

# 2019 EURASIA EMERGING MARKETS FORUM



**January  
27-29,  
Gerzensee,  
Switzerland**

## Summary of Proceedings



SCHWEIZERISCHE NATIONALBANK  
BANQUE NATIONALE SUISSE  
BANCA NAZIONALE SVIZZERA  
BANCA NAZIUNALA SVIZRA  
SWISS NATIONAL BANK



**Summary of Proceedings  
2019 Eurasia Emerging Markets Forum Meeting  
Gerzensee, Switzerland January 27-29, 2019**

**DINNER REMARKS BY JEAN-DANIEL GERBER**

In the early 1990's Mr. Gerber played a central role in the creation of the Swiss constituency that represented most Central Asian countries at the IMF and World Bank. During his dinner speech, he described the history of this constituency and his experience with it.

In 1992, Switzerland and the newly independent Central Asian states joined the Bretton Woods Institutions. The latter countries had to choose a group to represent their interests in these organizations. It was not evident that Central Asian countries would form a new group led by Switzerland. After all, they had several existing groups to choose from, including those led by Russia, China, the Netherlands, and Belgium-Austria. But, after they were denied admission to the Russian and Chinese groups, most of the Central Asian countries opted to join a new Swiss group. The US was initially opposed to the creation of this group as it would have meant addition of an extra Board seat both at the Bank and IMF; however, the American position changed when Poland also joined the proposed Swiss constituency, thereby giving this group more voting power than that of francophone Africa.



In the initial years, it was not easy to manage this new constituency. For example, when the Swiss constituency was due to be voted on and founded at a World Bank governors' meeting the same year, delegations from all the countries set to join the Swiss group were invited to attend the meeting, yet two of these delegations could not even show up (due to logistical problems). At the meeting, no common language could be identified for the Swiss group. Once the constituency was formed, the Swiss executive director often received no instructions from the Central Asian governments: few people in these governments understood how the Bretton Woods Institutions worked, and many who did send their instructions did it too late. As a result, often the Swiss director had to simply guess what Central Asian policymakers thought about any number of issues. Despite this turbulent start, the Swiss group has remained intact thanks to the bonds of trust that developed between Switzerland and the countries of Central Asia.

Much has changed in Central Asia since 1992. Countries in the region are now more prosperous, politically self-assured, and savvy at defending their interests in international organizations than they were 27 years ago. Yet some challenges remain from 1992: Central Asian countries still face a dearth of financial resources, too-prevalent corruption, and the specter of neighboring powers infringing on their sovereignty. But unlike in 1992, Central Asian governments are more accountable than ever to their populations, which are increasingly well informed about domestic and global events and have high expectations of their leaders. In spite of the challenges that remain, Central Asian countries have made tremendous progress over the past 27 years. Future generations of Central Asians will benefit much from this progress and that which will hopefully build upon it. Switzerland hopes to continue to make a positive contribution in this future journey together.



## **WELCOME REMARKS BY THOMAS JORDAN**

In his remarks opening the Forum on Monday morning, Mr. Jordan noted that this year's meeting marks the tenth anniversary of Eurasia EMF, which was founded as a platform for discussion of topics of central importance for Central Asia and the South Caucasus (CASC). The platform is also important for the Swiss National Bank—one of Eurasia EMF's inaugural supporters, along with SECO—to learn more about CASC from a diverse range of perspectives from within the region and without. Before a Eurasia EMF meeting, topics with policy relevance to CASC are identified and studied in depth. The preliminary results of these studies are presented at a Eurasia EMF meeting; on the basis of participant feedback, EMF then finalizes its research and normally publishes it as a book. Eurasia EMF has published three books thus far.



This year's Eurasia EMF meeting focuses on the economic impact of the Belt and Road Initiative (BRI) in CASC. A colossal undertaking, the BRI encompasses 126 countries and could exceed the Marshall Plan's size in real terms by a factor of seven. Despite the BRI's growing global footprint and importance, much about it remains unknown, including its economic impact in CASC. The BRI has the potential to boost trade, investment, financial

flows, and ultimately growth in CASC by strengthening physical connectivity and opening access to new markets. However, there are also concerns that in some instances BRI projects may not generate adequate revenues, fail to support economic development, and threaten the debt sustainability of host countries. To maximize the BRI's possible benefits and address its potential risks, CASC countries must ensure that BRI investments are consistent with their development priorities. They must also coordinate with their neighbors to avoid duplication of efforts and guarantee that BRI projects link the region's producers to world markets.

## **OBJECTIVES AND STRUCTURE OF THE FORUM**

After the above welcome remarks by Mr. Jordan, Harinder Kohli, EMF's Founding Director and Chief Executive, and Andrea Siviero, Head of the Swiss National Bank's International Monetary Cooperation division, described the objectives and structure of the forum as follows.

They explained that this Eurasia EMF meeting—the largest one ever held at Gerzensee—will not address the geopolitics of the BRI, as many studies have already done. Instead, the objective of this Forum is to focus on the BRI's economic and social aspects, first in their global context, and then in the context of CASC specifically. EMF's research on the BRI in CASC is unique in its “inside-out” perspective: it is based on the insights of experts in the CASC region rather than on the views of outsiders. This inside-out view is complemented by the perspectives of key outside stakeholders, and in the course of this meeting will be further augmented by the perspectives of the IMF, World Bank, Asian Development Bank, and JICA. By taking these various perspectives into account, the Forum will seek to determine how the BRI's benefits to the CASC region can be maximized and its risks minimized.

The composition (participants) and structure of the Forum are designed to achieve these objectives. The individual sessions during the two days build on one another. The first three sessions will be based on the twelve background papers distributed to the participants in advance: presentations by their authors will precede panel discussions. In the next three sessions, the authors of country papers that present the perspectives of CASC countries and external stakeholders will highlight their findings. The remaining sessions will not be based on papers, but will feature panel discussions and, in one session, presentations by representatives of the IMF and World Bank. At the end of the forum on the second day, the moderators of each session will lead a discussion to highlight the meeting's major takeaways and what next steps should be taken. Open and candid exchanges of views in all sessions will be critical to the forum's success.



Finally, Messrs. Kohli and Siviero pointed out that the BRI brings together different stakeholders with different priorities and concerns. For China, the BRI is a means to improve its economic connectivity with the world and invest its large surpluses. For CASC countries, the BRI is an opportunity to improve their infrastructure and link their economies to world markets. Yet the BRI may entail significant macro-economic, environmental, and social risks to both China and the CASC countries. By inviting discussion between a diverse array of stakeholders, this forum will hopefully provide clarity on the BRI's benefits and risks for CASC countries and generate an agenda for further research and policy action.

### **SESSION I: THE BRI'S GLOBAL DIRECTION**

*Chair: **Jean-Daniel Gerber**, former State Secretary, SECO; former Executive Director, World Bank:*

*Presentation: **Harinder Kohli**, Founding Director and Chief Executive, Emerging Markets Forum*

*Panel Members: **Astrid Skala-Kuhmann**, Senior Advisor to the Board, GIZ; **Shigeo Katsu**, President, Nazarbayev University; former Vice President for Europe and Central Asia, World Bank*

The session began with a presentation of a global economic perspective on the BRI by Harinder Kohli. He explained that after five-and-a-half years of existence, the BRI's membership has grown from 65 to more than 126 countries, encompassing more than three-quarters of the global population. It amounts to a huge financial bet on these countries by the Chinese government. Despite the BRI's massive scale, there exists neither a master plan for the initiative nor a central list of BRI projects and investments. This allows Chinese banks and contractors significant leeway to negotiate project agreements with BRI country governments. Wary of the reputational risks associated with this leeway, the Chinese government has lately sought to strengthen institutional oversight of the BRI.

EMF believes that the BRI could make significant contributions to the global commons by providing needed capital to emerging markets, facilitating development of key sectors in these markets, reducing trade costs, and laying the logistical groundwork for Asia's emergence as the heart of the global economy. Additionally, by developing trans-Eurasian freight networks that circumvent key maritime chokepoints, the BRI provides insurance against interruptions in global trade. To realize these contributions, the BRI must however overcome major challenges from within its participant countries, many of which have limited fiscal and debt capacity, poor governance and business environments, and weak institutional capacity for infrastructure development and management.

