

26-Oct-16

Welcome Remarks

By Senator MohamamdIshaq Dar

**Minister for Finance, Revenue, Economic Affairs, Statistics & Privatization,
ADB Governor for the Islamic Republic of Pakistan**

Chair of the 15th CAREC

**(CENTRAL ASIA REGIONAL ECONOMIC COOPERATION) Ministerial
Meeting**

On the theme

“Linking Connectivity with Economic Transformation in CAREC”

26th October 2016 Serena Hotel Islamabad

- **His Excellency Mr. Muhammad Nawaz Sharif, Prime Minister of Pakistan,**
- **Excellency Mr. Takehiko Nakao, President ADB,**
- **Cabinet colleagues and Parliamentarians**
- **Distinguished dignitaries from participating countries, worthy participants from regional and international organizations,**
- **Head of Federal Government Divisions and Autonomous bodies**
- **Members of the Diplomatic Corps**
- **Media Friends**

- **Ladies and gentlemen**

Assalam o Alaikum and Good Morning!

It gives me great pleasure to welcome you to the 15th CAREC Ministerial Conference. It is indeed a matter of pride for Pakistan to host this important conference. I would like to extend to you a warm welcome to Pakistan and hope you are enjoying your stay in the beautiful capital city of Islamabad.

I appreciate the efforts of the President Asian Development Bank, His Excellency President Nakao, his team and the CAREC members for making this event possible. I understand that productive discussions have been held during the CAREC Senior Officials' meeting yesterday. These discussions covered sharing updates on the progress of priority sectors of CAREC, mid-term review of CAREC 2020, and consultations on the development of a CAREC Economic Corridor.

I am certain that the discussions held by the Senior Officials are an apt curtain raiser for the CAREC Ministerial conference today. Ladies and Gentlemen, I am confident that the areas of collaboration and specific initiatives under the CAREC Program will significantly improve connectivity in the region. The projects being implemented in the four core areas of communications, trade facilitation, trade policy and energy, coupled with the economic corridor development, will enable increased trade, enhanced availability of energy and improvement in quality of lives for all people in the region.

Ladies and Gentlemen,

At the outset I would like to share with you a brief update on Pakistan's economy. Our government during the last three years has carried out economic reform agenda under the leadership of PM Nawaz Sharif and now Pakistan has moved to macro-economic stability road from macro-economic instability which prevailed prior to May 2013.

The international community is recognizing Pakistan's efforts in pursuing economic policies which are aimed at ensuring inclusive and sustainable growth of the country. We have recently completed the first time in the country's history a three years IMF Extended Fund Facility Program which tantamounts to completion of all twelve steps of the reform agenda. The major factor which led to the successful completion of the program is the election manifesto of April 2013 of Pakistan Muslim League (N) which provided a roadmap of economic reforms

which after winning general elections 2013 under the leadership of Prime Minister Nawaz Sharif formed the basis of economic policies of our government.

Ladies and Gentlemen,

By June 2013 the economy faced manifold challenges which entailed comprehensive structural reforms. Energy shortages were significantly hampering all areas of growth. Agriculture, large scale manufacturing and services sectors were all underperforming. The foreign exchange reserve position had reached precarious levels, the interest rates and inflation were high. The external sector was heavily out of balance, and the performance of state owned enterprises had severely deteriorated. The adverse impact of these economic difficulties had been further compounded by the adverse security situation which prevailed in the country.

After being sworn in office in 2013, our government immediately initiated hectic efforts to stabilize the economy and revive growth. We took necessary and difficult steps to avoid predicted default, and ensure fiscal discipline and consolidation. In this regard, we undertook structural reforms, including restructuring Public Sector Enterprises, and other measures including reduction in un-targeted subsidies and broadened the tax base. Measures were also taken to build foreign exchange reserves, contain inflation and overcome energy shortages. To address energy issues, Prime Minister Nawaz Sharif set up a Cabinet Committee on Energy and developed a National Power Policy which provides a roadmap to overcome the energy crisis and fully meet the future needs of power in the country by March 2018. We focused on reducing the fiscal deficit, while ensuring that social safety nets and development spending are not only protected but considerably enhanced. Initiatives were also undertaken to create an enabling environment for rebuilding the confidence of domestic and foreign investors in Pakistan.

Our government's economic policies have resulted in Pakistan's economic turnaround which is evident in the GDP growth rebound, fiscal consolidation, low inflation, strong rupee, and overall macroeconomic stability. All key macroeconomic indicators have recorded significant improvement over the past three years. Improvement in fiscal sustainability, foreign exchange reserve position, and governance structures, has led to the emergence of Pakistan as a trustworthy and long-term destination for global partnerships, collaboration and

investment. We believe that Pakistan is now well positioned to play its pivotal role in enhancing economic cooperation between CAREC member states.

