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Remarks on Regional Economic Integration

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I appreciate the opportunity to speak today and commend the OSCE for advancing itself as a possible platform for greater cooperation and dialogue between Central Asian states and Afghanistan. And in this regard I appreciated the Secretary General's opening remarks this morning. The United States wholly supports these objectives and the OSCE role around Afghanistan.

Nearly a year ago I was here at the Hofburg to outline the vision of a "New Silk Road" that would serve to enhance connectivity across South and Central Asia, reestablishing Afghanistan's historic role at the crossroads of Eurasia. I am back today to reaffirm the United States' commitment to advancing that vision, and to share some thoughts about progress we've made and the role that greater regional connectivity can and should play in Afghanistan's future.

Connected Partners Solving Regional Challenges: Building the Community

It is an essential principle of the OSCE that shared challenges from security to economic growth require a cooperative, multilateral response. Achieving a stable and prosperous future for Afghanistan is no exception.

In Afghanistan today there are three defining transitions underway: a major security transition, a political transition - including elections next April - and an economic transition. The outcome of the economic transition will depend significantly on Afghanistan's ability, with the support of the international community, to leverage opportunities for cross-border commerce and people-to-people exchange. The good news is that Afghanistan's neighbors from Central Asia to South Asia have already demonstrated their support and leadership on a range of initiatives that will advance security and regional economic cooperation.

For instance, as discussed already this morning, under the Istanbul Process, India chairs a working group focused on expanding cross-border commercial and business-to-business relations. Turkmenistan's chairmanship of a critical transport, energy, and communications infrastructure working group is another example of how regional states are driving this cooperative agenda. In October, the Central Asian states, plus Afghanistan, participated in the U.S. Trade Representative's Central Asia Trade and Investment Framework Agreement (TIFA) Council meetings in Washington, another venue to explore ways to further promote regional trade and cooperation.

These initiatives illustrate the sort of regional collaboration that will put Central Asia and Afghanistan on the path towards a more prosperous future. The OSCE is well positioned to support and advance these regional interactions, both as a convener of governments and as a facilitator for the private sector.

A good example of this institutional role is the Border Management Staff College (BMSC) in Dushanbe, where the OSCE since 2009 has provided specialized training for border, customs and security officials from across Central Asia, the wider OSCE region and, critically, Afghanistan. Although they speak different languages, the students there form teams that grapple with complex concepts and use the lessons learned to develop solutions to real-life border management challenges. Likewise, the OSCE Academy in Bishkek is helping to train the region's next generation of leaders and contributing to the development of a stronger regional identity. OSCE programs have facilitated legal trade between Afghanistan and Tajikistan by building capacity and developing relationships between Tajik and Afghan entrepreneurs. The United States applauds this multi-faceted approach to border security and regional trade, and is proud to support these OSCE's efforts.

Of course, the process of building connectivity takes work, and there are many skeptics. But we know that as we build on the areas where interests align, the region's future stability and prosperity will also be strengthened.

The Promise of Regional Economic Integration

This idea of regional connectivity as a driver of prosperity is the foundation of our commitment to the New Silk Road vision and is an organizing concept for the United States' approach to Central Asia.

Increased economic cooperation to advance the New Silk Road vision involves a web of both north-south and east-west trade corridors, as well as energy grids and communications networks. New trade routes connecting Europe and the markets of Central and East Asia have received considerable attention for good reasons. Initiatives like the 'Silk Wind' multi-modal trade and transport network from Kazakhstan through Azerbaijan, Georgia, Turkey and eventually Europe will be an enormous boon to regional growth.

This Silk Road vision has drawn support from a growing number of countries, donors, businesses and civil society leaders because it makes perfect economic sense. Afghanistan's neighbors and near-neighbors now include some of the world's fastest-growing economies. With their growing energy, mineral, and market access requirements, these regional mega-economies can fuel Afghanistan's continued economic growth while increasing stability and driving private sector investment, job growth and public revenue for decades to come.

Over the last two years we have seen this vision move from rhetoric to reality. Afghanistan's neighbors have *already* made notable progress towards establishing a more integrated regional market, and the United States will continue to support those who look for opportunities to increase connectivity. But, as the Secretary General said, regional ownership is key, and in this regard we have strong partners - from Astana to Kabul, all the way to New Delhi.

Transit agreements like the Afghanistan-Pakistan Transit Trade Agreement (APPTA), for which the U.S. provides technical assistance, and the Cross-Border Transport Agreement between Afghanistan, the Kyrgyz Republic, and Tajikistan, hold the potential to dramatically accelerate trade. WTO membership for regional governments likewise will help to ensure the

region is prepared to attract and retain increased investment. Tajikistan's WTO accession will be an enormous step forward in this regard, and we congratulate the Tajik government on its exceptional work there. All these agreements will take time to bring to full implementation, and we should anticipate political stumbling blocks. But the United States will continue to prioritize support for these efforts to ease the movement of people, goods, capital, and ideas.

As the co-largest shareholder of the Asian Development Bank and the largest shareholder of the World Bank, the United States also strongly supports the Asian Development Bank's Central Asia Regional Economic Cooperation program, or CAREC, which has helped to shape this New Silk Road vision.

Since its founding in 1997, CAREC has implemented more than 100 projects in regional transport, trade facilitation, trade policy, and energy, facilitating over \$20 billion worth of infrastructure and investment. From railway electrification and airport expansion projects in Kazakhstan, to locomotive acquisition in Uzbekistan, CAREC's strength lies in its focus on mutually beneficial programs – an understanding that all countries, including my own, benefit from greater regional connectivity and integration between South and Central Asia.

Though we are understandably focused on reintegrating Afghanistan into the region's economic fabric, all the OSCE participating states will benefit from greater economic cooperation around Afghanistan. Some analysts have argued that a new Great Game is playing out in Central Asia, but we believe differently, that economic integration is the new "Great Gain" that can animate our regional strategy.

The OSCE's comprehensive security concept, directly linking political-military security to economics, the environment, human rights and fundamental freedoms, makes it a unique mechanism for advancing our shared interests in Central Asia, Afghanistan, and Europe. While I have not addressed it at length today, I should note that the OSCE and its institutions' expertise in promoting the growth of civil society and democracy, and strengthening respect for human rights, complements our efforts to counter transnational threats and enhances economic opportunity around Afghanistan. It is very much part of the "software" side of building the New Silk Road.

The United States is clear-eyed about the challenges ahead in Afghanistan and the wider region. But we also see the progress that has been made and the potential for what can be accomplished through greater regional connectivity.

The ideas I have sketched out today reflect enduring U.S. interests in Central and South Asia - a region distant from Washington but vital to the emerging geo-politics of Eurasia. We are committed to supporting stability in Afghanistan and augmenting the regional connections that will make this possible. We look forward to working closely with the OSCE, and all our regional partners, on this endeavor.