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CENTRAL ASIA: AN OVERVIEW

HEARING

BEFORE THE

SUBCOMMITTEE ON ASIA, THE PACIFIC, AND THE GLOBAL ENVIRONMENT

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

APRIL 8, 2008

Serial No. 110–217

Printed for the use of the Committee on Foreign Affairs

Available via the World Wide Web: http://www.foreignaffairs.house.gov/

U.S. GOVERNMENT PRINTING OFFICE

41–754PDF WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
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CENTRAL ASIA: AN OVERVIEW

TUESDAY, APRIL 8, 2008

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ASIA, THE PACIFIC,
AND THE GLOBAL ENVIRONMENT,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:05 p.m. in room 2200, Rayburn House Office Building, Hon. Eni F.H. Faleomavaega (chairman of the subcommittee) Presiding.

Mr. FALEOMAVAEGA. The House Foreign Affairs Subcommittee on Asia, the Pacific and the Global Environment will now come to order.

I note that, regrettably, my colleague and good friend, the ranking member of our subcommittee, the gentleman from Illinois, is unable to join us. However, we will proceed, and I will begin with my opening statement, and I am sure other members will be coming in and out over the course of this proceeding.

Central Asia is emerging as a source of oil and gas for world markets. According to the U.S. Department of Energy, the region's natural gas reserves are comparable to those of the United States, and its oil reserves are comparable to Qatar on the low end and to Libya on the high end, between 10 billion to 42 billion barrels of oil. The Republic of Kazakhstan possesses the region's largest oil reserves at 9 billion to 40 billion barrels and exports at about 1.3 million barrels per day.

While the administration has suggested that it considers Central Asia to be significant to the diversification of suppliers of energy to Europe and to the United States, the position of Special Advisor for Caspian Energy Diplomacy was abolished in 2004, and the State Department has yet to appoint a coordinator for International Energy Affairs, which the Energy Independence and Security Act of 2007 calls for the administration to do.

In 2006, when Russia temporarily cut off gas to Ukraine, which highlighted the European Union's dependence on Russian oil and gas, the administration encouraged Central Asian countries to transport their energy exports to Europe through pipelines across the Caspian Sea, thereby bypassing Russia and Iranian territory. However, it is my understanding that the administration has been unsuccessful in this effort, too, in that Kazakhstan and Turkmenistan have not yet agreed to build a trans-Caspian pipeline.

On the human rights front, Freedom House gave Turkmenistan and Uzbekistan its lowest possible ratings on political rights and

civil liberties. Some have suggested that Kyrgyzstan may be the most likely to make a peaceful transition to a Western-oriented political system. An agreement was reached for Kazakhstan to chair the Organization for Security and Cooperation in Europe in the year 2010.

Regarding United States security interests in the region, in 2001, Kyrgyzstan provided basing for United States and coalition forces. Kazakhstan and Turkmenistan provided overflight and other support. Tajikistan permitted use of its airport, and Uzbekistan provided a base for United States operations. However, 3 years ago, a meeting of the Shanghai Cooperation Organization, a regional security group consisting of Russia, China and all of the Central Asian states except Turkmenistan, called for coalition members supporting operations in Afghanistan to decide on the deadline for their military contingence presence in those countries. Despite signing this declaration, none of the Central Asian leaders have called for the immediate closure of United States and other coalition bases.

The United States security interests also include the elimination of nuclear weapons in Kazakhstan. From 1949 to 1991, the Soviet Union used Kazakhstan as its nuclear testing ground, exploding more than 500 nuclear devices, or bombs, exposing more than 1.5 million Kazakhs to nuclear radiation.

I want to note also, as a side comment, that during the height of the nuclear arms race during the Cold War in 1954, my own Government, the United States, exploded the first hydrogen bomb, which was known then as the "Bravo shot" on the Marshall Islands in the Pacific. This is a sad commentary of the nuclear arms race. Despite the fact that U.S. military officials knew the winds had shifted 3 hours before the hydrogen bomb explosion, they went ahead and detonated the hydrogen bomb which was a 15-megaton explosion.

For those of you who may not be familiar with this, it takes an atom bomb to trigger the explosion of the hydrogen bomb. This 15-megaton explosion by my Government in 1954 was 1,000 times more powerful than the atom bombs that we dropped in Hiroshima and Nagasaki in Japan.

As a result of this careless act on the part of the United States Government, several hundred Marshallese men, women and children were severely exposed to nuclear radiation, let alone several hundred U.S. soldiers and sailors were also severely exposed to nuclear radiation. To date, the United States Government still has not fully addressed the problems of giving proper medical treatment to the Marshallese men, women and children who were exposed.

It is my intention for this subcommittee to pursue this matter more on a government-to-government relationship between the Republic of the Marshall Islands and the United States Government in terms of what should be done to give assistance on this terrible thing that we did during the height of the nuclear arms race.

Not to be undone, the Soviet Union right afterwards also exploded not a 15-megaton hydrogen bomb, but a 50-megaton hydrogen bomb that was exploded in Kazakhstan. It was 3,000 times more powerful than the U.S. hydrogen bomb that was exploded. As

a result of this, 1.5 million Kazakhs were severely exposed to nuclear radiation as a result of the Soviet Union's nuclear testing program at that time—another sad commentary about the nuclear arms race and nuclear explosions.

To this date, nothing has ever been brought to give any assistance to the Government of Kazakhstan that was done by the former Soviet Union. When the Soviet Union collapsed in 1991, Kazakhstan inherited this mess, the mess of nuclear explosions and what was done to the people of Kazakhstan.

I might also note that the French Government also conducted a nuclear testing program in the South Pacific—220 nuclear explosions in the atmosphere, on the surface and beneath the surface. They exposed well over 10,000 Tahitians in French Polynesia as a result of this nuclear testing. It was a terrible nuclear testing program that took place in the South Pacific.

As I said earlier, when the Soviet Union collapsed in 1991, Kazakhstan inherited this terrible mess. When Kazakhstan could have become the first and only Muslim nuclear superpower to retain enough highly enriched uranium to produce 20 nuclear bombs, I commend Kazakhstan's President for voluntarily dismantling the world's fourth largest nuclear arsenal and shutting down the world's second largest nuclear test site. What he did for all of us can never be underestimated and should never be forgotten.

It is certainly a credit also to Senator Sam Nunn and to Senator Lugar for their participation and initiative in assisting the dismantling program where our Government also participated in dismantling the nuclear weapons that were left by the former Soviet Union in Kazakhstan.

Today, Assistant Secretary Richard Boucher of the U.S. Department of State's Bureau of South and Central Asian Affairs is with us. Hopefully, we can address recent developments in Central Asia, including two incidents relating to Kyrgyzstan which have led to increased anti-American sentiment in that country.

The first was a collision between an American military aircraft and a Kyrgyz civilian liner. The second was the murder of Mr. Alexander Ivanhov, a Kyrgyz citizen working on the base, by an American soldier in 2006. Both incidents were brought to my attention by Kyrgyzstan's Ambassador to the United States, who has submitted a statement which I am including for the record. I had promised her that I would also bring these matters to your attention, Mr. Secretary, to seek your input and comments.

For the record, I am also including the statement of Ms. Marina Ivanhov, widow of Alexander Ivanhov, of the human rights situation in Central Asia. The subcommittee will also include a statement submitted by Freedom House under Mr. Jeffrey—I will get his name later for the record.

[The prepared statement of Mr. Faleomavaega and the statements referred to follow:]

PREPARED STATEMENT OF THE HONORABLE ENI F.H. FALEOMAVAEGA, A REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA, AND CHAIRMAN, SUBCOMMITTEE ON ASIA, THE PACIFIC, AND THE GLOBAL ENVIRONMENT

Central Asia is emerging as a source of oil and gas for world markets. According to the U.S. Department of Energy, the region's natural gas reserves are comparable

to those of the United States, and its oil reserves are comparable to Qatar on the low end, and Libya on the high end, or between 10 to 42 billion barrels.

Kazakhstan possesses the region's largest oil reserves at 9 to 40 billion barrels, and exports about 1.3 million barrels per day.

While the Administration has suggested that it considers Central Asia to be significant to the diversification of suppliers of energy to Europe and/or the United States, the position of Special Advisor for Caspian Energy Diplomacy was abolished in 2004, and the State Department has not yet appointed a Coordinator for International Energy Affairs which the Energy Independence and Security Act of 2007 calls for the Administration to do.

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Regarding U.S. security interests in the region, in 2001, Kyrgyzstan provided basing for U.S. and coalition forces. Kazakhstan and Turkmenistan provided overflight and other support. Tajikistan permitted use of its airport. Uzbekistan provide a base for U.S. operations.

However, in 2005, at a meeting of the Shanghai Cooperation Organization, a regional security grouping consisting of Russia, China, and all the Central Asian states except Turkmenistan) called for coalition members supporting operations in Afghanistan "to decide on the deadline for . . . their military contingents' presence in those countries." Despite signing this declaration, none of the Central Asian leaders have called for the immediate closure of U.S. and other coalition bases.

U.S. security interests also include the elimination of nuclear weapons remaining in Kazakhstan. From 1949 to 1991, the Soviet Union used Kazakhstan as its nuclear testing ground, exploding more than 500 nuclear bombs and exposing more than 1.5 million Kazakhs to nuclear radiation.

When the Soviet Union collapsed in 1991, Kazakhstan inherited this mess. While Kazakhstan could have become the first and only Muslim nuclear superpower and retained enough highly enriched uranium to produce 20 nuclear bombs, I commend Kazakhstan's President for voluntarily dismantling the world's 4th largest nuclear arsenal and shutting down the world's 2nd largest nuclear test site. What he did for all of us can never be underestimated, and should never be forgotten.

Today, Assistant Secretary Richard Boucher of the U.S. State Department's Bureau of South and Central Asian Affairs is with us, and hopefully can address recent developments in Central Asia including two incidents relating to Kyrgyzstan, which have led to increased anti-American sentiment. The first was a collision between an American military aircraft and a Kyrgyz civilian liner, and the second was the murder of Mr. Alexander Ivanov, a Kyrgyz citizen working on the base, by an American soldier in 2006. Both incidents were brought to my attention by Kyrgyzstan's Ambassador to the United States, who has submitted a statement which I am including for the record. I promised her that I would also bring these matters to your attention, and seek your input and comments.

For the record, I am also including the statement of Ms. Marina Ivanova, widow of Alexander Ivanov. On the human rights situation in Central Asia, the subcommittee will include a statement submitted by Freedom House.

I now welcome our witness, and excuse our Ranking Member who is unable to be with us today.

SUBMITTED STATEMENT OF AMBASSADOR ZAMIRA SYDYKOVA OF KYRGYZ REPUBLIC TO THE UNITED STATES AND CANADA

The past year, 2007, marked fifteen years since the establishment of diplomatic relations between our two countries. As we all appreciate, after gaining political independence in 1991, Kyrgyzstan chose a democratic route of development. Since then the United States of America have leant great support to democratic and economic reforms in Kyrgyzstan. And we should note that Kyrgyzstan has achieved outstanding results on that score and is considered to be a flagship of democracy

in Central Asia. Freedom of speech and assembly, private land ownership, legislation conducive to foreign investments, and a stable macroeconomic environment are some of the things that Kyrgyzstan has achieved thanks to its steady cooperation with the United States, our European partners and international financial institutions.

In 2001 Kyrgyzstan became one of the first allies of the US and NATO within the framework of International Antiterrorist Coalition. Since then Kyrgyzstan has hosted a US Air force base which has served to conduct operations in Afghanistan under the name of "Enduring Freedom".

Unfortunately during the same timeframe there have occurred events that have led to an economic stagnation in Kyrgyzstan and to profound political crises, accompanied by violations of human rights, restrictions on freedom of peaceful assembly and corruption that infecting the entire bodyy of state.

For the people of Kyrgyzstan these were years dedicated to the defense of democracy, culminating in the victory of a National Revolution in March 2005. The new Kyrgyz Government immediately set about to restore the economy and reestablish order in the country, with the moral support of its partners and allies, including the United States of America. Nevertheless, it was no mean task to establish political stability in a country where the forces of revanchism were strong. It was difficulty to government apparatus of the web of corruption. And all of this was taking place against a backdrop of a huge foreign debt of almost $2 billion.

The government of the US helped significantly to resolve the most acute social and economic tasks facing the government of Kyrgyzstan, including us as a threshold state within the framework of "Millennium Challenge," in a program to provide technical assistance to improve the functioning of the judicial system and law enforcement agencies of Kyrgyzstan.

