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Opening Statement

by

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at

**the 2012 SPECA Economic Forum: "Strengthening Regional Economic
Cooperation and Integration in Central Asia by Sharing the Asian Experience"**

Bangkok, 27 November 2012

Mr. Chairperson, Excellences, Ladies and Gentlemen,

The United Nations Special Programme for the Economies of Central Asia supports regional cooperation in Central Asia in several key areas, including water and energy, trade, transport, statistics, knowledge-based development and gender and the economy. Capacity building and other forms of technical assistance successfully contribute to progress in these areas. However, UNECE's experience in the regional management of water and energy resources has demonstrated that without properly functioning indigenous regional organizations and institutions, fully owned by their member countries, such progress might not be sustainable. That is why UNECE has been providing support to the institutional and legal strengthening of the International Fund for Saving the Aral Sea (IFAS) within a mandate from the 2009 IFAS Summit.

Increasingly overwhelmed by the formidable challenge of managing water and energy resources of the region, IFAS remains the only functioning intergovernmental organization in Central Asia. The lack of regional organizations and institutions in Central Asia has negative consequences for these economies. None of the earlier frameworks and initiatives (the Central Asian Economic Community, the Central Asian Forum, the Central Asian Cooperation Organization or the Central Asian Union) has survived. But the problems these regional arrangements were intended to solve remain: investment protection, avoidance of double taxation, transit corridors, elimination of non-tariff barriers to trade, regulation of labour migration – just to mention a few.

The low level of regional cooperation and integration has consequences for Central Asia far beyond the economic field. An obvious role of regional integration is the promotion of peace and security. The low level of cooperation and integration limits the ability of the region to cope with such challenges as religious extremism, drug trafficking and other forms of organized crime.

The 2007 SPECA Economic Forum viewed the European Union as a successful model for regional arrangements. However, to achieve higher levels of integration similar to the EU, Central Asian countries need to strengthen confidence amongst themselves and start building regional economic cooperation in those areas which present bottlenecks and cause the greatest loss of efficiency and competitiveness for their economies.

Several Central Asia countries are already members of larger regional groupings, such as the Eurasian Economic Commission and the Shanghai Cooperation Organization. The 2008 SPECA Economic Forum in Moscow highlighted the fact that these organizations link Central Asian economies to two major economic powerhouses of the Eurasian region: the Russian Federation and China. At the same

time, Central Asian countries, by strengthening cooperation among themselves, can build better capabilities to benefit from cooperation within these larger regional arrangements, as well as from global opportunities.

Today, we will examine the experience of Asian cooperation and integration organizations. The successes and lessons learned from these organizations are highly relevant for Central Asia. One reason for this is the similarity of political and economic challenges. The history of Asian regional organizations demonstrates how patient confidence-building and the step by step creation of a solid political and economic basis for higher level cooperation and integration can help bridge diverging interests and resolve disputes. Sophisticated tools for confidence-building like the famous "second track diplomacy" or the use of flexible, multi-speed arrangements within organizations can play a useful role in Central Asia too. One could also mention the use of "soft laws" when the time is not ripe for binding agreements, or the skillful combination of political and working level dialogue when it comes to building lasting and effective regional arrangements.

Asian countries learned how to successfully integrate countries with very different levels of economic development. Just think of Singapore and Malaysia, on the one hand, and Cambodia and Laos, on the other – all are members of Association of Southeast Asian Nations (ASEAN). Central Asia is facing similar problems due to the growing gap between energy exporting and non-energy exporting countries.

Another important aspect of the Asian experience is the evolution of multi-level cooperation represented by free trade agreements between ASEAN and the key economies of the Asia-Pacific region (China, Republic of Korea, Japan and India), or the partially overlapping membership of ASEAN and the Asia-Pacific Economic Cooperation (APEC).

Less advanced regional arrangements such as the South Asian Association for Regional Cooperation (SAARC) also offer a useful insight by having defined the most important short- and medium-term objectives at the early stages of regional cooperation. These include, among others, improving conditions for transit trade, facilitating border crossing, unification of trade and customs procedures, and development of regional transport, energy and telecommunications infrastructure. Good transport and trade relations within a region, as well as good connectivity with its main economic partners outside the region are especially important in the case of the land-locked countries of Central Asia.

I hope that the presentations and discussions today and tomorrow will generate a constructive and forward-looking dialogue among the Governments of SPECA countries on how Central Asia could build upon the experience of Asian countries and accelerate regional economic cooperation and integration.

Tomorrow, a special session will deal with the potential role of SPECA in supporting such a dialogue. SPECA offers neutral UN expertise in the very areas where regional economic cooperation provides the greatest added value such as trade, transport and border crossing. SPECA can also draw on the considerable experience it has acquired in recent years through supporting the strengthening of existing regional organizations and institutions in Central Asia.

Supported by the two UN Regional Commissions, SPECA is in a position to place discussions on regional economic cooperation and integration in a broader development context. It can raise the awareness of policy-makers and experts about the benefits of regional economic cooperation in enhancing the ability of countries to successfully achieve the UN Development Goals and implement the outcomes of major UN conferences and summits in social and economic fields. I am convinced that SPECA should make increasing efforts to mainstream the regional dimension in the discussions of the post 2015 development agenda and the follow-up to the Rio+20 outcomes.

I am looking forward to a serious and stimulating discussion on the highly topical issues on our agenda and hope that we will conclude our work with specific, pragmatic recommendations on how SPECA could more effectively contribute to strengthened regional economic cooperation and integration in Central Asia.
