



39TH ANNUAL MEETING

BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

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GS-36

UZBEKISTAN

Batir Mirbabayev, Temporary Alternate Governor

Let me begin by joining others in welcoming Armenia and Brunei Darussalam as new members of ADB.

Challenges for Asia

It is unfortunate to note that in recent years we have held our Annual Meeting after being confronted by natural calamity and human tragedy in Asia. The year 2005 was no exception. Devastating earthquakes in South Asia and the continuing bloody conflicts in Iraq and Afghanistan have caused many casualties and tremendous human suffering.

In this regard we appreciate ADB's prompt response to the sudden catastrophes in the region, such as the Indian Ocean tsunami, the South Asia earthquake, and the avian influenza outbreak. ADB acted swiftly to serve the needs of people affected by such tragedies and helped revive economic activities in the areas affected.

Despite this devastation and the prevailing uncertainties, Asia continues to be the most dynamic region in the world, with strong and sustainable economic performance. Central Asia, for example, witnessed 11% growth in the past year.

Meanwhile, we have to recognize that there are a number of serious challenges and impediments to sustaining the current economic trend in Asia and the Pacific. These major challenges are: the continuing global terrorism threat, oil price increases and price volatility, life-threatening communicable diseases such as avian influenza, natural disasters, poor infrastructure, and poverty.

Recent Developments in Uzbekistan

Uzbekistan has posted very strong 7%-8% growth in recent years, with significant contributions from its agriculture and industrial sectors, and robust performance from external trade. In 2005, the inflation rate was 7.8%, foreign trade increased by 27%, while the trade surplus exceeded US\$1.3 billion.

This promising progress in the economy was achieved because of the Government's prudent monetary and fiscal policy, comprehensive agricultural and private sector reforms, liberalization of markets for goods and currency, and successful implementation of administrative reforms.



Aided by greater foreign direct investments in the textile and hydrocarbon sectors and the critical reforms needed for private-sector-led growth, similar high growth is expected to continue in 2006-2007 with a projected annual GDP growth of 7%- 8%.

To sustain high economic growth in the future, the Government intends to launch broader structural reforms which will include the following measures:

- further broadening of the private sector, strengthening guarantees and forming favorable environment for businesses;
- ensuring job generation and creating employment as major conditions to increase incomes and improve living standards;
- promoting export expansion;
- expanding reform in agriculture;
- deepening reforms in the public communal utilities sector; and
- further improving taxation policy.

In this context we greatly appreciate ADB's contributions to strengthening the reform process in our country, and for the recently approved country strategy and program for Uzbekistan which will provide financial assistance in the amount of more that US\$100 million a year.

ADB's role

We welcome the proactive leadership of President Kuroda and the actions that have been taken by the new Management team over the last 14 months to further enhance ADB's efficiency, to simplify and streamline the business procedures, and to work out innovative and more attractive technical assistance products for borrowers.

We particularly support the recent realignment of regional departments, which will enable a stronger synergy between country and regional operations as well as a better country focus. The establishment of the Central and West Asia Department will enable ADB to strengthen its assistance to the Central Asia countries together with Afghanistan and Pakistan.

We believe that ADB's future plans should focus on the following priorities.

First, infrastructure development, in particularly transport, agriculture and water resources, should remain the highest priorities of ADB's operations. This is the foundation of the sustainable economic growth and poverty reduction in developing member countries (DMCs).

Second, ADB should promote social development, for example by establishing modern education and health care systems that will be the most effective and promising long-term investments for future prosperity.

Third, ADB should support private sector investments and boost infrastructure development and sustainable economic growth. ADB should provide assistance and share knowledge in Uzbekistan through equity investments and lending facilities to banking and private enterprises, microfinance, housing and mortgage facilities for the poor.

Fourth, ADB should promote the strengthening of regional economic cooperation and integration. The Government of Uzbekistan greatly values ADB's contribution to strengthening economic integration among Central Asian states, as well as cooperation between South and Central Asia.

In this context, we urge Management to accelerate the process to establish a Central Asia Investment Fund to support small and medium-sized enterprises and private sector development in the region.

Finally, we are confident that ADB will remain attentive to the voices of the region and implement its own strategies for each member country based on experience, knowledge, client orientation. In response to the dynamic and rapid changes being experienced by Asian countries, we believe ADB should be a “family doctor”, addressing their needs in a flexible and timely manner.

Conclusion

On behalf of the Government of Uzbekistan, I would like to express our appreciation for ADB's continuing efforts to improve the quality of life in Asia, and express my gratitude to our hosts, the Government of India and the people of Hyderabad, for their warm hospitality and gracious arrangements.