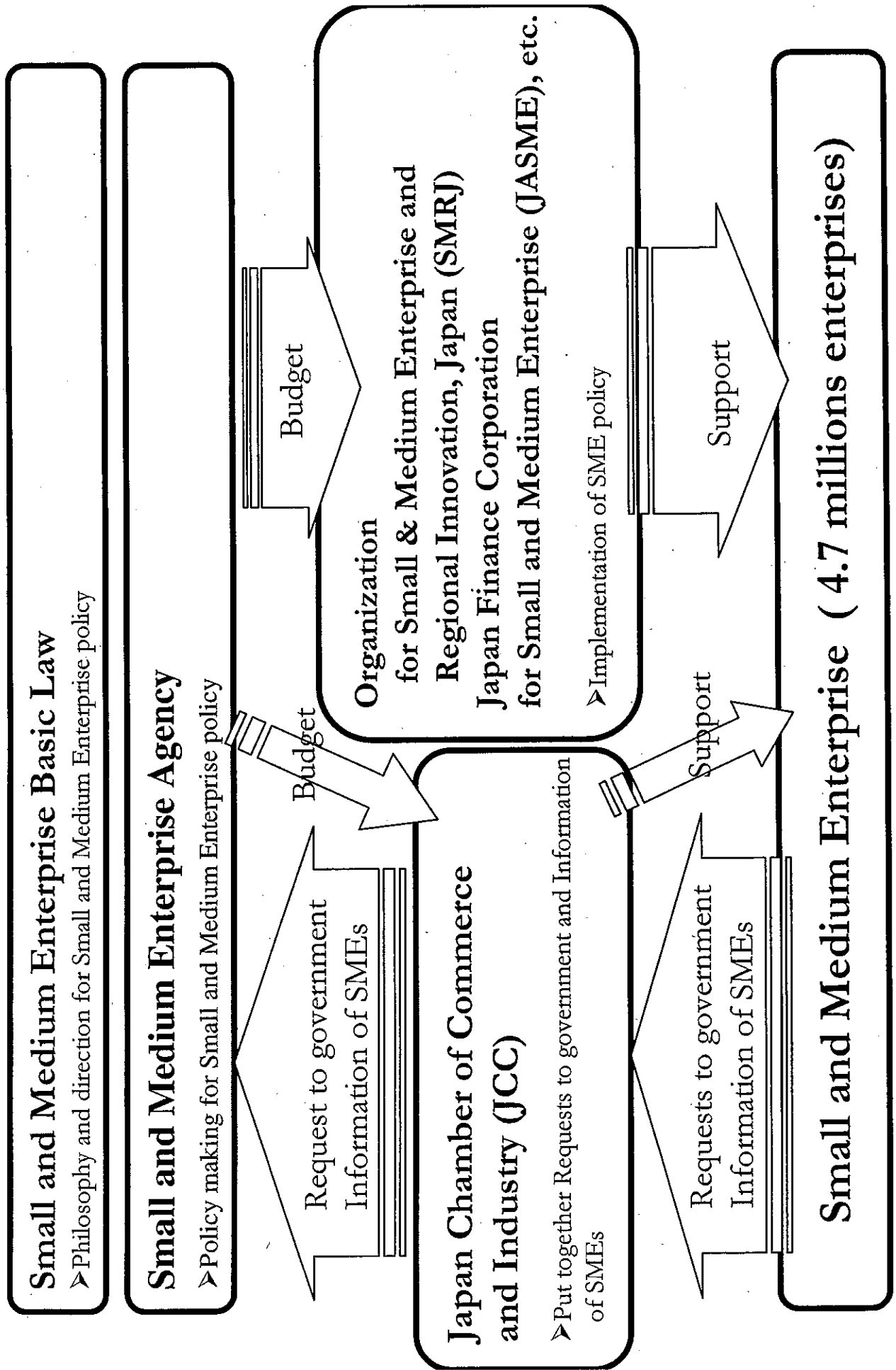


**Small & Medium Enterprise
Policy in Japan**

Ministry of Economy, Trade and Industry,
Small and Medium Enterprise Agency

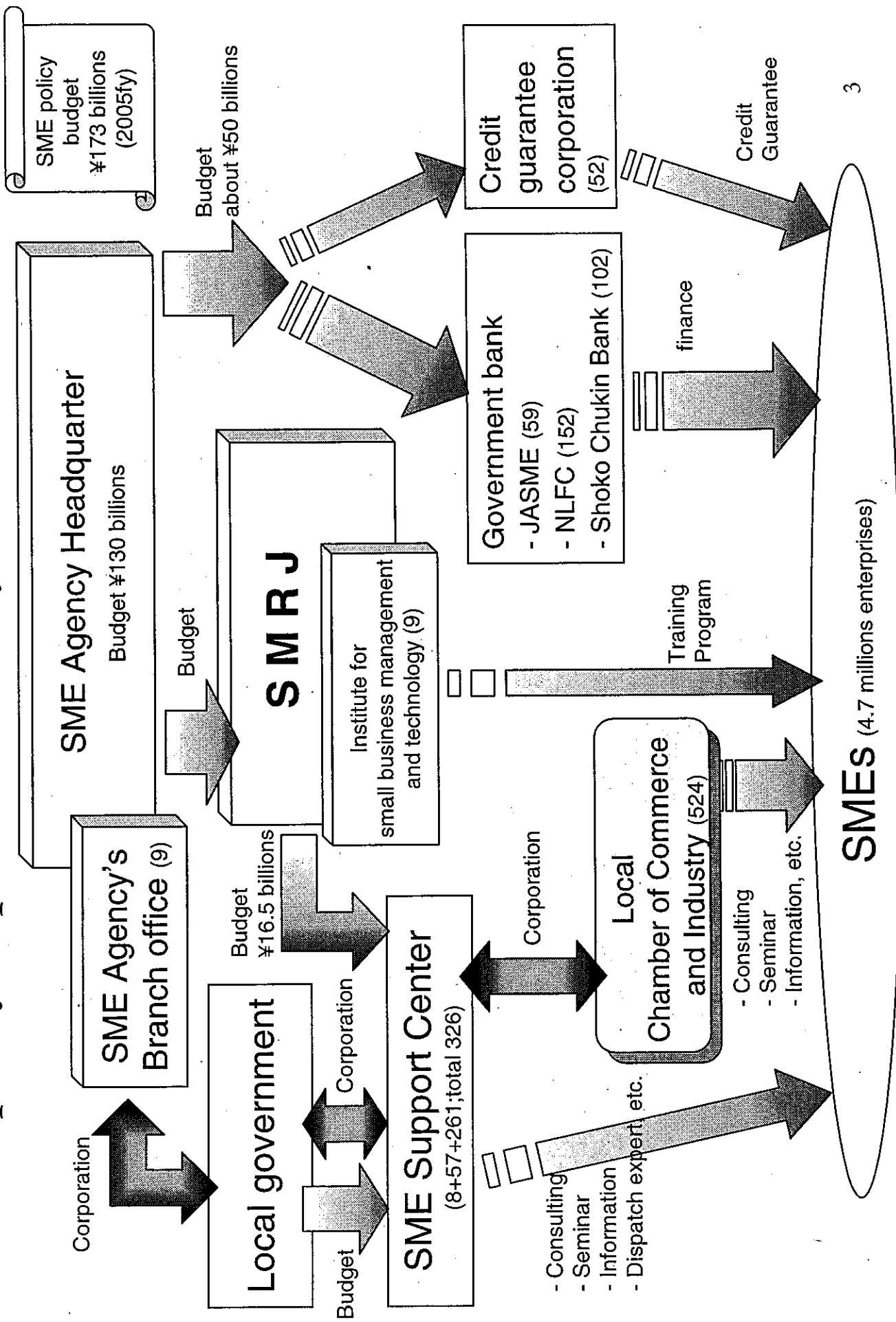
June 2005

Framework for SME policy



SME policy implementation system

* () brackets mean number of branches



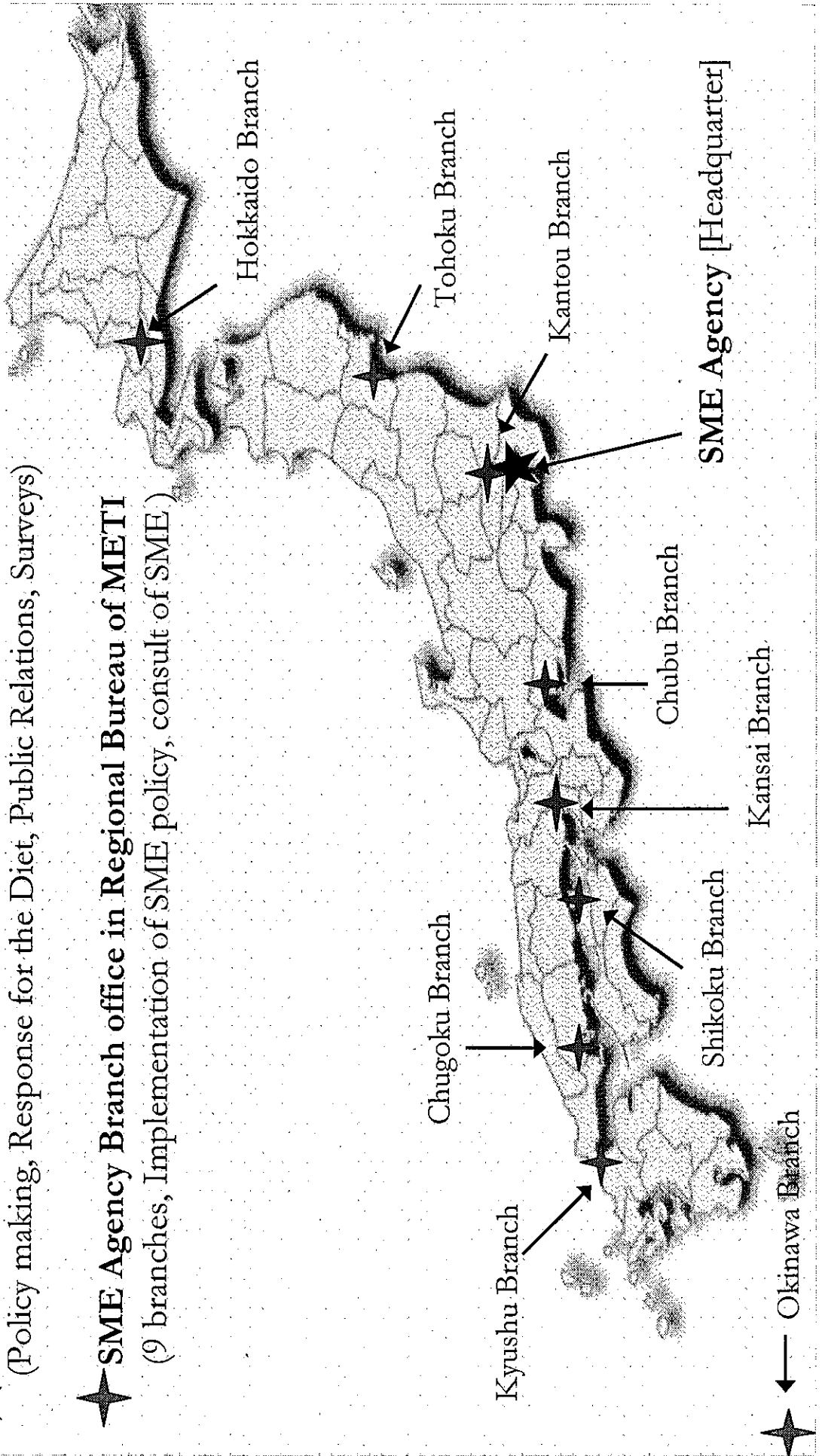
Outline of SME Agency – Branch Map

★ Headquarter of SME Agency

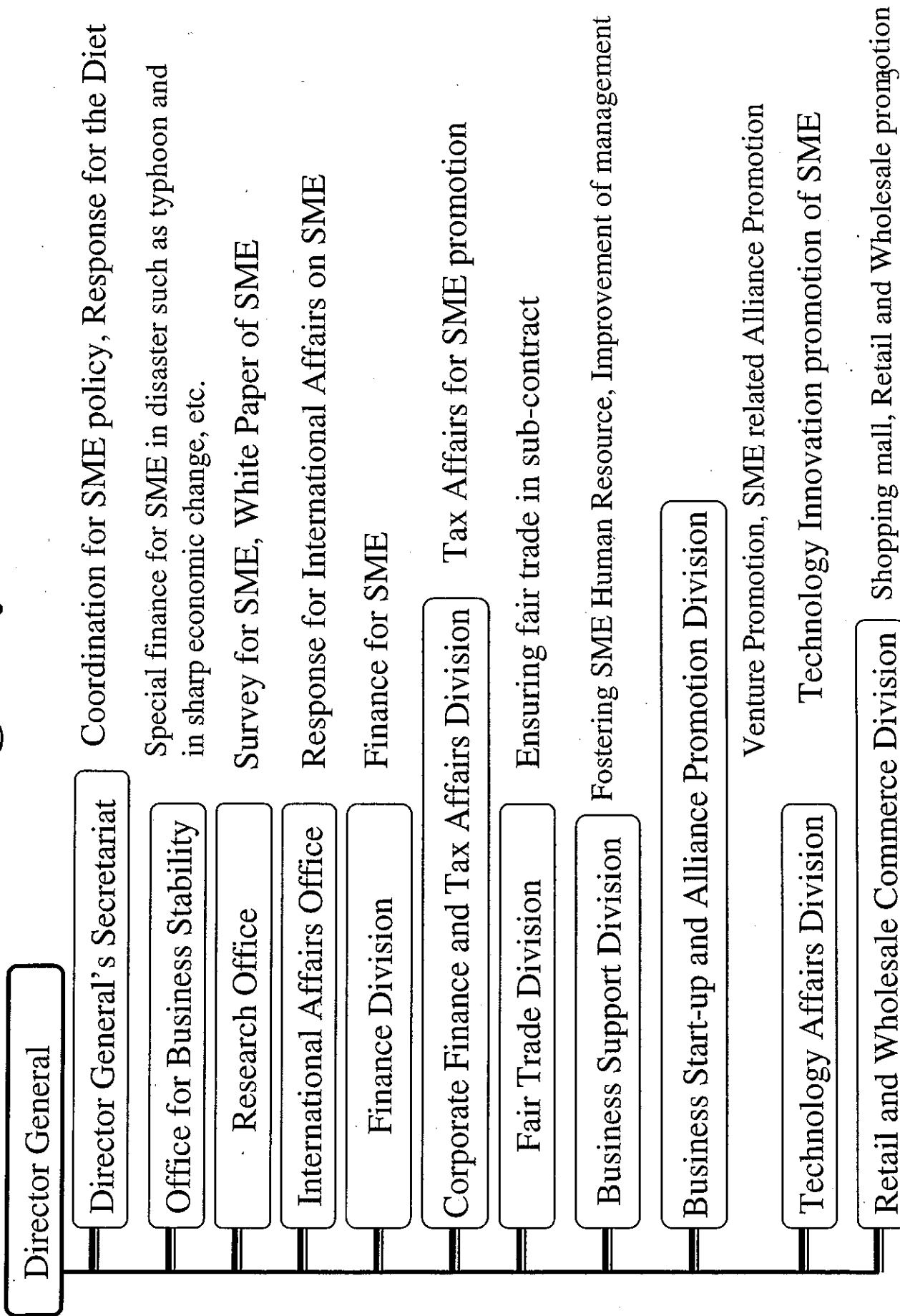
(Policy making, Response for the Diet, Public Relations, Surveys)