Preliminary findings of EMF's study on the BRI indicate that Chinese equity and debt exposure in BRI countries is very significant and rising. Commitments by Chinese banks to BRI countries during 2013-17 could approach or even exceed total global lending by the World Bank Group, ADB, AfDB, and IDB combined during the same period. Most Chinese investment in BRI countries has taken place outside of the CASC region—the core of the old Silk Road. Energy projects have been the primary beneficiaries of these investments. Though anecdotes about unsuccessful projects dominate Western press coverage of the BRI, there are also many examples of successful projects. Lack of official data on BRI projects and their costs and benefits is a major issue however.

The ensuing discussion took stock of how China views the BRI today. Though Beijing often exudes confidence in its actions, many Chinese experts believe their country lacks the institutional capacity to manage the financial and reputational risks that the BRI entails. Chinese policymakers increasingly share these concerns: their ongoing internal review of the BRI and their interest in learning from foreign development experts are illustrative. In this context, participants agreed that the BRI's success would be best assured if the initiative were implemented multilaterally. In particular, the involvement of IFIs would ensure that BRI projects are held to higher (international) social, economic, and environmental standards. This would not only benefit host countries by better ensuring that projects support national development priorities, but also benefit China by guaranteeing that projects provide solid return on investment. IFIs' involvement could also ensure that BRI projects are accompanied by needed policy reforms that do not yet seem figure in China's outreach to BRI countries. Multilateralization of the BRI could also entail European participation in the initiative, which in turn could help cultivate synergies between EU infrastructure development plans and the BRI and soothe Brussels' anxieties about China's intentions in Central and Eastern Europe. And, despite China's preference for bilateral relationships with BRI countries, a more multilateral BRI could give impetus to regional coordination efforts in CASC. However, participants noted that China will have the ultimate say over how the BRI is implemented as long as the Chinese people's savings remain the initiative's financial basis.



Factors beyond the Chinese government's policies toward BRI countries may also impact the initiative's success. Participants and panelists touched on parallels between the BRI, which (among other things) allows China to recycle its industrial surplus, and the experience of 1980s Japan, which caused international consternation by running up significant balance of payment surpluses. Unlike Japan, however, China is unlikely to suffer an economic crisis in the near term, even as its growth rate cools. Over the longer term, though, domestic political-economic issues may further dampen China's growth prospects, and by extension decrease its ability to finance the BRI.

Structural factors within the Chinese state system may also affect how the BRI is implemented. Contrary to perceptions of China as a centralized monolith, Chinese state-owned enterprises (SOEs), which are involved in the implementation of nearly all BRI projects, have developed massive lobbying power within the government. This grants them leeway to pursue their own interests, which may conflict with government policy.

## **SESSION II: PERSPECTIVES FROM INSIDE CASC COUNTRIES**

*Chair: **Daniel Heller**, former Executive Director, International Monetary Fund*

*Presentation: **Johannes Linn**, Distinguished Resident Scholar, Emerging Markets Forum*

*Panel Members: **Oraz Jandosov**, Director, RAKURS Center for Economic Analysis; former Minister of Finance, Kazakhstan; **Mikheil Janelidze**, Founding Partner, EGE Advisors; former Vice Prime Minister and Minister of Foreign Affairs, Georgia; **Abdujabbor Shirinzoda**, Chairman of the Supervisory Board, Sohibkorbank; former Governor, National Bank of Tajikistan*

To start the session, Johannes Linn presented an overview and preliminary assessment of the current state of affairs and implications of the BRI in CASC. According to this assessment, the BRI can support CASC's future growth and prosperity by promoting connectivity, provided that BRI projects reflect host countries' development priorities and a coordinated regional approach to development. To ensure the success of BRI projects in CASC, the involvement of outside partners, especially IFIs, and increased transparency of project information will be necessary.

Based on a survey of CASC countries' experiences with the BRI thus far, a number of potential benefits of the BRI for the region can be identified. These include reduced trade costs, greater energy security, increased productivity and economic diversification, expanded fiscal revenues, and reinforced education, training, and



knowledge networks. However, many risks counterbalance these potential benefits. In the energy and mining sectors, the BRI may fail to diversify CASC economies, lead to unfair resource rent sharing, and cause environmental degradation. As concerns transport and trade, it may fuel excessive or imbalanced infrastructure investments, pay insufficient attention to operations and maintenance (O&M) and soft infrastructure, and foment competition between BRI corridors. The BRI may also lead to unproductive investments, transfer outdated technology to CASC countries, not improve their business climate, create few jobs, and destabilize the social order (through Chinese land acquisition and immigration). Additionally, the BRI could have a corrosive effect on CASC countries' domestic governance and even constrain their sovereignty vis-à-vis China. To minimize these risks and maximize the BRI's possible benefits, CASC countries should cooperate to ensure regional coherence, learning, and leverage in negotiations with China. They should also pay attention to the macro-economic (debt and fiscal) implications of their BRI project portfolios.

The ensuing panel discussion highlighted the similarities and differences between the experiences of CASC countries with the BRI. At the official level, governments have embraced the BRI through formal cooperation agreements, and optimism about its possible benefits remains strong. Yet the realization of these benefits varies significantly between countries. In particular, large CASC economies in proximity to China, such as Kazakhstan,



appear to have had greater success in attracting BRI investments, while some countries that are smaller, poorer, and/or farther from China have been disappointed by the BRI's leaner footprint on their territory. The latter countries' disappointment may be due to Chinese companies' perceptions that projects in these economies would not provide rapid returns on investment. To boost these countries' involvement in the BRI, their governments may wish to consider reaching out directly to Chinese companies, which already have a record of diversified (if sometimes small) investments in CASC economies. However, Chinese economic engagement in CASC has run up against public hostility in some cases. China should strive to improve its image among CASC countries' populations, perhaps starting with a change in its enterprises' behavior.

Participants and panelists also considered the divergent macro-economic experiences of CASC countries under the BRI. On the one hand, Kazakhstan has managed to finance much of its BRI infrastructure spending with domestic revenues and with the help of IFIs, turning to Chinese lenders only in 2018 to finance north-south road projects. On the other hand, smaller CASC countries generally face serious limits to both their own fiscal resources and their ability to sustainably absorb sovereign lending. Yet, some participants downplayed the impact that rising debt levels may have on small, poor CASC countries, citing strong, broad-based economic growth and low inflation as reasons to view recent growth in external public debt as sustainable. Another participant noted that the economic viability of BRI corridors could be eroded by the planned phaseout of Chinese subsidies for trans-Eurasian rail freight.

Finally, most participants agreed that the participation of IFIs in BRI projects in CASC would be welcome, but acknowledged that their participation depends not only on the receptiveness of China and CASC country governments, but also on that of major IFI shareholders, particularly the United States.

### **SESSION III: ROUNDTABLE ON INSIDE-OUT PERSPECTIVES ON THE BENEFITS AND CHALLENGES OF THE BRI TO THE CASC REGION**

*Chair: **Shigeo Katsu**, President, Nazarbayev University; former Vice President for Europe and Central Asia, World Bank*

*Panel Members (authors of country papers): **Rustam Aminjonov**, Deputy Director, Analytical Center "Navo"; **Giorgi Khishtovani**, Research Director, Policy and Management Consulting Group; **Roman Mogilevskii**, Senior Research Fellow and Associate Director, Institute of Public Policy and Administration, University of Central Asia; **Ziyodullo Parpiev**, Deputy Dean for Postgraduate Courses and Executive Education, Westminster International University; **Yersultan Zhanseitov**, Senior Researcher, Center for China Studies, National Analytical Center of Kazakhstan*

This session built on the previous one by providing a deeper dive into the shared and differing experiences of CASC countries in their engagement with the BRI. Based on the insights offered by the authors and

participants, CASC countries may be divided into three groups: big Central Asian states, whose experiences of the BRI have been largely positive; small Central Asian states, whose experiences have been mixed; and the South Caucasus states, whose direct engagement with the BRI has been minimal.

