

Remarks for
Deputy Assistant Secretary for South and Central Asian Affairs Fatema Sumar
At the 12th Anniversary CAREC Ministerial Conference
October 24, 2013
Astana, Kazakhstan

President Nakao, Minister Dossaev, Excellencies, Ladies and Gentlemen. I want to thank the Asian Development Bank for organizing this CAREC conference. I would also like to acknowledge our host, Kazakhstan, for their hospitality and ensuring the conference is a resounding success. Together, we share common goals in promoting regional economic cooperation. CAREC's focus on integrated transport and trade this year is well timed and will undoubtedly support increased cooperation in other important areas such as regional energy sector development and connectivity.

Through our political and financial collaboration with the ADB, as well as coordination on economic assistance in the region, the United States has been a strong supporter of CAREC. CAREC works because the countries of greater Central Asia themselves drive the vision on how best to cooperate. In the world's least economically-integrated region, CAREC is one of the best examples for how regional economic cooperation can actually bring tangible changes. It also shows how the countries of the region are embracing the New Silk Road vision the United States laid out in 2011, by finding innovative ways to connect to each other, to Afghanistan, and to the rest of the world.

Now, more than ever, we need to work together to lay the foundation for economic transformation in the region. With the upcoming transition in Afghanistan next year, countries in the region may feel anxious and uncertain about what the future holds. Without economic incentives to pursue trade and transit opportunities via Afghanistan, some neighbors may choose to turn inward, equating uncertainty with instability. This would be a major setback for everyone in the region, for your economies, for your businesses, and for job creation and people-to-people relations.

We all know regional cooperation can be politically and logistically challenging, but the results can be truly transformative. Look at South East Asia. In the past 10 years, the Association of South East Asian Nations (ASEAN) has seen its trade with the world grow 227 percent to nearly 2.5 trillion dollars. But trade within ASEAN has grown even faster – it is up 255 percent. Contrast that with Central Asia where it can take CAREC member countries anywhere from 65 to 90 days to export goods, versus just 15 days to export goods from India. Trading across borders in this region continues to be challenging, but the potential to dramatically increase trade is promising with certain reforms. We hope CAREC countries will focus on quick implementation of programs that address both capacity and infrastructure constraints.

The reality is that by working together, CAREC member countries can lay the groundwork for regional economic connectivity. This is why the United States is

committed to the New Silk Road vision and the CAREC framework. We have already invested significant resources and political capital in helping link Afghanistan to her neighbors. For instance, in Afghanistan, the United States has provided more than \$2 billion in support of energy transmission lines, hydropower plants, and associated energy reforms. We have built or rehabilitated more than 3,000 kilometers of roads and invested in border management and customs reforms on the Afghan borders. We have helped Afghanistan establish a National Rail Authority, develop a national rail plan and build railway connections with neighbors. With U.S. technical assistance, Afghanistan now has more than 4,000 kilometers in fiber optic cable. And we have helped Afghanistan accede this past September to the International Road Transport system (the TIR Convention), which allows Afghan trucks to transit through South Central Asia and beyond. Thanks to our collective efforts over the past decade, Afghanistan now trades more with countries in South and Central Asia than the rest of the world.

Additionally, the United States has been working with countries in the region to promote cross-border trade and transit. There has been particular momentum this year on moving forward on key transit agreements such as the Afghanistan-Pakistan Trade Transit Agreement which could extend to include Tajikistan, the Kyrgyzstan-Tajikistan-Afghanistan Cross Border Trade Agreement, and bilateral trade and transit agreements between Uzbekistan and Afghanistan and Turkmenistan and Afghanistan. President Karzai's announcement of a Black Sea

Corridor Initiative at the Economic Cooperation Organization Summit one year ago in Baku has the potential to further strengthen economic ties between Central Asia, the South Caucasus and Turkey. And with Afghanistan and all five Central Asian states' entry into the International Road Transport system, there is now an international harmonized customs control framework in place that should facilitate trade and transport.

Our collective goal is to bring down the costs of doing business in the region as well as reduce other barriers to transit and trade. We all know that trade, like water, finds the path of least resistance. So, even as we work together in the coming years to build additional pipelines, transmission lines, rail links, and roads, we also have to build a regulatory architecture that promotes efficient, fair and transparent trade and transit. This is why the United States is working closely with Kazakhstan and Afghanistan on their impending World Trade Organization accession. WTO requirements will help businesses in the region cut costs, decrease wait times at the borders, and level the playing field. We welcome the interest of other regional countries in the WTO.

Finally, it is important to note that connecting economies in the region means connecting people. Earlier this month here in Kazakhstan, the United States organized the Central Asia Trade Forum that brought together 300 participants from the private and public sector from Central Asia, Afghanistan and Pakistan to generate new business deals and promote trade throughout the region. Our

Women's Economic Symposiums in Bishkek and Dhaka have brought together women business leaders from across the region to promote entrepreneurship and cross-border business opportunities. And, we welcome news of the Uzbek and Afghan Chambers of Commerce meeting next month in Termez, and support such initiatives.

This is just a snapshot of some of the areas where the United States has made significant progress in supporting the New Silk Road vision of regional economic cooperation. There is much more to do, and we want to do it together through successful platforms like CAREC. With upcoming security, political and economic transitions in Afghanistan, we have to move quickly to prioritize projects, identify resources, and mobilize political will to make meaningful progress over the next few years. The United States looks forward to continue working with all of you within the CAREC 2020 Strategic Framework as we explore other ways we can work collaboratively to ensure a more stable, secure and prosperous region.

Thank you.