



Follow-up Meeting of the 2010 SPECA Forum

Launching a Plan of Action to Strengthen Stability and Sustainable Development of Afghanistan through Regional Economic Cooperation in Central Asia

Elements of Discussion

**Towards Enhanced Regional Cooperation:
An Integrated Regional Economic Strategy at the Heart
of Asia**

BY

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Ashgabat, Turkmenistan

7-8 June, 2011

Excellency Rashid Meredov, Deputy Prime Minister,

Excellency Jan Kubias, United Nations Under-Secretary General and Executive Secretary of the United Nations Commission for Europe, UNECE,

Excellency Miroslav Jenca, Special Representative of the United Nations Secretary-General and Head of the United Nations regional Centre for Preventive Diplomacy for Central Asia ,

Distinguished delegates, Ladies and Gentlemen,

I am delighted for this opportunity to join the discussions in follow-up Meeting of the 2010 SPECA Economic Forum specifically involving Afghanistan. At the outset, I would like to thank the Turkmenistan Government and the UNECE for the excellent arrangements and hosting this important meeting in one of the historically celebrated city of the Central Asia- Ashgabat. With this gathering of some of committed regional and multilateral institutions experienced representatives working on regional issues and its surrounding region, *we have a unique opportunity to begin to explore ways of marrying some of the most creative and timely initiatives for the SPECA region involving Afghanistan.*

Excellencies,

In the past decade important progress has taken place in Afghanistan. As a result, our country has come a long way. Our efforts have focused on ensuring political and economic stability and the development of our infrastructure not only for us - but for the benefit of the region as well.

With the reconstruction of our national highway system, for example, all Central Asian Capitals will be less than 32 hours from the Persian Gulf and the Indian Ocean, thereby, connecting Central Asia to South Asia and Far East to Middle East – a market of literally half of the world population and vast resources. In this connection joint UNECE and IRU operational efforts in the implementations of the UN Convention on the TIR for the region including Afghanistan are considered in-valuable.

Afghanistan's trade with the regional countries such as Iran, India, Pakistan, China and Turkey has already increased many-fold since 2001.

Afghanistan has also currently absorbed closer to 100,000 skilled workers in the construction sector alone from the regional countries.

With a positive and determined spirit, we continue to see shining productive markets over the horizon. But we are unable to reach them. No matter how productive our businesses are, in Afghanistan we continue to lack the roads

and railway to transport our fruits, nuts and minerals to customers in the market place. So investors turn a blind eye to our region and invest elsewhere as we lack well developed trade linkages and trade policies – a message for the UN International Trade Centre, ITC. ***But we do not have to be prisoners of our fate. We can rise up and revive our shared prosperity with our neighbors.*** In particular, to spur an empirically grounded yet forward-looking dialogue on this topic which no doubt will reinforce and ensure close linkages between the following priority activities:

- strengthening border management cooperation, a hallmark of the regional cooperation could be the breaking-down of barriers to trade and transit, by reducing excessive bureaucratic procedures and illegal rent-seeking activities;
- reinforce efforts to design and support the implementation of major regional infrastructure projects including:
 - (i) The Afghan Ring Road and Kabul-Herat Highway, which when completed will be linked to continental trunk routes, especially to the Pakistani port at Gwadar;

(ii) Central Asia – South Asia Regional Electricity Market (CASA 1000) initiative, which seeks to complete electrical transmission lines to facilitate the export of surplus power from the Central Asian Republics to the countries of South Asia;

(iii) Turkmenistan, Afghanistan, Pakistan and India (TAPI) natural gas pipeline project, which, when completed, would transport natural gas under the Caspian Sea from Turkmenistan through Afghanistan to Pakistan and on to India.

(iv) Trans-Afghan rail lines linking Europe and Asia, including through the proposed construction of rail lines from Shirkhan Bander to Herat; Kandahar to Spin Boldak; and Jalalabad to Torkham as presented to the Kabul Conference in last July:

(v) The Afghanistan-Regional Resource Corridor Initiative (AR-RCI): this flagship transport oriented National Priority Program focuses on (a) policy, legal, and regulatory reforms, (b) developing the critical infrastructure needed, (c) to reap the benefits from the large-scale, environmentally friendly extraction of Afghanistan's

mineral resources, and (d) increased trade flows and labour mobility.