The big Central Asian states—Kazakhstan and Uzbekistan—approach the BRI from a position of relative strength. These large, macro-economically stable economies do not depend heavily on Chinese investment to finance their infrastructure development plans: China is Uzbekistan's third-largest foreign investor, and Kazakhstan has no trouble mobilizing domestic resources for and attracting IFI lending to its infrastructure initiatives. Additionally, neither country seems to face challenges in aligning BRI projects with its national development strategy. For instance, Kazakhstan's experience of connectivity infrastructure development under the BRI has largely consisted of inviting China to help implement Astana's own-designed infrastructure development plan, *Nurly Zhol*, as needed. As a result, both countries have a portfolio of successfully completed BRI railways, roads, and pipelines (many of these projects in any case predate the initiative's announcement). These successes will allow Kazakhstani railways to grow their trans-Eurasian freight volumes exponentially through 2020 and generate billions of dollars in transit revenues. Kazakhstan has also managed to attract significant Chinese equity investments in productive sector projects.



Like those of their big peers, the governments of the small Central Asian states—the Kyrgyz Republic and Tajikistan—are optimistic that Chinese-supported BRI connectivity projects (many of which also predate the BRI's creation) can help boost their countries' growth, revenues, competitiveness, and trade. Additionally, Chinese investments have lately supported the Kyrgyz mining and oil refining sectors, and greatly increased Tajikistan's coal and cement output. Yet these two countries' participation in the BRI entails serious risks. Both countries suffer from low and declining debt sustainability; in the Kyrgyz case, recent external debt growth is due solely to Chinese lending. The BRI's debt sustainability implications could be mitigated by effective taxation of commerce generated by BRI projects, but, drawing on Kyrgyz experience, these projects not only may be ineffectively taxed, but also may not contribute to increased commerce (between the host country and both China and other Central Asian states). Also, since BRI connectivity projects are generally built by Chinese labor, their employment effects on the labor-surplus Kyrgyz and Tajik economies are minimal. Chinese labor migration is a particularly sensitive issue in Tajikistan, where Chinese farmers lease a rapidly growing share of the country's scarce arable land. Furthermore, Chinese investments in both countries' extractive and processing industries entail environmental damage. In managing the foregoing risks and costs, the Kyrgyz and Tajik governments should coordinate as much as possible with other Central Asian governments. Moreover, they should not lose sight of the need to implement structural and soft infrastructure reforms that would allow the private sector to benefit maximally from BRI investments.

The three South Caucasus countries—Armenia, Azerbaijan, and Georgia—view the BRI as a welcome opportunity to increase their involvement in global commerce and reduce their respective economic vulnerabilities (for Georgia, dependence on FDI; for Armenia, dependence on remittances; for Azerbaijan, dependence on hydrocarbon prices). Yet, China does not seem to have a clear vision for implementing the BRI in the South Caucasus. As a result, all BRI activities there are project-specific, with Chinese companies serving as the initiative's point of contact. This could play to the advantage of regional governments, since it gives them better control over project selection and planning. BRI projects thus could bridge gaps in domestic or regional connectivity initiatives, many of which predate the BRI's creation. However, the absence of an overall Chinese strategy for the South Caucasus means that regional governments will have to be proactive in soliciting BRI investment and Chinese participation in key projects. It also raises the risk of poor cross-border investment coordination, especially in the context of hostile relations between Armenia and Azerbaijan. To maximize the BRI's benefits for the South Caucasus, policymakers will need to help reduce these tensions. They will also need to reduce soft infrastructure barriers in order to boost the viability of their physical connectivity.

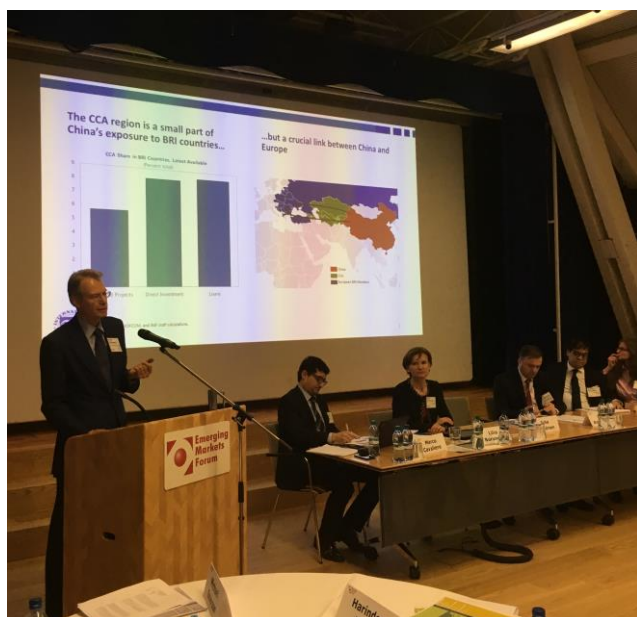
## **SESSION IV: IMF AND WORLD BANK VIEWS**

Chair: **Marco Cavaliere**, Head of the Bilateral Cooperation Unit, Swiss National Bank

Presentations: **Lilia Burunciuc**, Regional Director for Central Asia, World Bank; **Juha Kähkönen**, Deputy Director, Middle East and Central Asia Department, International Monetary Fund

Panel Members: **Alex Aleksishvili**, Chairman, Policy and Management Consulting Group; former Minister of Finance, Georgia; **Suguru Miyazaki**, Senior Director, Credit Risk Analysis and Environmental Review Department, Japan International Cooperation Agency; **Friederike Pohlenz**, Head of Unit, State Secretariat for International Financial Matters, Financial Systems and Financial Markets – International Financial Institutions, Swiss Federal Department of Finance; **Lutfullo Saidmuradov**, Director, Institute of Economy and Demography of the Academy of Sciences of Tajikistan

The session began with a presentation by the World Bank's Lilia Burunciuc of the Bank's research on the possible benefits and risks of the BRI in CASC. She highlighted the fact that currently the region's countries have physical connectivity of inadequate quality, policy regimes that keep trade times and costs too high, and underwhelming trade ties with their neighbors. According to the World Bank, Central Asian countries could raise their GDP by 1.4 percent by implementing all planned BRI infrastructure improvements. If these improvements are accompanied by institutional and policy reforms, they could raise their GDP by 4 percent and experience significant growth in trade volumes and FDI inflows. Central Asia is expected to see an uneven distribution of benefits from the BRI, with Kazakhstan and the Kyrgyz Republic predicted to be the biggest beneficiaries. Even within countries these benefits will be unequally distributed. For example, high real income growth is expected in areas of China that abut Kazakhstan, but western Chinese cities are unlikely to enjoy noteworthy benefits. Intra- and inter-country disparities will depend not only on proximity to connectivity, but also on local comparative advantages, labor mobility, and the potential for cluster formation.



Central Asian governments should seek to equitably distribute the benefits of BRI infrastructure development through their planning choices. Additionally, these choices should prioritize projects that facilitate urbanization, leverage cross-border synergies, and promote social and economic cohesion and job creation. Projects should also utilize financing mechanisms that maintain host countries' debt sustainability, including private sector financing and PPP arrangements. However, to attract private sector involvement, Central Asian countries will need to implement reforms to improve their business environment. They will also need to attend to the environmental and governance implications of BRI projects.

Next, the IMF's Juha Kähkönen presented what the Fund sees as the tremendous potential and significant risks of the BRI in the CASC region. Building on China's extensive engagement in

CASC even before 2013, the BRI can help CASC countries meet their substantial infrastructure needs, participate in global value chains, and make their growth more inclusive. Yet the BRI also has the potential to disrupt these countries' fiscal and debt sustainability. Every CASC country's debt-to-GDP ratio grew over 2013-17 (though the BRI is only partly at fault). Additionally, many CASC countries have low debt carrying capacity due to poor debt management systems, limited resources for repayment, weak fiscal oversight by public entities, opaque and uncompetitive procurement practices, and myopic fiscal planning timelines. To maximize the BRI's benefits while minimizing its risks, CASC countries should adopt a medium-term perspective in their budgeting and make these budgets comprehensive and transparent. They should also encourage private sector participation in BRI projects by improving their business environment. China, for its part, should help by increasing the transparency of its BRI planning, supporting capacity building in its own institutions and those of partner countries, and co-financing BRI projects with other development partners to ensure higher project quality. Whenever possible, BRI projects should be financed on concessional terms or through FDI instead of lending. Finally, the IMF can contribute its analytical tools and experience in policy dialogue to efforts to implement the BRI sustainably in CASC.



