



**Remarks by Under Secretary William J. Burns
at the Conference
on “Silk Road Trade and Investment: New Pathways for
U.S.-Central Asia Economic Ties”
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INTRODUCTION

Thanks for that kind introduction, and to the U.S. Chamber for organizing such a valuable and timely event. At the end of a long and successful day of discussions, the last thing you need right now is a long-winded presentation, of the sort for which diplomats are notorious. So I’ll try to break that stereotype this afternoon, and offer a few brief thoughts on why the countries of Central Asia matter to the United States, and why the Obama Administration places high priority on building healthy partnerships in the region in pursuit of our common interests.

I was fortunate to lead a delegation of senior colleagues from the State Department, Defense Department, and National Security Council to four Central Asian states last July. We brought a simple message from President Obama and Secretary Clinton: the United States has an important interest in stability, prosperity, security, and economic and political modernization in Central Asia, and seeks to work with the governments and peoples of the region toward those ends. We aim to do so with a focus on mutual interests, which means that we want to build on common ground wherever it exists, but won’t shy away from dealing plainly with our differences wherever it doesn’t. And we aim to do so in a spirit of mutual respect, which means that we won’t pretend to have a monopoly on wisdom, or seek to impose our system or to preach or patronize, but we will expect the same kind of respect in return and won’t hesitate to speak honestly, as friends, on issues like human rights or corruption.

That blend of mutual interest and mutual respect is easier talked about than practiced, but that is what we tried to convey last July, in meetings with senior government officials, business leaders, civil society representatives, and many others. We want to expand our cooperation in a wide range of areas, at a moment when Central Asia is once again at a critical strategic crossroads. That is not exactly a novel observation. Central Asia has for thousands of years served as a bridge between East and West, North and South. The old Silk Road transported not only goods and people, but ideas, cultures, and technology. It helped create great civilizations and foster great innovations.

Central Asia can have a similarly historic impact today. Central Asia’s economic growth and political development can produce more reliable partners for combating global challenges, from non-proliferation to counter-narcotics to energy security. A stable future for Afghanistan depends on the continued assistance of our Central Asian partners – just as a stable future for Central Asia depends upon success against violent extremists in Afghanistan. The energy resources of Central Asia can be a force for predictability in the global economy, ensuring diversity of sources and markets and transit routes, while at the same time bringing a new sense of economic possibility in the region itself.

What our delegation found last summer was a renewed interest among the countries of Central Asia in stronger ties and practical cooperation between us. Assistant Secretary of State Bob Blake, along with our Ambassadors in the region, is leading an effort to construct high-level bilateral mechanisms with

each Central Asian country, featuring a structured, annual dialogue. We certainly want to foster regional partnership, as this conference is doing so effectively today, but we also understand that we are seeking to deepen links to unique, independent, sovereign states, each with its own distinctive national cultures, experiences, people and economies.

In each of those relationships, and across the region, four inter-connected issues loom large: energy; economic and political modernization; security; and people-to-people contacts. This is not an “a la carte” menu for the United States; we aim to make progress in our relations with the countries of Central Asia in all of these areas. We understand that positive steps in one area can reinforce forward movement in others; sound energy policies contribute to long-term prosperity, which is also underpinned by growth of the rule of law. Healthier and more prosperous societies are better able to sustain their own security, and contribute to regional security – just as security against violent extremist groups buys space for the development of modern economic and political institutions. And more people-to-people exchanges between us highlights the reality that enduring relationships are not only about connections between governments, but also about connections between individuals and societies.

ENERGY

Let me first make a few points about energy. Recent energy crises and price fluctuations have shown the importance of developing new hydrocarbon resources and distribution routes worldwide to meet growing demands...and to ensure that a single disruption in the supply chain does not cripple a country or impede development. The United States considers global energy security to be a key to peace and prosperity. Our partnership with Central Asia in this field has never been more important, which is why we have a Special Envoy for Eurasian Energy, Dick Morningstar.

Ambassador Morningstar, along with many American companies in the region, has been working diligently to ensure that our energy strategy benefits countries throughout Eurasia, whether they are supplier, transit or consumer countries. The expansion of the Caspian Pipeline Consortium and development of the Kazakhstan Caspian Transport System Project offer the possibility of getting increased oil out of the Caspian into world markets. We’re also working with Turkmenistan on increasing its gas production with the hope that one day that gas can move across the Caspian. The recent signing of the Nabucco Intergovernmental Agreement was a major milestone for opening up a new natural gas corridor to Europe, which could include Turkmen gas. It’s important that progress be made on gas pricing, transit, and any remaining issues needed to make the Southern Corridor a reality.

We recognize that energy does not only mean oil and gas. We’re looking at ways to cooperate with Central Asian partners on developing renewable energy resources. This includes ensuring that Central Asia’s immense hydro resources benefit all and are a source of regional prosperity, not friction.

ECONOMIC AND POLITICAL MODERNIZATION

That leads me to my second point: economic and political modernization. While the United States has enjoyed partnerships in the energy sector, we’d frankly like to see our commercial ties with Central Asia expand to other sectors. As we put our own financial house in order, the United States is also engaging our partners abroad on strategies to help diversify economies and help ensure sustainable growth. One means of doing this is to help integrate economies into a system of global trade.