Yet Kyrgyzstan still faces many problems inherited from the past, that arise directly from global challenges and the tasks the Kyrgyz government has presented in its National Development Strategy for the coming years.

For instance, remaining from the Soviet era are nuclear waste storage sites (so-called uranium tails) which are enormously damaging not only to the environment but to public health of our nation. It will be beyond the means of our government to tackle this problem with the support of our friends and partners around the world.

A country poorly endowed with energy resources (gas and oil), Kyrgyzstan is absolutely dependent upon its neighbors—Uzbekistan, Kazakhstan and Russia. The steep rise in the cost of energy products translates directly into the cost of essential food products throughout the region. Today my government is forced to speak of food security [and must seek additional resources in our constrained budget to support national food security program].

[Concern about global climate change highlights the importance of an effective regional water management policy. This is yet another suitable subject for close and mutually beneficial cooperation between all interested parties, including, first and foremost, the countries of Central Asia that need to be more fully integrated. We hope and expect to receive an adequate response from the US government and our other partners in order to pursue this goal together.

Ever since taking up my post as Ambassador of Kyrgyzstan to USA and Canada some two years ago, I have been cognizant of the three priorities of the United States of America in Central Asia—**Security, Energy and Democratic Reform**.

Unfortunately, I must point out that during the course of these past two years anti-American sentiment in the region has grown at an accelerating pace. In the case of my country this has been a reflection of two incidents on the US airbase. The first was a **collision between an American military aircraft and a Kyrgyz civilian liner, and the second was the murder** of Mr. Alexander Ivanov, a Kyrgyz citizen working on the base, by an American soldier in 2006.

It is also worth noting that today Islamic extremist movements and organizations have significantly increased their activity in Kyrgyzstan[, threatening our national security and stability]. According to national security agencies there are about 17 thousand religious activists and supporters, which in Kyrgyzstan's terms can be regarded as an underground army. [This is a truly dangerous challenge for both Kyrgyzstan and all the countries of the region.] We once again call upon the American government to respond to this challenge, and to provide the resistance that we are unlikely to be able to do on our own.

It is also worth noting that the countries of Central Asia differ from each other both in terms of their economic as well as social potentials. One thing is apparent: the better integration of these countries requires a comprehension their equality and uniqueness. Only this will ensure a true partnership. And I am certain that

American government will always maintain this approach to Central Asia in the pursuit of its policy toward the region.

In conclusion I would like to stress how all of this demonstrates once again that Central Asia has become a point of attraction for many interests on the cross-roads of East and West, and that the a proper balance of global power can help secure a better world order.

SUBMITTED STATEMENT OF MRS. MARINA IVANOVA, WIDOW OF A FATAL CASUALTY

This is to draw your attention once again to the fact that the issue regarding the soonest completion of the murder case of my husband—**Mr. Alexander IVANOV**—has not been solved yet despite of the repeated assurances of American side and, I am afraid, it won't be never adequately solved which I refuse steadfastly to agree with. I therefore urge you to show the same insistence and firmness in this matter as I do.

I dare to remind you that on 5 November, 2007 at bilateral meeting Kyrgyz Security Council Secretary raised the question before Mr. W. Fellon, US Army Chief Commander, who yet again stated "As for the murder case of Mr. Alexander IVANOV on 6 December, 2006 the investigation is coming to its end and we will get you its results as soon as they are available.

The letter I received from Kyrgyz General Prosecutor's Office dated of 1 November, 2007 (ref. # 6/2–57–07) says that I would be additionally informed about the results via the MFA of Kyrgyzstan.

According to the letter I received from MFA of Kyrgyzstan dated of 13 November, 2007 I was informed that ". . . from American side we got an info, saying that the investigation is on its final stage and its results would be immediately communicated to Kyrgyz side".

Once again I appeal to you to pay your special attention to the fact that lawful decision of the said case by American side should have been made according to the US Code of military laws and other adequate legal standards which bind over the investigators of the US Air Force Army Bureau for special investigations to complete the investigations of the case **within two months and give their opinion**.

However up to the present day the American side and the representatives of various US agencies keep pulling leg saying that the investigations must be careful and "objective", interpreting these terms in their own comfortable way.

I urge you to send once again the appropriate Notes to the US Embassy in Kyrgyzstan about inadmissibility of violation of US legislation and at last give us the ultimate answer as far as the said case is concerned.

Respectfully,
Marina Ivanova

"The Human Rights Situation in Central Asia"

Testimony prepared for the
Asia, Pacific and Global Environment Subcommittee of the
House Foreign Affairs Committee

Jeff Goldstein
Senior Program Manager, Central Asia
Freedom House

March 6, 2008

Central Asia is a strategically important and potentially unstable region that, taken as a whole, is one of the most repressive areas in the world today. Central Asia is also a potential breeding ground for political extremists, and the despotic policies of the governments in the region only help to create conditions that are likely to radicalize segments of the population. In our annual survey of political rights and civil liberties, *Freedom in the World,* Freedom House rates Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan as "Not Free," with both Turkmenistan and Uzbekistan belonging to the handful of states that received the lowest possible scores for both Political Rights and Civil Liberties. While Freedom House continues to rate Kyrgyzstan as "Partly Free," we witnessed a clearly negative trend there in 2007, including restrictions on the opposition in the December legislative elections, which resulted in an excessive strengthening of executive power and a reduction of political pluralism.

Given the importance of the region, its fragility and the increasingly repressive nature of all the region's governments, Freedom House is concerned by the declining resources the U.S. government is devoting to assistance programs in Central Asia. The actual appropriation for Freedom Support Act assistance to the five states of Central Asia has declined from just over $100,000,000 in FY 2006 to barely $80,000,000 in FY 2008. The FY 2008 appropriation included a particularly significant drop in funding for assistance to promote just government and democracy in the region. This precipitous decrease in assistance funding hamstrings the U.S. effort to promote stability, democracy and prosperity in this critical region. For our part, Freedom House continues to implement programs in Central Asia to support the brave men and women of the region who are struggling in the face of real risks to improve human rights situation, foster a free media and fight against the scourge of torture.

Political Rights and Civil Liberties in Central Asia

The year 2007 witnessed what was an almost across-the-board decline in political rights in Central Asia. In the spring, Kazakhstan adopted a constitutional amendment that opened the way for President Nazarbaev to become President-for-Life. In December, Uzbekistan went a step further, failing to amend the constitution before re-electing President Karimov to a third term, even though the Constitution of Uzbekistan includes a clear two-term limit. The state of presidential politics in the region is highlighted by the fact that the one exceedingly small example of progress was in Turkmenistan, where for the first time voters could choose among multiple candidates for president. This choice was more illusory than real, however, as all of the candidates represented the ruling – and only legal – party and all but the winner were virtual unknowns.

After amending the constitution to introduce a party-list electoral system, Kazakhstan held parliamentary elections in 2007 that fell decidedly short of international standards and produced a throwback to the Soviet era: a one-party parliament. At year's end, Kyrgyzstan held parliamentary elections that also appeared to produce a one-party parliament until the pro-presidential party jumped through a series of questionable legal hoops to include two small parties in the parliament while still keeping out the party that won the second largest share of the vote.

The situation concerning civil liberties in Central Asia is slightly more nuanced, though here too 2007 saw more backsliding than progress. Although it is not uniform among the five states of Central Asia, in general the baseline of respect for civil liberties is very low. Throughout the region, television -- the main source of news and information for the vast majority of Central Asians -- is firmly controlled by government. This means that one of the key mechanisms through which societies can hold governments accountable – expose failings or incompetence – is absent in a region of 60 million people The judiciaries and legislatures in all five Central Asian states are under the control of the executive branch. Corruption is widespread throughout the region while torture serves as the police's primary investigatory tool and is endemic in all Central Asian countries' penal systems as well. In general, the lack of democratic accountability leaves the population of Central Asia, as well as those who seek to do business there, subject to regimes that are capricious, inefficient and corrupt.

In Kazakhstan, non-governmental organizations have some room to operate, although government pressure is particularly strong on NGOs that pursue civil rights issues. Since the 'Color Revolutions' in Georgia and Ukraine, and the 'Tulip Revolution' in Kyrgyzstan in March 2005, human rights NGOs have become the target of considerable negative publicity in the national media. President Nazarbaev has warned NGOs obtaining foreign funding that they will

be "closely watched." The Kazakhstani authorities strictly restrict the right to public assembly and have repeatedly closed down websites that publish articles critical of the government. While the government boasts of its success in preventing inter-ethnic discord, Kazakhstan's self-proclaimed record of 'ethnic harmony' has begun to show cracks. Several recent local clashes in rural areas escalated into ethnic conflicts due to the failure of the local authorities to address minority groups' social grievances. There have also been violations of the freedom of religion, most notably the bulldozing of homes belonging to the Hare Krishna Society and the transfer of the Society's farm in the Karasai region to the state.

Kyrgyzstan's civil society is the most vibrant in the region, and the government sometimes responds to civil society's recommendations, most recently by ratifying the Optional Protocol to the Convention against Torture. Nevertheless, the general trend of strengthening government control in the country is also seen in the area of civil liberties, most egregiously in the decision by the Bishkek city council in late 2007 to ban all demonstrations in the city.

In February 2007, Tajikistan's parliament approved a new "Law on Civil Society Organizations," which poses a threat to freedom of association and speech and serves as a means for the government to restrict and control non-governmental organizations. The law required that all NGOs be re-registered by state authorities. As a result of this process, by the end of 2007 the number of registered Tajik NGOs had decreased by nearly two-thirds. The re-registration process also allows the authorities to demand inordinate and arbitrary amounts of information from NGOs. President Rakhmon adopted a highly nationalistic policy in 2007, symbolized by his dropping the russifying "-ov" suffix from his last name. A part of this new trend has been an increase in restrictions on religious groups, which appears to be linked to greater success by missionary groups, most of them Christian, in finding converts, a phenomenon which has offended local Muslim leaders and the families of those converted.

In the fifteen months since President Niyazov's death, his successor, President Berdimuhamedov has demonstrated that he understands that some of the "Turkmenbashi's" most egregious policies were profoundly harmful for Turkmenistan. As a result, Berdimuhamedov's government has taken positive steps, such as ending internal travel controls and returning to a four-year system of university education. Berdimuhamedov has traveled abroad extensively and shown an interest in lifting Turkmenistan out of its self-imposed isolation. Nevertheless, to date the measures taken by the authorities have been very limited, and there have also been some signs of regression, most notably the president's threat to remove satellite TV receivers-- the population's main source of information not controlled by the state -- from buildings in Ashgabat. These developments do not – at least not yet – indicate that the government is committed to a reform path.

The Uzbekistani government continued its harsh, post-Andijon crackdown against both local and foreign-based NGOs during 2007. A small group of human rights activists continues to defy

government pressure and report on the human rights situation in Uzbekistan. Groups such as the Tashkent Bar Association and Mothers against the Death Penalty have even achieved some successes in their efforts to advocate for legislative reform in the human rights field, including the passage in 2007 of laws instating habeas corpus and abolishing the death penalty. Late in the year and increasingly so far this year, President Karimov has demonstrated a desire to recalibrate his relations with the United States and the EU as part of his on-going policy of balancing relations with those countries, Russia and China. As a gesture of good will, he has released a handful of imprisoned human rights advocates. There are no indications that this move is anything more than a gesture, however. Most notably, Karimov has failed to take any action to address Western demands that he allow an independent investigation of the violence in Andijon in 2005, which resulted in the deaths of hundreds, most of whom were peaceful demonstrators or simply onlookers. Moreover, there are strong suspicions that the Uzbekistani government was behind the late-2007 murder of independent journalist Alisher Saipov in southern Kyrgyzstan. Saipov's colleagues believe his murder was not only meant to silence a valiant critic of the Uzbekistani government but to intimidate his journalistic colleagues as well.