Following these presentations, the panel members discussed how involvement of IFIs in the BRI could improve the initiative's outcomes in CASC. Given Chinese lenders' minimal conditionality and Chinese investors' indifference to business environment variables, BRI projects in CASC could benefit from the holistic, disciplined approach that IFIs involvement would bring. IFIs could promote debt and fiscal sustainability among CASC countries by ensuring the economic viability of BRI projects and their compliance with transparent, medium-term fiscal planning and open procurement practices. They should also promote these ends by building institutional capacity in CASC government agencies. Furthermore, IFIs should encourage CASC countries to implement reforms aimed at improving their governance and business environments and provide a platform for BRI cooperation between CASC countries, perhaps in conjunction with the Swiss constituency in the Bretton Woods Institutions.

During the floor discussion, participants noted that Chinese officials are increasingly aware of the benefits that collaboration with IFIs could bring to BRI projects and have reached out to IFIs about areas of mutual interest. However, China remains absent from donor coordination fora in CASC. Given Beijing's recent efforts to become a leader in multilateral institutions, however, some optimism about China's prospects of joining the Paris Club and abiding by its rules may be in order.

## **SESSION V: WRAP-UP ROUNDTABLE IN PREPARATION FOR DAY TWO**

*Chair: **Stefan Flückiger**, Head of Special Foreign Economic Services, SECO*

*Panel Members: **Levon Barkhudaryan**, former Minister of Finance, Armenia; **Werner Hermann**, former Director, Swiss National Bank; **Elkhan Nuriyev**, Global Energy Associate, Brussels Energy Club; former Director, Center for Strategic Studies of Azerbaijan; **Ulan Sarbanov**, former Governor, National Bank of the Kyrgyz Republic; **Marc Uzan**, Executive Director, Reinventing Bretton Woods Committee; **Murat Yakubov**, former Deputy Governor, National Bank of Uzbekistan*

The chair and panel members highlighted the importance of regional cooperation in order to reap the full benefits of the BRI.

Many participants noted the need for a coordinating organization to facilitate regional cooperation on BRI matters among CASC countries and to help multilateralize the initiative. An organization modeled on the OECD, which would bring together BRI countries' ministries for purposes of knowledge sharing and joint research, could serve as a valuable platform for regional dialogue and harmonization of national interests and policies. Alternatively, a consortium of existing organizations, such as the EU, EAEU, and SCO, could help achieve these ends as well. However, Chinese interest in either format may be limited, as China prefers bilateral negotiations to multilateral negotiations in order to strengthen its negotiating position vis-à-vis BRI partner countries. In fact, Beijing's strategy in the CASC region may even amount to "divide and rule" tactics.



While regional cooperation would be a welcome (if unlikely) outcome of the BRI, CASC countries can make great strides on intra-regional connectivity, soft infrastructure development, and regulatory cooperation outside of the BRI framework. CASC governments should take advantage of the positive momentum created by the leadership change in Uzbekistan to make progress on issues of regional coordination whether or not China is onboard.

During the floor discussion, panelists and participants also took up the question of what policy coordination means in the BRI framework. Some participants called policy coordination a euphemism for China unilaterally setting the rules of the BRI. This interpretation reflects China's clear dissatisfaction with the existing rules of development finance, as evidenced by its non-participation in the Paris Club, Export Credit Agreement, and General Procurement Agreement.

Additionally, participants considered the role Russia will play in the realization of the BRI in CASC. Can the BRI and EAEU be successfully aligned, and if so, how will this alignment impact the CASC countries' ability to benefit from the initiative and pursue cooperation with one another?

Finally, participants recapitulated their concerns about the BRI's implications for debt sustainability. If a BRI country were to suffer from debt distress as a result of Chinese lending, the IMF could be placed in a challenging position, since a rescue program for the country in distress would amount to a bailout of Chinese lenders. Given persistent concerns about the debt sustainability of BRI countries, equity investments would be an ideal means of mitigating the fiscal risks of BRI projects.

## **SESSION VI: ROUNDTABLE ON NEIGHBORS'/PARTNERS' PERSPECTIVES (EU, RUSSIA, CHINA, INDIA, US)**

Chair: **Astrid Skala-Kuhmann**, Senior Advisor to the Board, GIZ

Panel Members (authors of background papers): **Michael Emerson**, Associate Senior Research Fellow, Centre for European Policy Studies; **Biliang Hu**, Professor and Dean, Emerging Markets Institute, Beijing Normal University; **Johannes Linn**, Distinguished Resident Scholar, Emerging Markets Forum; **Rajat Nag**, Distinguished Fellow, Emerging Markets Forum; former Managing Director General, Asian Development Bank; **Evgeny Vinokurov**, Chief Economist, Eurasian Fund for Stabilization and Development



The panel discussion began by considering *China's perspective* on the BRI's origins, current status, and outlook. For China, the BRI is not so much a program of investment projects as a symbol of its desire to engage in mutually beneficial cooperation beyond its borders<sup>1</sup>. In practical terms, this cooperation gives emerging market economies access to Chinese official lending and technical expertise in infrastructure- and industry-driven development while helping China lay the groundwork for its own future growth. BRI investments thus focus heavily on developing resources that China lacks (e.g. oil, gas, iron, soy) and creating transport networks to import these resources to China. These investments are of a strategic, long-term nature: quick returns on investment are not necessarily expected, and loss-making investments stand to hurt China more than any other country; concerns about “debt trap diplomacy” are therefore misplaced. However, China's limited institutional experience with overseas financial dealings and lack of advance preparation of the BRI have led to some mistakes over the last five years. In response, Chinese policymakers will prioritize the management of BRI projects' economic, social, political, and environmental risks going forward. They will also seek to involve more actors from third countries in BRI projects and improve the social responsibility practices of Chinese companies working on these projects.

By comparison, EU officials view the BRI in CASC neither negatively nor unconditionally positively. The BRI's two corridors in CASC complement (but are not coordinated with) Brussels' vision of trans-Eurasian connectivity, though each corridor has its weakness: the New Eurasian Landbridge is economically feasible but geopolitically hazardous in the context of poor EU-Russia relations, while the China-Central Asia-West Asia Economic Corridor is more expensive and complicated but geopolitically safe. However, both corridors account for a tiny share of total EU-China trade. Furthermore, European officials worry that China has been insufficiently selective in its choice of BRI investments. Cases of Chinese lenders going ahead with BRI projects that European lenders had refused to co-finance suggest low quality standards, which IFI participation in the BRI could help raise. European officials' suspicions vis-à-vis the BRI are also heightened by China's 16+1 initiative, which resembles a divisive power projection effort, and Chinese attempts to gain control of European technologies and infrastructure.

Despite vocal US opposition to the BRI generally, American policymakers hold a modestly positive view of the BRI in CASC. They tend to consider the BRI comparable to previous CASC connectivity initiatives, such as

<sup>1</sup> This explains why many “BRI projects” predate the initiative's formal announcement.

CAREC and TRACECA, which the US supported for their potential to strengthen the sovereignty and economic potential of countries in the region. Additionally, American policymakers hope that increased Chinese engagement in CASC through the BRI will balance against Russian influence in the region. Unless China replaces Russia as a power broker in CASC, American receptiveness to the BRI in the region will likely continue. The CASC region is a low foreign policy priority for the US, however, and past American initiatives in the region have had little lasting impact. These initiatives include the Northern Distribution Network, which consisted of little more than a supply route to support the war in Afghanistan, and the New Silk Road Initiative, an underfunded and poorly developed plan for regional engagement under the Obama administration.

Indian perspectives on the BRI are multilayered. India's business community views the BRI positively; so do the Indian states bordering China that would stand to benefit from greater connectivity. However, the central government views the BRI with suspicion: in the Indian subcontinent, the initiative resembles an attempt to encircle India with a network of Chinese-controlled strategic infrastructure. In Central Asia, Indian policymakers fear that the BRI will sideline their country in a region with which it maintains rich historical ties and ongoing infrastructure plans (which, due to their north-south orientation, do not synergize with China's east-west corridors). Yet, from India's position outside the BRI decision-making framework, New Delhi's concerns fall on deaf ears. India's neighbors and partners understand these concerns, but given their infrastructure deficits and India's reluctance to offer a financial alternative to Chinese lenders, these countries embrace the BRI. To have its concerns addressed, India should adopt an active role in the formulation and implementation of the BRI. In light of increasing high-level cooperation between India and China, greater Indian participation in the BRI may one day be feasible.

