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ECONOMIC CO-OPERATION OF THE MINISTRY OF FOREIGN
AFFAIRS OF THE KYRGYZ REPUBLIC, AT PART I OF THE
16th MEETING OF THE OSCE ECONOMIC AND
ENVIRONMENTAL FORUM**

Vienna, 28 and 29 January 2008

Mr. Chairman,
Distinguished guests and participants in the Forum,
Ladies and Gentlemen,

The subject of this year's Forum is of extreme relevance to the Kyrgyz Republic, and I should like to sincerely thank the organizers of the Forum for the invitation and for the warm reception we have received. I believe it important in my statement to focus on interregional co-operation in the use of water resources and also in the development of transport links.

First of all, I should like to point out that the energy sector represents an important part of the Kyrgyz Republic's economy. It has a considerable impact on the state of the national economy and prospects for its development: it accounts for approximately 5 per cent of the gross domestic product (GDP), 12 per cent of Kyrgyzstan's industrial output and 10 per cent of the national budget. The exploitation of Kyrgyzstan's hydropower potential, which is in the region of 142 billion kilowatt-hours of electrical power, is a matter of priority importance.

The majority of the run-off of Central Asia's largest rivers is formed on the territory of Kyrgyzstan and Tajikistan. The countries located on the upper and lower reaches of these rivers naturally have different views on the joint use of transboundary rivers.

This being the case, it is essential to adhere to the principle of effective use of these resources and further comprehensive development of the Central Asian energy sector as a whole in co-operation with OSCE participating States.

On the whole, the Kyrgyz Republic continues to meet its obligations and remains open to dialogue with neighbouring countries in the search for a mutually acceptable compromise in the management and use of the region's hydropower resources.

We also believe that Kyrgyzstan's integration first into the regional and then into the global economic space through participation in transboundary energy projects represents one of the main opportunities for the gradual build-up of our country's export potential and its increased competitiveness.

In that connection, in the years immediately ahead the energy sector development policy will be geared towards ensuring that the sector is attractive to investors.

I should like to mention a few points in particular. With its fairly modest GDP, the Kyrgyz Republic is unable to invest in energy on a large scale, and only one tenth of Kyrgyzstan's hydropower resources are exploited. This being the case, we shall do everything necessary to attract investment in this branch, including the construction of power plants on Kyrgyz territory, from the countries of the European Union (EU). This applies in particular to co-operation under the European Union strategy for Central Asia. In this area, for example, we are planning in collaboration with the EU to implement various large-scale projects directly concerned with the development of hydroelectricity in the region involving the establishment of a water and energy academy in Bishkek, the opening of a Central Asian energy exchange and the holding of an international hydropower summit in the Kyrgyz Republic.

In conclusion, I should once again like to emphasize the readiness of the Kyrgyz Republic to engage in co-operation and dialogue with OSCE countries, both at a bilateral and multilateral level, in order to discuss any constructive proposals.

Thank you for your attention.