Kazakhstan and the OSCE Chairmanship

Kazakhstan's campaign to become Chairman-in-Office of the Organization for Security and Cooperation in Europe (OSCE) is an issue with major potential consequences for the human rights situation in Central Asia and beyond. In November, the OSCE's Ministerial Council concluded – correctly in Freedom House's view – that Kazakhstan's performance in fulfilling its basic OSCE commitments was not sufficient to justify choosing Kazakhstan to be Chairman-in-Office in 2009. Instead, Kazakhstan will chair the organization in 2010. Prior to that, Kazakhstan's Foreign Minister has committed his country to amend the Law on Elections, the Law on Political Parties and the Law on Media to bring them into compliance with international norms. In a statement that has potential consequences for human rights throughout the region and beyond, the Minister also committed Kazakhstan, once it becomes Chairman-in-Office, to support the work of the OSCE's Office of Democratic Institutions and Human Rights (ODIHR) under the terms of its current mandate. This is a particularly important promise, as in the past Kazakhstan has lined up in support of Russian initiatives that would gut ODIHR's ability to carry out its essential work observing elections in OSCE participating states, supporting democratization and helping to improve human rights standards in the OSCE region.

It is unfortunate that Secretary of State Rice has not attended OSCE Ministerials, as this conveys the message that the U.S. does not consider this to be an important venue. Nevertheless, Freedom House applauds the work of the U.S. government in helping to secure these commitments from the Government of Kazakhstan, although Kazakhstan's record to date gives reason for concern that major progress in democracy and human rights appears unlikely in such a

short timeframe. Nevertheless, these commitments provide important leverage and we will closely monitor Kazakhstan's progress – or lack of progress – in fulfilling these promises. We also urge both the executive and legislative branches of the U.S. government to make clear to their Kazakhstani counterparts the importance of fulfilling these commitments for the future of U.S.-Kazakhstani relations.

U.S. Assistance Policy in Central Asia

Following the September 11, 2001 attack on the United States, the U.S. Government more than doubled assistance to the states of Central Europe under the Freedom Support Act to over $300 million in FY 2002. Over the intervening six years, however, the sum of assistance budgeted for the region has declined precipitously, to barely $100 million in FY 2006 and barely $80 million in FY 2008. The decline has been particularly steep for funds devoted to projects that seek to support democracy and governance in the region. Whereas more than $31 million was appropriated to support such projects in Central Asia in FY 2006, the FY 2008 appropriation includes less than $28 million under this heading, a decline of more than 10%.

Central Asia is strategically important to the United States by virtue of its location – bordering both Iran and Afghanistan – its wealth in oil, gas and other natural resources, the fragility of its political systems and the possibility that the region could become another major breeding ground for radical militants. But it is not enough to for the U.S. Government simply to state that Central Asia is a region of key strategic interest. The U.S. Government needs to put sufficient resources behind these declarations. Freedom House strongly urges the Administration and the Congress to restore assistance funding for Central Asia in FY 2009, particularly for the work of promoting democratization, good governance (a pre-requisite for long-term economic well-being) and improved human rights performance, without which the "stability" of which the region's autocrats boast will turn out to be a short-term illusion.

Mr. FALEOMAVAEGA. Before providing the subcommittee with your statement, Mr. Secretary, I just want to make this introduction.

Ambassador, or Secretary, Boucher, was sworn in as Assistant Secretary of State for South and Central Asian Affairs 2 years ago. In the course of his career, Ambassador Boucher served as the Department of State's spokesman or chief spokesman under six Secretaries of State and has served as Chief of Missions twice overseas. Ambassador Boucher served as chief spokesman under Secretary of State Madeleine Albright, Secretary of State Colin Powell, Secretary of State Condoleezza Rice, Secretary of State James Baker, Secretary of State Eagleburger, and Secretary of State Christopher. That is quite a list there.

Ambassador Boucher's career also focused primarily on economic affairs in China and in Europe. He served as Ambassador to Cyprus for 3 years, from 1996 to 1999. He served also as Counsel General in Hong Kong. He also was involved with Asia-Pacific Economic Cooperation, commonly known today as "APEC."

As a career Foreign Service Officer since 1977, Ambassador Boucher also served tours in Taiwan, Guangzhou in China, and Shanghai. A native son of Maryland, he obtained his undergraduate degree from Tufts University and did graduate work in economics at George Washington University, and he is fluent in French and in Chinese. What a combination.

Mr. Secretary, we welcome you, and I really, really appreciate your taking the time to appear before the subcommittee and to give us a little report of where we are, as part of this oversight hearing, in Central Asia. I do not think the average American knows anything about Central Asia; yet, it is my humble opinion that Central Asia in the years to come will definitely be one of the most important regions to look at and certainly for our Government to be actively involved in simply because of the issues involving the energy resources that countries in the world have a need for.

I have no doubt in my mind, Mr. Secretary, that Central Asia will definitely become a very, very important region in the world in the years to come.

Mr. Secretary, please proceed. By the way, there is no 5-minute limit, because it will be you and me. Hopefully, maybe some of my colleagues will join us. Everybody is so uptight with all of the things happening now over the past weekend.

Be that as it may, please proceed.

STATEMENT OF THE HONORABLE RICHARD A. BOUCHER, ASSISTANT SECRETARY, BUREAU FOR SOUTH AND CENTRAL ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. BOUCHER. Thank you, Mr. Chairman.

I have a longer statement I would like to see entered into the record.

Mr. FALEOMAVAEGA. Without objection.

Mr. BOUCHER. Let me, if I can, make a few remarks that frame our approach to this region.

First of all, thank you for holding this hearing, and thank you personally for your interest in what is a critical region for the United States. As you said, we have so many things in play here—

some of them positive, some of them negative. Some of them are very difficult to deal with, some things go quite smoothly; I think that is the importance of the region.

Often, to most Americans, I think it seems pretty vague and distant. Your willingness to travel out there and to focus, really, on some of these issues that are critical to us, I think, is a very important part of our policy in this region.

It is a region that is going through a lot of change. There has been tremendous change in the region. We have a lot of interests there along with other countries that have many interests there, so there is a certain amount of opportunity, I guess I would say, for the countries involved to do things with different countries, including us.

Mr. FALEOMAVAEGA. Is the microphone on or am I deaf? Go ahead.

Mr. BOUCHER. Let me try to get closer to it.

While the United States faces challenges to its interests in the region, I firmly believe there are opportunities for a positive transformation in the region that can lead to lasting peace and prosperity there.

To begin with, let me say clearly that our policy in the region is firmly based on the premise that the five Central Asian nations are sovereign and independent states with whom we should maintain multidimensional relations on a broad range of issues. Our policy is to emphasize relationships with the Central Asians themselves. We are not out there to play games, some great game, or to play with other powers. We are out there to work with each of these countries in their own way to try to build them and to give them choice and opportunity. We seek to maintain mature bilateral relations with each country based on our foreign policy goals and values and each country's specific characteristics and dynamics.

Our overall goal in the region is clear. We aim to support the development of fully sovereign, stable and democratic nations that respect human rights. We also want them to be integrated into the world economy, to cooperate with one another, with the United States and with our partners, and to advance regional security and stability.

Our strategy rests on three integrated pillars: Fostering security cooperation; expanding commercial and economic opportunity, including through economic reform; and promoting internal democratic reform and protection of human rights. We see these three pillars as inextricably linked and mutually reinforcing.

Genuine stability, in our view, is best achieved when citizens have a stake in a government that respects their rights. Stability, in turn, fosters economic development, accelerates growth and broadens wealth. Thus, we are determined to pursue all three pillars in a balanced way.

We are also promoting multiple linkages to connect Central Asia to the world. No country should be left with only one option, one market, one trading partner, one vital infrastructure link or one source of information.

Central Asia is a landlocked region, far from major maritime trading routes, but as we all know, it was once a crossroads of global trade, and it could be that once again. Central Asia lies next

door to some of the world's most dynamic economic regions, and that is to its advantage. The more options that Central Asians have, the more choices they have and the more independence they have.

Secretary Rice has articulated a clear vision for a stable and democratic Central Asia, one that is increasingly connected to South Asia. It is in the interests of the Central Asian states to build linkages to the south that complement their existing ties to the north, to the east and to the west. Our goal is to help them revive ancient ties between South and Central Asia and to help create new links in the areas of trade, transport, democracy, ideas, energy, and communications. Let me cite an example.

In August 2007, I was at the opening of a new bridge spanning the Pyandzh River, this river that flows between Tajikistan and Afghanistan. The bridge was designed by the U.S. Army Corps of Engineers, and it was funded by the United States Government with a major contribution from Norway. It will boost economic development by increasing regional trade and investment and by stimulating small- and medium-sized businesses and farms. Already, since the bridge has opened, Afghan vehicle traffic into Tajikistan has increased sevenfold and border tax revenue tenfold.

The bridge is an important piece of a future regional highway network as well, a network that extends from Karachi, Pakistan, to Astana, Kazakhstan. It includes the more than 2,400 miles of roads that we have built within Afghanistan since 2001.

We are also trying to link Afghanistan in other ways to the countries of the region. One opportunity is for them to supply power to northern Afghanistan and, on our part, to help develop the Afghan electricity systems so that Afghans can benefit from that connection. Together with other donors, we are also exploring ways to export electricity from Central Asia, beyond Afghanistan, to Pakistan and, eventually, to India.

You spoke of the hydrocarbons, of the oil and gas potential of this region, which is huge and which is already being exported through a variety of routes. It is in our interest to try to help them develop multiple routes, other routes, to export hydrocarbons from the region, including the trans-Caspian route that you mentioned.

I would also note that electricity has enormous potential. The hydropower potential of Tajikistan and Kyrgyzstan, in particular, in the long term can become as important as some of the other energy reserves in this region.

So our goal is to try to give the countries of the region opportunities to develop these resources, opportunities to export these resources and opportunities to develop themselves based on the appropriate use of their natural resources.

Mr. Chairman, in your letter of invitation to the hearing today and as to some of the things that you mentioned in your opening remarks, you asked a number of specific questions about United States policy in the region, including our efforts in the area of democracy, human rights, security, and Central Asian energy. I look forward to discussing these with you.

Let me assure you that these issues are all high on our agenda in Central Asia. We work with each of the Central Asian states to advance these multiple objectives. The rate of progress often differs

in each of the five countries, but we made clear to each of our Central Asian partners that we expect to move forward in all areas of cooperation.

You mentioned a couple of things in your opening remarks that maybe I should just try to deal with, if I can, one by one, and then you can remind me of whatever I forget.

In 2004, we did abolish the post of energy coordinator at that time. That was a recommendation of our inspectors based on the fact that what you might call the "first phase of development" for this region seemed to have been completed, and that was essentially the Baku-Tbilisi-Ceyhan pipeline that helps bring oil out of Azerbaijan at this point.

More recently, we have created an energy structure for this region because we see the new opportunities with the expansion of oil exports from Kazakhstan, the new opportunities that might be created for Turkmenistan and the needs in Europe especially for a more diversified source of energy. So we have a number of high-level officials who are working full time on Eurasian energy and on Caspian energy matters.

One of my former deputies, Steve Mann, is an expert in this, and he is now devoting his full time to the oil and gas account for this region. There are people in my bureau and in the European Bureau who work with him. In addition, the President has announced the nomination of Mr. Boyden Gray to be a special envoy for Eurasian energy issues. He will bring, I think, even higher-level attention and focus on the matters involved in energy from this region in providing energy in a diversified manner from Europe.

You talked about the human rights problems in the region, and they are many. Even some of the places that have been going better, like Kyrgyzstan, are now facing some problems and concerns. We are very forthright and frank in raising concerns in all of these countries.

We are very focused, I think, in the way we try to move things forward. We do not try to keep things from moving in other places where they need to, where we have interests like border control or narcotics control, ties to Afghanistan or other things; we develop those as well. But we always make sure we do that in concert and in balance with pressure and progress on human rights matters.

The one other issue I might talk about is the Shanghai Cooperation Organization's call for a deadline for United States presence in the region. I think the simplest answer to that is what you noted, that since 3 years ago when they said that, nobody in the region has tried to do that, has tried to set a deadline on foreign presence there. The Government of Kyrgyzstan has made clear that while they may eventually see an end to the use of the base of Manas, they also see that use continuing as part of their support, as part of their contribution to what is an important effort that all of us are engaged in in trying to stabilize Afghanistan for strategic regions, but also to prevent terrorism from coming out of there into other parts of the region and, indeed, into other parts of the world, like our own.

So I think we do have very positive and healthy relationships with these governments, by and large. We certainly have very active dialogues even in the places where we have tremendous prob-

lems. Our goal is, as I said, to try to move forward and balance all of the aspects of our relationship.

So thank you, sir. It is a pleasure to be here today. I would be glad to answer any of your questions.

