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Renaissance of the Silk Road

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ON THE 31st of August, Kyrgyzstan and Malaysia will both celebrate their Independence Day. For Kyrgyzstan, this celebrated event happened eight years ago after the collapse of the former state system - the Soviet Union.

The birth of our independent Republic was followed by the unavoidable elimination of trade and economic links with the former Union's Republics, lead to a sharp decline in the Kyrgyz economic condition. This was a tremendous threat to the young Kyrgyz Republic. Therefore, a search for ways in which to boost economic recovery became a priority in both our external and internal policies and it's our great pleasure to point out that Malaysia has actively supported our aspirations. The Malaysian people took part in exploring the Kyrgyz economy and helped to work out some solutions and measures to boost its development.

The Kyrgyz Government then took all necessary measures to pull the Republic out of the recession. In 1996, for the first time, a gross domestic product (GDP) growth of 5.6 per cent was noted and this development persisted during 1997 and the first half of 1998. However, the Russian financial crisis came along and derailed the economy, once again by exposing its weaknesses. During the second half of 1998, the Kyrgyz national currency - the som - took a tumble. The som had once been considered as being the most stable currency among the post-Soviet countries. The steady devaluation of the national currency destroyed the Republic's first positive signs of economic improvement and revealed a low level of domestic economic stability in relation to external factors. Given the situation, the Programme for the Stabilisation of Socio-Economic Conditions (1999-2001) was approved. The programme stipulated a GDP growth of 4-6 per cent and an inflation rate of 30-32 per cent in 1999. In order to achieve the formulated goals, the Government settled upon strict monetary policies in order to provide support and assistance in the form of direct investments to the main sectors of the economy. In June 1999, the Government conducted round table talks with representatives from the Islamic Development Bank, Saudi Development Fund, Kuwait Arab Economic Development Fund and the Organisation of Petroleum Exporting Countries Fund. It also continued to closely work with the World Bank, the International Monetary Fund, Europe Reconstruction and Development Bank and the Asia Development Bank.

The Kyrgyzstan Government is currently working-out, in principle, a new document on the Complex Base of Development of the Kyrgyz Republic for the period until 2010. This initiative is in line with President Askar Akayev's policies and is supported by the World Bank and other international institutions as well as donor countries. The main thrust of the initiative will involve a radical improvement of the standards of living, poverty eradication, the development of human resources and stable economic growth. In order to develop a coordinated approach, a consultative group was created in order to carry out open dialogues with various groups within the Kyrgyz society. There is every reason to suppose that this programme will assist in the consolidation of the interests of the various levels of Kyrgyz society.

In the past eight years, a great deal of attention has been directed at ensuring and strengthening the international guarantee of Kyrgyz independence and territorial integrity. The world must be encouraged to

regard with understanding our great efforts to promote the development of our young Republic by creating a society of equal means with an open economy and democratic traditions.

Due to the process of globalisation and the increasing inter-dependence among the countries of the world, as well as integration at the regional and sub-regional levels, President Askar Akayev has created the Doctrine of Diplomacy of the Silk Road. Given the fact that the integration process is transforming the region into a united zone of cooperation and partnership, there is a need to ensure the existence of international guarantees of security in order to strengthen and boost the political stability of the region as a whole. The renaissance of the Great Silk Road will promote the establishment of long-term peace and create a solid base for the economic development of all the countries along the ancient route. This doctrine clearly demonstrates the desire of Kyrgyzstan to become a transit area for the development of trade and economic ties between the countries which are located on the West, East, North and South of its borders. Because Kyrgyzstan is located in the centre of the Euro-Asian mainland, it can play an important role as a connecting bridge - the role that it had played during the golden era of the great Great Silk Road. However, given the yet undeveloped transportation, information and communications systems, Kyrgyzstan is beginning to feel a little isolated from the rest of the world. The absence of trans-continental land routes such as a road or railway system are placing serious hurdles in the way of the development of bilateral and multilateral relationships. Not so long ago, Datuk Seri Dr Mahathir Mohamad touched upon this very problem during his meeting with the Head of the Kyrgyz Delegation to the 4th Langkawi International Dialogue. His remark was prompted by the tiny volume of trade between our two countries. For example, in 1998, the volume of trade accounted for less than US\$500,000 (US\$1 = RM3.80).