★ SME Agency Branch office in Regional Bureau of METI

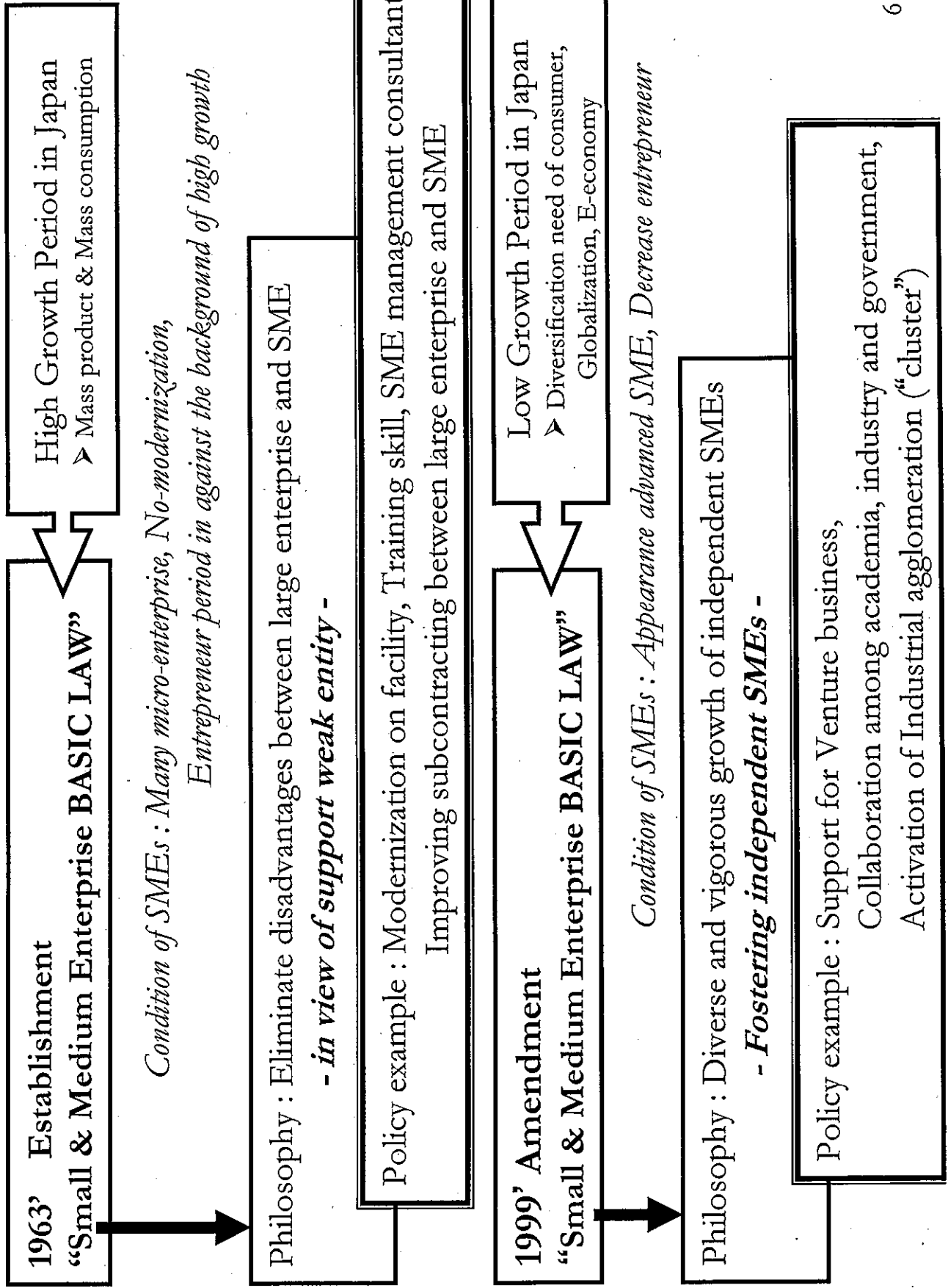
(9 branches, Implementation of SME policy, consult of SME.)



Outline of SME Agency - Structure



A change in Philosophy on SME Policy in JAPAN



Example of SME policy

1. SME finance by Government BANK

2. Support by SMRJ

- *Management consulting*

- *Holding Seminars*

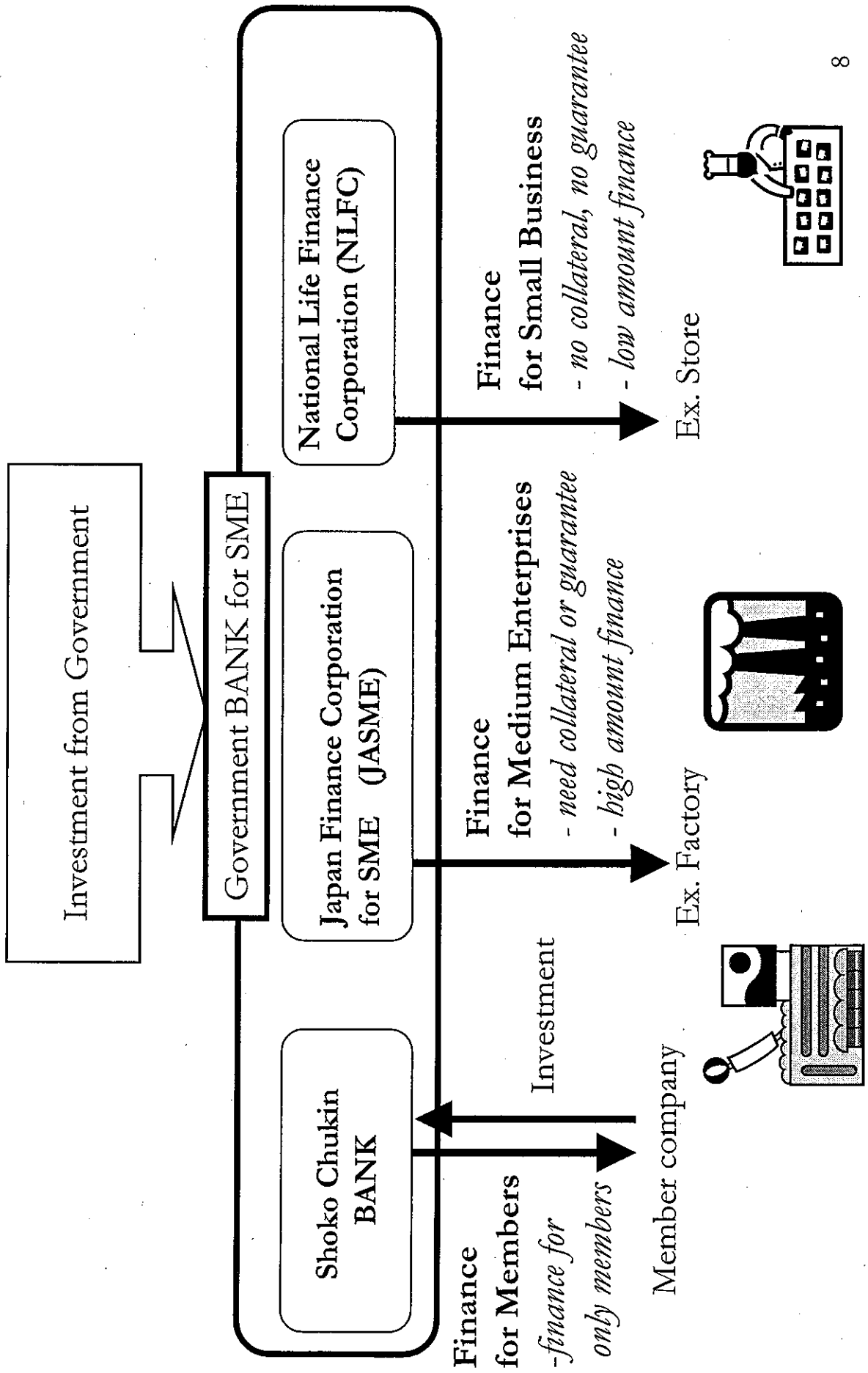
- *Expert dispatch*

- *Human resource development etc.*

3. SME Management Consultant System

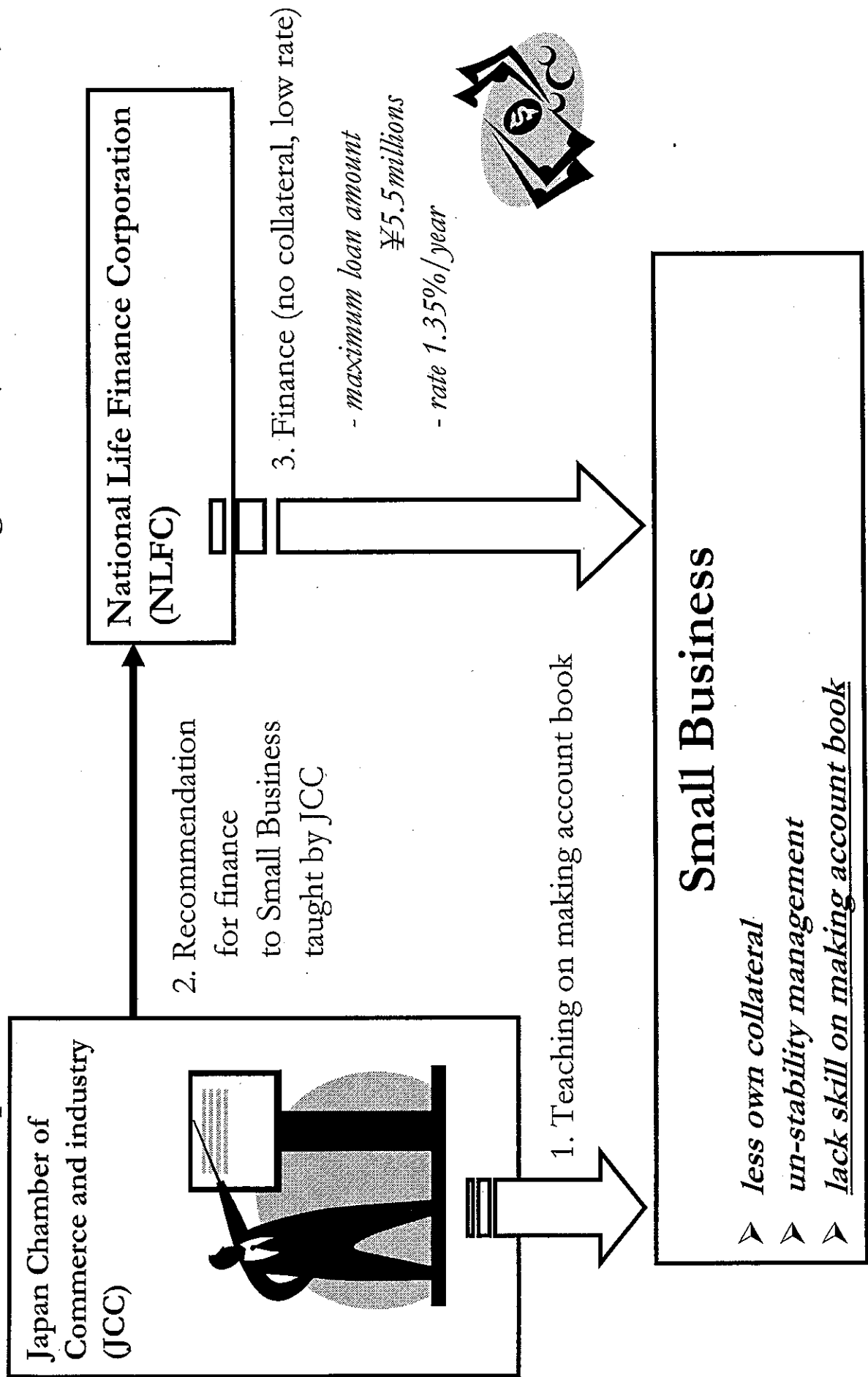
4. Support for Export business

Example of policy : 1. SME finance - Framework



Example of policy : 1. SME finance

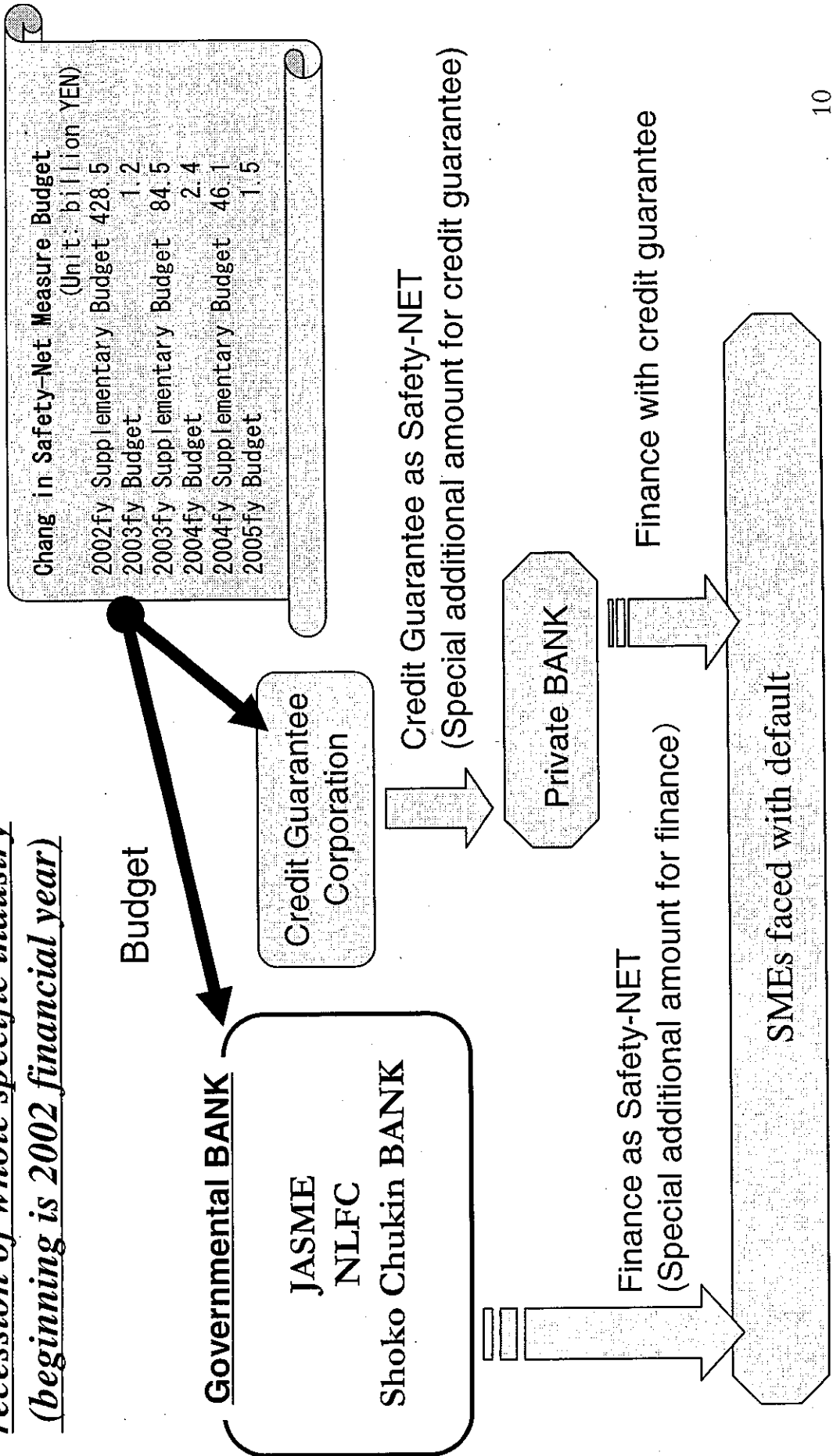
- Finance for improvement on small business management (MARUKEI-Finance)



* Account book is regarded as basic references for banks when they consider finance.