[The prepared statement of Mr. Boucher follows:]

PREPARED STATEMENT OF THE HONORABLE RICHARD A. BOUCHER, ASSISTANT SECRETARY, BUREAU FOR SOUTH AND CENTRAL ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. Chairman, Ranking Member Manzullo, and Members of the Committee: Thank you for inviting me here today to talk with you about our policy in Central Asia. Central Asia is a strategically important region at the crossroads of Eurasia. It is going through a period of tremendous change. Many countries have interests there, not least the United States. While the United States faces challenges to its interests, I firmly believe there are opportunities for positive transformation in the region that can lead to lasting peace and prosperity.

To begin, let me clearly state that U.S. policy in the region is firmly based on the premise that the five Central Asian nations are sovereign and independent states with whom we should maintain multi-dimensional relations on a broad range of issues. Our policy is to emphasize our relations with Central Asians themselves. We seek to maintain mature bilateral relations with each country based on our foreign policy goals and values and each country's specific characteristics and dynamics.

Our overall goal in the region is clear. We aim to support the development of fully sovereign, stable, democratic nations that respect human rights. We also want them to be integrated into the world economy and cooperating with one another, the United States, and our partners to advance regional security and stability. Our strategy rests on three integrated pillars: fostering security cooperation; expanding commercial and economic opportunity; and promoting internal democratic and economic reform and protection of human rights. We see these three pillars as inextricably linked and mutually reinforcing. Genuine stability, in our view, is best achieved when citizens have a stake in a government that respects their rights. Stability in turn fosters economic development, accelerates growth, and broadens wealth. Thus, we are determined to pursue all three pillars in a balanced way.

We are promoting multiple linkages to connect Central Asia to the world. Countries should never be left with only one option—one market, one trading partner, one vital infrastructure link. Central Asia is a landlocked region, far from major maritime trading routes. But it was once a crossroads of global trade and can be once again. Central Asia lies next door to some of the world's most dynamic economic regions. The more options Central Asians have, the more choices they have, the more independence they have.

Secretary Rice has articulated a clear vision for a stable and democratic Central Asia, one that is increasingly connected to South Asia. It is in the interest of the Central Asian states to build linkages to the south that complement their existing ties to the north, east and west. Our goal is to help them revive ancient ties between South and Central Asia and to help create new links in the areas of trade, transport, democracy, energy and communications.

In August 2007, I was at the opening of a new bridge spanning the Pyanzh River that now connects Tajikistan and Afghanistan. Designed by the U.S. Army Corps of Engineers and funded by the U.S. Government with a major contribution from Norway, the bridge will boost economic development by increasing regional trade and investment, and stimulating small and medium-sized businesses and farms. Already since the bridge opened, Afghan vehicle traffic to Tajikistan has increased seven-fold and border tax revenue ten-fold. The bridge is an important piece of a future regional highway network extending from Karachi, Pakistan to Astana, Kazakhstan, including a network of more than 2,400 miles of roads within Afghanistan that have been constructed or reconstructed since 2001.

The U.S. is also advocating for the countries of Central Asia to supply power to northern Afghanistan, and helping to develop the Afghan electricity system so Afghans can benefit from that connection. Together with other donors, we are also exploring ways to export electricity from Central Asia beyond Afghanistan to Pakistan and eventually India. Trade in electricity can benefit both sides, providing much-needed energy to South Asia and serving as a major source of future revenue for the countries of Central Asia.

Mr. Chairman, in your letter of invitation to this hearing today, you asked a number of questions about U.S. policy in the region including our efforts in the areas of democracy and human rights, security, and Central Asian energy. These issues

are certainly high on our agenda in Central Asia and we work with each of the five Central Asian states to advance these objectives. The rate of progress often differs in each of the five countries, but we make clear to each of our Central Asian partners that we expect to move forward in all areas of cooperation.

HUMAN RIGHTS AND DEMOCRATIC REFORM

Democratization and respect for human rights are fundamental to U.S. goals in the region. Not only are they important goals in their own right, we also believe stability and prosperity come when the government respects the rights of its own people and is responsive to them. Additionally, when people are able to influence the political process through legitimate, peaceful means, they are less susceptible to extremist ideas and violent means of political expression.

While our policy on human rights is clear, it is often our toughest challenge in the region. The post-Soviet legacy of authoritarianism makes it difficult to nurture democratic reform. The challenge increases as our resources decline. Assistance to Central Asia in the areas of human rights and democratic reform has been one of our more effective levers in moving the reform process forward. Our assistance has helped create stronger electoral institutions, fostered civil society, built government capacity to create democratic institutions and political parties and improved some media environments. The challenge rests in creating the political will to properly implement legislation and to convince ruling parties that some dissent and difference of opinion is not a threat to their security. As we work with our Central Asian partners in this area, we recognize that each of the region's countries is quite different and we must tailor our approach to the local environment.

We are working with the Government of Kazakhstan to fulfill the commitments it made when it was selected to become Chairman in Office of the Organization for Security and Cooperation in Europe in 2010. The Government committed to modernizing its election, political party, and media legislation by the end of 2008. It also committed to preserve the existing mandate of the Organization's Office of Democratic Institutions and Human Rights and defend the Office against any future efforts to weaken it. The Madrid Commitments for the Chairmanship may become a useful catalyst for Kazakhstan to intensify political reform.

In Turkmenistan, the government has begun to open up its society under the leadership of President Gurbanguly Berdimuhamedov. Turkmenistan has freed some political prisoners and is discussing reform of the state media and widening the availability of information. The government has publicly pledged to review international agreements to which they are signatories with a view towards meeting international standards on human rights. These are first steps. Turkmenistan has a long way to go. We seek to open a dialogue directed toward identifying potential areas for bilateral cooperation, including strengthening civil society and access to information, and promoting transparency and accountability. We continue to press the government on individual cases of concern as well as continuing severe restrictions on political and civil liberties. We will closely monitor their progress.

With its vibrant civil society, relatively open media environment, and outspoken opposition, Kyrgyzstan has made impressive progress toward democracy since independence. In September 2007, our two governments affirmed publicly that "Further development of democratic values and human rights are priorities for both nations, and cooperation will continue in this direction." Nevertheless, the disappointing constitutional referendum in October 2007, inadequate parliamentary elections of December 2007, and restrictions on peaceful assembly indicate Kyrgyzstan still has work to do. We deliver consistent and clear messages at senior levels that the government must follow through on its own stated goal of democratic reform and reinforce those messages with wide-ranging programs that strengthen democratic institutions and promote basic human rights. A $16 million Millennium Challenge Account Threshold Program, signed March 14, 2008, will help Kyrgyzstan promote the rule of law and combat corruption by encouraging reform in the judicial and law enforcement sectors. Kyrgyzstan qualified for the program in November 2005, and we made clear at the signing that reforms in the area of democratic governance still need serious attention, and the success of the program will depend on continued progress in the overall process of democratization. In response, the Kyrgyz government indicated a renewed commitment to the program and democratization in general. We will continue to support their efforts by providing the tools they need and delivering friendly but frank messages about their progress.

In Uzbekistan, we have made clear to the government that the U.S. desires a broad relationship, one in which human rights and democratic development play a vital role. We continually urge the government of Uzbekistan to take concrete actions to improve the human rights situation in the country. Recently, we welcomed

some positive, albeit limited, steps taken by the government, including the release of several prisoners of conscience, the resumption of visits on a trial basis to detained persons by the International Committee of the Red Cross, and the passage of new legislation combating trafficking in persons. We have urged the government to take additional measures to address serious human rights concerns.

In Tajikistan, the still vivid memory of the Tajik civil war leads some Tajiks to believe that democratic reform leads to instability. We are working to counter this message by gearing our assistance program to build institutional capacity to improve government accountability, as well as supporting the development of civil society.

SECURITY

Our security relationships with the Central Asian states are designed to support their own stability and independence and that of the region. In particular, we are grateful for the Central Asian states' support for the reconstruction and stabilization of Afghanistan. The most high-profile example of our security relationship with the region is the Manas airbase in Kyrgyzstan, a critical logistics hub for the Coalition effort in Afghanistan. Other countries support international efforts in Afghanistan as well. Tajikistan and Turkmenistan provide overflight rights. Uzbekistan also provides limited overflight rights and is an important transit route for non-lethal supplies.

Equally important, our nonproliferation, counternarcotics, and border security programs continue to produce results despite declining budgets. For example, the drug control agencies of Tajikistan and Kyrgyzstan, which U.S. funds helped to establish, continue to provide robust collection of information, which is used to interdict the flow of narcotics and traffickers coming through the region. We are also looking to leverage the offices of the Organization for Security and Cooperation in Europe as well as the UN Office on Drugs and Crime to enhance customs and border security capacity throughout the region.

ENERGY

Central Asia is clearly significant to our efforts to diversify energy supplies to Europe and the United States. We also consider the development and diversification of the Central Asian energy sector as a critical component in our broader strategy to create those multiple economic linkages that increase the independence of the Central Asian states and introduce market principles to the regional energy market. We are therefore working to facilitate multiple oil and gas export routes, including trans-Caspian routes, to increase the region's stability and prosperity.

Consistent with our policy of encouraging and supporting the development of market based, competitive energy economies, the Administration has been active in promoting private energy sector investment in the region. Presently, U.S. companies have substantial equity investments in oil and gas production in Kazakhstan, Azerbaijan, hopefully in the near future, in Turkmenistan. We strongly support these countries and their decisions to open their economies to private investment and world markets. Likewise, the Administration, through the Department of Energy, has an active bilateral effort to collaborate on the development and deployment of alternative energy sources with several of our regional partners.

On March 31, President Bush announced that Special Envoy to the European Union C. Boyden Gray will serve as Special Envoy for Eurasian Energy. Mr. Gray will engage directly with senior European, Central Asian, Russian and other political and business leaders to support the continued development and diversification of the energy sector.

ASSISTANCE TO CENTRAL ASIA

Mr. Chairman, you asked questions concerning our assistance to Central Asia, specifically, if we condition assistance on progress in democratizing and upholding human rights, and if Congressional conditions on aid to Kazakhstan and Uzbekistan have affected U.S. policy. Our assistance policy for the region is designed to support our three pillar strategy of fostering security cooperation, expanding commercial and economic opportunity, and promoting internal democratic reform and protection of human rights. In fiscal year 2008, the total Department of State-controlled budget for the Central Asia region is $104.6 million. $54.6 million is directed toward democratic reform and economic development, including efforts to promote respect for human rights, democratic reform, build civil society, and create jobs and market-oriented economies. Approximately $28.8 million of the total is allotted for security assistance including counter-narcotics and border control programs, military ex-

changes, and non-lethal defense related equipment like radios and emergency response equipment.

We constantly seek to balance security assistance with democratic progress and upholding human rights, and we make clear to all our Central Asian partners that we desire broad relationships that require progress in all areas of cooperation. Other than Congressional restrictions on Kazakhstan and Uzbekistan, there are no formal conditions on security assistance, but we make sure that progress on other fronts will not come at the expense of human rights. We also believe that our security assistance furthers our goals of sovereignty and independence while strengthening military reform and promoting civilian control, thus complementing our assistance in the area of democracy and civil society development. We can often use the countries' interest in security cooperation to open the door to broader engagement on the rule of law and, ultimately, democratic development. Though it is often in the clear interest of the U.S. to cooperate on anti-terrorism, nonproliferation and counter-narcotics efforts, we are careful to ensure that security assistance does not inadvertently enhance governments' abilities to repress their citizens.

Congressional restrictions exist on aid to the governments of Kazakhstan and Uzbekistan in appropriations legislation. With regard to Kazakhstan, these restrictions have been waived on national security grounds. Nonetheless, the restrictions in legislation highlight the importance we give to democratic progress and respect for human rights. While not formally related, they also remind us of the importance of Kazakhstan's commitments it made upon being selected to become the Chairman in Office of the Organization for Security and Cooperation in Europe in 2010. On Uzbekistan, Congressional conditions put in place in 2004 and 2007 severely limit our assistance to the central government and underscore our serious concern with the human rights situation there. However, these restrictions also hinder our ability to quickly respond to positive changes, encourage additional support for Afghanistan's struggle to defeat regional terrorism and extremism, and limit our options to react to sudden changes as has been the case in Turkmenistan. These restrictions affect our policy to the extent that we use them as tools to focus those governments on Congressional concerns.

