

TESTIMONY BEFORE THE SENATE COMMITTEE ON FOREIGN RELATIONS,
SUBCOMMITTEE ON NEAR EASTERN AND SOUTH AND CENTRAL ASIAN
AFFAIRS

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DECEMBER 15, 2009

Chairman Casey, members of the committee: I welcome the opportunity today to speak with you regarding U.S. policy in Central Asia.

Today's hearing is particularly timely, especially after the President's December 1 speech outlining the way forward in Afghanistan and Pakistan. The Obama Administration places a high priority on building principled partnerships in the Central Asia region in pursuit of our common interests. In that connection, we are moving to elevate and expand our cooperation with all the countries of Central Asia in a wide range of areas.

Why is Central Asia important to the U.S.?

The United States has an important interest in promoting stability, prosperity, security, human rights, and economic and political reform in Central Asia.

Central Asia's economic growth and democratic political development can produce a more durable stability and more reliable partners for the United States in addressing common yet critical global challenges, from non-proliferation to counter-narcotics to energy security.

The massive energy resources of Central Asia are important for the world economy, ensuring a diversity of sources and transit routes, while also delivering new economic possibilities in the region itself.

Central Asia plays a vital role in our Afghanistan strategy. Just look at a map of the region. Three of the five Central Asian states border Afghanistan. A stable future for Afghanistan depends on the continued assistance of its Central Asian neighbors--- just as a stable, prosperous future for the Central Asian states depends on bringing peace, stability and prosperity back to their immediate neighbor Afghanistan.

The countries of Central Asia are already contributing much to international efforts in Afghanistan. For example, Uzbekistan is supplying much-needed electricity to Kabul. The Transit Center at Manas International Airport in Kyrgyzstan is a crucial logistical hub for transporting personnel and for re-fueling operations. Turkmenistan provides humanitarian assistance to Afghanistan. Tajikistan provides overflight clearance. Kazakhstan provides humanitarian assistance, and it has just announced a new \$50 million program to educate Afghan students in Kazakstani universities.

And the Northern Distribution Network is becoming a vital route for getting supplies into Afghanistan for coalition forces.

What are the current U.S. policy priorities in the region?

Since the early 1990s, the primary U.S. policy goal in Central Asia has been to ensure that the countries remain sovereign and independent -- and to help them develop toward becoming stable, market-oriented democracies.

The events of September 11, 2001 made clear our common security concerns and led to a significant broadening of the relationship.

Now at a moment when Central Asia is once again at a critical strategic crossroads we want to expand on cooperation in a wide range of areas. We seek to work with the governments and the people of the region toward those ends.

We also believe that developing a more substantive, consistent relationship with these countries in areas of mutual interest will open room for progress on democracy and human rights.

We have five main policy priorities in Central Asia:

1. We seek to expand cooperation with Central Asian states to assist Coalition efforts to defeat extremists in Afghanistan and Pakistan and bring stability and prosperity to the region.

While acknowledging the significant contributions of the Central Asians to Afghan security, we want to facilitate and encourage broader bilateral and regional support to include cooperation on border security, counter-narcotics, trade, and reconstruction.

This also includes expanding the capacity and reliability of the Northern Distribution Network.

2. We seek to increase development and diversification of the region's energy resources and supply routes.

Recent energy crises and price fluctuations have shown the importance of developing new hydrocarbon resources and distribution routes to meet growing demands. Some of the largest hydrocarbon deposits in the world are found in Central Asia. Billions of dollars have already been invested in developing the huge fields in Kazakhstan. Turkmenistan harbors one of the world's largest reservoirs of natural gas. Global energy security is a key to peace and prosperity, and our partnership with Central Asia in this field has never been more important. Special Envoy for Eurasian Energy, Ambassador Richard Morningstar, is actively engaging with the countries of Central Asia on this issue.

We also want to encourage the Central Asian countries to draw on the expertise of international oil companies to maximize safe production of oil and gas and contribute to export pipelines. The expansion of the Caspian Pipeline Consortium (CPC) and development of the Kazakhstan

Caspian Transport System project offer the possibility of getting increased oil out of the Caspian Basin into world markets. We're encouraging Turkmenistan to work with experienced U.S. energy companies to develop its gas resources and diversify its export routes across the Caspian. Diversification of export routes will strengthen the economic security, sovereignty and prosperity of these states.