Unlike other outside powers, Russia has appreciated the BRI's positive potential since its launch in 2013. To Russia, the BRI is conducive to the creation of a multipolar world, as it bolsters China's global position at the expense of that of the US. Russia also views the BRI as a means to attract Chinese investment in its economy and, perhaps most critically, as a source of significant transit revenues from trans-Eurasian rail freight. While only a small share of total China-Europe trade, these freight flows have grown exponentially in recent years thanks to Chinese subsidies. However, this growth will soon decline due to profitability constraints, and the phaseout of rail subsidies by 2022 will further reduce the profitability of trans-Eurasian rail freight. On the other hand, the EAEU gives Russia and Central Asia a competitive advantage in trans-Eurasian land-based transit because freight traversing the EAEU must pass customs only once between China and the EU. The precise route of trans-Eurasian rail freight through the EAEU will not become a point of contention between Russia and Kazakhstan over the medium term due to the potential for growth along multiple routes and Russia's ability to benefit from all of them. To take greater advantage of trans-Eurasian freight routes under the BRI, Russia supports efforts toward regulatory convergence and soft infrastructure development in Eurasia. Russia is also working to promote coordination between multilateral institutions in order to make available stable, long-term financing for the BRI's capital-intensive components.

## **SESSION VII: REGIONAL COOPERATION**

*Chair: **Djoomart Otorbaev**, former Prime Minister, Kyrgyz Republic*

*Panel Members: **Oraz Jandosov**, Director, RAKURS Center for Economic Analysis; former Minister of Finance, Kazakhstan; **Tony More**, Head of Division, Europe and Central Asia, SECO; **Robert Schoellhammer**, Representative, European Representative Office, Asian Development Bank*

The chair emphasized that Uzbekistan's leadership transition has catalyzed efforts toward regional integration in CASC. Last year's summit of four Central Asian presidents, as well as their commitment to continue regular meetings, suggest that the region is on the right track. CASC policymakers should use this momentum to prioritize soft infrastructure and visa cooperation, which would lay the groundwork for an integrated regional market that would be more attractive to BRI investment. They should also work with one another to develop their human capital and with outside actors to develop cross-border value chains on the basis of overlaps and complementarities across their countries' national development strategies.

Thereafter the panel discussed the sorts of institutional structures on which regional cooperation in CASC should be based. Central Asian summitry will likely play a key convening role. These summits may need a permanent secretariat if the areas of cooperation that regional leaders agree to prioritize require monitoring. Institutional arrangements could also benefit from Swiss participation, given Switzerland's deep knowledge of the region and partnership with CASC governments in the Bretton Woods Institutions. Switzerland could use its position as a trusted neutral party to handle sensitive tasks, such as settlement of water disputes and analysis of above-mentioned cross-border value chains. Another possible institutional arrangement would bring together the CASC countries, Switzerland, China, and IFIs. This four-cornered dialogue platform would facilitate discussion of and multilateral consultation on the BRI in CASC through formal or informal working groups.



Above all else, whichever institutional arrangement is ultimately selected should ensure common ownership by its members and an equitable distribution of benefits across the region. It should also focus on gaining the trust of the CASC countries' populations, since the recent experience of the EU shows that regional cooperation organizations are only successful if they command popular confidence.

During the floor discussion, both the panel members and participants emphasized that regional cooperation in CASC, especially as concerns the BRI, should build on the achievements of CAREC, which has helped construct thousands of kilometers of roads and highways in the region. Neither the BRI nor the EU-China Connectivity Platform has a codified relationship with CAREC, but CAREC's membership, which includes China, is keen to see stronger collaboration between CAREC and the BRI. Such collaboration could enhance the quality of BRI investments by combining much-needed Chinese financing with CAREC's regional connectivity perspective and expertise in project evaluation and selection. Additionally, CAREC's consensus-based structure would ensure that cross-border connectivity projects have broad buy-in from the CASC countries.



#### **LUNCH REMARKS BY MARIE-GABRIELLE INEICHEN-FLEISCH, State Secretary, SECO**



Madame Ineichen-Fleisch warmly welcomed the Forum participants on behalf of the Swiss authorities. She said that Switzerland welcomes the BRI in principle for the opportunities it could bring for participant countries and the Swiss private sector. The Swiss government is currently negotiating a memorandum of understanding with China to help Swiss enterprises identify and participate in BRI projects in third countries. However, for these projects to be successful, they must adhere to the highest financial, environmental, social, engineering, and procurement standards.

Switzerland is particularly interested in the BRI's implications for CASC. This is explained by Switzerland's representation of CASC countries in the Bretton Woods Institutions and longstanding development cooperation ties to the region, particularly as concerns economic and financial governance. Switzerland's interest in the BRI in CASC is also due to the Swiss private sector's diverse and growing portfolio of investments in the region. In light of these interests, Switzerland is ready to assist the CASC countries in implementing the BRI successfully and sustainably on their soil.

In embracing the BRI, CASC countries should be cognizant of their economic vulnerabilities. Cycles of growth and recession in CASC have tended to be driven by fluctuations in commodity prices, remittances, public spending, and construction markets. To ensure that their growth is sustainable, CASC countries should focus on strengthening their economic governance and financial sector supervision. In so doing, CASC countries would earn the confidence of domestic and foreign investors and put their banking sectors on stable footing, thus opening their economies to further productivity-boosting trade and investment. Additionally, CASC countries must be wary of the debt sustainability implications of BRI infrastructure investments. In the Kyrgyz Republic and Tajikistan, China-funded BRI projects have pushed external debt toward unsustainable levels. If CASC countries do not select such projects with an eye for their financial viability and debt management implications, they could negatively affect public finances and act as a drag on the economy.

Switzerland is contributing to the success of the BRI in CASC through multiple avenues. Switzerland helps CASC countries ensure the sustainability of infrastructure projects from design through to operation, develop economic infrastructure in view of creating network effects, and attract foreign investment through Swiss-sponsored official meetings and visits. Switzerland is also prepared to provide a platform for regional dialogue between CASC countries and other stakeholders on the mechanics of establishing functional economic corridors under the BRI framework. Additionally, Switzerland can work with IFIs to promote high-quality infrastructure investments in CASC and complement them with a suite of targeted financial solutions. Finally, Switzerland can help CASC countries learn from its own experience of maintaining, upgrading, and extending its infrastructure in line with principles of resilience and durability.

## **SESSION VIII: WRAP-UP ROUNDTABLE**

*Chair: **Andrea Siviero**, Head of the International Monetary Cooperation Division, Swiss National Bank*

*Panel Members: **Rolf Jeker**, Chairman, Emerging Market Services Ltd; CEO and Vice-Chairman, AO Foundation; **Shigeo Katsu**, President, Nazarbayev University; former Vice President for Europe and Central Asia, World Bank; **Johannes Linn**, Distinguished Resident Scholar, Emerging Markets Forum; **Djoomart Otorbaev**, former Prime Minister, Kyrgyz Republic; **Astrid Skala-Kuhmann**, Senior Advisor to the Board, GIZ*

Both the panel members and participants emphasized the importance of regional cooperation in CASC to realize the promise of BRI, noting that issues of trust between governments have consistently stood in the way of cooperation. To overcome their mutual suspicion, CASC governments should identify and engage in non-controversial trust-building measures. Such measures could include cooperation on meteorological and hydrological data collection, analysis, and sharing or on easier cross-border travel for residents of the Ferghana Valley.

CASC countries should also take greater advantage of the coordination platform that is CAREC, which, despite its remarkable consistency of membership and sectoral coverage, has not been able to achieve buy-in from political leaders. Perhaps future summits of the four Central Asian presidents can form the basis of summit-level discussions among all CAREC members.