The program aims to deliver shared-use of road, rail, aviation, power and water systems in order to, *inter alia*, establish Afghanistan as a strategic land bridge that connects the East to the Middle East through to Western Europe and to Central and South Asia. Regional Cooperation can help to build bridges with relevant regional partners for this set of inter-related activities.

Excellencies,

For my remarks today, I would like to offer some additional brief observations about the importance of regional economic cooperation giving special reference to the tangible successes that countries in our region can build upon with the support of multilateral economic initiatives and donor funding. I would also like to share some ideas about *key features and possible benefits that could be derived from new integrated regional economic initiatives and strategy* for Afghanistan and its surrounding region.

Excellencies,

Regional economic cooperation and integration is a unique vehicle to both economic progress within our respective countries, as well as progress in the areas of social development, security and political cooperation. On the economic side of the ledger, they together contribute to enhanced prospects for accelerated economic growth, because expanded trade ties has shown historically, that all countries have a comparative advantage and something of value to offer the global marketplace. In our case, today, almost 60% of Afghanistan's trade carried out within region Pakistan, Iran, Tajikistan, Turkmenistan, Uzbekistan, and China, and the *economic dynamism generated, in part through the work of regional organizations such as ECO, SAARC and the SCO, has resulted in multiple, tangible economic benefits*, such as jobs and increased public revenues.

At the same time, regional economic cooperation and integration help build the foundations for closer political cooperation and improved security, as the Central Asian Republics could demonstrate through SPECA and other initiatives. *It is my country's hope and belief that the*

implementation of the new Afghanistan-Pakistan Trade and Transit Agreement will facilitate political dialogue on other issues of mutual concern between our two countries, and the recently renewed discussions on TAPI or the Turkmenistan, Afghanistan, Pakistan, and India natural gas pipeline project send strong signals that economic dividends from peace across the region command enormous potential.

Yet, at the same time, intraregional trade – accounting for only around 15% of total trade associated with Central, South, and South-West Asia – remains comparatively low to other regions of the world. One consequence then is that *job creation, for both Afghanistan and its wider region, has yet to bear significant fruit,* and the demonstrable benefits of expanded regional trade and transit, while substantial, have been elusive.

But even with current formal and informal barriers to regional economic cooperation and integration, my country continues to take practical steps forward in this direction. At the last 2010 held Kabul International Conference on Afghanistan, the countries and international agencies some of them are represented here at this SPECA meeting endorsed the “Kabul

Process Agenda”, consisting of a new generation of National Priority Programs. From promoting new transportation infrastructure and private sector development to the harnessing of energy and extraction of the country’s rich natural resources, *these programs represent an important shift toward making Afghanistan more financially self-sufficient and making its citizens competitive in the global economy.* However, this can only occur when Afghanistan re-engages and becomes a fully contributing member within its immediate region, at the heart of Asia,

President Karzai declared at the Kabul Conference in last July that:

Afghanistan is re-emerging as the “Asian Roundabout,” a central point of interconnection of goods, ideas, services and people in the fast expanding Asian economy. Our vision is to be the peaceful meeting-place of civilizations. Our location in the centre of the new Silk Road makes us a convergence point of regional and global economic interests. The “Roundabout” vision is not a dream – it is being built.

To build on His vision of bringing the region together within the framework of enhanced regional cooperation, I believe creating awareness, building trust and joint sub and regional initiatives, projects and other programs benefiting countries and in our case, Afghanistan are considered very important.

Excellencies

We had an opportunity to review with a keen interest, proposals and projects planned to be discussed and or presented at the SPECA meeting today and tomorrow will certainly provide a good opportunity and form possible elements of foundation for future regional cooperation processes. We very much look forward to working actively with our sub and regional partners within the framework of the SPECA programme which has taken commendable initiatives and our brother Turkmenistan lends their support.

I thank you for your time and wish success to participants and I look forward to benefiting from your reflections.