



**UNITED NATIONS SPECIAL PROGRAMME FOR THE ECONOMIES
OF CENTRAL ASIA (SPECA)**

2011 SPECA ECONOMIC FORUM

**“20 Years of Regional Economic Cooperation and Integration in Central Asia:
Successes, Challenges and Prospects”**

(Ashgabat, Turkmenistan, 10-11 November 2011)

REPORT

The 2011 Economic Forum of the United Nations Special Programme for the Economies of Central Asia, hosted by the Government of Turkmenistan, the Chair of SPECA in 2011, took place in Ashgabat on 10 and 11 November 2011.

Mr. Annamuhmet Gochiyev, Deputy Chairman of the Cabinet of Ministers of Turkmenistan and Chairperson of the 2011 SPECA Economic Forum, in his opening address emphasized that strengthening regional cooperation is a key foreign policy objective of his Government in accordance with the initiative of the President of Turkmenistan on peace through economic development, launched at the 66th session of the United Nations General Assembly.

In his opening address, Mr. Ján Kubiš, Executive Secretary of UNECE, congratulated the Central Asian countries on the twentieth anniversary of their independence, which prompted SPECA member countries to undertake a review of the progress achieved in regional economic cooperation in the last two decades and lay out a shared vision of further steps, including the role of the Programme in facilitating closer regional cooperation and integration. He underlined that SPECA, supported by the two Regional Commissions, has the mandate and capacity to assist its member countries in resolving the complex challenges that they face. Quoting the United Nations Secretary-General Ban Ki-moon, he pointed out: “Many of the norms and standards developed by UNECE are being used more and more by the European Union and more recently, by the Eurasian Economic Community and the Customs Union. This is a genuine contribution to stronger economic cooperation and integration”. The Executive Secretary underlined: “By inviting Afghanistan to join SPECA, member countries tasked the Programme to actively contribute to the building of a constructive and supportive relationship between countries of the region – as proposed by the Declaration on the Istanbul Process on Regional Security and Cooperation for a Secure and Stable Afghanistan, adopted on 2 November this year.”

Mr. Shun-ichi Murata, Deputy Executive Secretary of ESCAP, in his opening statement noted that the global recession has brought into highlight the urgent need for the Central Asian economies to strategically transform their domestic economies, broaden their production base, enhance competitiveness in the global markets, particularly increase resilience to external shocks, and achieve sustainable and inclusive growth. He stressed the importance of trade and transport facilitation as driving forces for regional integration and economic development. ESCAP accords high priority to the implementation of SPECA to assist the Central Asian countries in achieving inclusive growth and sustainable development. He also expressed the hope that the opening of the

ESCAP Subregional Office for North and Central Asia¹ would further improve work in the SPECA framework, including assistance to member countries to the achievement of MDGs and implementation of the Almaty Programme of Action.

Representatives of the Governments of member countries spoke highly about the contribution of SPECA to regional economic cooperation and expressed the hope that the Economic Forum would provide a new impetus and new ideas to enrich the work of the Programme.

The representative of Afghanistan urged better coordination between SPECA, RECCA and CAREC in supporting reconstruction and economic development of Afghanistan. The Istanbul Conference on 2 November 2011, the Bonn Conference on 5 December 2011 and RECCA to be held in Dushanbe in March 2012 are important milestones in coordinating international efforts in Afghanistan. Regional cooperation remains one of the five key priorities of the Afghan National Development Strategy (ANDS). Improved energy supplies, better transport links and more active involvement of the private sector, e.g. in the form of PPPs, were mentioned as key elements for a reconstruction strategy that involves improved regional cooperation.

The representative of Azerbaijan hailed the dynamic growth of economic cooperation between his country and its Central Asian partners. Trade between Azerbaijan and Central Asia has grown three times during the last two decades but the real potential for economic cooperation is much greater.

The representative of Kazakhstan welcomed the opening of the ESCAP Subregional Office for North and Central Asia¹ in Almaty that would contribute to more effective work within the SPECA framework. He emphasized that progress in regional economic cooperation and integration should be accelerated, in particular in key areas like the management of water resources and the unified energy system.