Participants also turned back to the subject of large powers from outside CASC and the important role they will play in the future of the BRI in the region. Most outside powers appear prepared to engage productively with the BRI, not least because China seems to be more open to the idea of multilateralizing the BRI through greater involvement of multilateral and bilateral donors. Multilateralization along these lines would lead to more sustainable implementation of the BRI in CASC. However, multilateralization would also require more transparency on the part of the Chinese authorities as to which projects fall under the BRI umbrella and are open to participation from outside partners.

On the basis of the foregoing sessions and the questions raised therein, areas for future research abound. These include quantifying the BRI's benefits and costs to various sectors, assessing the potential of different economic corridors to promote inclusive development, calculating the O&M implications of BRI infrastructure, analyzing the role of the private sector in the BRI, and determining new areas for potential BRI engagement (e.g. ICT, water, climate change). More attention should also be afforded to BRI projects' compatibility with national development plans, as well as their benefits, costs, and risks from an economic, social, political, and environmental perspective.



## **CONCLUDING SESSION: NEXT STEPS AND CLOSING REMARKS**



Harinder Kohli, EMF's Founding Director and Chief Executive, and Marco Cavaliere, Head of the Swiss National Bank's Bilateral Cooperation unit, gave the following concluding remarks.

This forum had two goals: determining whether or not EMF's analysis is on the right track, and figuring out how to move forward. These goals were achieved thanks to participants' constructive discussions and robust participation and feedback.

There was wide consensus that the background papers in general and the Forum discussion had already identified the key policy issues and actions that CASC countries

need to take, and that it was urgent that these be brought to the attention of the senior most decision makers in the region as soon as possible. This is because the policy decisions that will shape the BRI in CASC are being made as we speak. In order to provide timely policy advice to CASC governments, we need to share our findings in the form of a concise policy paper suitable for top policy decision makers.

To demonstrate that the policy paper is grounded in solid analytic work and to disseminate the Forum's work more widely, EMF will turn the background papers and country notes discussed at this forum into a book, which hopefully be published before the end of 2019. To make these publications accessible to Central Asian readers, ideally the book and the policy document (or both) should also be translated into Russian and Chinese. Moreover, EMF will continue sharing its research with policymakers at forums like this one.

Finally, SNB and EMF will discuss possibility of carrying out, in parallel, further research in the above-mentioned key areas needing further analysis by following, again, the "inside-out" approach.

Emerging Markets Forum  
February 28, 2019



**Remarks by SECO State Secretary: Marie-Gabrielle Ineichen-Fleisch**

Congratulations are due to EMF for assembling so many government and corporate leaders globally to engage on such important issues. The discussions at the forum thus far show that the economic challenges of the BRI are not country-specific but global. It will be important to see how these challenges shape the way forward in CASC economies.

The structure of my remarks is as follows. First, I will explain the Swiss position on the BRI. I will then discuss why the development of the CASC region is important to Switzerland. Next, I will highlight the Swiss perspective on the BRI's challenges for CASC countries. Finally, I will outline Switzerland's contribution to the success of the BRI in CASC.

What is Switzerland's position on the BRI from an economic perspective? China launched the BRI not as a bundle of projects, but as a geostrategic vision. Though China has many long-term strategies, this is the first one to extend beyond China's borders. From its humble beginnings in Central Asia, the BRI now touches the entire world. As Doris Leuthard stated at the Belt and Road Forum in 2017, Switzerland welcomes the BRI in principle; however, its projects and activities must comply with international standards and multilateral commitments, in particular as concerns environmental, social, and economic sustainability. Simultaneously, Switzerland will support its own economic interests by strengthening the general framework and gathering information on BRI projects for the benefit of the Swiss private sector.

A number of factors will be necessary to ensure the success of BRI projects and investments. First, the Sustainable Development Goals 2030 should be the guiding principles for any stakeholder, whether governmental or private. In this context, we call for the highest financial, engineering, environmental, and social standards. Second, calls for tender must be open, transparent, non-discriminatory, and in accordance with international procurement standards in order to ensure international participation. As a country with an international orientation, Switzerland's wealth depends on international trade in goods and services, as well as cross-border investment. Access to foreign markets is a paramount goal of Swiss economic policy and is pursued through the WTO and FTAs. Cooperation opportunities with China on projects in third countries are of particular interest to the Swiss government. For Swiss companies to participate in such BRI consortia, projects must first be made known, and companies must be allowed to provide their specialized expertise, be it in project finance, insurance, or technology. The sooner the projects are known, the sooner Swiss companies can contribute. To ensure access to information about BRI projects, the Swiss government is in consultation with China to negotiate an MoU on BRI cooperation. We are also currently reflecting on how we can help our companies get involved when interesting projects have been identified.

Why is Switzerland interested in the BRI in CASC? First, the Swiss presence in CASC is rooted in Switzerland's representation of the region in its IMF and World Bank constituencies. Switzerland deems this cooperation with CASC countries highly valuable. Second, CASC is a longstanding focal point of Swiss development cooperation. Current development programs there focus on employment, economic development, strengthening governance institutions and decentralization, water, climate change, and health. As you can see, strengthening economic development takes a prominent position. Adequate policies must be in place to attract, maintain, and make optimal use of foreign investments. We support Central Asian countries in strengthening financial sector supervision and regulation and capital market development. Third, as concerns foreign investment and business environment, the Central Asian market is already interesting for the Swiss private sector. Swiss food, engineering, construction, mining, and pharmaceutical companies are already operating and investing there. A recent business mission to Central Asia led by former Federal Councilor Johann Schneider-Ammann revealed the need to strengthen the current economic framework in order to attract more Swiss investment. During that mission, new Swiss factories in Azerbaijan and Uzbekistan were inaugurated; the latter is the first factory in Uzbekistan to produce and repair machine tools for the textile industry, and is proof of the confidence of Swiss industry in Uzbekistan.

Let us now discuss challenges facing CASC in the context of the BRI. Central Asian economic performance was quite successful in the 2000s: the region witnessed strong growth, falling inflation, and significant progress in poverty reduction. But this progress was due to a growth model that relied heavily on commodities, remittances, public spending, and construction. This left the region vulnerable to commodity price fluctuations and external developments, which became evident in the shocks that hit the region in 2008 and since 2014. The results have been weak growth, heightened financial vulnerabilities, and higher public debt. Following 2014, Central Asian countries responded with more flexible exchange rates and efforts to stabilize big banks. The region's growth is now picking up again, but this recovery is still somewhat driven by external factors, especially higher oil prices. From these episodes we can conclude that economic integration must be based on stronger macroeconomic

frameworks. These would benefit Central Asian economies by opening them further to trade and investment and ultimately boosting productivity. Sound, sustainable, and transparent policies will provide greater stability, predictability, and confidence to domestic and foreign investors. Financial sector supervision in particular needs further strengthening, as well as decisive action to preempt any further negative effects on the banking sector that would hurt the real economy.

Having said this, a core challenge for CASC countries is strengthening economic governance. Progress in this area is in the interest of Switzerland as it lays the foundation for long-term stability and development, not least by facilitating commercial relationships. Targeted support to strengthen institutions like finance ministries, national banks, and customs authorities will help CASC countries reap the benefits of the BRI and may open opportunities for Swiss private sector engagement.

Another challenge is the risk of unsustainable indebtedness driven by infrastructure investments. Allow me to give two examples of this phenomenon. First, Tajikistan is assessed by the IMF and World Bank to have a high risk of debt distress, but its external debt is still increasing, both at concessional and non-concessional rates, to pay for infrastructure in the power and transport sectors, including BRI projects. Debt to China, Tajikistan's largest creditor, accounts for 80 percent of the increase in Tajikistan's external debt between 2007 and 2016. Second, Kyrgyzstan has many new BRI infrastructure projects, many of which are financed by external debt. By end-March 2017, public and publicly guaranteed debt reached 65 percent of GDP, of which external debt comprised 90 percent. For these countries and others in similar situations, it is key to select infrastructure projects that are of national priority, manage these projects efficiently, and ensure that financial decisions are based on robust and responsible debt management. Otherwise, there is a risk that investments negatively affect public finances and act as a drag on the economy.

