this process of integration, this dual process of integration is unfolding and what it means for the U.S. and what contribution the U.S. is planning to this particular process.

So, this is just stage-setting if I may, let me hand over, first introduce and then hand over to the chairman of our first session. The chairman is Vice President Laurence Greenwood, Jr. Larry, as I guess he's known, I apologize, but we're in America so we go by first name, Larry is vice president for operations two at the Asian Development Bank and has had this particular job since February 2006. He's responsible for East, Southeast Asia and Pacific, but I – my first interaction with him actually was probably about a year ago when we met in his office and at that point, he was still, I believe, responsible for Central Asia. He's switched jobs but fortunately he's still very interested in Central Asia, so we're very happy to have him here.

The reason, incidentally, why ADB is associated with this event, I should say this by way of background because it's quite important, is that Asian Development Bank, ever since I've been engaged in Central Asia, and I have to say I come in a sense from, not competitor, but there's sometimes a little sense of competition, I came from the World Bank, was there for many years and as vice president for Europe and Central Asia. And I remember when I first interacted with ADB, I was impressed with the focus that ADB has on regional development. And it's, I believe, it's one of the path-breaking aspects of ADB's work, that ADB has before most others of us in the development business, has actually paid attention to it and I think welcomed attention to the issue of regional development.

One of the ways in which as – the particular way in which the Asian Development Bank has promoted the regional corporation focus in Central Asia is through the setting up, very much with support and the leadership of the countries of the region, a regional organization called CAREC, Central Asia Regional Economic Cooperation Program, which involves eight countries of the region – I won't name them all – but it's basically all the core Central Asian countries except at the moment Turkmenistan, although Turkmenistan may join. China's involved, you also have Afghanistan, you have Mongolia and Azerbaijan involved, plus six multilateral institutions as one of the few examples where actually multilateral institutions work hand in hand on a day to day basis in support of a common goal, which is in this case supporting regional cooperation, integration in the region of Central Asia.

And I am very happy to use this occasion to give credit to Asian Development Bank for making this happen, although I also give credit to, of course especially, the countries who come together regularly, including in Dushanbe on November 3 for a ministerial meeting, and the international development banks for – and the UNDP for supporting this effort.

Now, one last minute just to let you know, Larry is a career diplomat before he joined ADB, was a career diplomat for the United States, nearly 30 years of service and with this brings to his job in Manila, but of course today he brings to us a terrific background of experience. So, without further ado, if I may, I'll hand it over to you and thank you for coming all this way, not only here because there's also annual meetings of IMF and World Bank going on, but for joining us this afternoon. And of course let me, on behalf of Martha and myself and everybody in this room also, really thank our panelists. Thank you very much.

C. LAWRENCE GREENWOOD: Thank you very much, Johannes, for that setup and the – and I also want to thank both to Johannes and Martha for their initiative and leadership in putting this very valuable seminar together. I want to assure you that although sometimes ADB and World Bank are competitors that, Johannes, we've always viewed you as a cherished colleague, never a competitor. And so, we look forward to continuing that kind of relationship even if you've left the World Bank.

As Johannes has said, this is a region obviously with huge – where trade and energy cooperation can have a tremendous impact economically, both because of the potential for increased trade within the region as well as, as we just heard from Johannes, the potential that would be realized through intercontinental trade and energy flows, both east-west and of course, north-south.

And so, it's a very well accepted voice that there's huge potential here; it's also, as well, understood that there are very large constraints to realizing that potential, in particular, both on the hardware side and software side. Hardware side: lack of infrastructure that so many – ageing infrastructure in terms of some of the north-south and east-west, almost nothing from the Central Asian region down south to South Asia. And so, a huge deficit of infrastructure that would need to be built. As well as the software side, that is the kind of agreements you would need for smooth cross-border trade as well as regulatory arrangements and other arrangements to make energy trading feasible. And those are only just the beginning of the constraints.

Now, we also are very fortunate to have today a distinguished panel who are far more familiar with the potential and the constraints than I am and who live with those every day. And also who, I believe, are very much committed to the cooperation that will be necessary between the states of Central Asia to in fact overcome those constraints. And the – so rather than hear me talk I'd like to turn to the distinguished panel to have their views and perceptions of the potential and what they see as priorities for regional cooperation and expansion of trade and energy ties and their perceptions on some of the constraints that they face in trying to achieve that. What I'd like to do is kind of go initially panel member by panel member to ask a few initial questions, listen to them and then open it up to questions and discussion with the group here sitting before us.

Let me start with someone who needs no introduction, the Minister of Finance of Afghanistan, H.E. Anwar ul Haq Ahady. Minister Ahady of course is well known to many of us and has – is facing a very challenging job in Kabul in Afghanistan. Let me just ask, Mr. Minister, clearly the potential for economic benefits in Afghanistan for increasing trade and energy cooperation are immense and in fact, a study that ADB has done has estimated that a full building of all the infrastructure on the trade side could boost GDP as much as seven percent and that getting rid of the border constraints alone could well, could easily double trade, so big, big potential benefits.

On the other hand, you have many, many competing priorities for investment in Afghanistan. What priority do you place on investment in infrastructure that looks at the cross-border. What is the priority you place in terms of the regional cooperation to make that kind of infrastructure investment feasible – get together a feasible, good return? And lastly, what are your thoughts on how would you mobilize those kinds of financial resources? And those kinds of witty questions, if you could just have just a few minutes in touching those because I've just given you enough now to talk about one hour, but if you could just address those questions briefly and then we can continue the discussion later. Minister?

HIS EXCELLENCY ANWAR UL HAQ AHADY: Sure, sure. Thank you very much.

In some ways, we are kind of fortunate that what we need for our own national development is also useful for regional integration. What we need for our national development – really the infrastructure, roads, and which will also be – we can connect, with building our highways, Central Asia with South Asia and with the Middle East. So, in this respect, our national priorities, I mean our priorities for national economic purposes are complimentary to the priorities that we may have for regional integration.