We also seek to promote the vast hydro, renewable and solar energy resources in Central Asia. For example, the U.S.-Kazakhstan Joint Action Plan calls for improved industrial energy efficiency auditing, wind resource mapping and sharing information on energy-efficient building materials and standards.

We believe that the prudent development of the region's hydro potential can increase domestic energy supply and, in the future, provide earnings from exports south to Afghanistan and Pakistan. Development of hydropower projects must be done in cooperation between upstream and downstream countries to avoid potential conflicts. Kazakhstan, Uzbekistan and Turkmenistan need the water for agriculture, but Kyrgyzstan and Tajikistan also need reliable access to gas and oil. And as Afghanistan stabilizes, it too will need to work with its Central Asian neighbors on a fair and equitable sharing of water resources.

3. We seek to encourage political liberalization and respect for human rights.

President Obama has made clear that we don't seek to impose our political system on other nations, but that does not mean we do not actively promote good governance and respect for fundamental human rights. We believe that an active civil society and unfettered media serve as vital spurs for better governance and political liberalization. We will continue to be a strong advocate of building modern political institutions in Central Asia, based on respect for universal principles of human rights, justice, and dignity to which these states have themselves committed as members of the Organization for Security and Cooperation in Europe as well as members of the United Nations. Democracy itself is about more than elections -- its development depends on protection of minority rights and freedom of expression, government responsiveness and transparency, and a fair and effective judiciary. Such liberalization can lead to greater domestic and regional stability -- and that is in every nation's interest.

We recognize that the pace of change is often slow and our programs should focus on long-term, meaningful results. Policy statements and high level dialogues should not avoid difficult topics like human rights and democratic institution building. We foresee human rights issues as an integral part of our renewed bilateral dialogues with each of the Central Asian states. And the dialogue must be with the governments and the societies. In this context we see Kazakhstan's upcoming Chairmanship of the OSCE in 2010 as an excellent opportunity to highlight the need for more consistent observance of the OSCE's Human Dimension principles in Kazakhstan and throughout the region.

We will stress shared goals -- highlighting that rule of law and democratic institutions will foster transparent and predictable investment climates and foster economic growth. Providing less restrictive space for media, political opposition, and non-governmental organizations will give civil society legal outlets and contribute to long-term durable stability.

4. We seek to foster competitive market economies and encourage economic reform.

Competitiveness lags in the region. Kazakhstan -- at number 67 -- is the only country in Central Asia that ranks in the top 100 countries in the World Economic Forum's Global Competitiveness Report. We are coordinating bilaterally and multilaterally to encourage the economic policies necessary to improve the business and investment climates in the region and support economic growth and job creation to make the Central Asian countries more competitive.

We want to encourage the Central Asian countries to improve cooperation on water and energy. Disagreements between upstream (Tajikistan and Kyrgyzstan) and downstream (Uzbekistan, Kazakhstan, and Turkmenistan) countries have increased regional tensions and slowed development initiatives. We seek to work with partners, such as the European Union and the UN Center for Preventative Diplomacy in Ashgabat, to improve cooperation on these issues and adopt market driven exchanges that incorporate international standards for riparian resources.

We have a region-wide Trade and Investment Framework Agreement (TIFA), through which we want to encourage regional approaches to economic development and cooperation -- in reviving the great silk road of trade that can bring prosperity to all the states in the region. We have also added a bilateral component for each of the countries as part of our TIFA meetings to promote discussion of economic and investment issues. Efforts to improve the business climate, fight corruption, and improve transparency and predictability will not only create opportunities for U.S. companies, but will attract more re-investment of Central Asian wealth which has flowed abroad.

We also hope that the Northern Distribution Network (NDN) will encourage Central Asian countries to take steps to make it easier to do business along this route. Operation of the NDN will demonstrate regional trade opportunities and highlight existing impediments. We seek to promote transportation infrastructure development to improve the capacity and reduce the cost of trade among the Central Asian countries and to promote trade with global markets in all directions.