Example of policy : 1. SME finance (Safety-Net Measure)

Finance support for SMEs faced with nature disasters or default of a bank, recession of whole specific industry (beginning is 2002 financial year)



Example of policy : 2. Support by SMRJ

Local office;

Higher level center responses
for higher level, expert support case.

SMRJ (Organization for SME and Regional Innovation, Japan)
[Headquarter]

SME/Venture Business Support Centers

[8 locations - main large city level]

Various Type Experts

- Lawyer
- Certified public Accountant
- Labor manager
- SME Management Consultant



Institute for Small Business Management and technology

[HRD organization]
[9 locations]



Prefectural SME Support Centers

[57 locations - prefecture level]

Regional SME Support Centers

[261 locations - local city level]

Center's work

- consultation for management issues
- dispatch expert to SMEs
- holding seminars
- providing information, etc.

Join

training course

Consult for management,
Request to dispatch expert,
Join to seminars, etc.



Example of policy : 3. SME Management Consultant System

SME Management Consultant System

National qualification system for consultant on SME management to provide high-quality SME management consultant.



SME Management Consultant

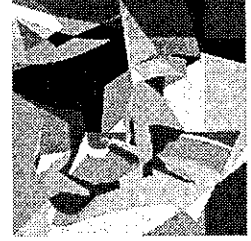


Requesting consulting

Submit a plan for improvement

Example for improvement recommendation;

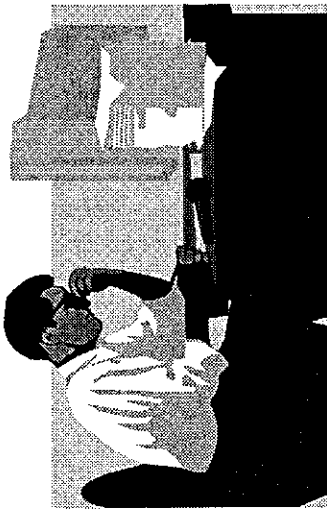
- *building collective facilities*
- *building shopping mall*
- *review contract with large enterprise*



Example of policy : 4. Support for Export business

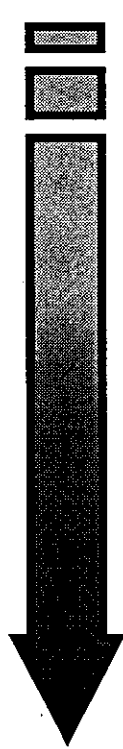
Issues on SME's International business

- *difficulty of access to information on foreign country*
ex. *custom procedure, regulation of investment*
- *difficulty of find relevant business partner on trade*

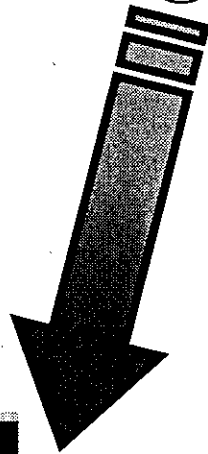


SMRJ

Trade & investment expert advisers who are retired from trade company, manufacture and bank, etc., and have experience on international work

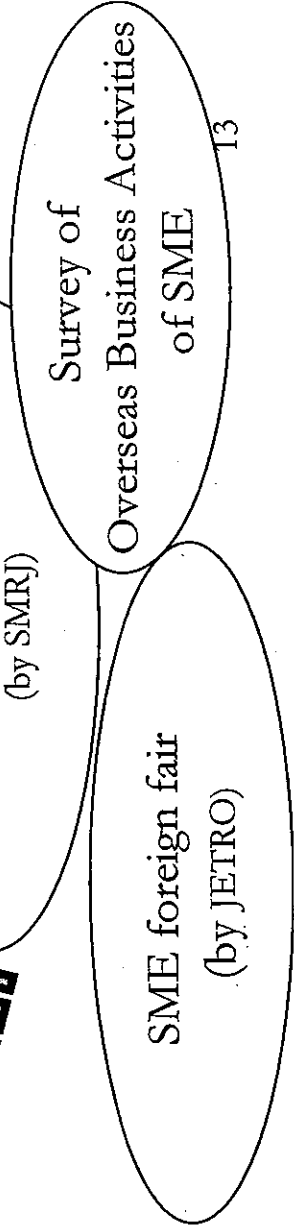


Advise and provide information from trade & investment expert advisers in SMRJ

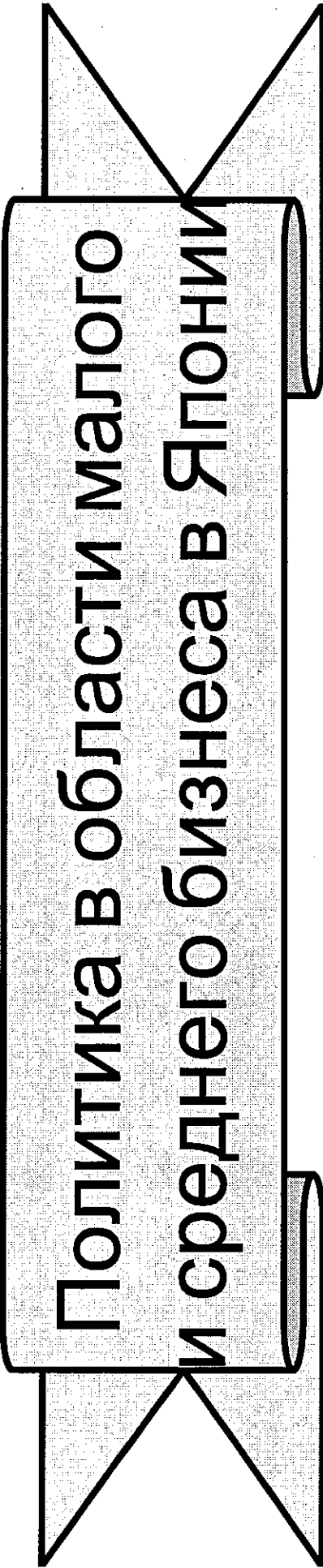


Provide information, Provide opportunity on partner with foreign country

Seminar for internationalization
(by SMRJ)



Часть 1

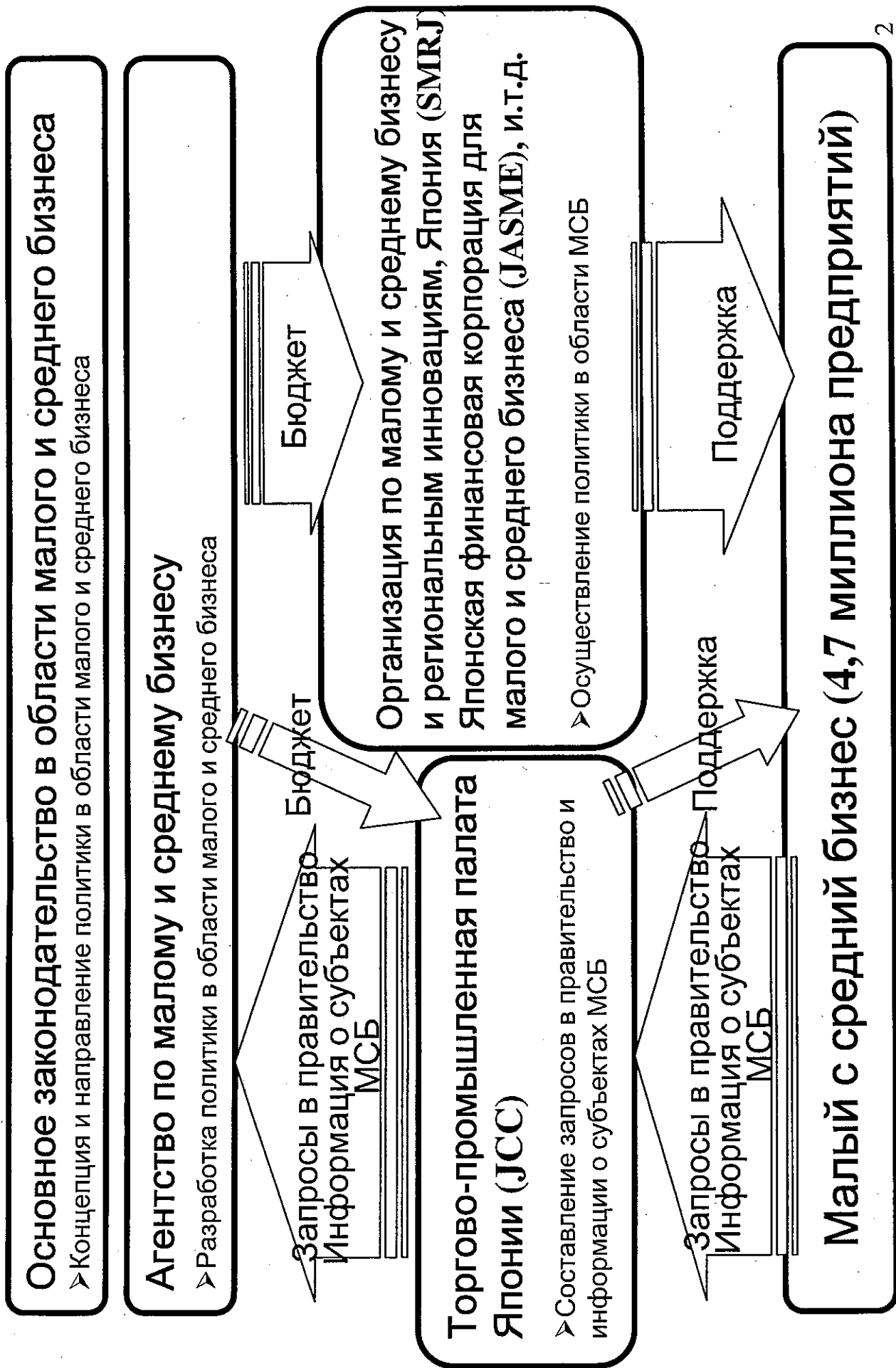


Политика в области малого и среднего бизнеса в Японии

Министерство экономики, торговли и
промышленности Японии,
Агентство по малому и среднему
бизнесу

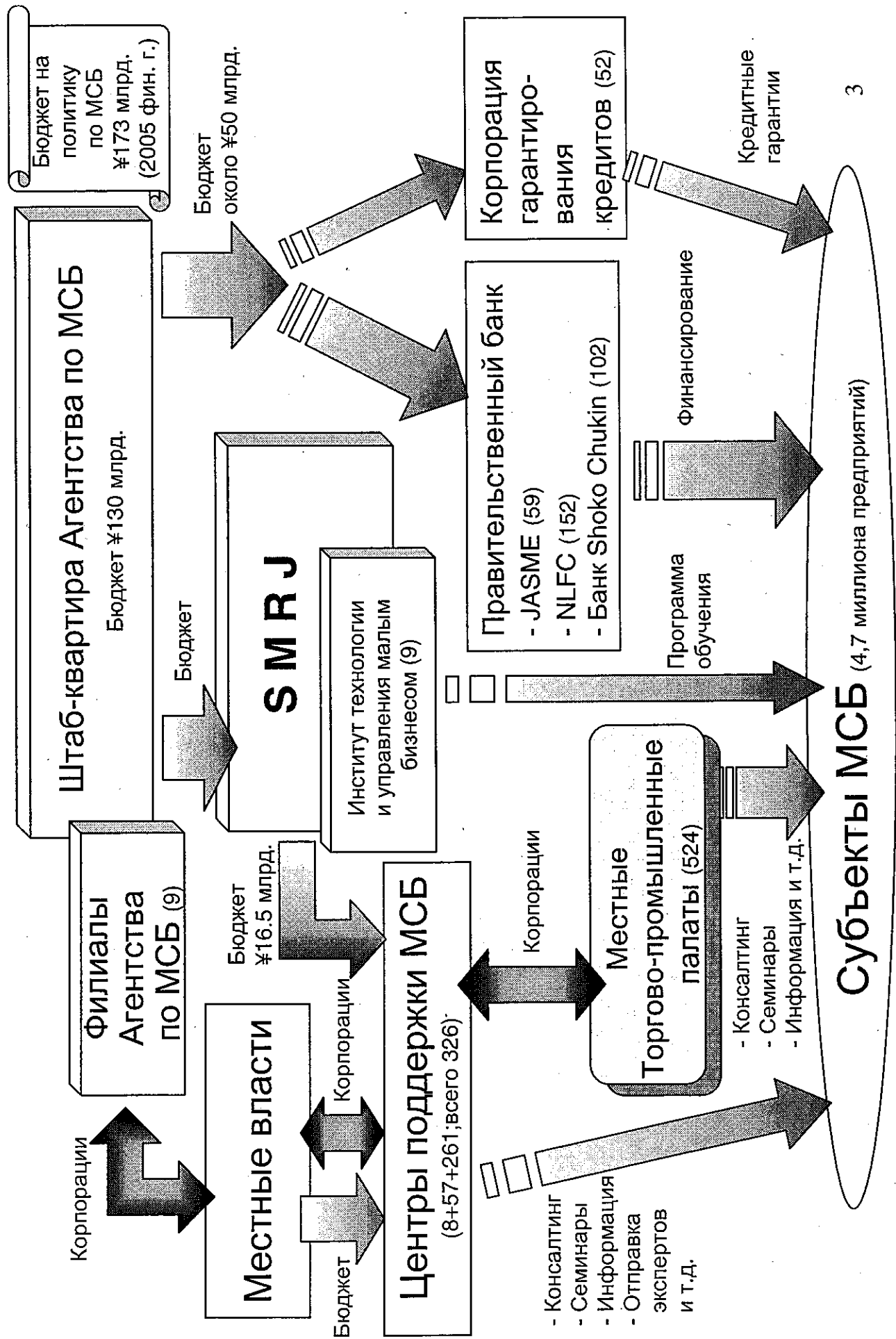
июнь 2005 г.