The representative of Kyrgyzstan underlined that under conditions of rapid globalization attempts to impose self-isolation lack any perspective. While Central Asia has some legal frameworks for regional economic cooperation, the long shared history of these countries provides a solid basis for it. The Central Asian market is important enough for large neighbours, like the Russian Federation and China: regional cooperation would make this market even more attractive. SPECA is providing effective assistance in this. The economic success of individual countries is closely linked to the success of the whole region.

The representative of Tajikistan reminded of the active role of his country in promoting regional cooperation within the SPECA framework, especially in the areas of transport and trade. The leaders of SPECA member countries have presented many initiatives and adopted many documents on regional economic cooperation during the last two decades but there remained a huge gap between words and implementation. SPECA therefore has a role to play: to help regain the momentum of regional economic cooperation in Central Asia.

¹ After the session of the Governing Council, the UN General Assembly in December 2011 decided to restore the initially proposed UNECE professional post in the Office. As a result, the Office will also function as the Joint ESCAP - UNECE Office for Central Asia as it was initially envisaged.

The representative of the European Union (Delegation of the European External Action Service in Astana) spoke about the experience of the European Union in developing economic integration during the last five decades and present efforts to resolve the economic crisis in the Euro area. Cooperation between the European Union and Central Asia is receiving significant support in the framework of the Central Asia Strategy of the European Union.

The Deputy Secretary General of EurAsEC highlighted the importance of economic cooperation and integration as a tool of economic diversification and increased competitiveness, presenting the successful experiences of EurAsEC in several areas of regional cooperation.

The representative of the Centre for Comparative Regional Integration Studies of the United Nations University spoke about the determinants of successful bottom-up integration in a time of change, mentioning bazaars in Central Asia that help small and medium-sized enterprises and consumers from several countries to exchange goods and establish business relations.

In his keynote statement on the contribution of economic cooperation and integration to regional stability and security, Mr. Miroslav Jenča; Special Representative of the United Nations Secretary-General and Head of the UNRCCA, noted that “the region is gradually moving towards closer economic ties” and that “the trend is positive”. He also stressed that regional economic cooperation and security are closely linked together, as he highlighted how important cross-border trade was after the tragic events in Kyrgyzstan last year. Moreover, in his concluding remarks, he reminded that “successful regional cooperation can only be achieved with the political will of the countries of the region”.

The Deputy Secretary General of the Shanghai Cooperation Organization shared with participants the successful experience of his organization in promoting economic, political and security cooperation at the regional level.

The representative of the United Nations Assistance Mission in Afghanistan underlined the important role that regional economic cooperation should play in the stabilization and economic development of Afghanistan. He urged international and regional organizations and donors to focus on projects that would bring tangible results within a relatively short period of time.

The representative of the OSCE spoke about the contribution of his organization to regional economic cooperation and its close collaboration with partners like the UNECE.

The UN Resident Coordinator and UNDP Resident Representative in Turkmenistan speaking on behalf of the UNDP Director of the Regional Bureau for Eastern Europe and the CIS reminded participants of the conclusions and recommendations of the UNDP 2005 Human Development Report on Central Asia that focused on regional cooperation. Most of the conclusions of the Report are valid today and the bulk of its recommendations remain to be implemented. The idea of the preparation of a second Human Development Report on Regional Cooperation in Central Asia was mentioned in the ensuing discussion.

The representative of the USAID spoke about the Agency's assistance to regional economic cooperation in several key areas, including energy policy and the cooperative and rational management of the energy resources of the region.

The Director of the UNECE Trade Division highlighted the role of trade in increasing economic growth and competitiveness in the land-locked region of Central Asia. She presented

capacity-building activities by UNECE in the area of trade facilitation, including electronic corridors for trade related data, the Single Window and the Air-for-Trade programme.

The representative of the UNECE Transport Division spoke about the contribution of transport links to regional cooperation and the integration of Central Asia in the world economy. He presented the work of the two Regional Commissions – UNECE and ESCAP – facilitating the development of Eurasian transport corridors and their contribution to road safety.

The representative of the International Trade Centre spoke about barriers to trade in Central Asia and presented several proposals on projects that could facilitate trade flows in the region.

The representative of ESCAP analyzed economic developments in Asia and in particular in Central Asia and spoke about ESCAP activities in the region.

The Head of UNIDO operations in Kyrgyzstan introduced activities of its organization in support of industrial development.

The representative of the UNDP Office in Kazakhstan spoke about economic development in Central Asia that influences regional cooperation.