What is Switzerland's contribution to the success of the BRI in Central Asia? Switzerland helps ensure the sustainability of projects from design through to construction and operation. Central Asia needs infrastructure projects that are sustainable in terms of economic profitability, social benefit and inclusiveness, and environmental soundness. Beyond its economic cooperation, Switzerland supports economic infrastructure in view of creating network effects. Strengthening areas such as water, transport, and energy supply provide important services in areas of economic infrastructure. Regional cooperation is key to infrastructure and requires agreement on transport corridors, tariff setting, and coping with negative externalities. This holds true even more for the BRI, which needs external stakeholders to establish such collaboration; Switzerland is willing to stimulate this dialogue. The IFIs of which Switzerland is a member play a catalyzing role for high-quality infrastructure investments. They can support the creation of enabling environments for private sector participation and facilitate fair risk and profit sharing between the private and public sectors. They can also address the aforementioned regional challenges. IFIs and the Swiss financial sector can provide targeted financial solutions, help avoid currency or tender mismatch, and offer a suite of insurance services where needed. Switzerland also provides support to stronger economic ties with regular organization of official meetings and visits, including joint economic commissions, constituency group meetings, business missions, etc. These meetings have helped take stock of opportunities created by the BRI and led to Swiss investments in Central Asia. Last but not least, Switzerland can show its own success in taking a long-term perspective when investing in infrastructure. With resilience and durability as key investment criteria, higher quality investments result, generating greater economic and development impact. The backbone of Switzerland's transport, water, and power infrastructure was built a generation ago and was continuously maintained, upgraded, and extended. The same model should be the ambition of Central Asia.

To conclude, let me reiterate Switzerland's commitment to contributing to the BRI and the further economic development of Central Asia through Swiss development cooperation and by helping Swiss companies access Central Asian markets. Switzerland is happy to do this, provided that BRI projects comply with international standards and multilateral commitments. Switzerland has an interest in the harmonious development of the countries of Central Asia, with which Switzerland has developed special and close relations, and we are ready to support these countries with our expertise and experience.

**Final Agenda**

**January 27, 2019**

17:00-18:00 Registration

18:00-21:00 Welcome Reception and Dinner

Dinner Remarks: **Jean-Daniel Gerber**, Former State Secretary, SECO and Former Executive Director, World Bank

**January 28, 2019**

8:30-8:45 Welcoming Remarks: **Thomas J. Jordan**, Chairman of the Governing Board, Swiss National Bank

8:45-9:00 Group Photo

9:00-9:30 Forum Objectives and Structure (**Harinder Kohli**, Founding Director and Chief Executive, Emerging Markets Forum and **Andrea Siviéro**, Head, International Monetary Cooperation, Swiss National Bank)

9:30-11:00 Session I: BRI Global Direction  
Chair: **Jean-Daniel Gerber**, Former State Secretary, SECO and Former Executive Director, World Bank  
Presentation: **Harinder Kohli**, Founding Director and Chief Executive, Emerging Markets Forum  
Discussants: **Astrid Skala-Kuhmann**, Senior Advisor to the Board, GIZ, Germany; **Shigeo Katsu**, President, Nazarbayev University; Former Vice President for Europe and Central Asia, World Bank

11:00-11:30 Coffee Break

11:30-13:15 Session II: Perspectives from inside CASC Countries  
Chair: **Daniel Heller**, Former Executive Director, International Monetary Fund (IMF)  
Presentation: **Johannes Linn**, Distinguished Resident Scholar, Emerging Markets Forum  
Discussants: **Oraz Jandosov**, Director, RAKURS Center for Economic Analysis; Former Minister of Finance of Kazakhstan; **Mikheil Janelidze**, Founding Partner, EGE Advisors; Former Vice Prime Minister and Former Minister of Foreign Affairs of Georgia; **Abdujabbor Shirinzoda**, Chairman of the Supervisory Board, Sohibkorbank; Former Governor, National Bank of Tajikistan

13:15-14:30 Lunch



- 14:30-16:15      Session III: Roundtable on Inside-Out Perspectives on the Benefits and Challenges of BRI to the CASC Region  
Chair: **Shigeo Katsu**, President, Nazarbayev University; Former Vice President for Europe and Central Asia, World Bank  
Roundtable: **Rustam Aminjonov**, Deputy Director, Analytical Center “Navo” of Tajikistan; **Giorgi Khishtovani**, Research Director, Policy and Management Consulting Group (PMCG), Georgia; **Roman Mogilevskii**, Senior Research Fellow and Associate Director, Institute of Public Policy and Administration, University of Central Asia, Kyrgyz Republic; **Ziyodullo Parpiev**, Deputy Dean for Postgraduate Courses and Executive Education, Westminster International University in Tashkent, Uzbekistan; **Yersultan Zhanseitov**, Senior Researcher, Center for China Studies, National Analytical Center of Kazakhstan
- 16:15-17:45      Session IV: IMF and World Bank Views  
Chair: **Marco Cavaliere**, Head, Bilateral Cooperation, Swiss National Bank  
Presentations: **Lilia Burunciuc**, Regional Director for Central Asia, World Bank; **Juha Kähkönen**, Deputy Director, Middle East and Central Asia Department, International Monetary Fund (IMF) Discussants: **Alex Aleksishvili**, Chairman, Policy and Management Consulting Group (PMCG); Former Minister of Finance of Georgia; **Suguru Miyazaki**, Senior Director, Credit Risk Analysis and Environmental Review Department, Japan International Cooperation Agency (JICA); **Friederike Pohlentz**, Head of Unit, State Secretariat for International Financial Matters SIF, Financial Systems and Financial Markets - International Financial Institutions, Federal Department of Finance of Switzerland; **Lutfullo Saidmuradov**, Director, Institute of Economy and Demography of Academy of Sciences of Tajikistan
- 17:45-18:15      Coffee Break
- 18:15-19:15      Session V: Wrap-up Roundtable in Preparation of Day Two  
Chair: **Stefan Flückiger**, Head of Special Foreign Economic Services (AF), State Secretariat for Economic Affairs (SECO)  
Roundtable: **Levon Barkhudaryan**, Former Minister of Finance of Armenia; **Werner Hermann**, Former Director, Swiss National Bank; **Elkhan Nuriyev**, Global Energy Associate, Brussels Energy Club; Former Director, Center for Strategic Studies of Azerbaijan; **Ulan Sarbanov**, Former Governor, National Bank of the Kyrgyz Republic; **Marc Uzan**, Executive Director, Reinventing Bretton Woods Committee, France; **Murat Yakubov**, Former Deputy Governor, National Bank of Uzbekistan
- 19:15-21:30      Cocktails and Dinner

## January 29, 2019

- 8:30-10:30      Session VI: Roundtable on Neighbors'/Partners' Perspectives (EU, Russia, China, India, US)  
Chair: **Astrid Skala-Kuhmann**, Senior Advisor to the Board, GIZ, Germany  
Roundtable: **Michael Emerson**, Associate Senior Research Fellow, Centre for European Policy Studies (CEPS); **Biliang Hu**, Professor and Dean, Emerging Markets Institute, Beijing Normal University; **Johannes Linn**, Distinguished Resident Scholar, Emerging Markets Forum; **Rajat Nag**, Distinguished Fellow, Emerging Markets Forum; Former Managing Director General, Asian Development Bank (ADB), India; **Evgeny Vinokurov**, Chief Economist, Eurasian Fund for Stabilization and Development, Russia
- 10:30-11:00      Coffee Break

- 11:00-12:30      Session VII: Regional Cooperation  
Chair: **Djoomart Otorbaev**, Former Prime Minister of the Kyrgyz Republic  
Roundtable: **Oraz Jandosov**, Director, RAKURS Center for Economic Analysis; Former Minister of Finance of Kazakhstan; **Tony More**, Head of Division, Europe and Central Asia, State Secretariat for Economic Affairs (SECO) of Switzerland; **Robert Schoellhammer**, Representative, European Representative Office, Asian Development Bank (ADB)
- 12:30-14:00      Lunch with Remarks by **Marie-Gabrielle Ineichen-Fleisch**, State Secretary and Director, State Secretariat for Economic Affairs (SECO), Switzerland
- 14:00-15:30      Session VIII: Wrap-up Roundtable  
Moderator: **Andrea Sivio**, Head, International Monetary Cooperation, Swiss National Bank  
Roundtable: **Rolf Jeker**, Chairman, Emerging Market Services Ltd, Switzerland; CEO and Vice-Chairman, AO Foundation; **Shigeo Katsu**, President, Nazarbayev University; Former Vice President for Europe and Central Asia, World Bank; **Johannes Linn**, Distinguished Resident Scholar, Emerging Markets; **Djoomart Otorbaev**, Former Prime Minister of the Kyrgyz Republic; **Astrid Skala-Kuhmann**, Senior Advisor to the Board, GIZ, Germany
- 15:30-16:15      Concluding Session: Next Steps and Closing Remarks  
Panelists: **Marco Cavaliere** and **Harinder Kohli**