Структура политики по МСБ



Система реализации политики в области МСБ

* () с скобках указано количество филиалов



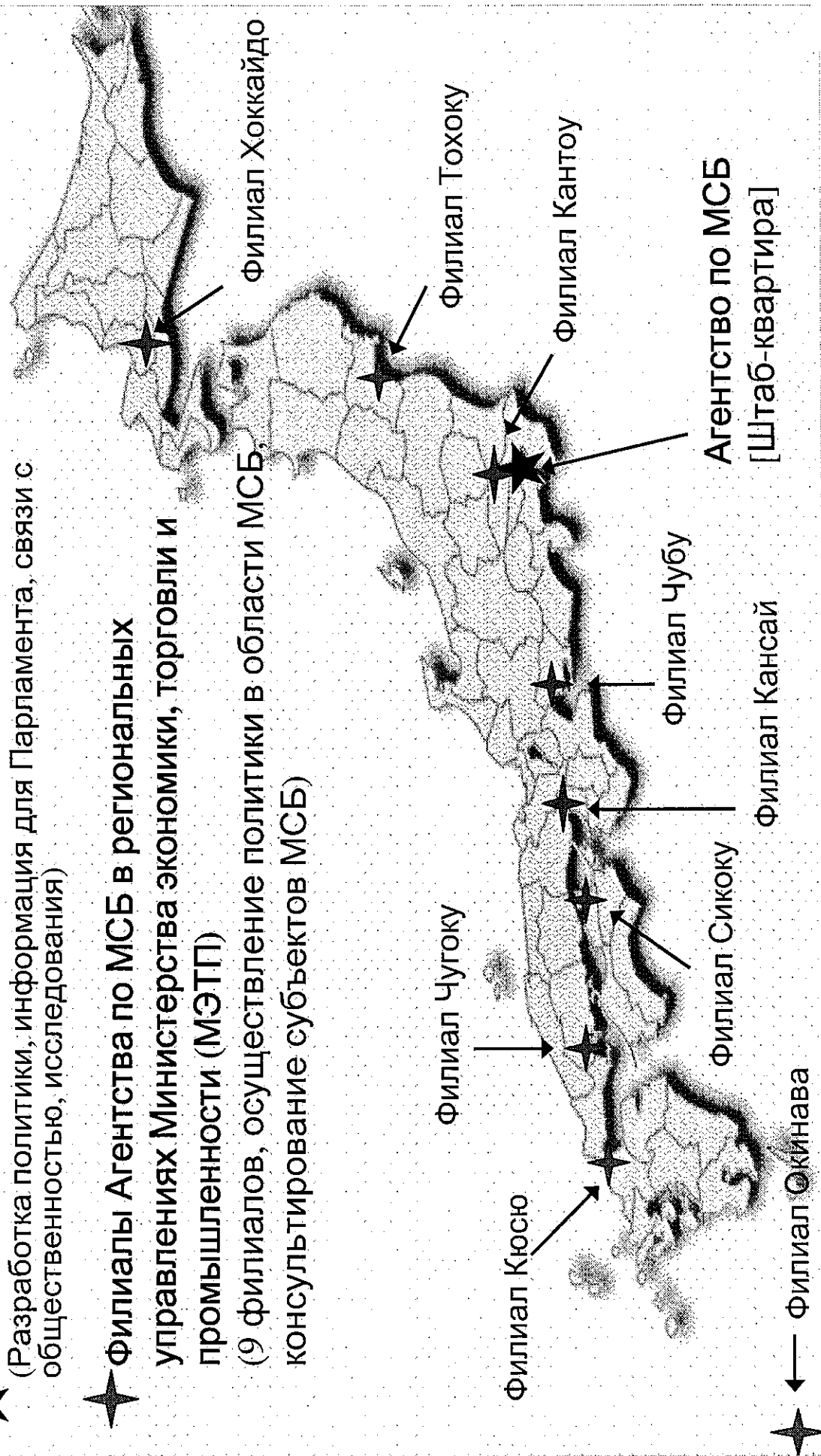
Краткая информация об Агентстве по МСБ – карта филиалов

★ Штаб-квартира Агентства по МСБ

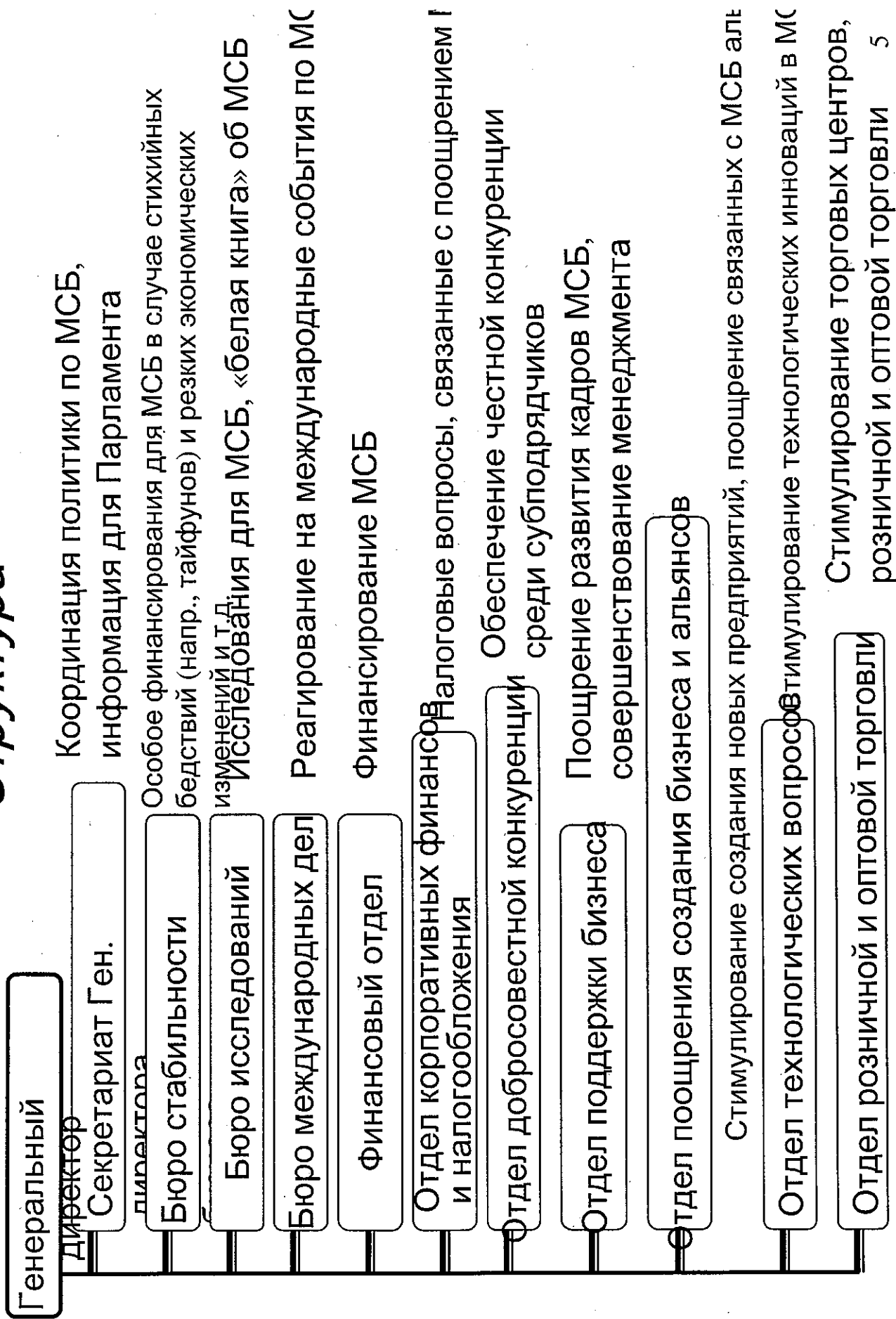
(Разработка политики, информация для Парламента, связи с общественностью, исследования)

★ Филиалы Агентства по МСБ в региональных управлениях Министерства экономики, торговли и промышленности (МЭТП)

(9 филиалов, осуществление политики в области МСБ, консультирование субъектов МСБ)



Краткая информация об Агентстве по МСБ - Структура



Изменение концепции политики по МСБ в Японии

1963 г. Принятие основного закона
“О малом и среднем бизнесе”

Период быстрого роста в Японии
Массовые товары и массовое потребление

*Состояние предприятий МСБ: много микропредприятий, нет модернизации
Период высокой предпринимательской активности на фоне быстрого роста.*

Концепция: устранение невыгодного положения МСБ по сравнению с крупными предприятиями
- с целью поддержки слабых предприятий -

Пример политики: модернизация мощностей, обучение навыкам, консультанты по менеджменту для МСБ, совершенствование субподряда между крупными фирмами

Поправки 1999 г. в основной закон
“О малом и среднем бизнесе”

Период медленного роста в Японии
Диверсификация запросов потребителей,
глобализация, электронная экономика

Состояние МСБ: появление продвинутых МСБ, снижение предпринимательской активности

Философия: разноплановый и энергичный рост независимых предприятий МСБ

- благоприятные условия для независимых предприятий

МСБ

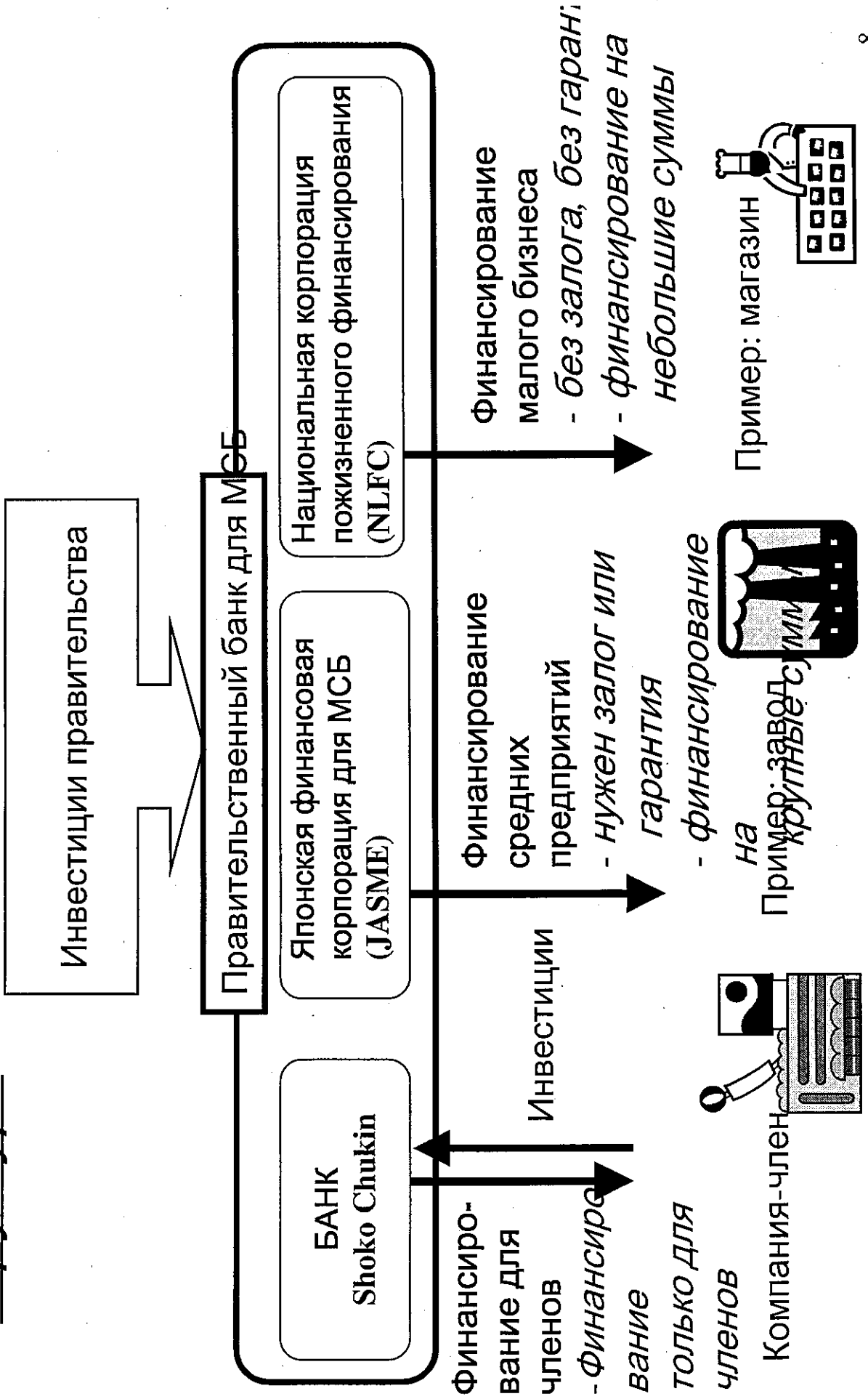
Пример политики: поддержка венчурного бизнеса, сотрудничество между наукой, промышленностью и государством,

Примеры политики в области МСБ

1. Финансирование МСБ **правительственным БАНКОМ**
2. Поддержка со стороны **SMRJ**
 - *Консультации по менеджменту*
 - *Организация семинаров*
 - *Отправка экспертов*
 - *Развитие человеческих ресурсов и т.д.*
3. Система консультантов по менеджменту МСБ
4. Поддержка экспертов