I think also, in case of power, it's the same situation. We do need the – we face inadequacy in power and I think it will take us a long time before we can generate enough or adequate amount of power within our own country, but at the same time Central Asia has a surplus of power, especially Tajikistan and Kyrgyzstan, even though we are currently – I mean we are negotiating purchase of power with Tajikistan, with Turkmenistan, and with Uzbekistan. But, in this regard that – not only that it compliments our national need, it also adds to regional integration and possibly we can use the infrastructure for transmission lines even to help the purchase of power or the trade in power between Central Asia and between South Asia.

So, it's for – it's infrastructure the priorities of concern, I think, we'll focus more on those areas. I should also say, as far as Central Asia's integration is concerned, I think we should make a distinction between two things: one, integrating Central Asia to the world economy, another is integration of Central Asia as a region. I think that integration of Central Asia with the rest of the world is bound to take place and probably, already the trade with the outside world is pretty large. I mean, Central Asia has natural resources, its oil and gas; Kazakhstan has a lot of gain and that is being sold to the rest of the world.

But you may have a large, pretty advanced degree of integration with the world, but not have enough integration within the region. That is unfortunately right now the case with Central Asia. There is very little between Central Asian countries. There is, of course, trade between Central Asia and the outside world. And one of the reasons, probably, as to why there isn't so much trade between Central Asian countries themselves – well, one thing, Central Asia was part of the former Soviet Union and that was a separate system on its own and will take a while to develop those links. I mean, each one of these countries, they had those kind of instructional relationship with the center, which was at that time the former Soviet Union.

And now, to redirect that will take some time. And some of the economies are in some respects, not very complimentary. I mean, there's – instead we buy most of our more industrial goods, we buy from the outside world and Central Asia does that too. With regards to – I mean, in terms of producing goods and trading, trade of goods between Central Asian countries, that might take some time. But I think they can enhance the integration of Central Asia with the rest of the world by facilitating trade, by facilitating, by building the infrastructure. And in this respect, I think one can do a lot more. And this is when – for goods to move from let's say Karachi to Central Asia or

from the Iranian borders to Central Asia, definitely you do need roads, you do need railroads, but you also need the procedures, the harmonization of procedures that are required.

When you move from one country to the other, if the customs are standardized, if the shipment is standardized, you can reduce the time that's needed for the transaction considerably. And I think that's more a policy matter. And in this regard, I think, the governments, they can move very rapidly and can achieve great results in this regard. I also think that before the – to create this kind of integration, this sort of infrastructure integration, it would be necessary for the Central Asian countries to identify as to what major projects can cause the integration, from a structural point of view, the integration of these various countries; identify the projects and then sort of have a schedule to implement those projects.

I think we've been talking about the integration of Central Asian countries as far as the infrastructure is concerned for some time. I think that, luckily, that the Asian Development Bank has a few projects in this regard, but I think we need more – identification of more projects in this regard that will not only have national significance, but also very clearly regional significance and identify the regional significance and have some kind of a schedule to push for the implementation of those projects. I think I'll stop here and see if there are questions.

MR. GREENWOOD: Great, thank you very much. You've raised a number of issues that I'd like to – we can get back to, particularly when we open up the discussion for broader discussion, in particular this whole question of having this road map of projects and sequencing and scheduling of the implementation of such a roadmap.

Let me turn next to our next distinguished panel member, Ambassador Erlan Idrissof, ambassador of Kazakhstan to Washington. Mr. Ambassador, if you could please give us a sense of how Kazakhstan looks at the potential for regional cooperation, obviously a major energy power, also perhaps unique to the region, a major investor in the region and therefore bringing both natural resources as well as financing for regional efforts. I'd be interested in your views, sir, Mr. Ambassador.

AMBASSADOR ERLAN IDRISOV: Thank you very much, Mr. Chairman. First of all, my appreciation to the organizers, to the Carnegie Endowment today, Wolfensohn Center, thank you very much and of course, I'd like to greet everyone here, particularly my countrymen. I can recognize many familiar faces and Peter Foster is here from Air Astana, he is one of the stars, rising stars on the horizon of the infrastructure and transport. And I proudly can announce that in connection with my recent arrival to Washington, they have made an initiative of making thoroughfares from United States to Kazakhstan. So, you can now click a button on the computer and buy tickets through five options and go, say, to Kazakhstan. I thank you very much for that – (laughter).

Let me start from a legend; the legend runs that the Lord one day decided to come down on earth and give different riches to different nations. So, he came down and gave

oil to Arabs, he gave water to Uzbeks, he gave grain to Canada, he gave coal to Poland, and when he was passing by through Kazakhstan he stumbled down and fell down and his sack with riches also fell down and all the riches spilled over from his sack. His first intention was to grab all the riches back, but then he decided let it lie here, but this country will be a landlocked country. (Laughter.)

So, this is what we have in Kazakhstan, we are a huge country with huge mineral resources and other resources, but we are a landlocked country. We understood this challenge earlier on at the very outset of our independence. But our policy was not to take it as a curse as many were taking it. We started to develop a policy of turning this into an opportunity, into a benefit. So that is, in a nutshell, how we see the importance of infrastructure, transit, communications to facilitate our integration to the global economy.

I believe that everyone in our part of the world understands the importance of infrastructure and all the countries of Central Asia are landlocked countries, so we are a landlocked huge part of the world. Of course, we have to blame Portuguese and British for inventing the seals whereby Central Asia as an important part on the silk route has been put to oblivion for almost three or 400 years. Now, with modern means of communications, with financial might of the modern world, we hope that we will be successful in retrieving back the importance and relevance of our part of the world for the global economy.

Of course, there are internal and external steps to address the issue of infrastructure development. So, as I said, we have identified infrastructure development as one of the top priorities of Kazakhstan. We have a strategy of the development, a roadmap, it is a very popular name now, so we have a roadmap for Kazakhstan development until the year 2030 and it is based on seven pillar-type strategic long-term priorities; infrastructure is one of them. So, what we do domestically, the strategy 2030 has been enacted in '97, so we recently have marked the 10th anniversary of infrastructure, but we didn't take it to the squares, the streets with carnival-type manifestations, but we rather sat down and thought what we have achieved in this time.

