

Remarks for  
U.S. Deputy Assistant Secretary of State for South and Central Asian Affairs  
Fatema Z. Sumar  
at the 13<sup>th</sup> Anniversary CAREC Ministerial Conference  
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President Nakao, Prime Minister Otorbayev, Excellencies, Ladies and Gentlemen. I want to thank the Asian Development Bank (ADB) for organizing this CAREC Ministerial Conference, and congratulate the ADB for 20 years of partnership with our host country, the Kyrgyz Republic. I would also like to acknowledge the hospitality extended by the Kyrgyz Republic to all of the participants. We have a common interest in promoting regional economic cooperation across Central Asia, and view this year's theme of linking connectivity with economic transformation as representative of our shared objectives.

The United States works closely with the ADB and its partners and has been a strong supporter of CAREC as part of our New Silk Road initiative to expand economic connectivity between Central and South Asia. The United States has prioritized four areas from 2014-16 under the New Silk Road initiative which align with CAREC's programs: (1) creating a regional energy market connecting Central to South Asia through electricity projects like CASA-1000 and TUTAP; (2) facilitating trade and transit through stronger investment

frameworks, enforceable trade transit agreements and WTO membership; (3) streamlining customs and border operations to support open, but secure borders; and (4) connecting businesses and people across regional markets through trade fairs and entrepreneurship networks. Strong U.S. support for Central Asian economies through the New Silk Road initiative is indicative of our enduring commitment to the region. Indeed, as emerging East and Southeast Asian markets continue to rise and dominate global trading regimes, we want to see Central and South Asia be part of this success and not isolated from their Asian neighbors. Greater economic connectivity with Asia and Europe can also lead to greater political stability and security.

This is a long-term vision and much has to happen for us to get there. Today, cross-border trade in the region continues to be modest, infrastructure development in some areas is lagging, trans-boundary water management remains contentious, and political cooperation between states is challenging. Corruption remains a real source of concern, deters foreign investment and undermines many policy efforts. This is why political will from the countries themselves will be incredibly important for CAREC's ultimate success.

In the short-term, there are a number of practical steps CAREC members can take to facilitate greater transit trade. First, the Afghanistan-Pakistan Transit Trade Agreement can invigorate regional trade if the countries can work

towards concrete implementation and expand membership to include Tajikistan and perhaps even other Central Asian states and India. Second, cross-border trade agreements between Afghanistan, the Kyrgyz Republic, and Tajikistan should be ratified and implemented as soon as possible to allow for expanded trade that could also be extended to other Central Asian states. Third, CAREC members should work together aggressively on harmonization of standards that allow rail containers, trucks, and cargo to physically move across borders with minimal delays and barriers. Currently, existing trade routes, especially those extending from Central Asia to Afghanistan and Pakistan, are slow, expensive, and unreliable, deterring needed private sector investment. Finally, legal and regulatory reform within states must be addressed if CAREC members are to achieve greater market access. This includes a needed focus on laws and policies to encourage women business owners and entrepreneurs so that women throughout this region can drive economic success, as they have done in many other emerging markets.

Our collective goal is to bring down the costs and time of doing business in the region as well as reduce other barriers to transit and trade. As the region builds much needed physical infrastructure like pipelines, transmission lines, rail links and roads in the coming years, we also have to build a regulatory architecture that promotes efficient, fair and transparent trade and transit.

So, as we recognize the ADB's work in the region and the accomplishments that have accompanied the CAREC program, it is also important to stress how we can work together to build cooperation and address common problems for the benefit of all of Central Asia. The United States looks forward to continue working with all of you, with our international partners and within the framework of CAREC to ensure a more stable, secure and prosperous future for Central Asia.

Thank you.