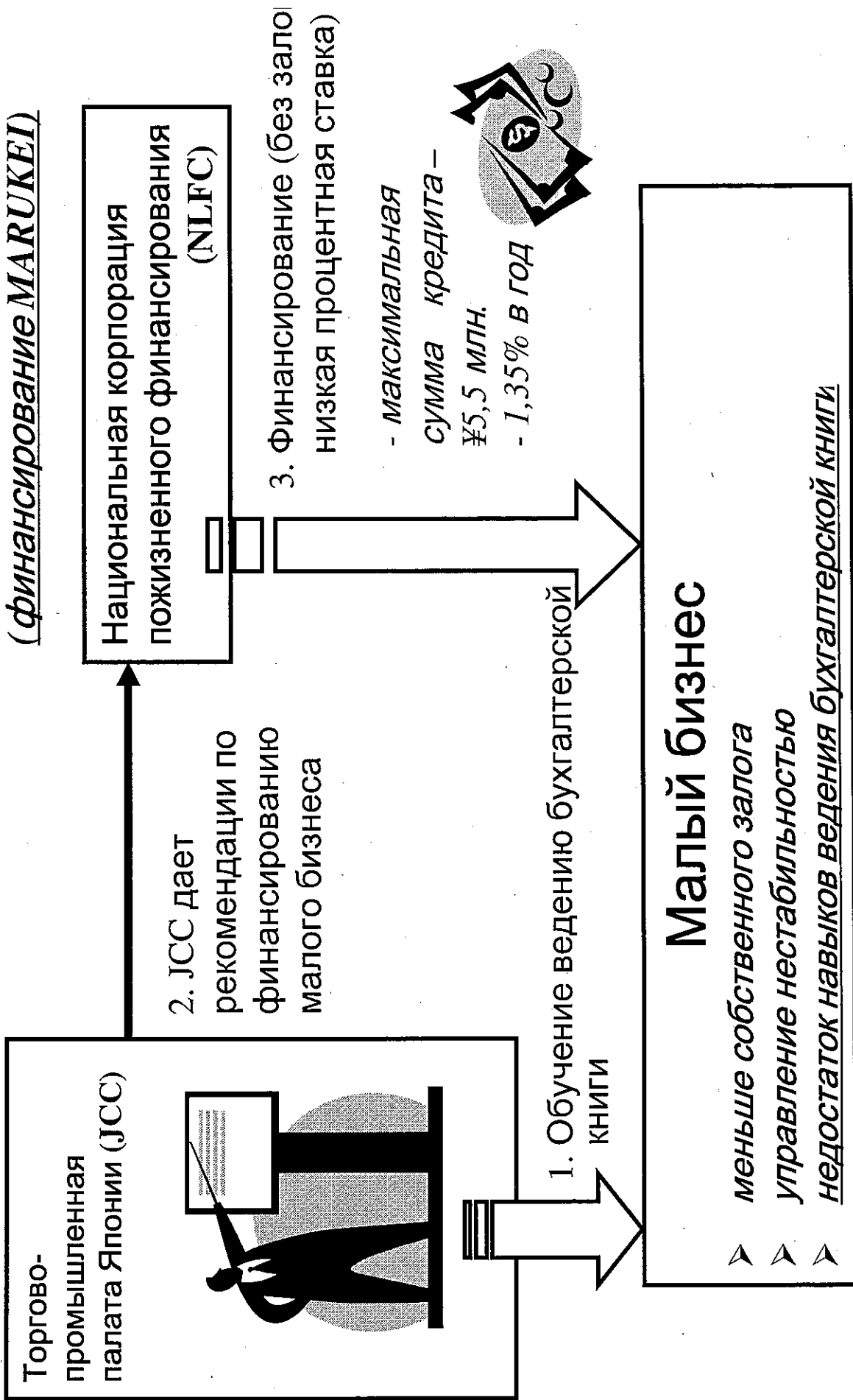
Пример политики: 1. Финансирование МСБ-

структура



Пример политики: 1. Финансирование МСБ

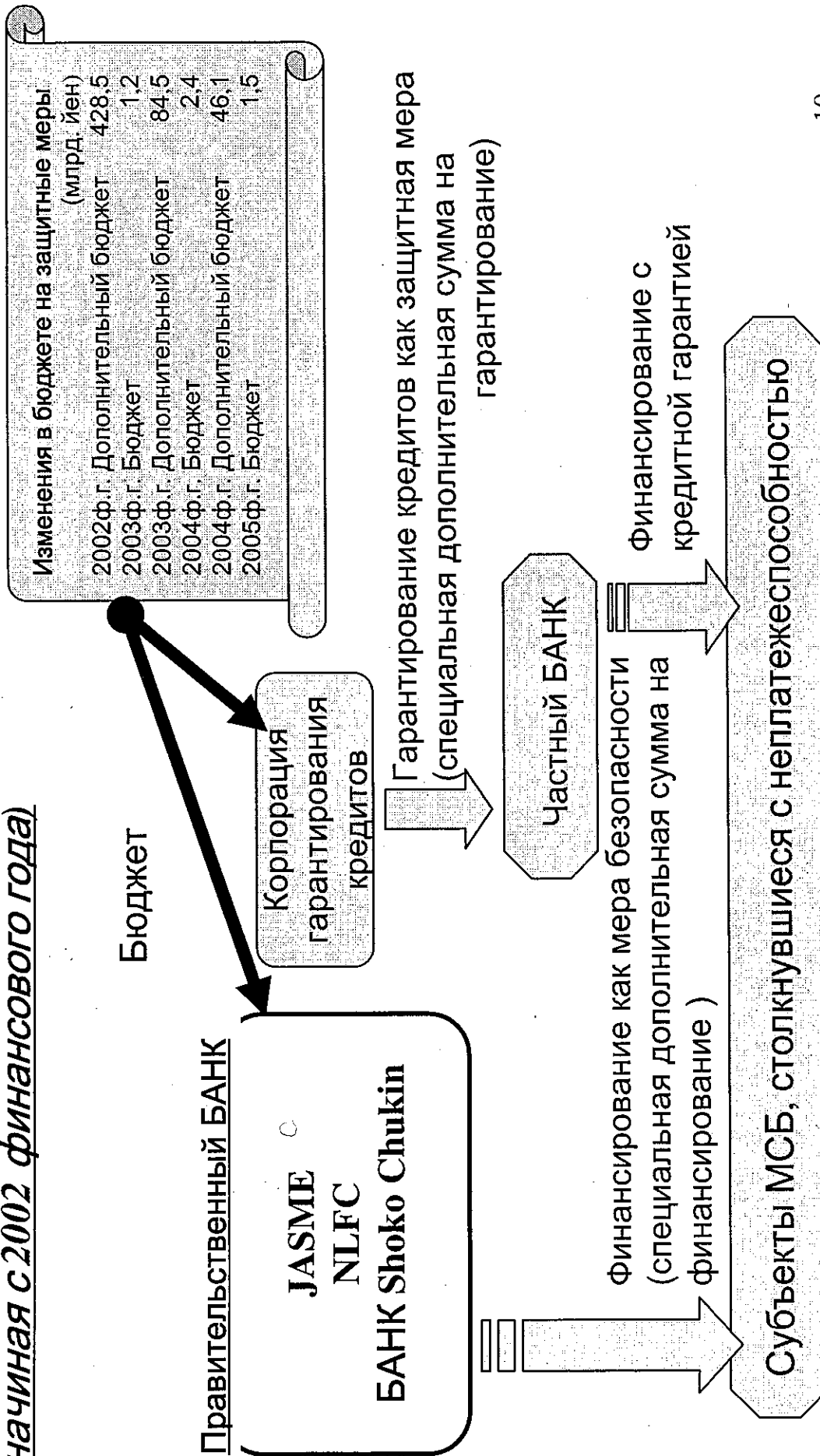
– Финансирование для улучшения менеджмента малого бизнеса



* Бухгалтерская книга считается основным источником информации для банков при рассмотрении заявок на финансирование

Пример политики: 1. Финансирование МСБ (защитные меры)

Финансовая поддержка субъектов МСБ, столкнувшихся со стихийными бедствиями, банкротством банка или спадом в целой отрасли (начиная с 2002 финансового года)



Пример политики: 2. Поддержка SMRJ

Местные офисы;
Реагирование центров более
высокого уровня для более
высокого уровня, поддержки
экспертами

SMRJ

(Организация для поддержки МСБ и региональной инновации (Ягони
[Штаб-квартира]

Центры поддержки МСБ/Венчурного

бизнеса [8 центров – в крупнейших
городах]



- Различные эксперты
- Юристы
 - Дипломированные бухгалтеры
 - Специалисты по трудовым

ОТНОШЕНИЯМ

➢ Консультанты по
Центры поддержки МСБ
в префектурах [57 центров на уровне префектур]

Региональные центры поддержки МСБ

[261 центров в небольших городах]

Функции центров

- консультации по менеджменту
- направление в МСБ экспертов
- проведение семинаров
- предоставление информации и т.д.

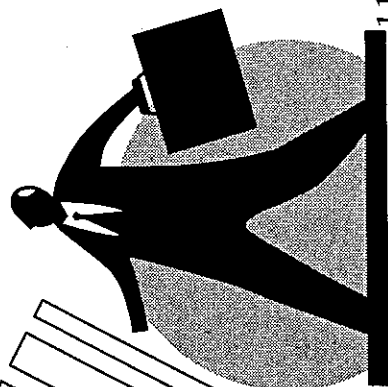
Институт технологий
и управления

малым бизнесом
[организация HRD]
[9 филиалов]



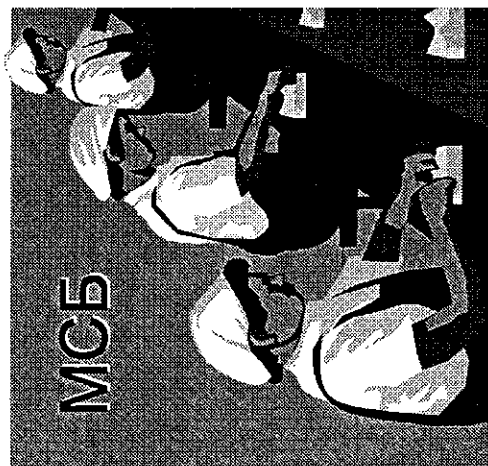
Участие
в обучении

Консультации
по менеджменту,
заявки на экспертов,
участие в семинарах
и т.д.



Пример политики: 3. Система консультантов по менеджменту МСБ

— Система консультантов по менеджменту МСБ —
Национальная система аттестации консультантов по менеджменту МСБ для предоставления высококвалифицированных консультантов по управлению МСБ.



Консультант по менеджменту МСБ



Заявка на консультирование

План улучшения работы

Пример рекомендаций по улучшению работы:

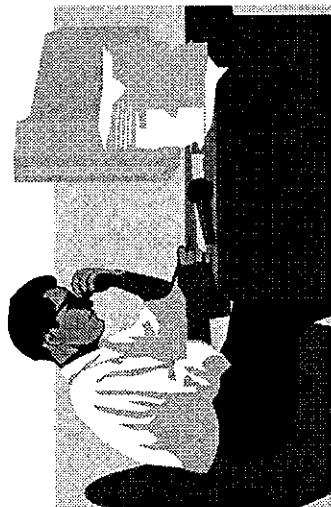
- строительство совместных мощностей
- строительство торгового центра
- пересмотр условий контракта с

ИЗДАНИЕ ПРОДВИЖАЮЩЕЕ

Пример политики: 4. Поддержка экспортеров

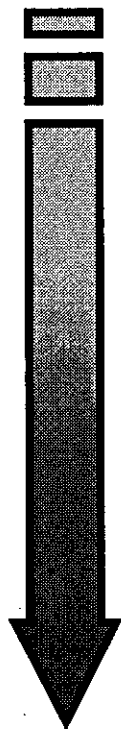
Проблемы работы МСБ на иностранных рынках

- сложность доступа к информации об иностранном государстве (напр., о таможенных процедурах, регулировании инвестиций)
- сложно найти подходящего торгового партнера

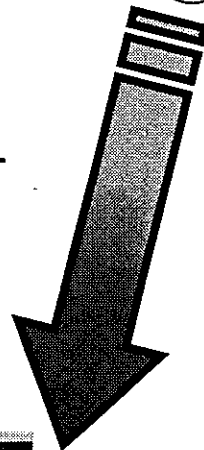


SMRJ

Эксперты-советники по торговле и инвестициям вышедшие на пенсию сотрудники торговых фирм, производственных предприятий, банков и т.д. с опытом международной работы



Консультации и предоставление информации экспертами-советниками SMRJ по торговле и инвестиц



Предоставление информации и возможностей партнерства с иностранным государством

Семинар по интернационализации (SMRJ)

Исследование деловой активности МСБ за границей

Выставки МСБ за границей (JETRO)

(ИТОГ)

Новые направления политики по МСБ

**От защитных мер поддержки МСБ
к поддержке более динамичных и новаторских МСБ**

- 1. Укрепление мощи МСБ путем их группирования через совместное финансирование, закупки, производство, сбыт и совместные торговые марки.**
- 2. Повышение управленческой квалификации путем тренингов и обучения.**
- 3. Диагностика и выявление проблем консультантами по менеджменту.**
- 4. Использование мощи государства как покупателя**

5. Содействие малому бизнесу по линии сотрудничества

Business Potential Between Central Asia and Japan

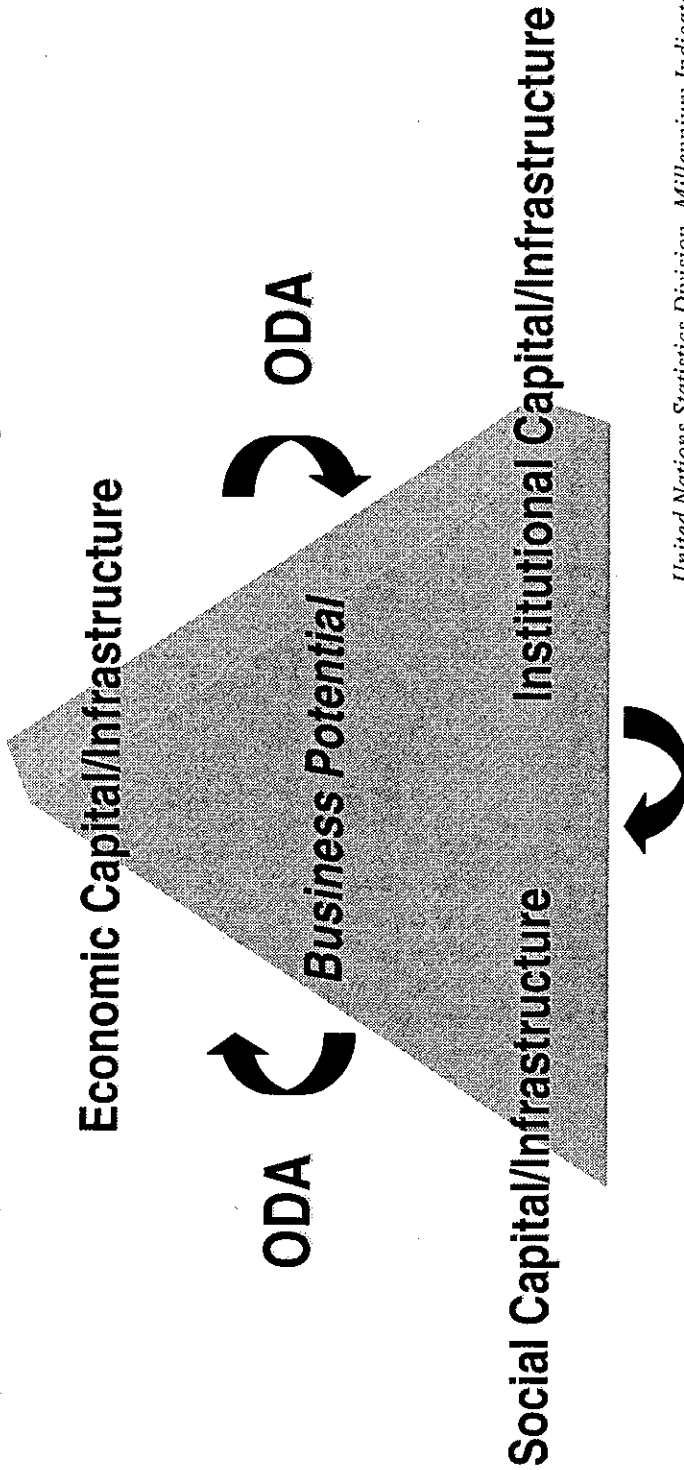
Central Asia
Kazakhstan
Uzbekistan
Turkmenistan Kyrgyzstan
Tajikistan