CONCLUSION

Mr. Chairman, Secretary Rice has articulated a vision for a stable and democratic Central Asia, marked by strong cooperation among the nations themselves and with the broader region for mutual benefit. Furthermore, we cannot overstate the importance of these countries to the long-term stability of Afghanistan. We have ambitious policy objectives in a region still burdened by Soviet legacies. We face enormous challenges at a time when our resources for the region continue to fall. We sincerely thank you for your support in past years and appreciate the flexibility you have provided us to address serious challenges in the region. We ask for your serious consideration and full funding of the Fiscal Year 2009 request.

Mr. Chairman, members of the Committee, thank you again for this opportunity to discuss this important region. I stand ready to take your questions.

Mr. FALEOMAVAEGA. Thank you, Mr. Secretary. I appreciate very much your comments and your statement. We will proceed now with a couple of questions that I have.

Sometimes I get so confused myself. We have Central Asia. We have South Asia. Where is West Asia? Where is East Asia? Then there is Southeast Asia; there is Northeast Asia. What is going on here? We put labels in geographical terms and, yet, totally unassociate it in any way or form.

You mentioned earlier about Secretary Rice's suggesting that the linkage be established between Central Asia and South Asia. Why not link it also with West Asia like the Ukraine and Georgia and those other countries that are just right along the border as well? Is it because they are less democratic than those in Central Asia, or is it because we have a higher interest in Central Asia than we do among the countries like Ukraine, Georgia and the others that seem to have Russian influence? Or are we going back again to the Cold War period, seemingly, where there seem to be maneuverings

in this region and in part of Russia and in what we are trying to do in extending our sense of influence?

Do you perceive the Shanghai Cooperation Agreement as somewhat like a NATO counterpart in terms of what is happening now in the trend? Let us raise that issue first.

The perception, at least in layman's terms, is that it seems that because NATO—and by the way, we organized NATO because of the former Soviet Union and the power play between two superpowers. That no longer exists, supposedly, but we continue expanding and organizing NATO. For what? There is no more Soviet Union.

Can you help us with that?

Mr. BOUCHER. Sir, there are a lot of good questions there. I guess anytime we try to organize ourselves bureaucratically, we have to divide the world up into chunks that we can deal with. These countries have been—if you look over the last 15 years of their independence, which is not a long time, they have been part of the separate, sort of Russia and former Soviet Union configurations. Now they are part of a region that includes South Asia and Central Asia together. The reason Secretary Rice wanted to do this is that she thought that is where the strategic opportunity lay.

In no way are we trying to take away from their existing ties and infrastructure with Russia; that is an important opportunity. They are building new ties and markets for energy and trade and other relationships with China; that is an important opportunity for them.

We continue to work very hard, along with Europe, to develop their ties to Europe. Indeed, most of the countries, most of the heads of state, were just in Bucharest last week at the NATO meeting, participating in the NATO events there along with other countries in this broader area that NATO is trying to develop ties with. Several of them have partnerships with peace programs and with other programs within NATO that help them develop their forces, that help them develop their capabilities in natural disaster relief, for example, and in other areas with the assistance of NATO. I think it is important that people keep that association with Europe, to keep an association with the European Union.

The European Union is very active in this region. We work closely with them, and we keep an association with the Organization for Security and Cooperation in Europe, which can be an important source of advice on democratization and laws and constitutional change, as well as values, support for professional security operations, for better respect for human rights and for other things, as well as for economic opportunities. So there are a lot of these ties to Europe that are very important to us that we work very hard to nurture.

For us, organizationally, the new opportunity is South Asia. The historic opportunity is that Afghanistan for the last 150–200 years has been a block between South and Central Asia, and it is now an open place, a hub, a potential conduit for trade, for ideas, for energy, and for people.

Mr. FALEOMAVAEGA. Mr. Secretary, I do not mean to interrupt, but as to opportunities right now in Afghanistan, we are, really, in a most very, very serious situation. There is NATO presence there

because of the Taliban. Some 21,000 to 30,000 United States forces are there in Afghanistan. Of course, it started with the fact of the 19 terrorists who attacked our country on September 11, which initiated the whole effort to go to Afghanistan, supposedly to go after Osama bin Laden which—5 to 6 years later, we still have not found Osama bin Laden.

My point here is that you are suggesting that Afghanistan has tremendous potential for advancement, but it seems to me that we have got some very, very serious problems there in Afghanistan. So I do not see where the advancement is.

I note with interest that Afghanistan borders Iran. Iran borders Turkmenistan, and somehow we seem to want to isolate, as if to pretend that Iran does not exist. One of the ironies that I have always also wondered, in the whole realm of putting the finger on Iran because of its nuclear testing or nuclear reactors that might be transformed into a nuclear weaponry system, yet, our European allies trade with Iran.

There seems to be a contradiction here, Mr. Secretary, that I would like for you to address. How is it, on the one hand, we are going after Iran in the worst form—isolating it, putting all kinds of sanctions because of its proposed nuclear reactor that Iran has a felt need for—and yet find out that maybe many of our European allies are trading with Iran?

Mr. BOUCHER. Let me start with the Afghanistan portion of that, if I can, because that is directly in my reach.

Mr. FALEOMAVAEGA. Please. Please.

Mr. BOUCHER. There are enormous problems in Afghanistan. There are enormous problems in Afghanistan that affect Central Asia. These people are worried about some of the terrorism effects that could come their way. Certainly, they are worried about the drug trafficking that comes out of Afghanistan and goes in their direction.

Mr. FALEOMAVAEGA. And the growing of poppies that never seems to go away.

Mr. BOUCHER. We try to deal with that in Afghanistan, but also help these countries with drug control and border control.

There are also opportunities—opportunities for trucks and trade symbolized by that bridge that Secretary Gutierrez and I were at at the opening last August, opportunities to bring electricity down. There are contracts. There are lines being built.

These countries will start supplying some of the energy that Afghanistan needs. A couple of years beyond that they will start supplying energy through Afghanistan down to Pakistan, which is desperately in need of energy and, eventually, we hope, down into India.

So those are opportunities that are emerging. Even as we deal with all of the challenges and difficulties of Afghanistan, we have to develop these opportunities as well.

As for Iran, I do not deal directly with Iran. I deal with the effects of Iran on Afghanistan where we see a variety of behaviors—sometimes support for the government, sometimes culture and commerce, sometimes the supply of weapons to the Taliban, sometimes efforts to suborn the political process. Iran is very difficult to deal with in this region, and we do look at Iran's behavior over-

all, whether it is on the nuclear issue or on support for terrorism groups or on the undermining of what we think is sometimes undermining the government in Afghanistan. We have to deal with that with partners.

Just on the issue of Europe and of trading with Iran, I think if you look back at how we have dealt with the issue of the problems that Iran has created over the last couple of years, particularly the nuclear problem, it has been a matter of extensive discussion and coordination with Europeans and with other allies. It has been a matter of U.N. resolutions where everybody got together and agreed. So we have been working with those people as well, and they have been supporting the overall effort.

Mr. FALEOMAVAEGA. I may have eluded to this earlier, but I will pursue this question again, Mr. Secretary.

I have said that, in my layman's opinion, there is tremendous potential of the Shanghai Cooperation Agreement that could also become a NATO-type organization as a counterpart to NATO. It raises another question that I might have for which I want to ask your opinion.

Why do we want to build a missile defense system in Poland and Czechoslovakia? Who are the enemies we have there for whom we are building this missile system? Now, I am told, at least if the media reports are accurate, that it is pointed against Iran, and of course the Russians are saying, "No. It is pointing at us."

Are we creating another arms buildup in a similar situation of a Cold War potential for doing this? I mean, who are we really pointing these missiles at in this plan, grand scheme of things, so that we would want to build a missile defense system in these two countries?

I just do not see where the enemy is. Please help me on this.

Mr. BOUCHER. Sir, when I was spokesman—and you knew me before in that role—I did answer questions about anything in the whole world, but at this point, the question of missile defense in Europe is handled by my colleagues who do Europe and NATO, so I am sure I cannot give you a complete answer.

Let me just say that the system, as I understand it, is of such size and capability that it is not going to protect against the kind of arsenal that Russia might have, for example. It is to protect against errant or rogue states or errant missiles or onesies-twosies, basically maybe small numbers. That is the kind of fear that we have, that given the proliferation of technologies and capabilities in the world, you have to be able to protect yourself against somebody who might not have the kind of nuclear deterrence that we had had in the Cold War days but that might have some kind of small capability that could be used at any moment for any reason.

As to the Shanghai Cooperation Organization question, let me make sure I answer it this time; I forgot it the last time.

You know, the organization was founded with the goal of improving border security, of improving border exchanges, of promoting cooperation against terrorism in this region. I think, to the extent the organization has done those things, it has contributed to better security and stability for the countries involved. It has wandered off in various directions during the course of its political communiqué.

You cited the one from 3 years ago. There were some aspects after that that made it seem like maybe it was a place for big countries to push little countries around. I would say it has probably stabilized again back to the basics of border security, cross-border cooperation, customs, border procedures, common efforts against terrorism.

To that extent, you know, when it does that, we think it makes a contribution to the region. It is not becoming, as we see it, a sort of military alliance. It is certainly not an organization that has marshaling capabilities, commanding capabilities or is instructing countries of what to do and how to do it. Whenever we see it heading in that direction—as I said, big countries telling little countries what to do—we tend to stand up for the little countries and say, it is your right to decide.

Last year, they had their meeting in Kyrgyzstan, in Bishkek, right next to the Manas air base. The Kyrgyz Government made it very clear that that was a bilateral issue, an issue between them and us and them and NATO. It was not a matter for discussion. It did not become a matter of discussion for the Shanghai Cooperation.

So, as I said, I think we see our cooperation as being separate from Shanghai's, and the Shanghai Cooperation Organization does not really interfere very much at this point.

Mr. FALEOMAVAEGA. So, in your best opinion, the Shanghai Cooperation really is not a trend towards—like a NATO military alliance, but is more cooperative on economics?

Mr. BOUCHER. Yes.

Mr. FALEOMAVAEGA. My understanding is that the Russians look at this as a potential military alliance that serves also as a counter to our NATO military alliance. Of course, the Chinese look at it as an economic cooperative effort. It is my understanding also that India and Iran stand as observers to the Shanghai Cooperation, that they might also be members one day.

Mr. BOUCHER. There are some reports that Iran has already asked for membership. I am not sure what the organization will do for that.

Mr. FALEOMAVAEGA. Do you think it is a positive thing that Iran becomes a member of the Shanghai Cooperation?

Mr. BOUCHER. Not particularly. I mean, my view would be that there needs to be cooperation in the region and in the region with the neighbors, but our emphasis is always on the countries of the region. We work with the countries of region to build their capabilities to control their borders, to build their capabilities to control terrorism, to build their capabilities to control narcotics and drugs. That is the way we would like to see other countries working, not trying to impose something from outside.

Mr. FALEOMAVAEGA. Suppose the Central Asian countries say, "Iran, come on over. Join us." This is for economic cooperation. Do you see any problem with that?

Mr. BOUCHER. It depends on what form that cooperation takes. I think we understand countries of the region are going to have trade with Iran.

Mr. FALEOMAVAEGA. How different is that from the fact that European countries also continue to this day to trade with Iran——

Mr. BOUCHER. Frankly, probably——

Mr. FALEOMAVAEGA [continuing]. Our allies?

Mr. BOUCHER. The trade that countries in Central Asia have with Iran, I guess, is probably even at a lower level, and sort of more of what you see when you are in the region is more consumer goods and things like that. It is just sort of an ordinary relationship with a neighbor in many cases.

Where we get disturbed and troubled and where we work with countries is to combat Iranian influence when they are trying to influence governments or political parties, or to modify sort of religious practices or to supply weapons to the Taliban. That sort of behavior is not acceptable, and we are going to work with the countries of the region to stop it.

Mr. FALEOMAVAEGA. Human trafficking. What is the state of human trafficking here in Central Asia?

Mr. BOUCHER. There are a number of serious problems. It is an issue on our agenda on which we work with every single country in the region. We have, I think, at least raised the issue and have made it a matter of concern to the countries of the regions.

We have seen some progress. Even in Uzbekistan, we recently saw them pass a law against human trafficking. Obviously, passing a law is a long way from full implementation, but it is a start.

So it is an issue that we do raise and that we do focus on in our relationships with the countries of the region.

