

**Speech of SRSG Petko Draganov  
at the High-level seminar on regional cooperation in trade in Central Asia**

**“Regional trade as a factor of preventive diplomacy in Central Asia”**

Ladies and gentlemen,

It is a pleasure to be here with you all. Greeting colleagues from UNCTAD and UNECE is like home-coming for me. I very much treasure the time we worked together and I am grateful for your dedication and comradery.

I now wear a different hat. It is my honor to serve as the Special Representative of the Secretary General and Head of the UN Regional Centre for Preventive Diplomacy for Central Asia in Ashgabat.

The mandate of the UNRCCA is one of preventive diplomacy. The Centre liaises with the Governments of the five Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) and, with their concurrence, with other parties concerned on issues of relevance to preventive diplomacy.

Most of you are aware of the challenges Central Asia faces as a region, so I won't go into detail at this time. Instead, I'll just say that the prevention of violent extremism, or resolving environmental and water problems, cross-border issues, or dealing with transnational organized crime usually take the spotlight when we discuss preventive diplomacy in Central Asia. And they should; these are very real, very serious issues that demand considered diplomatic and multilateral action to address.

It is a challenging task, but with the dedication of our partners in Central Asia, which was reaffirmed to SG Ban Ki-moon during our recent travel throughout the region, I feel we are able to implement our mandate in good, positive conditions.

But the reason I am here today is to talk about one of the issues that sometimes gets overlooked in terms of preventive diplomacy. An issue that, as my former role in UNCTAD should make clear, is very near and dear to me. That issue is trade and its role in fostering mutual understanding and prevention of conflicts.

Dear colleagues,

It is obvious that greater trade links between countries mean greater shared prosperity. Shared prosperity means shared interests and increased confidence between prosperous partners, both of which go a very long way in ensuring lasting peace. At the moment, however, we can say that the identity of the region of Central Asia is mostly based on a stock of common challenges and threats, rather than shared benefits and mutual gains from cooperation and interdependence. If the current situation presents an outstanding challenge, then it also presents a significant opportunity.

Using this opportunity, our colleagues here at UNECE have made progress, together with the region, on making the United Nations Special Programme for the Economies of Central Asia (SPECA) a more regionally active, and regionally owned, forum for cooperation. I think a stronger, regionally owned effort like SPECA has the potential to facilitate cooperation in trade. Again, greater trade between countries means greater shared prosperity and stability.

Today, the economies of the world's nations, facilitated by trade, are more globally intertwined than ever before. Despite occasional economic fluctuations, the world by and large is more prosperous than it has ever been. Although Central Asia has shared in some of the greater global prosperity, the region still lags behind a large part of the world in developing decent trade relations, especially intra-regionally.

Intra-regional trade in Central Asia is low – approximately 5 percent, according to the Asian Development Bank data for 2010. Allow me to put that into perspective: intra-regional trade in the European Union accounts for 67 percent of all trade activity; in the North American Free Trade Agreement (NAFTA) - 62 percent; in the Association of Southeast Asian Nations (ASEAN)- 26%; in the Common Market for Eastern and Southern Africa – 22%.

This demonstrates that there remains much to be done to improve the interconnectedness of the five Central Asian countries with each other. The Asian Development Bank and UNDP carried out a comprehensive assessment of trade opportunities and constraints in 2005 (still relevant today) and found that average trade costs and time requirement for shipments within Central Asia were about twice as high than those expected with normal transport conditions. The principal reasons for these elevated time and monetary costs were delays and costs (both legal and informal) of border crossings, behind-the border barriers like poor logistics, police barriers, illicit fees, and infrastructure bottlenecks.

The fact that each of the Central Asian states is land-locked has not contributed to making intra-regional trade easier. UNCTAD has noted that land locked developing countries spend twice as much of their export earnings on transport and insurance services as the average developing country and three times more than the average developed country.

The 10-year action-plan put together in Vienna at the Second United Nations Conference on Landlocked Developing Countries laid important foundational work to better address this situation in an encompassing framework to improve the development and expansion of efficient transit systems and transport development, enhancement of competitiveness, expansion of trade, structural transformation, regional cooperation, and the promotion of inclusive economic growth and sustainable development. However, there remain some very real physical barriers that each of the Central Asian countries face in their transformation from being landlocked into becoming land-linked.

This was revealed just last November, in Almaty, during a UNRCCA facilitated international seminar involving the Institutes of Strategic Studies from Central Asian countries, on the theme of "Regional Cooperation as a Factor for Stability and Prosperity in Central Asia". Discussions at this event reconfirmed that intra-regional trade in Central Asia still remains a small fraction of the overall foreign trade of these countries. The Central Asian states' main trading partners are beyond and outside the region, which in itself provides opportunities for them to integrate in broader regional initiatives such as the Central Asia Regional Economic Cooperation (CAREC), the Economic Cooperation Organization (ECO), the free trade zone of the Commonwealth of Independent States (CIS), the Eurasian Economic Union, the Confidence Building Measures' within the Istanbul process and others.

Some steps have been made by countries in the region to boost intra-regional trade and cooperation. And, despite all the obstacles on the way, we are still confident that trade can develop and greatly contribute to regional peace and to the solution of complex problems proper to Central Asia.

Dear Participants,

Another widely known fact is that security in Central Asian countries is influenced by developments in neighboring Afghanistan. It is therefore particularly important that Afghanistan should also be involved in the design of a regional economy. To this end, projects like TAPI, CASA-1000 as well as the increased construction of

railroads, highways and other infrastructure will help boost regional trade and promote peace.

In this regard, I would like to underline that SPECA, while subject to criticism by some, remains a good economic and preventive tool in the region and an important platform for dialogue over economic issues in Central Asia and Afghanistan.

I would recommend to make SPECA a more action driven platform to implement numerous projects that had been identified by Central Asian states. One way to achieve this would be to connect SPECA to other broader regional economic initiatives, including the Istanbul process confidence building measures on infrastructure.

Dear colleagues,

In keeping with our mandate, UNRCCA continues to collaborate with Central Asian governments, as well as other partners like those participating in this seminar, in order to promote regional commercial relations. In our contacts with the governments of Central Asian countries, we stress the need for institutional and structural reforms as a condition for trade and economic development. The Centre maintains its readiness for further cooperation with United Nations agencies, the WTO and other partners. Given the importance of the issue for regional stability I would suggest to consider the possibility for UNRCCA hosting a similar event in Ashgabat, in consultation with the Government of Turkmenistan.

In closing, I'd like to remark that during last month's travel with the SG in Central Asia, the region's steadily growing prosperity was well noted. However, prosperity which is not built on mutual involvement between neighbors remains fraught with peril and uncertainty. Through the employment of the SG's good offices, we at UNRCCA strive towards an ever more genuine regional partnership and the prevention of conflicts. Better trade relations can make the region more prosperous, and therefore, more stable and secure.

Thank you.