Japan

Tsutomu Sugiura
Director, Marubeni Research Institute
September 2005

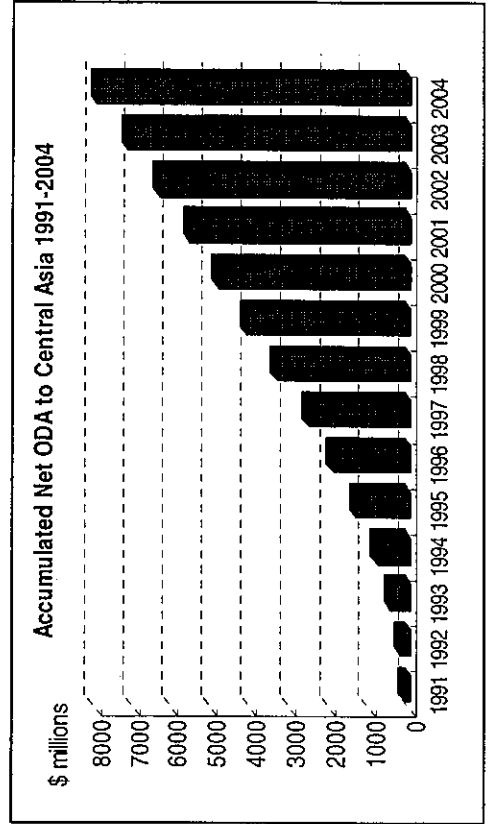
Central Asia Still in the Early Stages of Nation Building

The 3 Pillars of Nation Building



ODA a Major Driving Force

United Nations Statistics Division - Millennium Indicators



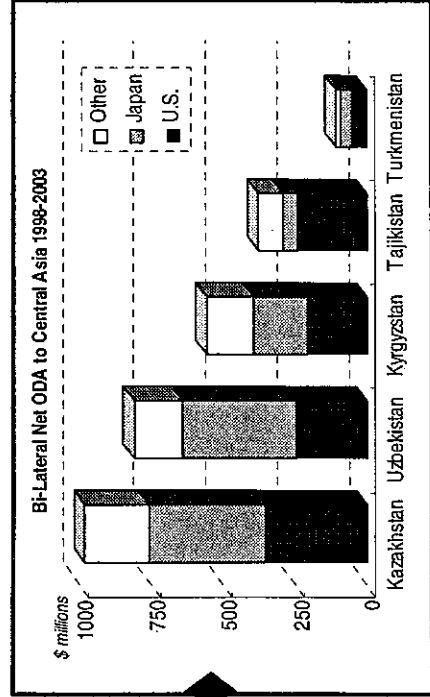
Japan's ODA Critical to Central Asia's Nation-Building

Japan's Economic Cooperation in Central Asia (\$100 million)						
Country	Donor Aid		Total	Yen Loans	Total	Items
	Grant Aid	Technical Cooperation				
Uzbekistan	166.32	9.30	223.80	738.12	962.00	telecom/railways/airports, market economy promotion
Kazakhstan	42.50	79.05	103.32	807.16	928.66	airports/bridges/railways, water/sewage systems, HR development
Kyrgyzstan	78.42	45.10	121.70	233.32	356.84	airports/road repair, medical facilities/education
Tajikistan	49.97	11.00	61.00	0.00	61.00	medical facilities/education, water, market economy promotion
Turkmenistan	5.45	3.27	8.73	4.10	49.68	railways, medical facility improvement, market economy promotion
Central Asia Total	342.62	147.76	518.52	1,819.55	2,358.07	

Source: Japan Ministry of Foreign Affairs (MOF)

Japan has contributed around \$2.6 billion in gross dispersed aid to Central Asia, 2nd only to the U.S., but per capita contribution is much higher than U.S.

Japan and the U.S. provide more than 75% of all bilateral, to country, net ODA to Central Asia countries. Japan's share is 38% on a country basis.

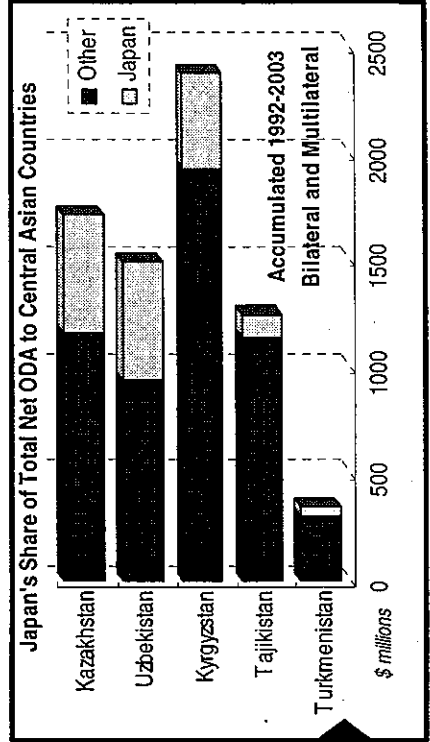


Source: OECD (DAC) Aid Statistics

Japan and the U.S. provide nearly 60% of all combined bilateral and multilateral aid to Central Asia countries. Japan's share is about 25% of all accumulated net ODA.

Japan and the U.S. Comparison FY 1992-2004 (Gross Dispersed Aid)			
	Japan	U.S.	
Uzbekistan	1140.77	645.96	
Kazakhstan	928.14	1125.50	
Kyrgyzstan	365.65	749.00	
Tajikistan	65.80	612.60	
Turkmenistan	49.68	237.40	
Central Asia Total	2,551.04	3,439.75	
Per Capita Contribution	20.24	11.74	

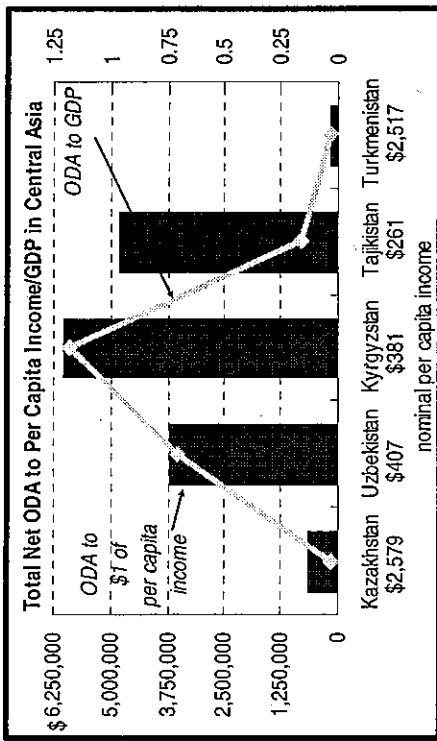
Sources: Japan MOF/U.S. State Department



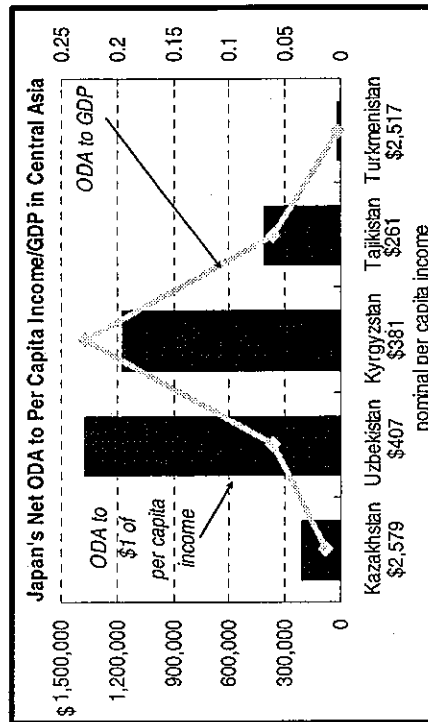
Sources: OECD (DAC) Aid Statistics/ Japan MOF

Total ODA, Japan's ODA Relatively Balanced in Central Asia

Sources: IMF, United Nations, OECD



Lower income countries receive a higher share of ODA relative to per capita incomes, GDP etc.



Japan's ODA distribution basically follows the same pattern, but more favorable to Uzbekistan.

Source: OECD (DAC) Aid Statistics

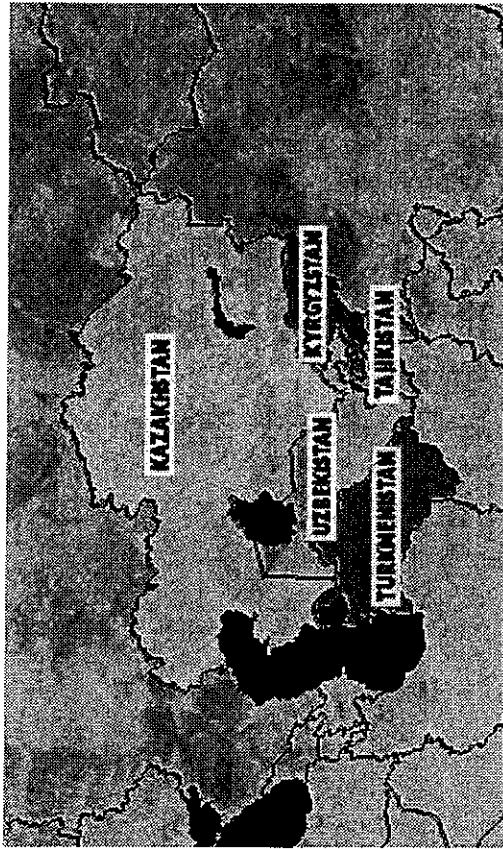
Japan 2003	
China	10.3
Indonesia	7.1
Philippines	6.4
India	6.1
Thailand	5.2
Viet Nam	3.6
Pakistan	2.3
Bangladesh	2.1
Sri Lanka	2.0
Malaysia	1.5
Brazil	1.4
Peru	1.3
Cambodia	0.9
Azerbaijan	0.9
Tunisia	0.8
Total above	51.7
Central Asia	0.3
Multilateral ODA	20.4
Unallocated	8.8

U.S. 2003	
Egypt	5.1
Iraq	4.8
Congo, Dem. Rep.	4.6
Pakistan	4.1
Jordan	3.8
Colombia	3.2
Afghanistan	2.6
Ethiopia	2.3
Serbia & Montenegro	2.2
Indonesia	1.4
Peru	1.3
Bolivia	1.3
Palestinian Adm. Areas	1.0
India	0.9
Mozambique	0.9
Total above	39.5
Central Asia	0.4
Multilateral ODA	13.6
Unallocated	21.4

Central Asia's share of donor aid countries' total assistance still very low. This presents an opportunity for Central Asian countries

Yet Still Too Low (Business Potential)

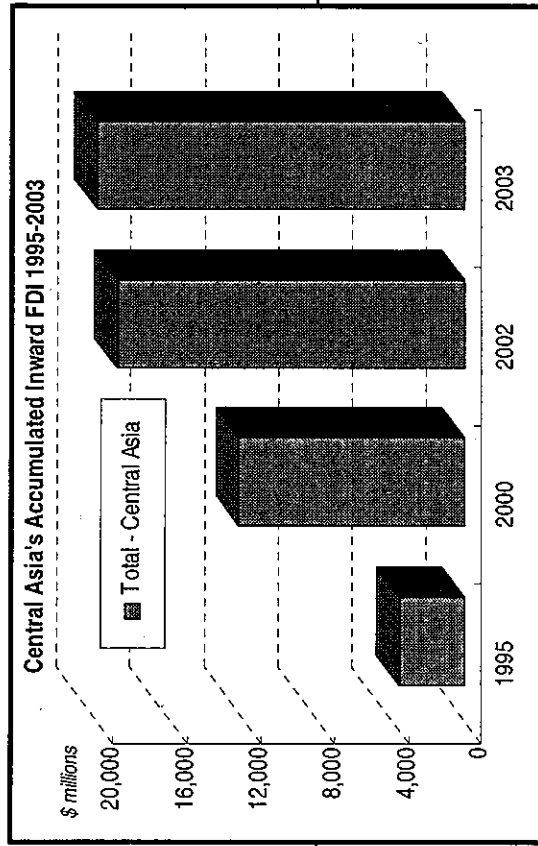
Central Asia Region's Apparent Potential



Central Asia

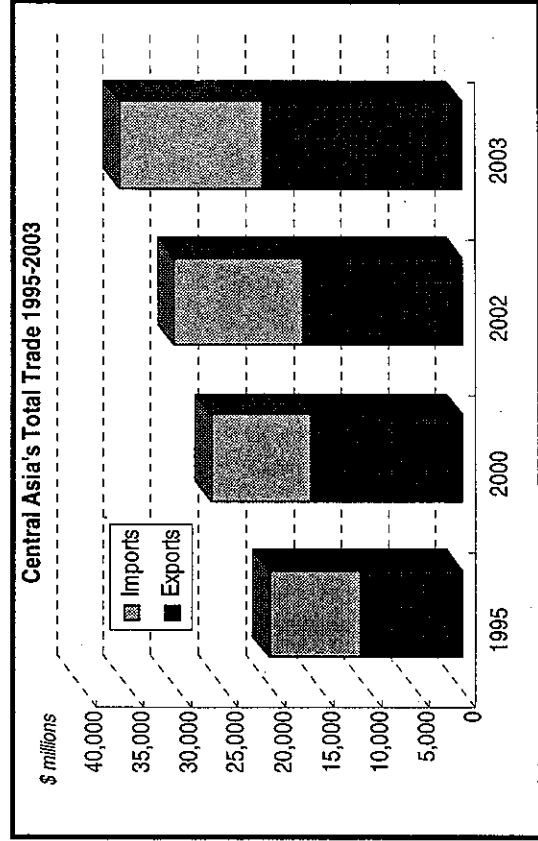
Population: 58 million = France
 GDP: \$63 billion = Ukraine
 Total FDI: +\$21 billion = Turkey and growing
 Total Trade: +\$36 billion (Exports: \$21 billion = Ukraine, Imports = \$15 billion) and rising
 Rich in such commodities as oil & gas, minerals and metals, cotton

FDI to Central Asia has risen 6 times since 1995.