Mr. FALEOMAVAEGA. How effective has the United States engagement been with the Central Asian states to encourage them to democratize and to respect human rights? Do you think that sometimes, when we put congressional earmarks or congressional statements in our appropriations process, that it is a help and that Congress becomes an added extension of our foreign policy system rather than having it performed by the Secretary of State?

Mr. BOUCHER. Mr. Chairman, as I mentioned in relation to your trips to the region and in relation to trips that other Members of Congress have made, whether it is on the Nunn-Lugar program or on the human rights issues, I think congressional involvement in this region is a very important part of U.S. policy. Certainly, every Member of Congress who has traveled to this region, yourself most prominently among them, has raised issues of human rights and has helped us push the human rights agenda as part of our overall relationship.

So, first of all, let me thank you for your congressional involvement.

We have had, I think, generally, a positive influence on human rights in the region. We have seen, I think, continuing progress. Some of it is inch by inch. Sometimes we see—I would not say an "about-face"—but backward steps, backpedaling, involved in human rights.

So you got, last year, in Kazakhstan some constitutional changes that basically, probably, moved the system forward, but that were accompanied by a series of regulations and laws that meant that they ended up having an election where only one party got into Parliament. That clearly is not, practically speaking, a step forward for human rights.

So, this year, we are working with them and are encouraging them to work with the OSCE to pass election laws that meet fully the standards of the OSCE. Kyrgyzstan ended up with a flawed referendum and a very deficient election last year as well.

So it is not all smooth sailing. There is not always forward movement. I think generally we have managed to keep the issue of human rights and the way people treat their own people on the agenda for these countries. We have managed to promote human rights in many areas where it might have seemed difficult, and in individual cases we have seen some progress.

Mr. FALEOMAVAEGA. We are joined this afternoon by my good friend and distinguished colleague from the great State of Texas. I am very, very happy to have you, sir.

Mr. HINOJOSA. Thank you, Mr. Chairman. Thank you.

Mr. FALEOMAVAEGA. Would you like to ask some questions or do you have an opening statement that you would like to share with the subcommittee?

Mr. HINOJOSA. I do not have an opening statement, but I would like to ask a question or two.

Mr. FALEOMAVAEGA. Please proceed.

Mr. HINOJOSA. Mr. Ambassador, thank you for coming. I appreciate your coming to testify before this committee. I would like to ask you a question.

How effective has the United States engagement been with the Central Asian states to encourage them to democratize and to respect human rights? How do the congressional conditions on aid to Kazakhstan affect the United States policy toward these countries as to withholding assistance to the other countries—say, Uzbekistan? How do they influence them to democratize and to respect human rights?

Mr. BOUCHER. As I have noted earlier, we have seen, I think, sometimes mixed progress on the questions of human rights. You know, if you go back 15 years, to when they came out of the Soviet Union, and look at the broad trends, I would say it is positive. Certainly, they have all set the direction, and they have all accepted the direction as to better treatment of their citizens. In a lot of ways, whether it is professional security programs or specifically democracy programs, media law, we have done a lot, I think, to encourage that sort of development; and we continue to make it a very important part of our agenda.

As to the question of congressional restrictions, as I said, I welcome the involvement of Congress. In many ways, legislation does strengthen our hand when we go pursue various topics, but—how should I say—some of the restrictions in their precision to make things difficult, a certain lack of flexibility in how things go about happen.

We have waived the restrictions on aid to Kazakhstan on national security grounds, which I think is well-founded, but we do use the legislation, the fact of the legislation, to highlight that it is the United States as a whole. It is the legislative branch, the peoples' representatives, and the executive branch. They are working together and believe in the promotion of human rights as an element in itself, but also as a source of stability.

We have legislation this year on Uzbekistan that does require certain visa bans to be put in place in the next couple of months if we do not see a certain kind of progress on human rights. We are actually pushing on that. We have seen, I would say this year, since about January, a certain amount of signals of possible positive forward movement. I do not want to go too far on it. They are inviting the Red Cross in for a certain number of visits, for example, and they have changed some laws and have taken some process forward.

So what we do with Uzbekistan we try to do very closely in concert with the Europeans, who have already instigated and who have put in place and who have suspended a visa ban.

So, on the one hand, it strengthens our hand, and it strengthens the way we work with Europe. In the end, we may find ourselves imposing restrictions because of congressional requirements just at the same time that Europeans are loosening theirs, which puts us a bit out of step. Frankly, I would just, you know, like a little more flexibility, but overall, congressional involvement is good, and congressional legislation usually strengthens our hand in pursuing these issues.

Mr. HINOJOSA. There is so much concern on human rights that this morning, on CNN, I was listening to what one of the Presidential candidates suggested, and that is to boycott the opening of the Olympics in China. I would like to have your response as to what you think the impact would be if we did that.

Mr. BOUCHER. Sir, I am not directly responsible for China, so let me get my colleagues to provide me with something I can give you for the record.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE RICHARD A. BOUCHER TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE RUBÉN HINOJOSA

As Secretary Rice has stated, we do not see the benefit of boycotting the Olympics. However, such calls for a boycott reflect real concerns, widely held in the United States and elsewhere, over China's human rights record. The President has noted that the Games provide China with an opportunity not only to showcase its enormous economic progress, but also to demonstrate greater openness and tolerance. We continue to urge China to fulfill the commitments made in its Olympics bid to increase access to information and expand freedom of the press, including in Tibetan areas, as well as take other steps to improve its record on human rights and religious freedom.

Mr. HINOJOSA. Okay. Then I will ask you another question.

At the November 2007 ministerial session of the Organization for Security and Cooperation in Europe, which is known as the OSCE, I believe, O–S–C–E, an agreement was reached for Kazakhstan to chair the OSCE in the year 2010.

What is the Bush administration's position on this decision? What pledges have been made by Kazakhstan to further democratize and to protect human rights? Do you see any recent progress by this country in meeting those pledges?

Mr. BOUCHER. Sir, the decision in November by the OSCE to name Kazakhstan as its chair for the year 2010 was made with United States support, but it was made after 2 years of discussion and negotiation with other countries, and particularly with Kazakhstan. It was important to us that we heard Kazakhstan say at the Madrid meeting very clearly and very publicly that it would

reform its election law, that it would reform its media law and that it would liberalize the treatment of political parties in a way that they had not done in the past several years.

Kazakhstan also, at the same time, vowed to support the human dimension, the human rights' side of the OSCE, as well as the economic and security sides, and to preserve the mandate and autonomy of the Office of Democratic Institutions and Human Rights, which had been under challenge by some other countries in the region. We thought that with these commitments to support the organization and to, in its own way, try to bring itself up to the standards of chairmanship, we could support the idea of Kazakhstan's becoming chairman in the year 2010.

This year, we have been following up on those commitments. I was out there in February. I met with all of the leaders, including President Nazarbayev, the foreign minister and others in the administration. We talked about the commitments. We heard from them a firm commitment to carry out those pledges.

We had talked in previous times with various people in civil society and in the opposition. I talked to them again during my trip, and they were, shall I say, very skeptical as to whether the government really would carry out its pledges, but they all recognized if those pledges were met that that would be a significant change in terms of opening up the system and in opening up the society.

So we have heard the commitment. We are working to keep them to the commitment and to try to make sure that they carry out their own pledges, as well as support the organization in their chairmanship.

Mr. FALEOMAVAEGA. Will the gentleman yield?

Mr. HINOJOSA. Certainly.

Mr. FALEOMAVAEGA. I just want to follow up on your question because it is very important.

How many countries make up the Organization for Security and Cooperation in Europe?

Mr. BOUCHER. Fifty-four or so. There may be one or two more by now.

Mr. FALEOMAVAEGA. My understanding is that we were the only country that did not support Kazakhstan because it was next in line to become chairman of this organization. All of the other countries endorsed Kazakhstan's chairing this organization except us. Does this suggest that we have a different standard of how we look at countries to take up chairmanship of this organization than the rest of the members of this organization?

Mr. BOUCHER. We have been working this for about 2 years. Yes, indeed—we were not alone, but there was a very small group of countries that had serious reservations.

Mr. FALEOMAVAEGA. Like who? Our allies in Europe?

Mr. BOUCHER. Yes, like some of our allies in Europe.

Our view was always that we would love for Kazakhstan to be chairman, but we would love for Kazakhstan to meet the high standards of the organization.

Mr. FALEOMAVAEGA. How did Kazakhstan become a member of this European organization?

Mr. BOUCHER. How did Kazakhstan become a member of this?

It was basically NATO's decision and Europe's decision after the Soviet Union fell apart that the countries that were formerly part of the Soviet Union should become involved in these different organizations. The Soviet Union was in the OSCE. When the Soviet Union fell apart, all of the different countries that had been part of the Soviet Union remained in the OSCE as Independent States.

Mr. FALEOMAVAEGA. I am sorry. I did not mean to—I want to follow up later.

Mr. HINOJOSA. No. That is a good additional question.

Mr. Ambassador, of those who voted to give them the right to chair and to chair OSCE in 2010, do they feel satisfied that Kazakhstan is making progress?

Mr. BOUCHER. The decision was made by consensus, including us, so you could say everybody in the organization supported it or at least went along with it. I would say almost every country supported it, as we did in the end.

I think the countries that we talked to and that we worked with, whether they were longtime supporters or whether they were the people who only came around at the end like us, did it on the basis of Kazakhstan's own commitment. It was Kazakhstan's willingness to move forward with new laws in the area of political parties, election laws and media laws to come up to the standards of the organization. That was what finally put people over the edge and made them want to support it.

Even those who had supported it for maybe a year or 2 before that, who had expressed their support before, had always thought that support would be a way of encouraging them to move forward in this direction. So everybody wanted to see them become chairman by the end of it, but also, everybody wanted to see them carry out their reforms.

Mr. HINOJOSA. With that, I yield back, Mr. Chairman.

Mr. FALEOMAVAEGA. I thank the gentleman, my good friend from Texas.

I have another sense of curiosity, Mr. Ambassador. We have Central Europe. Do we have Southern Europe? Do we have Eastern Europe? How are we dividing Europe in that regard?

Mr. BOUCHER. Organizationally, our European Bureau is a big bureau. It had all 54 countries of the OSCE in it. Now 5 have come out, so it must have 49 left, although I have not counted them recently. I think it actually has 50 now.

Mr. FALEOMAVAEGA. Can you elaborate a little further on exactly what the Organization for Security and Cooperation in Europe does?

Mr. BOUCHER. This goes back to the Helsinki Accords during the days of the Soviet Union, and it was established as——

Mr. FALEOMAVAEGA. As a counterpart to the Soviet Union?

Mr. BOUCHER. No. The Soviet Union was part of this.

Mr. FALEOMAVAEGA. Okay.

Mr. BOUCHER. Remember, Mr. Chairman, President Ford signed the agreement in 1972 in Helsinki, and the Soviet Union was part of this. He was very severely criticized at the time, I should say, in some quarters.

The idea was that we would work between the countries in NATO and between the countries in the Warsaw Pact; the coun-

tries of Europe and of Eastern Europe and of the Soviet Union would work together in three baskets—in the area of human rights, in the area of security and in the area of economics.

Mr. FALEOMAVAEGA. Security collectively? Security regionally? Security worldwide?

Mr. BOUCHER. Security in those days was mostly questions of transparency and of openness, and it was visits to bases, and it was looks at equipment and things like that, inspections and things like that.

Gosh, I worked on this 20 years ago; I forgot half of it. The idea was of collective security and transparency and that that would help build security for everybody.

But I would have to say, in the days of the Soviet Union, the Soviets were always pushing it in the direction of security and economics, and they were trying to stay away from the human rights stuff. The West and the United States pushed very hard on the human rights side, so most of our negotiations on texts or agreements or conferences ended up boiling down to issues of refuseniks—to issues of letting people emigrate, to issues of letting people out of prisons.

Since 1990, it has taken on, I would say, a more, in some ways, positive role in that they have experts and advisors who can go to countries and who can help them on the security side, say, by professionalizing the police and the border forces.

On the issues of economics, they can help people with economic reforms and in creating markets in ways that we also support with our aid programs. On the issue of human rights, they have constitutional experts, election experts and people who can work with political parties in a very nonpartisan way, and people can work with the media on media training. So they run a lot of programs.

What we want is for countries to participate in all aspects of this, not to pick and choose, but to understand that all of these pieces fit together and build a reformed and modernizing society; and that is what people want to aspire to.

Mr. FALEOMAVAEGA. It is somewhat misleading, the word "Europe" in this organization, because now you have Central Asian countries as well as South Asian countries that are members of this Organization for Security and Cooperation; am I correct on this?