During my trip to Central Asia, we agreed to reinvigorate existing trade mechanisms. This included the Trade and Investment Framework Agreement – the TIFA – which I’m happy to see has led to this gathering. The TIFA offers us the unique opportunity to design joint strategies in support of trade,

investment, development, and regional cooperation. It's also flexible enough to allow discussion and action on any pertinent issue. I'm confident that the TIFA Council meeting tomorrow will continue the productive dialogue begun here today and focus on steps that can be taken to reduce trade barriers and liberalize markets.

The United States will also continue to provide technical assistance to enhance trade flows and improve the business environment across the region. In September, the World Bank Group recognized the Kyrgyz Republic and Tajikistan as being among the "Top 10" countries for reforms that have made it easier for entrepreneurs to start and expand their businesses. USAID has partnered with the Central Asian republics to streamline business registration, facilitate customs, enhance banking services, and strengthen the legal and regulatory frameworks for a more competitive private sector. These programs reduce transaction costs for businesses and provide a more transparent, predictable, and fair playing field for commercial enterprises to thrive.

To reach that end, the fight against corruption will be key. The private sector leaders in this room know better than me that companies are most attracted to places where regulations are clear, the costs of doing business are low, and the rule of law is enforced. Transparency International noted in its 2008 Corruption Perceptions Index that corruption remains a serious challenge in post-Soviet states. Corruption is a global, human ailment from which no country, including the United States, is immune. It is essentially an extra tax on businesses and society that discourages investment and robs citizens of wealth. That's why it's so important to have strong civil societies and independent media that can help governments unveil corrupt practices.

An active civil society, an unfettered media, and the rule of law serve as a vital spur for both economic modernization and good governance. The United States continues to be a strong advocate of building modern political institutions, based on respect for universal principles of human rights, justice, and dignity. As President Obama has said, "History offers a clear verdict: Governments that respect the will of their own people, that govern by consent and not coercion, are more prosperous, they are more stable, and more successful than governments that do not." Democracy itself is also about more than just elections – its development depends on protection of minority rights and freedom of expression, as well as the emergence of a fair and effective judiciary.

The United States provides technical assistance and training to build vibrant networks of NGOs, increase judicial capacity, and develop municipal government in Central Asia. Our assistance funds the education of journalists and provides civic education to more than 130,000 students in Kazakhstan, Kyrgyzstan, and Tajikistan to help develop the next generation of engaged, active citizens. Such programs generate more accountable and transparent governance. This in turn will lead to greater investment and greater long-term prosperity, which is deeply in the self-interest of our friends in Central Asia and around the world.

SECURITY

Another critical factor for increasing trade and investment is of course security – an area where the United States has found strong allies in Central Asia. The Central Asian states have developed multi-faceted security relationships with their neighbors, as well as with NATO's Partnership for Peace, that include training and joint activities in counter-terrorism, peacekeeping, and counter-narcotics.

Building Afghanistan's capacity to fight drugs and combat terrorism, while providing a secure environment for its people, is a top priority for the United States. We're grateful to all the Central Asian states for contributing to Coalition efforts in Afghanistan. Their significant assistance ranges

from supplying much needed electricity to Kabul, to providing food and medicine, to building schools and hospitals. We rely on all our Central Asian partners and Russia to move Coalition military supplies through the region into Afghanistan. There is great potential for the creation of a Northern Distribution Network to improve transportation infrastructure and stimulate trade routes connecting Central to South Asia, which will have a lasting, beneficial economic impact.

CONNECTING PEOPLE AND SOCIETIES

Making a lasting impact brings me to the final area of cooperation I'd like to touch upon today – people-to-people exchanges. As I mentioned earlier, one of the most important roles that the old Silk Road played was to act as a conduit for ideas and culture. That still holds true today. One of the best ways we can advance our relations and promote mutual understanding is to connect individuals and societies.

Each year, the U.S. government sends hundreds of students, teachers, journalists, artists, and sportsmen from Central Asia and Afghanistan to America. Over the past year alone, over 290 young leaders from the region participated in U.S. government-sponsored cultural and educational exchange programs. Since 1993, the U.S. government has also sent over 2,300 Peace Corps volunteers to Kazakhstan, the Kyrgyz Republic, and Turkmenistan to build understanding and help the development efforts of local communities. And when people can't physically travel the miles, we also have the advantage today of being able to connect people over a virtual Silk Road with the instant click of a mouse. Our public diplomacy efforts facilitate those ties through the use of blogs, Twitter, pod-casts, and videos, extending the reach of our efforts to connect with people in ways that were unimaginable when I joined the Diplomatic Service more than a quarter century ago.

CONCLUSION

Before I close, I want to emphasize once again that our success in expanding trade and investment and strengthening relations in Central Asia will not depend solely on government actions. We can encourage reforms, we can set up regulations, we can even promote the region as a good place to do business. But progress will ultimately depend on the partnerships built among vibrant civil societies, individuals, and especially dynamic companies which make the final investment decisions. Connecting our citizens and communities will create the links needed to reach our common goals from the ground up. What I can promise is that the United States government, through our Embassies abroad and our commercial agencies at home, is ready to join with the public and private sectors and civil society in this vitally important endeavor.

I want to commend you all for the work you're doing to open up more opportunities in more directions. And look forward to hearing your success stories in the months and years ahead.

Thank you.