We also seek to promote regional cooperation on border security and regulatory harmonization to reduce the time and added cost of crossing multiple borders in Central Asia.

We are not playing a Great Game in Central Asia in which promoting regional cooperation and diversification of trade and energy routes harms other existing trade routes and commercial relationships. Diversity and competition encourage security and efficiency in all markets and for all trading partners.

5. We seek to prevent state failure.

Since the collapse of the Soviet Union, poverty, civil strife, and regional drug trafficking have created vulnerabilities in Central Asia that could, if not addressed, lead to state failures. Many states suffer from a lack of a capacity in maintaining governance, education, health and economic standards. Many are plagued by corruption that creates economic inefficiencies and

political weakness. We are trying to focus our dialogue and programs to build needed capacities and ward off potential failure.

For instance, food security is a growing problem in Tajikistan and Kyrgyzstan, and we are looking to continue and enhance our food security assistance.

Throughout the region Soviet-era practices and cotton and wheat monoculture have increased poverty and corruption, and infringements on human rights in the forms of forced and child labor, and led to serious environmental damage. Agricultural reform is sorely needed throughout Central Asia and could make the region more food secure, economically diversified, and promote economic and political stability.

What steps is the U.S. taking to accomplish its goals?

Since the advent of the Obama Administration, we have begun a systematic effort to elevate, enhance and energize our dialogue with the countries of Central Asia. This past July Under Secretary of State Burns led an inter-agency delegation to Central Asia to deliver a message from President Obama and Secretary Clinton: the United States has an important interest in stability, prosperity, security, and economic and political reform in Central Asia, and we want to work with the governments and people of the region toward those ends. What this delegation found was a renewed interest among the countries of Central Asia in stronger ties and practical cooperation based on mutual respect and mutual interests.

Following this visit we have begun to establish high-level bilateral mechanisms with each country, featuring a structured, annual dialogue, to strengthen ties and build practical cooperation. The first of these Annual Bilateral Consultations will take place later this week, with Uzbekistani Foreign Minister Norov leading a delegation to Washington. We plan to launch similar Annual Consultations with Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan in the coming months. These dialogues will focus on practical steps we can take to make realistic progress on a mutually agreed agenda. We want to move from words to actions across the breadth of our relationship.

We also plan to expand our educational and professional exchanges and promote people-to-people relationships throughout the region as well as increase our public diplomacy efforts to tell America's story.

Another program we're working on is to bring the Peace Corps to Tajikistan.

On the assistance front we have a range of programs operating in each of the five countries of Central Asia, including programs focused on promoting economic growth, quality health care, advancing respect for human rights, strengthening border security, counter-narcotics, and developing democratic institutions. In addition, for 2010 the United States will begin a comprehensive assistance program to address food insecurity in Tajikistan and Kyrgyzstan designed to increase agricultural productivity, bolster farmers' income, and reform unfair land regulations. Sustained funding over the next three years will help ensure that this now food security assistance program will have a sustainable impact.

The United States Agency for International Development takes the lead in providing assistance. Other U.S. Government agencies also play a role. In order to ensure that programming supports our strategic goals, and is coordinated across agencies, we are currently undertaking a "whole of government" review of our assistance strategy in Central Asia.

Mr. Chairman, when I speak of whole of government I mean whole of government -- and that includes the U.S. Congress and this committee in particular. The administration cannot achieve its objectives in Central Asia without the understanding, support and resources provided by Congress. I would strongly encourage members and staff to visit Central Asia to enhance the engagement the Administration itself is undertaking. You will see the many outstanding efforts our embassy teams are making to advance our security, economic and humanitarian interests. They need your support and encouragement.

We also look for partnership and cooperation with non governmental organizations and interested Americans who also join us in promoting a more stable, prosperous Central Asia.

Mr. Chairman, in conclusion, this Administration does not consider Central Asia a forgotten backwater, peripheral to U.S. interests. The region is at the fulcrum of key U.S. security, economic and political interests. It demands attention and respect and our most diligent efforts. The Obama Administration is committed to that very approach.

Thank you. I look forward to your questions.