So, the figures are, over these ten years we have invested about \$3 billion into infrastructure development. It is a huge amount for a country like Kazakhstan which was emerging from the shackles of the collapse of the Soviet Union, particularly in the '90s. Of course, we started to amass more money and resources after the 2000s, but in the mid-'90s it was really difficult to imagine a country like Kazakhstan to amass such a huge amount of money to develop infrastructure. So, this clearly demonstrates what importance we give to this and how we understand the importance of infrastructure.

Within that, we have built 4,000 kilometers of new roads and we have overhauled more than 13,000 kilometers of motorways in Kazakhstan. In 2006, we have adopted a transport strategy for Kazakhstan until the year 2015. So, what we plan within that strategy: it will cover 80 investment projects, both from the budget – financed from the budget and different other sources, external and internal private sector sources. The

overall investment plan for within that strategy is \$30 billion and we are quite confident that we will achieve that goal.

We plan to build 1,600 kilometers of new railroads, electrified roads. We plan to build 50,000 new motorways and repair destructed motorways. Of course, a part of the plan is to develop, modernize our air industry, air traffic; marine traffic we will be participating in the global marine traffic so we are developing our commercial fleet. And of course, we will develop our internal river routes for navigation. We do this with a sober mind; we understand that we develop all these infrastructural things not for ourselves. We do it to turn Kazakhstan as a useful transit space for all to benefit, both in Europe and Asia, both in the south and in the north. We want to turn Kazakhstan into a hub and we believe that we will do that easily.

Telecommunications is a modern means. What we do internally for telecommunications; our representative from KCell, one of the mobile providers, Mr. Dombai may have already told you, but I give you a few figures. This year we will telephonize all the rural settlements in Kazakhstan with a population of more than 50 people. The remaining rural settlements, which are numbered at 200 with a population of less than 50 people, will be telephonized next year and the population of that 14,000 people. We have – we put special focus on our Internet and access to Internet; at the moment, about 2 million people have an access to Internet. By 2010, about 4 million people will have an access to Internet. 95 percent of schools in Kazakhstan have an access to Internet and by the year – by September of 2008, we will provide 2,000 advanced schools with broadband access.

So, those are the figures, and I believe that the figures are quite impressive. And as I said, we do this with a sober mind as our contribution to the development of the transit potential of our huge space. We do things externally. For example, President Nazarbayev recently visited Iran, a very popular country in this country – (laughter) – and we have made a deal between Iran, Turkmenistan, and Kazakhstan to build a new railroad and this railroad will stretch from the city of Uzen in Kazakhstan and to the city of Gorgan in Iran through Turkmenistan. The length of that pipe – railroad will be about 700 kilometers and it will give access to Kazakhstan and Turkmenistan to the Persian Gulf. This is a very important north-south development and this is, again, our contribution to the development of the capacities and opportunities in our part of the world.

We do a lot of things together with our partners, and the U.S. is one of the important partners to develop infrastructure potential in our part of our world. TIFA, Trade and Investment Framework Agreement is one of the instruments, recently established instruments which we hail and which we want to see fully enhanced, and it covers not only Kazakhstan and Central Asia proper countries, but also Afghanistan, and by that it has a special importance. We also welcome contributions by the private sector, external private sector. We have welcomed the development of a major transport hub by FedEx. These kinds of things are very important for the region and for its integration into the global economy. We see WTO accession as a means to promote and integrate our

part of the world into the global economy. We are very much advanced in our bid for WTO and of course we want to see that all our neighbors are also successful in placing for the WTO membership.

We also built a number of institutions to play a regional role, for example regional financial center in Almaty. There is a huge gap between Hong Kong and Dubai, and as I said yesterday at one of the World Bank's events, with regard to a regional financial center, we want to create a trading platform for different countries to trade and do business with assets in our part of the world, not only in Kazakhstan, but in Russia, Western China, Ukraine, Uzbekistan, Tajikistan, et cetera et cetera. And of course, we would be happy to see that the businesses from our neighboring countries, particularly Uzbekistan, Turkmenistan, Tajikistan, Kyrgyzstan, Siberia, Western China come and start doing business on the floor of the regional financial center. That will be a visible contribution to promoting regional integration and our integration to the global economy.

So, we are clear in our minds what we want to achieve and we see that our partners do understand what we want to do. And this conference, once again, attests that this is an important issue and we welcome these kind of engages, brainstorming opportunities, and of course the matter is in providing resources so that ideas, and we have abundance of ideas, come through. Thank you very much.

MR. GREENWOOD: Thank you, Ambassador Idrissov. Let me turn to our next panelist, Mr. Matlubkhon Davlatov is the state advisor to the president on economic policy from Tajikistan. Tajikistan, of course as Mr. Ahady just said, is hydroelectric – has much hydroelectric power potential, also has great potential as a trade transit area located next to important and growing economies. Mr. Davlatov, if you could talk a little bit about your vision for your country with regard to how it fits in to the regional cooperation and integration and how that's going to help with the growth of Tajikistan.

MATLUBKHON DAVLATOV: Thank you.

(In Russian) – hope that the attendees of this meeting will indeed how we can contribute to the development of the economy and will understand what our intentions are. So, I would like to express our gratitude to the Wolfensohn Center for Development, to the Asian Bank of Development, and to all the organizers of this event. I hope that we will have a similar meeting in the near future again. And as we were told by a CAREC representative here, there will be a meeting that will be held in Dushanbe in the near future, so I would like to make sure that any of you that is willing and interested would attend and we will welcome you and Dushanbe will be happy to see you there.

It is a very important event that will contribute to the strengthening of cooperation in the region. We are convinced that the original cooperation is the most important factor that contributes to the peace and prosperity in Central Asia, as well as its integration in the world community, as well as it plays a key role in establishing peace in the area. It is very important to use prudently and rationally, that the rich natural resources of this area, the human resources, the wonderful intellectual and other resources that we have.