**List of Participants**

**Alex Aleksishvili**

Chairman, Policy and Management Consulting Group (PMCG); Former Minister of Finance  
Georgia

**Rustam Aminjonov**

Deputy Director, Analytical Center “Navo”  
Tajikistan

**Lena Lee Andresen**

Deputy Head, Bilateral Cooperation, Swiss National Bank  
Switzerland

**Rustam Babajanov**

Associate Professor and Head, Institutional Studies and Social Sector, Institute of Economics and Demography,  
Academy of Sciences  
Tajikistan

**Levon Barkhudaryan**

Former Minister of Finance  
Armenia

**Amelie Brune**

Economist, Swiss National Bank  
Switzerland

**Lilia Burunciuc**

Regional Director for Central Asia, World Bank  
International Organization

**Marco Cavaliere**

Head, Bilateral Cooperation, Swiss National Bank  
Switzerland

**Stefan Denzler**

Deputy Head of Division, Multilateral Cooperation  
State Secretariat for Economic Affairs (SECO)  
Switzerland

**Michael Emerson**

Associate Senior Research Fellow, Centre for European Policy Studies (CEPS)  
Belgium

**Bakhodur Eshonov**

Former Head, Center for Economic Research  
Uzbekistan

**Stefan Flückiger**

Head of Special Foreign Economic Services (AF), State Secretariat for Economic Affairs (SECO)  
Switzerland



**Jonas Frank**

Deputy Head of Division, Macroeconomic Support, State Secretariat for Economic Affairs (SECO)  
Switzerland

**Jean-Daniel Gerber**

Chairman, Swiss Sustainable Finance; Chairman Swiss Investment Fund for Emerging Markets  
Switzerland

**Daniel Heller**

Former Executive Director, International Monetary Fund (IMF)  
Switzerland

**Werner Hermann**

Former Director, Swiss National Bank  
Switzerland

**Biliang Hu**

Professor and Dean, Emerging Markets Institute, Beijing Normal University  
China

**Nadira Huonker**

Advisor, Swiss National Bank  
Switzerland

**Nasiba Imaralieva**

Senior Economist, Swiss National Bank  
Switzerland

**Marie-Gabrielle Ineichen-Fleisch**

State Secretary and Director, State Secretariat for Economic Affairs (SECO)  
Switzerland

**Oraz Jandosov**

Director, RAKURS Center for Economic Analysis; Former Minister of Finance; Former Governor, National Bank of Kazakhstan  
Kazakhstan

**Mikheil Janelidze**

Founding Partner, EGE Advisors; Former Vice Prime Minister; Former Minister of Foreign Affairs  
Georgia

**Rolf Jeker**

Chairman, Emerging Market Services Ltd; CEO and Vice-Chairman, AO Foundation; Former Senior Executive VP, SGS S.A.  
Switzerland

**Thomas J. Jordan**

Chairman of the Governing Board, Swiss National Bank  
Switzerland

**Juha Kähkönen**

Deputy Director, Middle East and Central Asia Department, International Monetary Fund (IMF)  
International Organization

**Shigeo Katsu**

President, Nazarbayev University; Former Vice President for Europe and Central Asia, World Bank  
Kazakhstan

**Sevil Khidirova**

Head, PR Department, Lukoil, Uzbekistan Operating Company  
Uzbekistan

**Giorgi Khishtovani**

Research Director, Policy and Management Consulting Group (PMCG)  
Georgia

**Harinder Kohli**

Founding Director and Chief Executive, Emerging Markets Forum; President and Chief Executive Officer,  
Centennial Group  
United States

**Johannes Linn**

Distinguished Resident Scholar, Emerging Markets Forum; Former Regional Vice President, World Bank  
United States

**Nigar Mammadova**

Former Deputy Chairman of the Board of Directors,  
Financial Markets Supervisory Authority  
Azerbaijan

**Grigory Marchenko**

Former Governor, National Bank of Kazakhstan  
Kazakhstan

**Bakhrom Mirkasimov**

Dean of Research and Postgraduate Programmes, Westminster International University in Tashkent  
Uzbekistan

**Suguru Miyazaki**

Senior Director, Credit Risk Analysis and Environmental Review Department, Japan International Cooperation  
Agency (JICA)  
Japan

**Roman Mogilevskii**

Senior Research Fellow and Associate Director, Institute of Public Policy and Administration, University of  
Central Asia  
Kyrgyz Republic

**Tony More**

Head of Division, Europe and Central Asia, State Secretariat for Economic Affairs (SECO)  
Switzerland

**Rajat Nag**

Distinguished Fellow, Emerging Markets Forum; Former Managing Director General, Asian Development Bank  
(ADB)  
India

**Sylvie Naville**

Forum Director, Emerging Markets Forum  
France

**Elke Nickel-Posselt**

Honorary Professor, the University of Applied Science in Mittweida  
Germany

**Elkhan Nuriyev**

Global Energy Associate, Brussels Energy Club; Former Director, Center for Strategic Studies  
Azerbaijan

**Djoomart Otorbaev**

Former Prime Minister  
Kyrgyz Republic

**Ziyodullo Parpiev**

Deputy Dean for Postgraduate Courses and Executive Education, Westminster International University in  
Tashkent  
Uzbekistan

**Friederike Pohlenz**

Head of Unit, State Secretariat for International Financial Matters SIF, Financial Systems and Financial Markets -  
International Financial Institutions, Federal Department of Finance  
Switzerland

**Lutfullo Saidmuradov**

Director, Institute of Economy and Demography of Academy of Sciences of Tajikistan  
Tajikistan

**Ulan Sarbanov**

Former Governor, National Bank of the Kyrgyz Republic; Assistant Professor, University of Central Asia  
Kyrgyz Republic

**Robert Schoellhammer**

Representative, European Representative Office, Asian Development Bank (ADB)  
International Organization

**Abdujabbor Shirinzoda**

Chairman of the Supervisory Board, Sohibkorbank; Former Governor, National Bank of Tajikistan  
Tajikistan

**Andrea Siviero**

Head, International Monetary Cooperation, Swiss National Bank  
Switzerland

**Astrid Skala-Kuhmann**

Senior Advisor to the Board, GIZ  
Germany

**Peter Stutz**

Senior Policy Advisor on Asia, State Secretariat for International Financial Matters SIF, Financial Systems and Financial Markets - International Financial Institutions, Federal Department of Finance  
Switzerland

**Kemel Toktomushev**

Research Fellow, Institute of Public Policy and Administration, University of Central Asia  
Kyrgyz Republic

**Hiroto Tsukada**

Economist, Credit Risk Analysis Division, Credit Risk Analysis and Environmental Review Department, Japan International Cooperation Agency (JICA)  
Japan

**Marc Uzan**

Executive Director, Reinventing Bretton Woods Committee  
France

**Evgeny Vinokurov**

Chief Economist, Eurasian Fund for Stabilization and Development  
Russia

**Daniel Woker**

Former Swiss Ambassador to Australia, Singapore and Kuwait; Senior Lecturer at the University of St Gallen  
Switzerland

**Murat Yakubov**

Former Deputy Governor, National Bank of Uzbekistan  
Uzbekistan

**Yersultan Zhanseitov**

Senior Researcher, Center for China Studies, National Analytical Center  
Kazakhstan





Further details on the Forum and its meetings may be seen on our website at <http://www.emergingmarketsforum.org>

The Watergate Office Building, 2600 Virginia Avenue, NW, Suite 201

Washington, DC 20037, USA. Tel:(1) 202 393 6663 Fax: (1) 202 393 6556

Email: [info@emergingmarketsforum.org](mailto:info@emergingmarketsforum.org)