The Deputy Executive Secretary of the UNECE in his concluding statement summarized ideas presented by previous speakers and laid out a series of proposals on how SPECA could provide more effective assistance to regional cooperation. He believed that SPECA, supported by UNECE and ESCAP, is particularly well-suited to assist bottom-up efforts of its member countries to strengthen regional economic cooperation. He compared assistance by international financial institutions, bilateral donors and neighbouring countries to the development of regional infrastructure to the provision of "hardware", while SPECA is providing the "software" necessary for the effective operation and management of this infrastructure. He mentioned the UNECE unique legal instruments as well as its norms, standards, recommendations, best practices and guides that provide a solid basis for its work to promote regional economic cooperation. The close cooperation between SPECA and the International Fund for Saving the Aral Sea provides a good example of assistance which builds on UNECE legal instruments and norms.

Representatives of SPECA member countries highly appreciated the substantive and in-depth discussions during the Economic Forum and the willingness of participants to look into the future and to present a wealth of ideas on how SPECA could support regional economic cooperation in Central Asia more effectively. The representative of Afghanistan proposed to hold a side event during the 2012 SPECA Economic Forum, focusing on cooperation between his country and Central Asia.

The Chairperson of the 2011 SPECA Economic Forum in his closing address underlined the role of SPECA in enhancing further constructive collaboration. He also noted that many economic problems should be addressed through concerted efforts. This approach ensures the constructiveness of the decisions adopted, regional stability and cost-effective solutions to a wide range of economic issues. He underlined the importance of numerous initiatives by the President of Turkmenistan on maintaining peace and stability in Central Asia and the Caspian region, in particular the initiative on peace through development presented at the 66th session of the United Nations General Assembly.

The Chairperson of the 2011 SPECA Economic Forum presented the Conclusions at the closing session of the Economic Forum which are contained in the Annex.

CONCLUSIONS BY THE CHAIRPERSON

- Participants of the 2011 SPECA Economic Forum conducted broad, frank and forward looking discussions on the state and prospects of regional economic cooperation and integration in Central Asia.
- They hailed the successes of the Central Asian countries in economic and social development during the last two decades and commended their efforts to strengthen regional economic cooperation, including their participation in various regional organizations and programmes.
- Participants highlighted the key role of economic cooperation and integration in successfully meeting future economic, social, political and security challenges and its growing importance in increasing the competitiveness of countries in a turbulent and rapidly changing global economy.
- Overwhelming support was expressed to the further strengthening of economic cooperation among the Central Asian countries in order to facilitate their sustainable and rapid development, as well as a contribution to regional stability and security.
- Participants highlighted the importance of modern and effective legal and institutional frameworks for regional cooperation; such frameworks are instrumental in addressing regional challenges and the joint management of shared resources. The International Fund for Saving the Aral Sea and its institutions were mentioned as a time-tested framework for such cooperation.
- Participants emphasized that the land-locked Central Asian countries should focus on developing regional trade, transport and border crossing, with special emphasis on Eurasian transport corridors. Cooperation with Afghanistan in this area offers significant mutual advantages.
- Involving Afghanistan more closely in regional economic cooperation was mentioned both as an important contribution to regional stability and security and as a precondition of increasing exports to South Asia and expanding north-south trade and transport links.
- Support by international and regional organizations and the donor community to regional economic cooperation and integration was considered essential.
- The Regional Commissions through their norms and standards and policy recommendations provide an important contribution to economic cooperation and integration, in particular the building of a coherent Eurasian economic space. They foster economic cooperation in the European and Trans-Atlantic region and beyond by producing norms, standards, regulations, policy recommendations, guides, best practices that work for the real economy and for sustainable development.

- The Regional Commissions offer some unique legal instruments – conventions and agreements as well as capacity-building services in the area of transport, trade facilitation, environment and water. They set global benchmarks in areas like statistics, energy efficiency, housing, forestry or public-private partnerships.
 - The legal instruments provide a shared legal platform to avoid or resolve misunderstandings. They form a solid basis for technical assistance to SPECA member countries in the fields of human capacity-building, institution-building, legal reform and political dialogue. SPECA offers a suitable framework for supporting regional cooperation in key areas covered by its Project Working Groups.
 - The outcomes of the 2011 SPECA Economic Forum will be presented by the Deputy Executive Secretary of the UNECE to the sixth session of the SPECA Governing Council.
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