And in the near future if we face the threat to the national security, the threat from the world of international terrorism, I can tell you that at least in our little part of the world, we have established peace. We are certain that now we can proceed with peaceful economic development. The peace really is settled and now we have to work on the different economic components that will provide for a healthy investment climate in our country that will help our population eventually come to prosperity and enjoyment of a good living standard.

Our countries are linked together not only by joined geographical borders; we actually share a rich historical past, cultural heritage, religious heritage. We have historically very profound, very significant ties that date back to the times of the Great Silk Road, so I think it is important for us to provide for the consistency from the historical standpoint and continue our work against this background.

So, first of all, I would like to emphasize the importance the enhancement and improvement of local trade, the trade in the region, and the removal of various trade barriers in the region. I think it is very important for all the countries that comprise our region. I would like to remind that our trade potential is extremely high and I think that we eventually could become self-sufficient and in fact, this project that is entitled to contribute to the development of commerce and trade in the area could be very helpful. It is very important to harmonize the standards, the fees, the various customs infrastructure that exists in our region. I think, if we accomplish this goal, that will really help us to reduce the costs and improve the investment climate that will open up completely new and broad horizons for us. The expansion of trade in the area would serve the interests of the region and also stimulate the resolution of such issues as poverty and other economic and social issues that we face in the countries.

So, we do wholeheartedly support the idea of trade expansion with the neighboring countries in the region. One of the major issues that was correctly emphasized by our chair today is – one very important issue that was emphasized correctly today is our richness in the natural resource, particularly hydropower. The use of hydropower, we think, is of utmost importance and it's interesting to point out that the rivers that start in the mountains of other countries actually flow into other countries and then eventually flow into the Aral Sea, thus these rivers link all of us together. And I think that trying to find common denominators, common factors that are advantageous to all of us is of utmost importance.

The rational use of hydropower, of hydro resources, can only be done through coordinating the efforts and strategies of different countries in the region and I think the issue, the problem, of the use of hydropower is still very acute; a lot needs to be done in this respect. Unfortunately, some of the measures that were taken by the countries in the region with respect to this particular issue were not very helpful; they were really not contributing to the development of our region. So, we hope that in the future, the common strategy would help us to overcome problems in this respect. You know, some people have more gas than we do; we also have something that others don't have, we

have the abundance of hydro resources and we think that the abundance of these resources could actually be very advantageously used for the prosperity of our population.

Tajikistan and Kyrgyzstan play the major role in the hydropower sector in the area. We actually own 64 percent of hydro resources in the whole area and we actually – we can tell you that the resources, the hydro resources in Tajikistan are unique. In fact, our energy potential exceeds 500 billion kilowatt. We could produce billions and billions of kilowatt per hour, so our potential is tremendous, it really is huge. And we are able to sell electric power to other countries because we have the abundance. But of course, there are issues related to the winter season, at which time we really have to prudently use the water that we have in storage and we have to figure out how to handle the situation.

So, sometimes we do have this deficit in the wintertime, but we think that the creation of new infrastructure, the creation of new high-voltage lines will enable us to cope with this issue of the shortage of electricity in the wintertime. And the construction of new power production plants is underway. In Tajikistan, we are already attracting some investors from China, Russia, and India and even such countries as Kazakhstan and Turkey are interested in investing. So, I think that – even Afghanistan and Pakistan and Kyrgyzstan are interested in joining in our single energy Asian market, the market that we will share, that we will create together and we will benefit from its potential. And it will help us to decrease the cost of electric power in the region and also it will help us to make us more competitive economically.

I think that the rational use of hydropower should be viewed as a top priority by all countries in the region and it should be viewed as a prerequisite, actually, the prerequisite for our further economic development. Even the countries that have the abundance of resources cannot ensure their national security without integrating their interests with other countries, including of course their interests in the energy sector. This is why we think that since we have the capacity to accumulate large amounts of water in the storage reservoirs, that would help us to provide Central Asian countries with substantial amounts of water that could be consumed for the development of agriculture and for other needs that may come by, that may arise in the region.

And we also think that the low-cost energy will be able to provide the industry the – heavy industry – as well with the necessary potential for development as well as get additional resources for the protection of our environment. So, we do look forward to the construction of new high-voltage lines; we do look forward to the construction of new power plants. We do think this issue is of utmost importance for the development of the region and the development of the transportation sector is also a very significant priority area that we are currently trying to work on. It's very important to remove the artificial barriers that were erected by separate countries in the region and it's particularly important for Tajikistan because it's located in the very southernmost point of this region.

In order to deal with this issue, we think that it is important for use to provide for our self-sufficiency due to the energy resources that we have, but also there are other options; for example, maybe that disagreements can be resolved through negotiations and thus the transportation communications would be used without any political interests, that they would be used to integrate all countries in the region.

And I do think we need to expand our good neighborly relations with the countries in the region and that will help us to further expand our strategy of economic development in the area and I think that it would not only contribute to the development of the economy, but also to the development of the country as a whole, the development of its social sector and the – its integration in the globalization process as a whole. I would like to wish all of you success and fruitful work, thank you very much.

MR. GREENWOOD: Thank you, Mr. Davlatov. Our last speaker before we open it up for discussion is the U.S. – the ambassador of Uzbekistan to the U.S., Ambassador Abdulaziz Kamilov. And ambassador, of course, Uzbekistan, gifted as Ambassador Idrissov mentioned, with cotton, also gifted with many people, the most populous of the countries in Central Asia. And I guess a huge potential for increasing trade, both as an importer and exporter as well as a transit country. But you have been in some ways, have even more of a curse of being landlocked, being doubly landlocked, even more than Kazakhstan, so I would say more of a challenge; God is making you work also for your living, and so can I ask you to make a few introductory comments, Mr. Ambassador?

AMBASSADOR ABDULAZIZ KAMILOV: Mr. Chairman, ladies and gentlemen, first of all allow me to welcome all participants of this conference and wish every success.