Mr. BOUCHER. Well, it takes a broader idea of Europe.

Mr. FALEOMAVAEGA. That is what I mean.

Mr. BOUCHER. President Nazarbayev of Kazakhstan gave a sort of state-of-the-nation speech earlier this year. One of the key elements was that he talked about the path to Europe for Kazakhstan and that he wants Kazakhstan to become more and more a European nation—European not in geography; he is not going to put an anchor on it and haul it a couple thousand miles—but he wants to adopt laws and institutions and practices and standards and values that reflect the laws and institutions and values that are practiced in Europe, and in the United States for that matter.

Mr. FALEOMAVAEGA. Do you think, in the coming years, just as a matter of sheer geographic terms, we will have the European Union comprised of all of these nations that make up the EU? Do you think potentially that Central Asia, Russia and China could

also establish a similar type of union in terms of an economic regional organization similar to the European Union?

Mr. BOUCHER. I think, if something like that happens, it is a pretty long way off. Based on what I know from the countries of the region, they all want to have free trade agreements, more open trade and routes with each other. We work a lot on trade facilitation issues.

When you look at the bridge—you know, the bridge and the highways are coming into place, the trucking regulations, the fruit inspection requirements, the border posts, the bribery and corruption, there are a whole lot of things that still hold back the trade. So they are interested in opening up the trade, and we are, frankly, working on that with them as well.

In the end, I do not think they want to get tied into trading with only one partner or one set of partners. The European Union sort of banded together to create a solid trading area, a single market. I think these people are all looking for multiple markets and multiple opportunities, and I think they want to open up the India market as much as they want to open up the China market for themselves.

Mr. FALEOMAVAEGA. In terms of dollar value, how much presence economically do we have as a country toward Kazakhstan, Kazakhstan being the most progressive and the most advanced as far as economics and export right now in Central Asia?

Mr. BOUCHER. We have got an enormous investment in the oil and gas industry, something over $10 billion just in Kazakhstan. That dwarfs the investment that we have, I think, in any other country in the region.

Mr. FALEOMAVAEGA. Is it also true that Turkmenistan has one of the largest natural gas reserves in the world?

Mr. BOUCHER. It has a lot of potential there. It has been held back by the practices and by the way they have operated over the last couple of years. The new government has indicated they want to put oil and gas on a market basis, on a more modern basis.

One of the things that was always in doubt about Turkmenistan was how much in reserves they really had, how much export and how much gas they would have available for export. They are going through standard practice in the industry, but they have not done it before, which is a gas audit to identify exactly what they have in the way of reserves. That will give commercial enterprises a better picture of what they will have to develop for export.

Mr. FALEOMAVAEGA. With Russia, alone, being one of the biggest exporters of energy resources in the world, do you foresee the potential of having a similar OPEC organization among the Central Asian countries with Russia, with Iran included, even though Iran is currently a member of OPEC? Do you see the potential that this region could become a counterpart to OPEC?

Mr. BOUCHER. I think all countries that are oil and gas exporters in this way want to kind of follow along with OPEC. I really have not talked to any of the individual nations involved about their attitudes toward it, but they do benefit from any pressure to drive prices up. It seems probably at present that there is enough pressure to drive prices up anyway.

What they do resist is the monopolization of their resources. Because of the Soviet Union's infrastructure—the pipelines, the gas pipelines, the oil and gas export routes and pipelines—they have all gone through Russia. And what they want to do is develop other opportunities. For a long time Turkmenistan has paid a low-market price for its gas. They weren't making what you would make if you export to a normal economy. And they have been able to parlay the prospect that they might export to other places, even getting a better price for their gas, and the people of Turkmenistan benefit for that. And at least the new government says they intend to use that for things like scholarships and national development.

So I think what they want to do is have multiple outlets, multiple opportunities, and get a decent price from all the players, including Russia.

Mr. FALEOMAVAEGA. Now at $110 a barrel, $4 a gallon in our country; what amazes me, I am not an economist or mathematician, but I think I can add 2 plus 2 equals 4. How is it possible that major oil corporations in our country are making billions and billions of dollars and say, Oh, don't blame it on us, it is the cost of oil in the world market that is causing all this rise in gas here for the American consumer, but at the same time they are making hundreds of billions of dollars in profits?

Mr. BOUCHER. I think that is the subject of a separate hearing.

Mr. FALEOMAVAEGA. Because the world market price of oil is so high, therefore, that is the reason why the consumption of $4 a gallon in our country. So that is the reason why we have to raise the price of gas in our country. And yet, at the same time, they are making hundreds of billions of dollars in profits. Do you think potentially, do you see Russia, Central Asia—because, let's face it, OPEC is controlling the world market of oil. Am I wrong on this? Are they not monopolizing the cost of fuel in the world today?

Mr. BOUCHER. There are a lot of different factors and a lot of different suppliers. OPEC is one of the factors, but there are a lot of other factors. You have these enormous consumer countries coming in the now. As China develops its economy, as India develops their economy, they want energy too, for, their developments. We have programs to help them with their energy needs, particularly in India where I work. But, in the end, there are a lot of pressures on supply. There are a lot of demands coming out in the world, and a whole bunch of different factors have driven prices up.

What I do think is that the more that we can do to help these countries diversify their routes for export, the more oil and gas that is available to these various countries, whether it is directly through pipelines or converted into electricity and exported to the south like some of the projects we are working on from Turkmenistan and Uzbekistan to go south, or whether it is other ways of exporting energy. The more energy supply there is in the world, the more that world price is pushed in a more stable direction. So it is in our interest to see these countries be able to export and be able to have multiple routes of export and not be monopolized in any one place so that they get the benefit of developing their natural resources at a market price and we get the benefit of having greater availability in the world.

Mr. FALEOMAVAEGA. It is my sincere hope that I will have an opportunity to visit Turkmenistan, Uzbekistan Kyrgyzstan and Tajikistan. I have been to Kazakhstan twice already. And the fact that all of these countries started at point zero when the Soviet Union dissipated, what was the factors that made Kazakhstan in the 15-year period to the point where its economic development and all these things have gone to such prominence as opposed to the other countries that make up Central Asia? What are the factors that you see, why Kazakhstan has been able to advance so much in its ability to build economically and that the other neighbors there in Central Asia seem to be struggling?

Mr. BOUCHER. That is an interesting question, sir, because I don't think any of us would say they have done everything right, because we have certainly criticized an awful lot of things that they have done.

Mr. FALEOMAVAEGA. Well, we haven't done everything right, either.

Mr. BOUCHER. That is true. They had the advantage of natural resources, an abundance of oil and gas. They had the advantage of a certain, I think, probably higher level industrial infrastructure than some of the other countries. But, they also made some very important and key decisions. You deferred to the decision to get rid of their nuclear weapons and not to go down that road. Uzbekistan made the same decision. That was a key strategic decision. They made the decision to develop their natural resources in cooperation with capable foreign partners, capable partners who had the technology, the business practices, and the ability to develop their resources and get them a decent deal and get them the advantage of their resources.

Other countries have not done that with their natural resources. Turkmenistan didn't develop its gas that way; may be interested now in developing on a market basis, which would be to the benefit of Turkmenistan first and foremost. Countries that don't have the oil and gas have other potential. You have the cotton that is grown in Central Asia that doesn't seem to provide as much benefit to the countries and the farmers of those countries as it should. You have huge hydropower potential in Tajikistan and Kyrgyzstan that has never been developed because there is not a regional energy market and they haven't really done what it takes economically to produce the investment that they could get in hydropower. Let's face it, there are places in the world like Quebec or Switzerland or now Nepal is emerging where hydropower and the huge investment it takes to build dams keeps paying off in year after year after year after year. In some ways it is better than oil; it keeps flowing.

So I think having made the right economic choices as well as starting out with a decent endowment has made Kazakhstan do better and become more prosperous than some of these other places.

Mr. FALEOMAVAEGA. You say they by sheer geography alone that our country has been pretty good because of its isolation. You have two massive oceans that separate us from the rest of the world. But in this neighborhood, this region here in the middle of some very, very, very hot spots—you have the Russians up north, you have China on the east, and the current crisis and the problems

in Afghanistan and as well as in Iran, a pretty rough neighborhood to live with. Does there seem to be any evidence of Russian and Chinese efforts to influence this region—I am referring to Central Asia now—both economically and security-wise? Have these countries sold arms or things of that nature to Central Asian countries?

Mr. BOUCHER. Yes, in many, many ways.

Mr. FALEOMAVAEGA. Are we also doing the same? We happen to be the biggest exporter of military arms in the world.

Mr. BOUCHER. No. We don't sell much in the way of hardware.

Mr. FALEOMAVAEGA. Is that right? Who is the number one seller of arms now?

Mr. BOUCHER. I imagine it is still Russia.

Mr. FALEOMAVAEGA. We are at least the top three in the world. Aren't we?

Mr. BOUCHER. In the world, I am sure. But in this region, no.

Mr. FALEOMAVAEGA. Not yet.

Mr. BOUCHER. We do a lot of joint training with countries of the region. We have good military relationships in a lot of places. We are trying to help them develop peacekeeping forces and equip soldiers to be able to go out on U.N. Peacekeeping missions. But, no, we are not heavily involved in other ways. The Chinese and the Russians, yeah, they do try to influence these places militarily. Some of it is good, if you help them create their own security capabilities. Others of it probably don't benefit the countries that much.

I think, in the end, they need to turn all these pressures into opportunities. You can either sit there and be squeezed between Russia and China, or you can say, hey, look where I am: I have got a market of 1 billion people here. I have got a route to Europe. I have got an opportunity to open up trade with another billion people down in India. And I am going to make the most of it.

And that is what we are trying to help these countries do.

Mr. FALEOMAVAEGA. The gentleman from Texas.

Mr. HINOJOSA. Mr. Ambassador, has United States counternarcotics assistance been effective in helping Central Asia combat drug trafficking from Afghanistan?

Mr. BOUCHER. It has been effective in helping them generally, I would say, control their borders better, make some seizures. It is varied from country to country. We do cooperate with all the countries of the region. We cooperate with Russia on narcotics trafficking through this region. But I have to say, the problem coming out of Afghanistan, the drugs coming out of Afghanistan, it is in very, very large quantities. It is very hard for these countries to combat. And we are seeing in these countries some of the effects of the bribery and corruption that comes with it. We are seeing some of the effects of the drugs themselves, where they pay couriers in kind so that they leave some of the drugs behind to get sold on the local market. And we are trying to help all these countries combat addiction, control their borders better, break up the networks, stop the trafficking, seize the drugs. But we are also trying to deal with it at the source and trying to stop it in Afghanistan.

Mr. HINOJOSA. You said that we were working closely with Russia to stop that. How big is their presence?

Mr. BOUCHER. On the counternarcotics front, I think it is fairly significant. They have a network of ties and officers and people

that work in the region. There is a U.N. Center that is established in Almaty in southern Kazakhstan that is a center for regional information-sharing that Russia participates in or—I think they are not quite participating in yet. I think they still have to ratify the documents. But they are intended to be part of it.

So I think we generally welcome Russia's involvement. It is one of the trafficking routes out of Afghanistan. It comes up through Central Asia, goes out through Russia and into Europe. And the Russians are as affected by this as anybody, and they want to stop it. And we want to stop it, too.

Mr. HINOJOSA. Has the newly elected President made any statements or indications as to how he is going to work with us on this problem?

Mr. BOUCHER. Not that I am aware of.

Mr. HINOJOSA. Does Uzbekistan cooperate with the United States in counterterrorism or other regional security issues?

Mr. BOUCHER. As you know, sir, we have had a pretty rocky relationship with Uzbekistan over the last few years. We have had a certain amount of border control programs, of drug control programs, of security programs that we have tried to carry out with them. Those programs weren't around last year when one of our employees, a local employee who was handling them, was arrested by the Uzbek security services, and in the end, we managed to get him released. And we are prepared to put the programs back together again and look, sit down with them and say, okay, what can we do? What is important? What is useful to us and to you? But I would say they have gone from being a regional hub for those sorts of activities to being a small bilateral partner. Over the last couple years we have cut our assistance to Uzbekistan from about $86 million to about $10 million.