Existing problems with transport are pushing us to concentrate upon finding a swift solution. Kyrgyzstan is therefore, in the process of implementing projects involving the construction of roads and this should pave the way for greater trans-regional communication by both highway and railway. The construction of roads has been prioritised and now accounts for the main infrastructural projects in Kyrgyzstan; the implementation of which will require considerable investment. Unfortunately, Kyrgyzstan was unable to cover all the financial requirements of these projects due to a lack of investments. However, Kyrgyzstan expects to be successful in its endeavours as the construction of roads in the Republic will also benefit all the other countries situated along the Silk Route.

In the autumn of 1999, Kyrgyzstan will host the First International Conference on the Renaissance of the Silk Road and we are hoping that many prominent Malaysian analysts and politicians will participate. The Renaissance of the Great Silk Road could result in better opportunities for Malaysia due to the integration of the Central Asian markets. It will also provide Malaysia with a gateway into Russia and East Europe. Kyrgyzstan is also rich in natural resources. The main resource of the Republic is water. The hydroelectric power capacity of Kyrgyz rivers is 163 billion KW/h per year, of which only 10 per cent is currently exploited. Kyrgyzstan is also rich in other resources such as gold, iron, antimony and mercury.

At present, the main sector of the economy is agriculture and it contributes more than 40 per cent of the Republic's GDP. Growing vegetables, fruits, sugar-beet, grain, cotton and tobacco as well as the production of meat, wool and milk products form the base of the Kyrgyz agricultural sector. A law with regards to land ownership was passed in October last year and served to further boost the growth of agriculture

production while increasing the interest of foreign companies in this field.

However, the processing of agriculture products into food is a weak area in Kyrgyzstan. The Republic has excellent produce of high quality but it is still in no condition to increase the export volume of its agricultural products. Therefore, the Government of Kyrgyzstan is concentrating on attracting investment into this sector. At present, a few foreign companies, including Malaysians, have shown an interest in food processing and packaging of agriculture products and they are studying the possibility of actively participating in the sector.

The energy, tourism and manufacturing sectors are all in need of foreign direct investment. In these sectors, reorganisation exercises have been completed along with the transition to corporate management. These enterprises now need to be modernised and equipped. It is a pleasure to note that Malaysian companies are already participating in several projects in this area.

In order to attract foreign investment, the Government of Kyrgyzstan has been striving to develop an active investment climate. A legal base has already been formulated in order to provide the necessary guarantees and privileges to foreign investors.

Kyrgyzstan is already implementing a project involving the mining of gold from the Kumtor gold ore deposit. The Government has also started to reconstruct the strategically important "Bishkek-Osh" highway which runs from the North to the South of the country. The airport "Manas" is also being reconstructed. The telecommunications and electrical power networks are being modernised. Foreign companies have been given the licence to operate in the Kyrgyz stock market. A great many other projects are also in the pipeline. There is therefore, a wide field of business activities in Kyrgyzstan for Malaysians to invest in.

Sectors such as hydroelectric power generation, telecommunications, airlines, and the oil industry will soon be privatized; thereby allowing foreign participation.

Today, the main trading partners of Kyrgyzstan are Russia, Uzbekistan, Kazakstan and Germany. These countries take-up 78 per cent of the exports from Kyrgyzstan. Soon, we hope to see Malaysia among the leading trading partners of Kyrgyzstan. The Republic is striving to boost bilateral relations with the countries of the world in order to create a foundation for cooperation and development.

Opportunities in the import-export sector and investment possibilities between Malaysia and Kyrgyzstan were discussed between Datuk Seri Rafidah Aziz and the Kyrgyz Republic's Deputy Prime Minister - both of whom are responsible for external trade and industrial development - during Omuraliev's visit to Malaysia in July 1999. In September, the second meeting of the Special Kyrgyz-Malaysian Joint Commission will be held in Bishkek. At this meeting, the main elements of bilateral cooperation between Malaysia and Kyrgyzstan will be discussed in detail. The representatives and owners of Malaysian companies as well as Tan Sri Dr Omar Abdul bin Rahman, Science Adviser at the Prime Minister's Department and President of the Academy of Science Malaysia have all visited Kyrgyzstan. These visits were followed by Tan Sri Dr Omar Abdul bin Rahman's trip to the "Crystal" plant which is located Tash-Kumyr city. We sincerely hope that his report will reveal new perspectives for cooperation within the electronics industry. In early October, M. Kerimkulov, the mayor of the capital of our country and Satybaldiev, Minister of Transport and Communication will visit Malaysia. This will serve to further emphasise the desire of both our countries to develop a close cooperation.

On this joyful day, when both Kyrgyzstan and Malaysia celebrate their independence, I would like to wish the people and Government of Malaysia happiness and prosperity.

* The writer is the Kyrgyz Republic's Ambassador to Malaysia.

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