And today's topic is really most important from different points of view and especially in a world where oil prices are approaching \$90 a barrel. I've prepared some points for today's discussion and to save you time and our time, I'd better read them if you don't mind.

Central Asia, with its significant natural and human resources, is playing an ever-increasing role in the economic integration of Eurasia. While the countries of the region have expressed enormous interest in attracting foreign investment and modern technologies, the peculiarities of Central Asian geography have impacted their dependence on foreign assistance to the effective development of energy and infrastructure links that can provide their access to global markets. With the systems of interested foreign partners, mutually beneficial agreements on the development of energy resources along with the development of comprehensive modern and developed transport network is essential to the strategic interests of all Central Asian nations. Furthermore, the implementation of a sophisticated and comprehensive logistical network is a key factor for the ongoing sustainable development of our countries, as well as for prosperity and stability of the region as a whole.

Since the collapse of the USSR, Uzbekistan has consistently been a supporter of deepening the integration process in Central Asia. Accordingly today, I pass over Uzbekistan's initiatives in this regard as they are well known both to exports and the general public. Allow me to make some general observation, if you will. To sustain an increase, Uzbekistan's foreign trade place a high priority on developing and improving both communications network and international transport corridors. Tashkent is unable to ignore current unfavorable factors, such as our lack of access to blue water oceanic port, as geographical constraints requires us to cross a minimum of two borders in any direction for foreign maritime trade shipments. In such conditions, the issue of creating and implementing a Central Asian international transportation network, capable of providing access to neighboring states in other countries, is a major priority for Uzbekistan economic policy.

In this regard, a number of Tashkent initiative are already bearing fruit; for example, the completion of the new Guzar-Boysun-Kumkurgan highway in the south of the country has created new opportunities for expanding the region's transit potential, not less towards neighboring Afghanistan. Building on such initial success, we also intend to continue various projects with regional potential far beyond our frontiers with the eventual goal of integrating our transport network into a larger scheme of regional and sub-regional communications.

Aside from improving transit links, the government of Uzbekistan has great importance to the parallel development of its energy complex and the subsequent supply of its energy resources to potential markets. I'd like to underline the primary direction of our national strategy in the energy field, involve the monopolization and the reductions of the government control.

Ladies and gentlemen, current problems compel us to take into account the balance of interests of all countries of the region in order to achieve, at the very least, a preliminary settlement of serious and complicated set of bilateral problems bequeathed to us by our Soviet past. These unresolved difficulties include, first of all, first and foremost, completing the border delimitation process, defining the status of a number of strategic facilities used in common, and addressing issues of ecological deterioration among others. Based on our beliefs, duration of use of energy resources and the development of the region's transport communications must be based on the common political approach of the countries of Central Asia to also resolving regional security problems.

Difference, this illusion of any given large-scale problem begins with concrete decisions and ends with the practical implementation of a real regional project. Regretfully, today's meeting is not the first one, and not the last discussion of this issue. Also, we still don't have adequate result, this conference is a concrete step towards defining the issues allowing a basis for future discussions which will hopefully bring these larger visions to pass.

In this regard, I remember in one of the assignments of the economic cooperation organization on transport communications, several hundred projects were put for the discussions on the agenda. Those meetings lacked focus because of the large number of proposals, whereas this meeting's specific agenda, it seems to me, allows the potential for decisive decisions to be more possible.

From our perspective, we hope that these discussions might result in a number of feasible, concrete regional projects, if not so grandiose in scale, nevertheless capable of attracting immediate support from international financial institutions. Nor should consideration be limited to conventional Central Asian oil and gas projects; the participants should also consider topics in increased interest to the global community concerned with the high energy prices, global warming, and renewable sources of energy.

Mr. Chairman, the organizers of this meeting have been able to gather together superb experts and specialists. I have little doubt that the issues on the agenda will be discussed on a highly professional level and make their contributions increasing the public's awareness of the problems of the vitally important region's integration into the world economy.

I'd like to express my special gratitude to Dr. Martha Olcott for organizing this conference and I think that thanks her long-term experience and excellent expertise on Eurasia. The Carnegie Endowment for International Peace remains one of the leading U.S. research centers on Central Asian issues. As far as your particular question with respect to cotton; it's not that Uzbekistan is one of the major producers of cotton in the world, and what I talked about transport communications, of course we think that the implementing these projects in solving some problems will make it easier for us to export our cotton in different directions. And we touched upon some directions of transport communications, from Central Asia and Uzbekistan on the one hand, has a very unique position, very unique location being in the center of Central Asia. On the other hand, we have, as I said, to cross two, three countries to get seas and some ports.

And this way, this conference is very interesting for us and we are ready for close cooperation with our neighboring countries and I am very pleased to see here today my colleagues from the region, in particular Afghanistan, Tajikistan, and of course Kazakhstan. Thank you very much.

MR. GREENWOOD: Thank you, Mr. Ambassador and thank you also for reminding us that regional cooperation does require a comprehensive approach and it requires building of trust. Thank you, and thank you for reminding us that regional cooperation is a comprehensive effort that requires building of trust, overcoming some historical issues. I've worked, not so much in Central Asia as Johannes pointed out, but I've worked extensively in the Mekong region, where less than two decades ago, countries were still in armed conflict and in a relatively short time have been able – but it still took a lot of work to build trust so that they could reach a point in time in which they can build roads across their borders, they can have border agreements and trade agreements and so. It does take a lot of time; it takes building of trust, it takes both

political and as you suggest, sir, security types of arrangements to build that sense of comfort.

Rather than have me ask more questions, actually let me turn to the audience and ask if they would like to address some questions to the panel. Do we have mikes, or – good. Yeah, we have mikes there. Yes, sir, right here in the – on the side.

Q: My name's Jonathan Elkind, I have a question for the panelists, that kind of connects with the last point made by Mr. Greenwood. In addition to trust, trade requires kind of a shared commitment to the benefits for all parties of increased trade, yet within the region, your region, there are also competing, very difficult challenges related to security. In this regard, Central Asia is not alone, this is also a challenge for my country. But I wonder if the panelists could please talk about the balance that you see, the need to balance, and how your countries are balancing the goals of promoting greater trade across borders while also using borders as adequate means for defending of your country's national security interests?