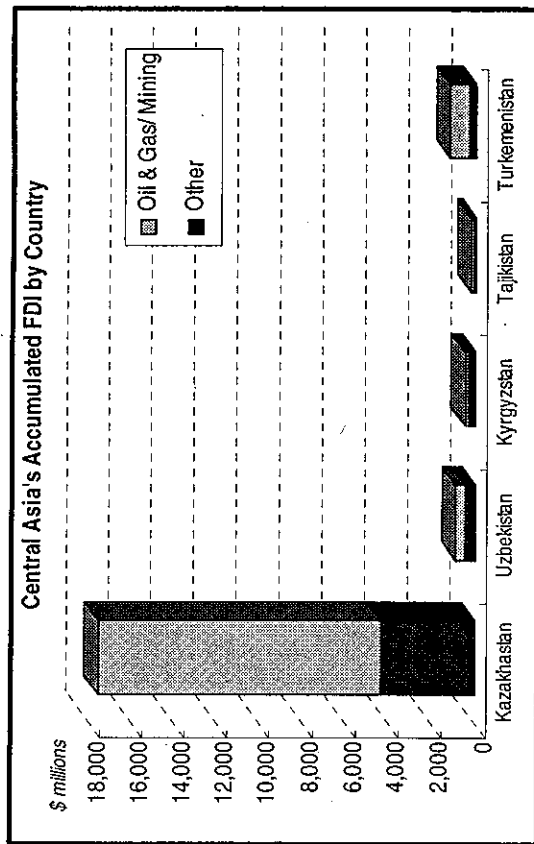
Source: United Nations - World Investment Report 2004

Trade has grown 70%, while exports almost doubled.

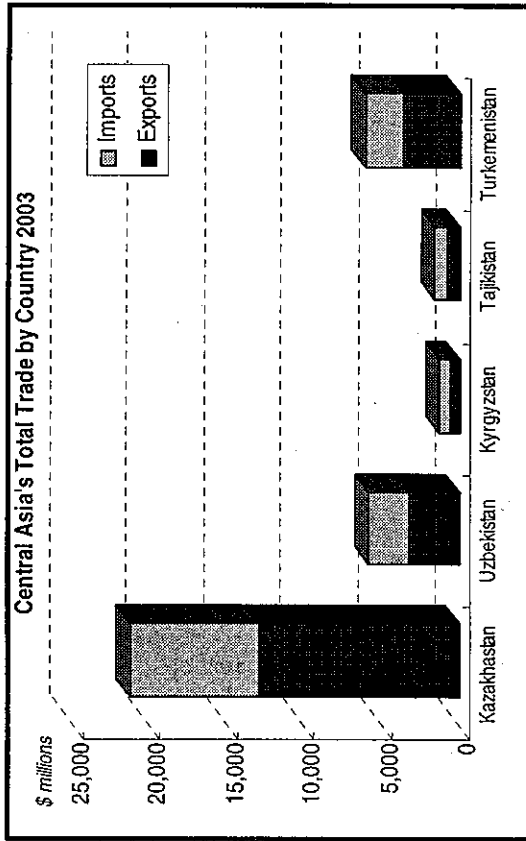


Sources: IMF - Direction of Trade Statistics
 World Bank - World Development Indicators

Central Asia's Development Gap, 1 Versus 4



Source: United Nations - World Investment Report 2004



Source: World Bank - World Development Indicators 2005

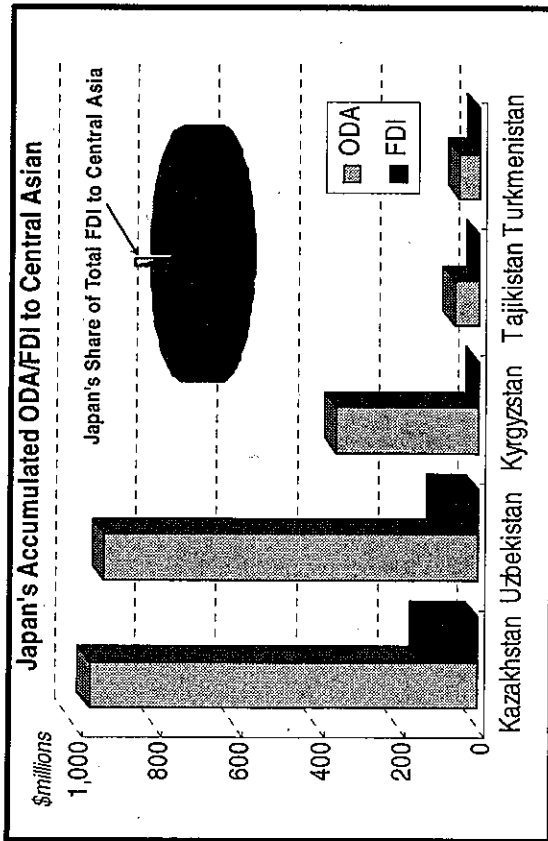
Kazakhstan garners 85% of all FDI and handles 60% of total trade and exports, has represents 60% of the region's total GDP, but has only around 25% of the population.

This 1 versus 4 gap does not bode well for regional development.

	GDP by Sector			Below Poverty Line		Per Capita Income
	Agriculture	Industry	Services	Poverty Line		
Kazakhstan	7.4%	37.8%	54.8%	19%		\$2,579
Uzbekistan	38.0%	26.3%	35.7%	28%		\$407
Kyrgyzstan	38.5%	22.8%	38.7%	40%		\$381
Tajikistan	23.7%	24.3%	52.0%	60%		\$261
Turkmenistan	28.5%	42.7%	28.8%	58%		\$2,517

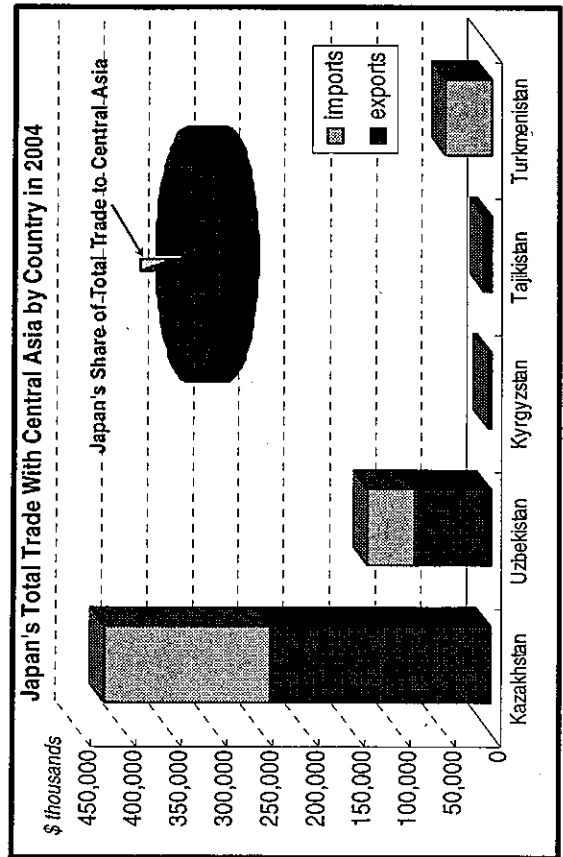
The other 4 countries have large agricultural sectors engaging more than 50% of the workforce on average.

Japan Relationship to Central Asia Reflects Gap, FDI/Trade Miniscule



Nearly 60% of Japan's private sector FDI in Central Asia goes to Kazakhstan, 40% to Uzbekistan, but zero to the other 3 countries, Japan's total FDI is \$244 million, only 1% of all FDI to central Asia.

Source: United Nations - World Investment Report 2004



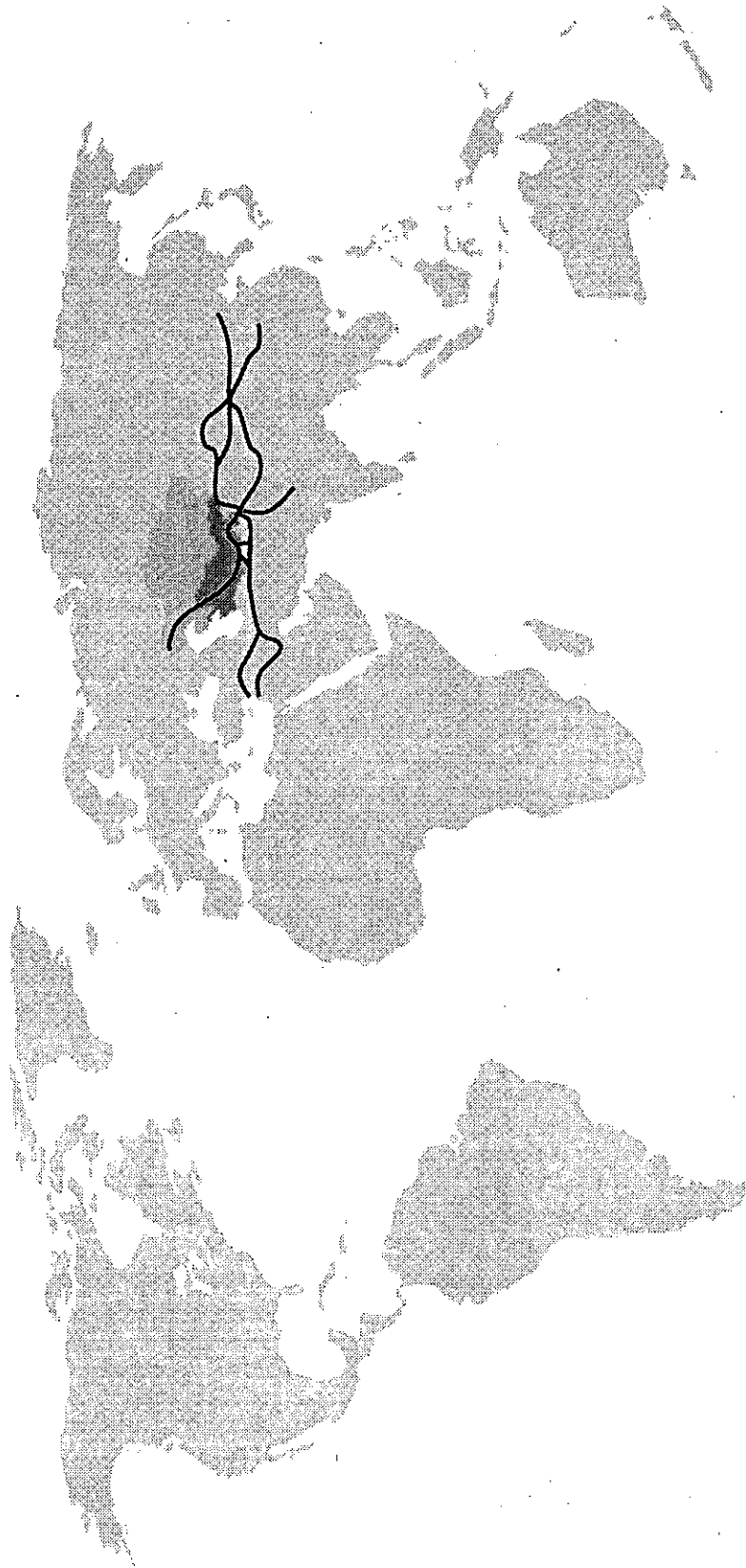
Compared to Japan's ODA in Central Asia FDI and trade are very small.

Japan's trade with Central Asia is a \$600 million, but 70% is with Kazakhstan and makes up but 1.7% of Central Asia's total trade.

Source: Japan Ministry of Foreign Affairs

Japan's Image of Central Asia Vague

On the one hand Japanese in general have only a vague notion of Central Asia, viewing it as distant, land locked, arid (desert) and mountainous, roughly associating it with Mongolia and Western China, and with little knowledge of the countries themselves.

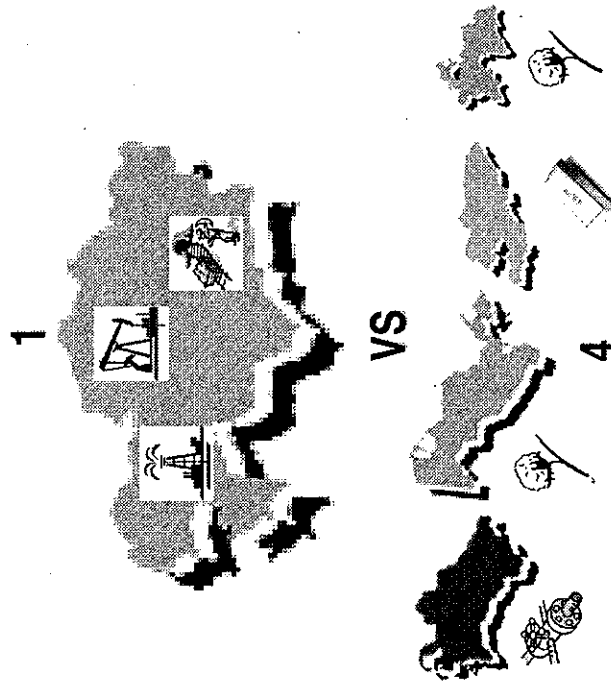


But Favorable, Nostalgic View of Silk Road

On the other hand Japanese have a favorable, nostalgic and somewhat romantic view of the historic Silk Road

Japanese Companies View of Central Asia = 1 Versus 4

Knowledgeable Japanese companies and business image of Central Asia is similar to the 1 versus 4 concept, or possibly 1-1-3, an energy asset and mineral rich, more developed Kazakhstan, a populous, Uzbekistan, and 3 countries whose populations' average only 5.5 million making their market scale unattractive

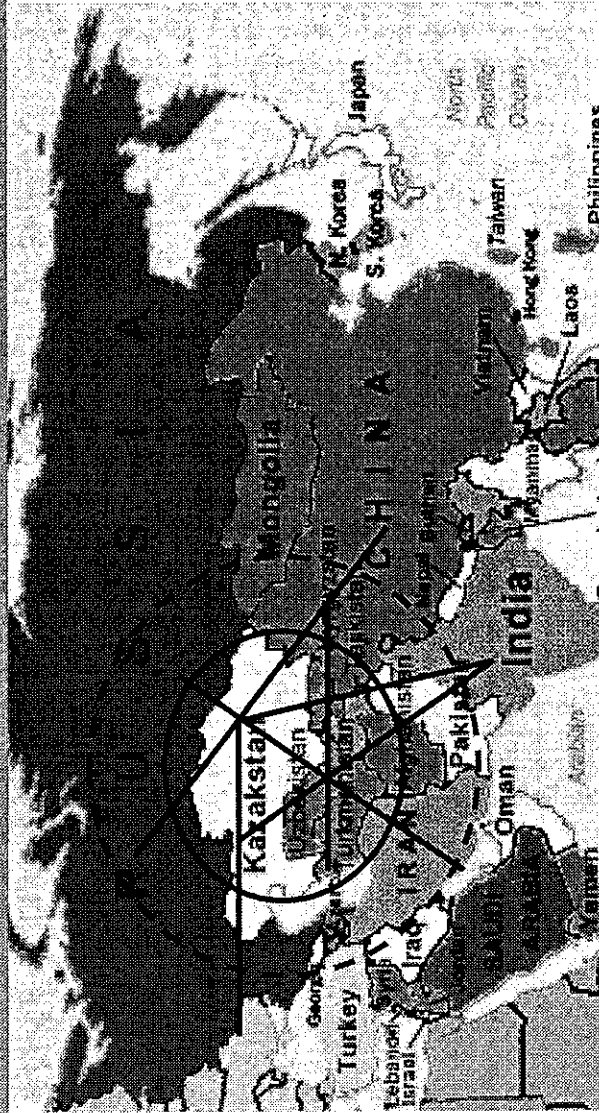


Japanese firms view Central Asia as 5 separate countries with varying populations and degrees of economic development and lacking in market fundamentals (image of the former Soviet Union) rather than a unified market of 60 million.