Ladies and Gentlemen,

In order to further spur regional economic growth we are implementing large economic development programs. The Government of Pakistan is implementing the China-Pakistan Economic Corridor, called CPEC, which will complement the regional connectivity initiatives of CAREC countries. CPEC offers a massive opportunity for connectivity between Central Asia, Middle East and Africa and is bound to play a defining role in the economic development of our region. Improving transport corridors is not an end in itself. It is an investment in establishing sound infrastructure and complementary frameworks for opportunities in shared prosperity for the present and future generations of our region.

The Central Asia Regional Economic Cooperation (CAREC) Transport and Trade Facilitation Strategy (TTFS) provides the platform to ensure effective implementation of communications, transport and trade-related projects. This enables a more efficient and comprehensive approach to achieving the goals of establishing competitive corridors, facilitating movement of goods and people through these corridors and providing sustainable, safe, and user-friendly transport and trade networks. Once the six CAREC Corridors and major seaports start providing access to the global markets, they will deliver services that will be important for national and regional competitiveness, productivity, employment, mobility, and environmental sustainability.

Transit trade is currently limited to Afghanistan, while imports and exports to the Central Asian Republics from other countries, via Pakistani or Iranian ports, are negligible. Intraregional transit trade through Afghanistan has been hindered by logistical difficulties in the region. Therefore, development of appropriate national and regional coordination mechanisms will be a priority area which we will address during this conference.

Ladies and Gentlemen,

Central Asia enjoys abundant energy resources. Our resources are diverse and spread over the region. For instance, Kazakhstan has large oil and coal reserves, Uzbekistan and Turkmenistan have sizeable gas reserves, and Kyrgyz Republic and Tajikistan have substantial hydro power resources.

All countries in CAREC are developing and our energy needs are fast increasing. This abundant reserve of natural resources in the region provides a great opportunity for regional cooperation. All countries in the CAREC region should be able to import and export the appropriate form of energy at the requisite time to the mutual advantage of all member countries. Furthermore differences in energy sources can be optimally combined to reduce costs and mitigate supply risks. We should create a complementary energy market in our region. The objective of this initiative should be to increase energy security and achieve energy efficiency by optimal expansion of integrated transmission and generation infrastructure.

The CAREC Energy Strategy identifies five potential energy corridors in Central Asia i.e.

- (i) Central Asia – East Asia;
- (ii) Central Asia – South Asia;
- (iii) Intra-Central Asia;
- (iv) Central Asia – Russian Federation; and
- (v) Central Asia – European Union.

Given the very large combined power infrastructure needs of these sub-regions, energy corridors need to be prioritized. To do so, each corridor has been ranked across three key themes that were outlined in the EAP (Energy Action Plan):

- (a) energy demand and supply balance and infrastructure constraints;
- (b) regional dispatch and regulatory development; and
- (c) energy-water linkage.

The Central Asia-South Asia Corridor has been identified as one of the two regions with the highest need and potential for integration. The other region, Intra-Central Asia, is also critical to the development of the Central-South Asia corridor.

Various cross-border projects and programs aimed at increasing energy trade between Central Asia and East and South Asia are being implemented, or are under active consideration by CAREC member countries and multilateral institutions. Infrastructure development projects under implementation are the TAP (Turkmenistan-Afghanistan-Pakistan) gas pipeline project, the CASA-1000 power transmission project, and the TUTAP (Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan) power transmission project. In addition, the East Asian Super Grid Project is currently under consideration. I will now briefly take you through the salient features of these projects:

- a. The TAP gas pipeline is expected to export up to 33 Billion cubic meters of natural gas per year.
- b. The CASA-1000 power transmission line is the first phase of the East-Central-South Asia Regional Electricity Market (E-CASAREM) development program, which envisions the creation of a shared power market among the countries of East, Central and South Asia. The line is expected to support up to 1,300 MW of clean electricity trade between Central Asia and South Asia.
- c. The TUTAP power transmission project intends to use existing and planned energy assets in Afghanistan to connect Turkmenistan, Uzbekistan, Tajikistan and Pakistan to the Afghanistan power grid.
- d. The East Asia Super Grid Project envisions connecting the power systems of Mongolia, Russia, China, South Korea, Japan, and possibly North Korea.

Ladies and Gentlemen,

Overall, I am pleased with the progress the CAREC Program has made so far. I would like to encourage and urge all Partner Countries and Multilateral Institution Partners to keep up the momentum and continue to co-operate and work together to ensure timely completion of all ongoing projects. I am certain that the success of CAREC will have a positive, transformational impact on the lives of all our people and our future generations.

In the end, I would like to wish distinguished CAREC delegates a pleasant, comfortable and enjoyable stay in Islamabad, and very much look forward to a productive Ministerial Conference today.

Thank you for your time and attention.