Now, that said, I would say this year we have been seeing indications from Uzbekistan that they are perhaps prepared to reenter some of the cooperation, to move forward on issues of human rights, like inviting the Red Cross in to visit prisoners. They have introduced habeas corpus, seemed to have obtained some of the laws about how people are prosecuted. So there have been some positive elements along with continuing negativity on the human rights side. President Karimov was in NATO at the Bucharest meeting and gave a speech there, saying that he was interested in supporting the effort in Afghanistan to stabilize Afghanistan and wanted to look at how they could help with the transit of nonlethal goods that are needed by the coalition forces in Afghanistan. So I think that and other indications are welcomed, and we will see where they can lead to. But it has been important to us first to offer to cooperate with them across the board in all these areas, but to make sure that there is a balance in terms of how we proceed.

Mr. HINOJOSA. You said that there were no indicators of the new Russian President making commitments to work as Putin did with the United States. We see Russia having dialogue with China. And a couple of days ago, President Bush was with President Putin as he is getting ready to turn over the reins to the newly elected President. My question is, are Russia and China contravening United States efforts to foster democratization and respect for human rights in that region, in your view?

Mr. BOUCHER. I would say, generally, yes. Let me clarify if I didn't say it as precisely as I should have before. We have found ourselves able to cooperate with Russia in this region against narcotics, specifically, because that is an area where both of us are very concerned about the threat and the trafficking. I would say our cooperation in other areas has been limited. Russia and China, when they go into these countries, whatever they do, they don't raise human rights.

Mr. HINOJOSA. They what?

Mr. BOUCHER. They don't raise human rights issues. They don't raise market reform issues. They are really there for perhaps different purposes than we are. I think we are farther away. We are much more interested in developing the countries themselves as healthy modern societies. And that is the goal of our policy; perhaps less for Russia and China.

I do have to say, I go into leaders' meeting rooms and I say—they say, well, help me with this, help me with that. I say, okay, what can you do on human rights? How are you moving forward on economic reforms? And they say, what is the matter with you Americans? The Chinese gave us $600 million to build a road; they didn't ask any of these questions.

So it is kind of tough sometimes. What we have to sell is a whole agenda and say: All these pieces fit together if you want a modern economy. You talk about how come some countries have developed better than others. And I think to the extent that they have undertaken reforms, to the extent that they have opened up to cooperation with the outside world, including the outside companies, countries have done better. And that is the package we have to sell.

Mr. HINOJOSA. I yield back, Mr. Chairman.

Mr. FALEOMAVAEGA. My understanding basically in my discussions of this issue with some of our Chinese leaders, to the extent that policy is fundamentally not to intervene or to interfere with issues that are of an internal domestic nature. So we tend to put conditions: Before we give you this, you have got to do this, this, this, and that. And I see this all over the world in terms of how the People's Republic of China deals with other countries. I think it was last year China invited 40 heads of government from Africa, wined and dined them and hosted them in China, and for the whole purpose of trade. They didn't want to talk about human rights or things that are important to us as part of our foreign policy. But to China, they want to help in an economic forum to trade with the African countries; so now, there are some 800,000 Chinese doing business all over Africa in that sense of economics and not discussing human rights violations.

And I point to this as a matter of interest that we have every year a State Department report that puts out countries saying that human rights, and then we put them in spectrums of level 3, 2, 1, or 4, the worst abuses of human rights. And I have had the opportunity of talking to some of the leaders of these countries that we put these labels as being the worst human rights abusers, and they get very offended, because a lot of times the State Department, whoever does the report, they don't even meet with the leaders of the countries to find out exactly if their human rights issues are being addressed seriously as it has been.

So I wanted to just note that, and I think this is what separates us perhaps from the countries like China, which has an entirely different outlook of format toward its foreign policy or policy toward other countries of the world. Last year, we had a hearing on the Pacific region, and one of your colleagues from the State Department complained that China and Taiwan are doing checkbook diplomacy among Pacific Island nations. They are buying them off by writing out a check. And I said, wait a minute. My understanding, we had $800 million worth of cash in Iraq that we can't even account for that we gave to the Iraqi people. I said, now which is a better form of diplomacy, cash diplomacy or checkbook diplomacy?

So we have to be a little careful, too, in pointing fingers and saying who is doing this and that, and if we are not doing the same as well. I just wanted to share that concern.

Question. In our foreign assistance program, how does our foreign assistance program compare to, I guess you might say, Russia and China? Because they are right borderline with Central Asia.

Mr. BOUCHER. I don't have total numbers on Russia and China. I am not sure they are widely available. But our assistance in this region over the last couple of years has gone down. Three or four years ago, we were at about $135 million. This year, we are just slightly over $100 million.

Mr. FALEOMAVAEGA. Is it because they don't need our help?

Mr. BOUCHER. To a very small extent. And that is that there is one set of economic reform programs that we started in Kazakhstan where they have actually agreed to take over these programs and are themselves funding these programs and replacing United States money. But that I think is $10 million total. They are about halfway there, now funding about half, maybe a little more. But, no. By and large, it is because we haven't had the money available.

Mr. FALEOMAVAEGA. Do we have Peace Corps presence also in Central Asia?

Mr. BOUCHER. We have the Peace Corps in Turkmenistan.

Mr. FALEOMAVAEGA. How many Peace Corps volunteers do we have in Central Asia?

Mr. BOUCHER. I would have to get you the number.

Mr. FALEOMAVAEGA. I would be very interested to know.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE RICHARD A. BOUCHER TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE ENI F.H. FALEOMAVAEGA

We currently have 276 Peace Corps Volunteers in Central Asia. There are 86 in Kyrgyzstan, 128 in Kazakhstan, and 62 in Turkmenistan.

Mr. BOUCHER. We are doing a poll here of the Ambassadors. So we have Kazakhstan, Turkmenistan and Kyrgyzstan, we have got Peace Corps volunteers. But I will get you the numbers later. And it is a very important program. During all the difficult period of Niyazov's presidency in Turkmenistan, of dictatorship really, we had Peace Corps volunteers teaching English and helping people throughout the country. And I think that was just an important

part of just maintaining the relationship with the country but with the people of the country especially.

Mr. FALEOMAVAEGA. What about our foreign students attending American colleges, universities? We probably have the largest number of foreign students attending American colleges, universities. My last number was almost .5 million foreign students attend American colleges, universities. And I was just curious, how many from Central Asia? How many students from Central Asia attend colleges and universities?

Mr. BOUCHER. Total is probably several thousand. Kazakhstan, you asked sort of how they are developing. And one of the really remarkable and I think very, very positive things that they have done is they have taken a certain chunk of their oil and gas money and put it in scholarships. And their goal, I think they are working up toward 3,000 scholarships a year for their students, that they pay for their students to go abroad. And a large quantity of those come to the United States. We have encouraged Turkmenistan to set up a similar program as it develops its gas reserves, because that is probably the best investment you can make in a long-term development of the country. But also, as you yourself implied, the students in the United States are probably the best investment you can make in a long-term relationship with the United States. And we are very supportive of that. We run a variety of programs, from high school programs to universities or specialist programs for exchanges back and forth with the countries of this region. We are always looking for money and ways to expand that.

Mr. FALEOMAVAEGA. You had mentioned earlier about the fact that one of the basic reasons why we want to build a missile defense system in Czechoslovakia and Poland was to make sure that no rogue state in that region would ever do us harm. Do you consider Russia a rogue state as well?

Mr. BOUCHER. As I said, the missile defense system is not designed to counter Russia.

Mr. FALEOMAVAEGA. So President Putin's concerns are really unfounded.

Mr. BOUCHER. We don't think so. But, again, there are many people much more expert in the State Department.

Mr. FALEOMAVAEGA. Oh, come on. You know more than that. I am just curious, because it just surprises me as to why we are doing this.

The pipeline, as has been proposed and that we had discussed it earlier, do you really see that this could be possible?

Mr. BOUCHER. Trans-Caspian pipeline? Initially what they are looking at for the export of oil from some of the new wells that are coming on line in Kazakhstan is to use an onshore pipeline, and then ships, barges would go back and forth to get some of the oil across the Caspian. Depending on how Turkmenistan develops, there may be a need for gas to flow along that route. And that is a question that we have been pursuing. We have been talking to the countries and the companies about it. There are a few political matters, but largely these things happen or don't happen based on the commercial viability. And if you look, say, at the history of the Baku-Tbilisi-Ceyhan Pipeline, the one that came from the coast of Azerbaijan across to Turkey, that was discussed for many years by

governments. And then when the commercial development began, that is when it really jelled and started to happen. That hasn't quite happened yet with the Trans-Caspian routes, but some day it might.

Mr. FALEOMAVAEGA. Mr. Ambassador, I sure appreciate your patience and some of the questions I wanted to raise. And, again, I regret that some of my colleagues were not able to make it to the subcommittee hearing this afternoon. As you know, we are anxiously awaiting General Petraeus and Ambassador Crocker's presence coming here tomorrow, and I am sure that this is probably the reason why many of the members are all worked up in trying to get this thing done for tomorrow. But I really, really appreciate your coming in to share with the subcommittee some of the latest happenings in that region, which I consider very important. And, unfortunately, it doesn't seem to have the visibility and the focus as much as perhaps other regions and even among the countries. But I sincerely believe that in the coming years this region will play a very critical role as far as the energy policies, both regionally as well as internationally is concerned, and the fact that also Russia and China will play a very important and vital role. So I hope that our country will continue to engage, be proactive and not reactive, and certainly expressing also a sense of appreciation for their helping us and cooperating with us in the current situation that we are faced with in that region.

With that, Mr. Secretary, I don't have any more questions. If you have any statements you would like to conclude.

Mr. BOUCHER. I just want to thank you for having me over today, and thanks for your personal interest and your travel to this region. And I am glad to be able to work the policy with you.

Mr. FALEOMAVAEGA. Like they say, nothing personal. It is strictly business. Thank you, Mr. Secretary.

The hearing is adjourned.

[Whereupon, at 3:33 p.m., the subcommittee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

WRITTEN RESPONSES FROM THE HONORABLE RICHARD A. BOUCHER, ASSISTANT SECRETARY, BUREAU FOR SOUTH AND CENTRAL ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE STEVE CHABOT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Question:

Assistant Secretary Boucher, what role do trade agreements play in facilitating recognition and enforcement of basic individual rights, particularly agreements that work to open markets, spur competition, and elevate the economic conditions of individuals in this region?

Response:

Trade agreements foster economic growth and development by opening up economic opportunities for people of all countries. When the United States negotiates trade agreements, we include mechanisms to encourage workers' rights, transparent markets, fair investment procedures, dispute resolution, and similar matters. For example, our most recent free trade agreements include enforceable obligations regarding basic internationally-recognized labor principles, including freedom of association, recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, abolition of child labor, and the elimination of discrimination in employment.

Removing trade barriers promotes open markets, competition and opportunities for businesses of all sizes. However these additional provisions increase the value and importance of trade agreements. Not only can living standards be improved with new products and services entering markets, but these agreements can result in job growth and higher standards that also positively influence peoples' lives.

Question:

As you know, Mongolia is a recipient of taxpayer assistance through the Millennium Challenge Corporation (MCC). Recently, MCC has committed to provide Mongolia approximately $285 million for economic growth and poverty reduction, including $185 million to develop the nation's railroad infrastructure.

Yet, reports have been released suggesting that the Mongolian government is moving away from the free market, toward those that would encourage nationalization of industries. For example, the government has enacted a Windfall Profit Tax on outside investors who hold mining licenses. This tax enables the government to seize between 34–50% of an investor's company. Such anti-competitive behavior is contrary to everything the MCC embodies and U.S. taxpayers should support.

Would you comment on this? What is the State Department doing to ensure that the MCC accomplishes its goals and uses taxpayer money effectively?

Response:

Mongolia is not a country in my portfolio, however my colleagues in the Bureau of East Asian and Pacific Affairs tell me that while we are concerned about the investment climate in Mongolia's mining sector, it does not appear that this law affects the allocation of an investor's ownership interests although it could significantly affect the investment climate. However, we are aware of no Mongolian law, enacted or under consideration, which would permit seizures of equity interests in foreign companies.

I work closely with the Millennium Challenge Corporation in my region and I can tell you that a country's eligibility could be suspended if it demonstrates a significant policy reversal or pattern of actions inconsistent with the Corporation's criteria. Since no Millennium Challenge partner country has perfect policy performance, the

Corporation maintains an ongoing dialogue with countries and continually emphasizes the importance of maintaining and improving policy performance. It does so with Mongolia, as well.