MR. GREENWOOD: Did you want to address that question to any particular panelist or anyone who would like to respond? By the way, which country, are you – the U.S. is your country, or – (laughter). Okay, I thought maybe Canada was and you were worried about a threat. Who would like to take that on? Yes, sir, Mr. Davlatov.

MR. DAVLATOV: I will attempt to be the first one to spearhead the answer to this question. Indeed, Tajikistan after the fall of the Soviet Union came to the impasse situation; we were forced to build a road across the Pamir, across Pulvar, it was called the Kharog Highway – to build a road across our Gharm region, it's called Sabatosh Osh – in other words, we did build access to other countries past historical routes. We had a challenge to come out, out of this communication impasse by attracting significant sources and we could call it Chinese credit line with building a very powerful line that would unite south and north of the republic. We are building a highway that would untie us with Tajikistan.

In this regard, trans-border trade for our region is extremely important and I'm not hiding that in Tajikistan and Uzbekistan, we still have land-mined fields and we don't have transit and a difficult visa region. And what kind of cooperation can be achieved without resolving these issues? On the other hand, using the systems of the United States near the River Panj, we built a large bridge that was opened on August the 26th, 860 meters long. This is the kind of tangible cooperation that we should be talking about.

I think the people who are here will understand me correctly; regional cooperation and trans-border trade must exist and not everybody supports this in our region, somebody even says trans-border trade, what is that? There is no term like that. However, we use this language, we continue to develop the concept. In the future, we hope to achieve mutual understanding and the development of mutual trust, enabling friendly cooperation especially within the region. Thank you.

MR. GREENWOOD: Very, very interesting point, that is you can create or help address the security of the situation by in fact creating mutual economic benefits. Mr. Ahady, did you want to address that? Security, obviously is huge, and how that impacts on your?

AMB. AHADY: Yes, I guess the way I understood it is that trade requires more open borders, while the security requirement is such that you will have to guard your borders pretty closely. And consequently, is there a contradiction? Is there a conflict between the two? And I believe there is no conflict between the two. I believe that security always is a precondition for trade; the more the security, the greater is the likelihood of trade. Of course, there has to be the willingness on the part of the parties to engage in trade and since trade usually takes place when it's beneficial to both parties, it's a voluntary act. If you want to sell your house, somebody else must like to buy your house; otherwise the transaction will not take place. If you want to import something from another country, then it must be beneficial for you, otherwise it will not take place. It's not – it's a very voluntary, it's always – trade is a win-win situation for two parties, otherwise it will not take place.

But it is required that you have a certain level of security; otherwise, if the risk for trade is so high, it will not take place. Therefore, think it is imperative for the countries of this region that they cooperate with regard to security. Security has a value in itself, but also security has value for trade. And trade and security, both in combination, and I mean, separately, they promote welfare of the people of the region. So, I don't see any contradiction here, I think that they are rather complimentary and I hope that this will be realized by all and that they should cooperate in both areas. Thank you.

MR. GREENWOOD: Next question, I think there was another question in that same row there? Please.

Q: It was a little bit similar to the previous question that was asked, but what we are evidencing right now – my name is Kuat Dombai from Kazakhstan, KCell mobile company, which we have recently acquired a few more mobile operators in the region, including Uzbekistan and Tajikistan, but the question is that what we are witnessing right now in the region is there's certain financial, economic disparity.

Kazakhstan now may be accounting for half of regional GDP, which is also creating some issues like huge, for example, labor migration and et cetera, so my question was basically for the Asian Development Bank, whether it was, for example, considering developing, creating some more projects within the regions that could be co-financed with other partners because what we see right now, there is that there is also the export of capital that's going from Kazakhstan to the regional countries that will perhaps create more stabilized economy as a general. So, the question is again whether, for example, the Asian Development Bank is looking into bigger infrastructure investment projects.

MR. GREENWOOD: As Johannes mentioned, I'm no longer responsible for operations in Central Asia, so I can't give you a very specific answer. I can say, because I was briefed before coming out by Juan Miranda who is our director general for this region, is that no, we are very interested in supporting infrastructure projects in the region. I think Mr. Davlatov mentioned, for example, our interest in helping fund some hydropower projects in Tajikistan.

We also are very much interested in the co-financing – you mentioned co-financing in particular with Kazakhstan because of Kazakh's financial weight and I mentioned that in my comments. And I think that, looking both at public sector – but in terms of mobilizing financing, I guess one question I would have what is the potential for more private sector investment in Central Asia as a whole, whether it's infrastructure or other areas, because there's never going to be enough public sector money to fund the infrastructure investments that are going to be required. We're talking \$2 (billion) to \$3 billion a year that we estimate would be required for Central Asia; that's a very large amount of resources to be able to mobilize.

Will there also be some, as investment climates improve, is there potential for private sector investment? Obviously, your company's doing that, and so there is potential there and actually if I could turn that question around to Ambassador Idrissof, what are – what's the perspective of the government in Kazakhstan towards promoting outward investment from Kazakhstan to the region and what kind of issues do you see in doing that?

AMB. IDRISOV: Thank you very much. Briefly on the previous question, I think that the matter here is about we understand that we have inherited open borders from the Soviet Union; but we also started to face unheard in the past issues like drug trafficking, illegal arms trafficking. So, in principle, Kazakhstan is for the concept of open borders with due control on those indecent groups who try to capitalize on the principle of open borders. That is where we have to balance.

As far as our investment potential, yes indeed, we see it and our private sector actually sees it as an opportunity. As the government, we also believe that it is in our own interest to support the growth in all neighboring countries. One cannot prosper being surrounded by non-prospering countries. So, our policy is to support the growth and we will be happy to see the growth throughout our part of the world.