Appeal of an Integrated Inner Central Asian Market

An inner, common Central Asian market of 58 million, with intra transportation and pipeline links to the big 3 of China, Pakistan-India and Iran (and Europe) would appeal to Japanese business

With Intra Links to Surrounding Markets - New Silk Road Network



Central Asia + Japan
Dialogue

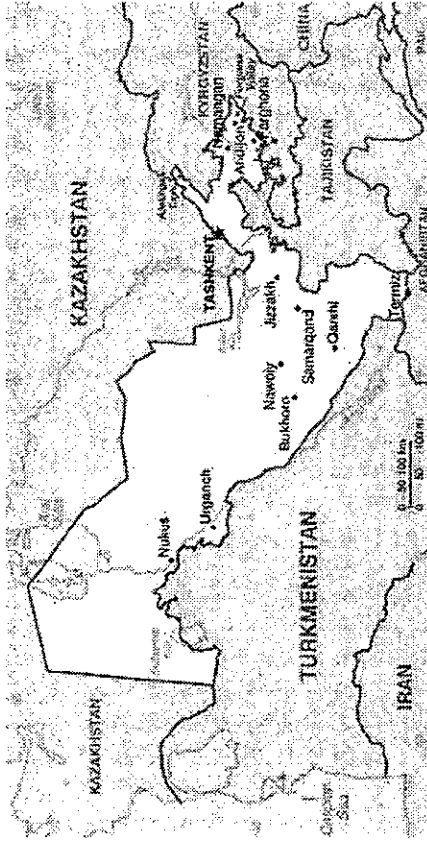
Uzbekistan/Kazakhstan Key, Kazakhstan Gains Too

The combined 42 million market of Kazakhstan and Uzbekistan is key, Kazakhstan for its economy, Uzbekistan for its population and central location. → Kazakhstan benefits from a common market through increased trade and diversification of its industrial base, and in the outer market by extending its customer bases and gaining higher energy product margins. →

Uzbekistan Particularly Important

Uzbekistan is especially key to broader economic integration due to the combination of large population and the fact it is surrounded by and shares borders with the other 4 countries of Central

Japan understands this as is evident as largest amount of ODA in Central Asia and 40% of FDI goes to Uzbekistan



Inward FDI Potential Low, ODA Still Needed to Attract FDI

2000-2002 Lowest = 140/Turkey = 72

Inward FDI Potential Index Ranking	
Kazakhstan	78
Uzbekistan	88
Kyrgyzstan	116
Tajikistan	138
Turkmenistan	NA

United Nations - World Investment Report 2004

Central Asia's FDI potential still ranked low by United Nations

Both soft (institutional) and hard (physical) infrastructure needed to improve environment to attract FDI, promote trade and achieve regional integration

Transnational Applications/Cross-Border Projects = Business Potential

Shared cross-national projects potentially more efficient and would have larger economic multiplier effects

→
Silk Road Region Program between UNDP, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan
example of progressive multilateral cooperation needed to achieve cross-national projects and integration.

→
Large-scale physical projects: Transnational roads and railways or shared power (stations) and communication systems need pursuing.

→
Japanese trading and infrastructure-related firms interested, potential downstream effect on local business/workers. Japanese government would be receptive to bi and multinational collaboration on such projects

Political Cooperation/Common Market Reform Also Essential

Shanghai Cooperation Organization between Russia, China, Tajikistan, Kazakhstan, Kyrgyzstan and Uzbekistan to encourage cooperation in the political, economic, trade, science and technology, cultural, and other fields and to jointly promote security, stability and disarmament between the nations of the region is a step in the right direction.

Market reform in Kazakhstan and Kyrgyzstan has progressed with Kazakhstan waiting accession to the WTO and Kyrgyzstan having already entered.

Japan- Central Asia Business Potential

Japan's Trade With Central Asia			
\$ million	Exports	Imports	Import Items
Kazakhstan	242	182	Vehicles/ Machinery/ Steel Pipe
Uzbekistan	85.3	51.3	Rails/Precision Instrumemits/ Electric Machinery
Kyrgyzstan	0.5	3.6	Vehicles/Tires/ Machinery
Tajikistan	8.2	0.4	Vehicles/Machinery
Turkmenistan	0.2	50.7	Machinery/SteelPipe/ Vehicles

Central Asian exports to Japan are mostly in Minerals and Metals with some chemicals, textiles, toys and tile. Japan imports mostly steel pipe, general machinery and motor vehicles along with tires.

Japan, which imports nearly all its energy and raw materials, would certainly invest in Central Asia to secure energy and mineral/metal resources, if both soft (institutional) and hard (physical infrastructure improves).

An integrated inner market with links to surrounding regions would attract Japanese firms to invest in textiles, both upstream and downstream, upstream chemicals, food processing and the entire spectrum of distribution, including food products. These products would be for export both to surrounding countries and Japan. Furthermore, improved infrastructure would make Silk Road tourism viable.

Central Asian Countries' Main Exports/Partners

	Main Exports	Main Partners
Kazakhstan	Oil & Oil Products, Metals, Chemicals, Food Products	Russia, Europe, Bermuda, China
Uzbekistan	Cotton, Gold, Energy Products, Minerals/Metals (Gold), Textiles, Food	Russia, Europe, Central Asia
Kyrgyzstan	Cotton, Minerals/Metals, Natural Gas, Tobacco, Meat, Hydropower	UAE, Europe, Russia, Central Asia, China
Tajikistan	Aluminum, Electricity, Cotton, Food Products	Europe/Russia/Central Asia
Turkmenistan	Oil & Gas, Petrochemicals, Cotton, Textiles	Europe (Ukraine), Iran

Marubeni's Business in Central Asia Reflects Nation Building, ODA

Marubeni has been in Central Asia for more than a decade with offices in Kazakhstan and Uzbekistan involved in the construction and operation of textile plants, such transportation projects as railways, roads and airports, the modernization of power plants, the installation of communication systems, gas pipeline expansion and construction, refinery reconstruction, sewage and irrigation projects and in the import and export of products in the Central Asian countries. However, Marubeni's business in Central Asia has been almost all related to ODA and the initial nation building process.

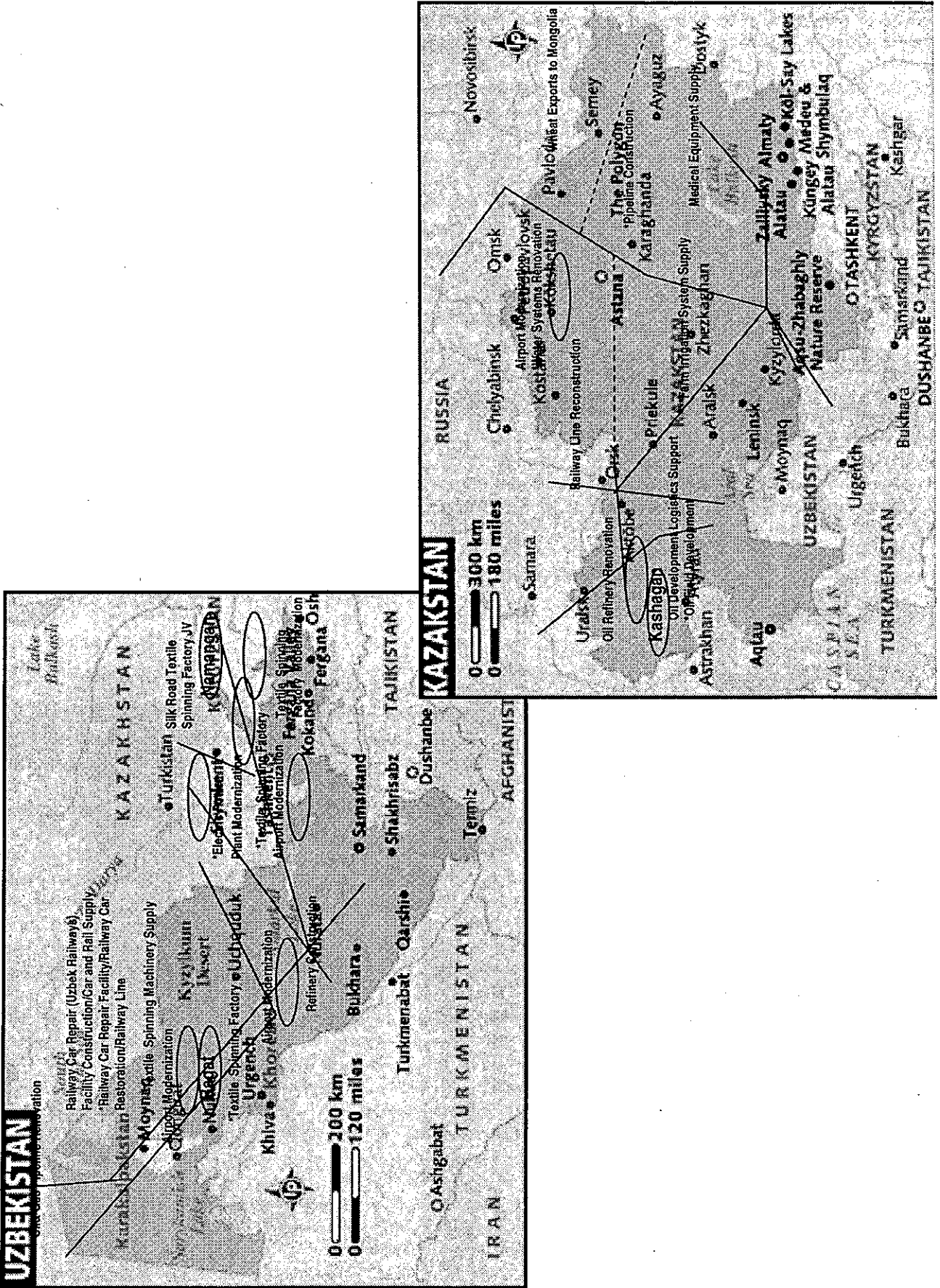
Uzbekistan

Kazakhstan

	Main Projects Participated In	Project Cost		Main Projects Participated In	Project Cost
1995	Refinery Construction (Bukhara)	\$300,000,000	1998	Medical Equipment Supply	\$6,400,000
1996	Silk Road Textile Spinning Factory JV (Namangan)	\$390,000	2000	Wheat Exports (Mongolia)	\$4,000,000
1998	Railway Car Repair Facility Construction/Cars (Uzbek Railways)	\$53,000,000	2001	Oil Refinery Renovation (Atyrau)	\$214,000,000
1998	Airport Rehabilitation (Urgench/Bukhara/Samarkand)	\$49,000,000	2002	Airport Modernization (Astana)	\$180,000,000
2000	Textile Spinning Factory Modernization (Fergana)	\$80,000,000	2003	Railway Line Reconstruction (Kazakhstan Railways)	\$30,000,000
2003	Train Rail Supply (Uzbek Railways)	\$16,000,000	2003	Oil Field Development Logistics Support (Kashagan)	\$350,000,000
2003	Communication Network Expansion	\$9,000,000			
2004	Textile Spinning Machinery Supply (Urgench)	\$11,000,000			
	Projects Under Consideration	Project Cost		Projects Under Consideration	Project Cost
	Textile Spinning Factory (Bagat)	\$53,000,000		Water System Renovation (Astana)	\$195,000,000
	Textile Spinning Factory (Kokand)	\$36,000,000		Farm Irrigation System Supply	\$5,000,000
	New Railway Line (Uzbek Railways)	\$227,000,000		Oil Field Development (Kashagan)	\$175,000,000
	Railway Car Repair/Maintenance Facility (Uzbek Railways)	\$55,000,000		Pipe Line Construction (China)	\$2,000,000,000
	Railway Car Restoration (Uzbek Railways)	\$64,000,000		Motor Vehicle Import/Sales	\$1-\$2,000,000 p/yr
	Electric Power Plant Modernization (Tashkent)	\$227,000,000		Chemicals/Metals Exports	
	Oil & Gas Pipeline Renovation	\$91,000,000			
	Mining, Construction Machinery/Tires/Conveyor Belts				

However, Marubeni's business in Central Asia has been almost all related to ODA and the initial nation building process. This reflects the fact that ODA related business is less risky than FDI for private companies.

Marubeni's Business in Central Asia



Private Investment (FDI) in Central Asia Still Seen as Risky

Marubeni's own investment in a textile spinning factory joint venture in Uzbekistan suffered due to problems with the government's guarantee of domestic raw material supplies, which caused delays to customers in Japan and China. Sudden changes in government policies and material supply instability are two of the fundamental items private companies evaluate when evaluating overseas investment risk. Central Asia's infrastructure is still no quite mature enough to attract substantial private investment.

Private Sector Overseas Investment Risk Evaluation – General Items

- Bureaucratic**
- Import/export restrictions on materials, equipment, parts
 - Difficult import/export policies
 - Changes in foreign capital policies
 - Repatriation of profit restrictions
 - Changes in local labor policies
- Political/Social**
- Strong nationalism/anti-foreign sentiment

- Political/social uncertainty
 - Economic safeguards, problems
 - Environmental problems
 - Bad labor situation
- Economic/Other**
- Parts/material supply instability
 - Drop/fluctuation in product prices
 - Changes in competitive circumstances
 - Construction costs rise

- Rise in price of raw/intermediate materials
- Loan standards are raised
- Financial difficulties, high interest rates
- Currency fluctuations
- Local infrastructure, affiliated industries do not reach development targets
- Trouble due lack of suitable local partners

However, "If You Build It, We Will Come"

Marubeni believes there is a great deal business potential between Central Asia and Japan if Central Asia can reach the next stage of development, one which can attract FDI, spur domestic industries and increase exports. This can be accomplished if Central Asia can recreate itself into a balanced, integrated region rather than a region based on development gaps (1 versus 4) by completing construction of the 3 infrastructure pillars of nation-building.