News Release

WORLD ECONOMIC FORUM

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Europe and Central Asia must Deepen Cooperation to Unleash Innovation

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- **Innovation is an essential driver of sustainable economic growth and development**
- **Innovation cross-cuts critical issues at the top of political agendas in Europe and Central Asia**
- **Central Asian countries must invest in modernizing their industries**
- **There is scope for cooperation in advancing energy security, particularly through green technologies**

Vienna, Austria – Europe and Central Asia must deepen their cooperation for both regions to benefit from unleashing the potential of innovation, an essential driver of sustainable economic growth and development. This was the message to participants at the Opening Plenary of the World Economic Forum on Europe and Central Asia. The meeting, co-hosted by the Government of Austria, is bringing together 500 leaders from business, government, academia and civil society from more than 67 nations, 8-9 June 2011.

Watch the video

Innovation, the theme of the meeting, cross-cuts the issues of social and economic development, energy supply, reform and stability – all of which are at the top of political agendas in Europe, Central Asia and their neighbours. " Central Asia and Europe have a lot of common interests and are faced with common challenges. Enhanced and more effective cooperation between both regions is very important, " said Werner Faymann, Federal Chancellor of Austria. " Both regions were hit hard by the crisis but now growth is picking up again and we must ensure [it] remains sustainable. Innovation has a key role to play. "

" We have been through the deepest economic crisis for many decades. Key everywhere is growth and growth is synonymous with innovation, " said Sir Michael Rake, Chairman BT Group, United Kingdom; Co-Chair of the World Economic Forum on Europe and Central Asia. " At this meeting we are learning more about Central Asia and what it has to offer. [The region ' s] demographics and resources are critical to us so we can take advantage of and invest in these markets and create growth and jobs. "

Heinz Fischer, President of Austria, commented that since independence, Central Asian countries have " moved from the periphery of the European neighbourhood to the centre of a new global architecture. " Both regions are interested in promoting stability and economic development. " A stable, reliable and predicable framework, and state structures are key to improving the environment for investment, " he said.

All Central Asian countries must " engage in comprehensive modernization of their industrial potential, " recommended Herman Gref, Chairman of the Board and Chief Executive Officer, Sberbank, Russian Federation; Co-Chair of the World Economic Forum on Europe and Central Asia. Labour productivity can be enhanced through innovation. " To achieve more sustainable and innovative growth, for a number of countries it is [important] to ensure diversification. Diversification and innovation are synonymous, " he said. " [Also important] is the effectiveness and competitiveness of the goods and services market. Without competition, there is no innovation. "

Michael Spindelegger, Austria ' s Vice-Chancellor and Federal Minister of European and International Affairs, pointed to the diversity of the two regions. " This will be the main reason for cooperation in the future, " he said. " In Central Asia . . . you find you have a lot of resources today, but in 20 to 30 years you will run out. In Europe, there are not many resources, an ageing society and an expensive workforce, " he said. At the same time, Europe has a well-educated, well-trained and well-experienced population. " To meet future challenges, including energy security,

Central Asia needs modernization and innovation. “ We could bring in such innovation, ” Spindelegger added.

Ukraine is undergoing painful social and economic reforms in its efforts to create what Prime Minister Mykola Azarov called “ the most liberal climate in Europe with the lowest tax rate. ” At the same time, it has recovered from its economic woes, thanks to the International Monetary Fund, and is investing in infrastructure, particularly communications and transport. In stimulating growth, the prime minister called on companies to invest resources in energy savings, with highly favourable tax treatment. The country is 100% dependent on Russia for all of its energy needs, a situation he termed as “ not optimal ” with rising oil and food prices.

Austrian Federal Chancellor Faymann said a sustainable energy policy is based on energy efficiency as well as a safe and secure energy supply. The March 2011 disaster in Japan has demonstrated the need to rethink nuclear energy with the ultimate goal of phasing it out. “ Renewable energy . . . will increase energy security, promote employment and development, thus fostering prosperity and social balance, ” he said.

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