So, the government is allotting money for the regional corporation, the last example, for example, we have established together with Kyrgyzstan, \$100 million fund which is financed by – 80 percent by Kazakhstan and the rest by Kyrgyzstan to support the growth of the private sector. The same fund we have established with Tajikistan. The president of Kazakhstan has recently paid a visit to Tajikistan and we have established the same fund. On top of that, we have provided money, public money, for Tajikistan 100 students to study on a free of charge basis in Kazakhstan. We believe that these kinds of things show our good intentions and support to our friends and partners in the region.

Private sector is quite active. We are the biggest investors in Kyrgyzstan. We are the biggest investors in Georgia. Half of the banks in Kyrgyzstan are Kazakh-owned banks. We will be happy to see more opportunities for business in such important countries like Uzbekistan and we are permanently in a dialogue to try to improve the climate for business to participate. We have a bilateral arrangement, we have a business forum type of arrangement between Kazakhstan and Uzbekistan and we want to stimulate the dialogue between private sectors in two countries.

Of course, the patterns of economic reforms are different and we want to see that economic growth levels and takes place throughout the region. That will create more opportunities for private sectors to co-invest in each other's countries, but we also have to say that we want, we have lots of opportunities for investment internally. So, we support – in other words, we will not be happy to see a situation when all the money is being invested abroad in neighboring countries; there should be a due balance. And we encourage our private sector to, not to ignore the opportunities in private sectors within Kazakhstan to invest. So, that is our policy.

MR. GREENWOOD: Yes, sir, there is a question in the back there.

Q: My name is Adil Baguirov from Worldwide Strategic Partners. My question would be mostly on the energy field, since that was not mentioned as much aside from the electricity sector. Primarily, my question would be to the two ambassadors. The one question would be on the Trans-Caspian pipeline, the gas pipeline. Another one would be on the east-west railroad which is supposed to connect Kazakhstan and China with Azerbaijan, Georgia, and Turkey and the rest of Europe. So, if you could comment on that on the current position of the two governments and any updates on the projects, thank you.

AMB. KAMILOV: (Off mike.) (Laughter).

I'll be very short because of time. First of all, we have also energy resources and we have great interest to export energy resources. And at the same time, we – the major principle of our policy in this area is first of all diversification, diversification of export of our energy resources. What I mean – I mean that we are ready to work with all countries, with all regions, and we are ready to have cooperation first of all with our neighboring countries, with Afghanistan, Kazakhstan, and all the countries. At the same time, we have great interest to be a transit country for the export of energy resources.

AMB. IDRISOV: Thank you very much. I would say that our policy on pipelines remains to be balance on multi-vector, so we are open to four sides of the compass. And we will support all pipelines based on four very clear principles: one is commercial viability, one is – the second is financial feasibility, third is environmental and technical security, and of course, there should be – we would be happy to take into account also some political considerations, as we do, for example, in certain directions.

But the driving force, the guiding principle is of course commercial viability. So, in principle we support the Trans-Caspian gas pipeline.

There are issues there, you may have noticed the recent Caspian summit in Tehran whereby there is a difference of opinion on how the pipelines may go through the Caspian Sea. Some bodies believe that it should be a matter of consideration and approval by all five bodies; we in Kazakhstan believe that it should not be a matter of consideration by all five parties, but a matter of consideration and approval of those particular countries through the sea beds of which the projected pipelines may go.

So, in principle, as we said, we support the Trans-Caspian gas pipeline, but you have to understand that it is private sector which is developing projects. 80 percent, more than 80 percent of our assets are in private hands, therefore industry, private sector, have to have a greater say in routing energy resources. We as a government, we will support commercially viable and financially feasible projects. There is a matter also of availability of resources. Therefore, if you combine everything and if opportunities will arise, we will support the Trans-Caspian gas route.

As far as the railroad is concerned, we're already linked to China. We have linked, that was our first priorities in earlier days. We have linked Kazakhstan and China by railroad, I think, more than ten years ago now. What we are talking about now is a new route which will eliminate one technical hitch, the existing route which goes from China through Kazakhstan and then comes out at the area of the Urals in Russia and then goes to Frankfurt and which is 3,000 kilometers shorter than the Trans-Siberian route. It has one technical thing – difference of gauges. So, we are now trying to address the issue of using the same gauge to save time, of course, and to avoid these technical delays, and that we will stretch.

We have a plan and that, by plan with the same gauge, will stretch from China through Kazakhstan, through the southern edge of the Caspian Sea; the existing route goes through the north – to the north of the Caspian Sea. So, we are talking about going through the south through Turkmenistan, through Iran, down to Turkey. And of course, there will be branches which will go to the seaports in the Caspian Sea. So, we support these projects and we believe that these are quite important projects for Kazakhstan and the area.

MR. GREENWOOD: You mentioned the Portuguese sails having destroyed the silk route, but this will be the revenge on the Portuguese because you probably will then be able to go by land faster than they can go by sea. So, this could be your revenge.

AMB. IDRISOV: I actually have to take the blame for the Portuguese because we have to remember Marco Polo who is Portuguese and who invented, who opened the Silk Road. So, the blame is on the Brits.

(Laughter).

MR. GREENWOOD: Any further questions? Yes, sir.

Q: Malik Isabekov, Kazakhstan. (In Russian.)

We have a conference today, right? So, it means that we must have some kind of a central, focal problem, some issue around which the conversation is evolving. Everybody is talking about common issues, of course we heard a lot about the advantages of economic integration. We would like to hear a few words about the disadvantages, of other problematic issues related to the processes that are happening in the region.

AMB. IDRISOV: When it comes to troubles, I am first, right? (Laughter.)

Well, the challenges and problems, as we see them. We, as distinguished from Afghanistan has identified, there is an issue of complementarity of economies. That is one issue. The second issue is pattern of economic policies, that is the second issue, and the speed of economic changes. The third issue is growing security concerns. We have to be sober and not pretend that we have a situation of some 15 or 20 years ago; therefore, drug trafficking, as I said before, and other security challenges are there and we have to take them into account and this is an issue. Complementarity and the different economic levels is basically the major problem, I think, but also at the government level I would think that we have to think – and this is a headache and problem in all countries. We may have good ideas, but we cannot – and we are maybe lacking success in, on the implementation part. And this is a problem for all the countries including Kazakhstan.

So, we may have good ideas; we may announce nice plans, but when it comes to implementation, maybe we sometimes unfortunately fail. So this is the task we see for ourselves and we want to make sure that we clearly understand the importance of the follow-up, not only of summits, but what happens after summits. Thank you.

MR. GREENWOOD: Minister Ahady?

MR. AHADY: Yes, I think on the aggregate, in each instance of integration, you'll have greater benefits. The society as a whole will benefit from it, but within the society there are losers and there are winners. And integration has more of that. The reason why integration is desirable is because production becomes less costly because – and because production is less costly, welfare goes up, but then competition increases. And one reason, the major reason why production comes down – I mean the cost of production comes down, is because competition increases. Competition also creates uncertainties; there will be some losers.

And that's why there is this whole debate as to whether we should go for globalization or region integration. I mean, the WTO people, they would not like regional integration. Their objective would be more to go for globalization because regional integration creates certain barriers to others' entry at the regional level, certain preferences for the regional participants. But the counterargument is that if you enter into globalization all at once, the uncertainties or the risk might be so huge that it would be

difficult to manage it. And perhaps at the regional level, we will have a situation of increased competition, but at the level that's still manageable. So, regional integration is considered as a steppingstone towards globalization; if you go at once, the globalization, it might become a little difficult to manage.

So yes, there are some negative side effects to integration, whether it's at the regional level or the global level, but then the positive effects far outweigh the negative ones and consequently the desire on the national level or global level for integration is that overall welfare will be increased. I mean, there is substantial literature in economic development on this as to how do we gain from greater integration and greater globalization of trade? I mean, it's pretty old, from the 19th century, but it has been in the – a good example of that has been the increase in welfare in the European market and the increase in welfare in the North American Free Trade – NAFTA. Initially, there was opposition to NAFTA here in this country; trade unions and labor unions, they were not very happy with this.

But I think that there are some empirical studies done which have indicated that overall, there has been – this greater competition has led to increase in welfare and it will lead to the raising of the standards of living in those countries that are less developed and overall the tendency will be towards a general equilibrium, worldwide equilibrium with globalization. So, the overall impacts are positive; however, there would be regional negatives or occasional negative impacts for certain groups. Thank you.

MR. GREENWOOD: Let me actually follow up that question – one of the challenges that, and it's particularly a challenge of implementation as Ambassador Idrissov just mentioned, facing the region and facing any country is this question of harmonization of order procedures and being able to ease those constraints. It certainly is – it seems like, from a layman's point of view, it should be relatively easy; it's a win-win, it increases government revenues, it lowers the cost of doing business. It doesn't – it's, there aren't too many losers from this.

And I guess I would ask – but we've heard from both Minister Ahady and Mr. Davlatov that that's – this is an important challenge, an important thing to accomplish. I guess my question maybe for Mr. Davlatov is to say, what do you think the constraint to moving forward on harmonization and trade harmonization or orders is? And what's the best way of addressing that?

MR. DAVLATOV: It was very recently, I think October 5, '07, there was a CIS summit that was held, also the Collective Security Treaty countries and URSS, all of these countries got together and they had the conference and the main purpose, of course, of this meeting was to organize the cooperation between these different countries representing these different groupings. And one of the major issues that we looked into was the creation of the appropriate conditions, normal conditions for cooperation. Quite a few documents were signed, quite a few agreements. I can tell you with certainty today that organizing such summits will contribute to further expansion of operation between

our countries, especially in Central Asia. It is becoming a reality. And we are very happy to state that.

In particular, the issues of the development of the energy sector, hydropower sector, also issues related to migration of the population, issues relating to crossing the borders, issues of economic ties with countries in the region; I think all of them were dealt with successfully. There were four bridges connecting Afghanistan and Tajikistan and Aga Khan Foundation, as well as other organizations, helped us to set them up and each of them, each of these areas has to deal with the issues of international trade.

I think that you can even visually see what is happening in the neighboring country. We can see that there are some new buildings there, that they are building houses, you know, normal-looking houses with normal walls and roofs. So, they used to not have them before and I think it does serve as a sign of economic development that is beginning to occur. It is important to reflect this, though, in legislature and of course our customs need to work effectively so that we wouldn't have those excessive barriers and costs that serve as a barrier, that hinder our cooperation.

And of course, we are significantly helped by the European Commission. We know that Europe is interested in making sure that our borders are secure, that what is not supposed to cross the border is not crossing it, and I think the issue of equipping the border guards is very important. I think the issue of preventing the drugs and other prohibited materials from crossing the borders is very important. And, of course I do think that transparency is of utmost importance. It should be the focus of the attention of the law enforcement, as well as everybody else who is interested in this integration and cooperation.

MR. GREENWOOD: Thank you, that's – that is a good – but also I think it illustrates the point that Minister Ahady was making that there isn't necessarily an inconsistency between the trade and the security aspects. Customs cooperation, that both is need for facilitating trade, is the same customs cooperation which in fact, can deal with the security issues that a number of the panelists have been talking about.

I'm afraid that takes us to the end of our time for our panel. Let me just say how much I enjoyed this and I learned an awful lot. I think we heard very much a strong commitment from these representatives of the governments, very senior representatives of strong commitment to regional cooperation, to regional integration, the strong recognition of the mutual benefits of that kind of cooperation. And also a very practical, you know, let's move step-by-step, let's make practical, regional implementation of things that we can make progress on and then incrementally that will result in more and more progress. And we're seeing that progress now, I'm very much excited that ADB is able to play a very small, supporting role in that through our help in shepherding the CAREC group along.

I'm also very much honored to have been allowed to be part of this very distinguished panel. Let me thank our panelists and ask you to show your appreciation through applause for the panelists. Thank you very much.

(Applause.)

(END)