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U.S. ENGAGEMENT IN CENTRAL ASIA

HEARING

BEFORE THE

SUBCOMMITTEE ON EUROPE AND EURASIA

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

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U.S. ENGAGEMENT IN CENTRAL ASIA

TUESDAY, JULY 24, 2012

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EUROPE AND EURASIA,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 3 o'clock p.m., in room 2172 Rayburn House Office Building, Hon. Dan Burton (chairman of the subcommittee) presiding.

Mr. BURTON. It says here on my opening statement, "Good morning," but I see now it's a little later than that. So, good afternoon, and the Subcommittee on Europe and Eurasia will come to order.

Before I make my opening statement, I would like to recognize some members of Parliament from Macedonia, Kosovo and Liberia. They are here, and they are sponsored by the House Democracy Partnership. So raise your hands, guys. We really appreciate your being here. Thank you very much. Thanks for coming. Welcome.

[Applause.]

Mr. BURTON. Good afternoon. I would like to begin by welcoming our good friend, the Assistant Secretary, back to the subcommittee. He beat me over the head to go into places unknown, and we had a great time. I really appreciate that. I believe it has now been well over a year since you testified before our committee, and we really appreciate having you back.

Our topic today is U.S. Engagement in Central Asia. As many of you in this room know, the ranking member and I, along with Congresswoman Schmidt and several other members, had the opportunity to visit the region at the beginning of this month. And it was really a great trip. I believe that I can speak for our entire delegation when I say that we were impressed by the warm reception and the generous hospitality that we received in each of the four Central Asian republics that we visited: Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan.

And, Mr. Secretary, before I begin I would like to commend our Ambassadors and the Embassy staff in each of those countries. They were really great, and I am pleased that we have such dedicated people in that part of the world. We really appreciate their support.

The United States has a strategic interest in the development of sovereign, democratic, economically free states in Central Asia. U.S. engagement with all five countries in the region must not simply emphasize these three co-equal values. Instead, we should develop a dialogue with the people and the leaders of Central Asia along more practical lines. We must emphasize that, in the Amer-

ican experience, sovereignty, economic freedom, and democracy are not simply moral values, but essential components of stability and prosperity, both of which are so highly prized throughout that region.

Since 2001, the average American has seen Central Asia in the context of neighboring Afghanistan and the ongoing international effort to provide a foundation for stability and development in that country. The development that I have just described will enhance the ability and willingness of Central Asian countries to continue to support the stability and development of Afghanistan.

The United States and the five Central Asian republics share a common strategic goal of a stable and prosperous Afghanistan. This common goal has led to efficient cooperation on initiatives such as the northern distribution network, and given that our common goal of a stable and prosperous Afghanistan has not been achieved and will not be achieved in the next couple of years, such cooperation beyond 2014 is extremely important.

However, our focus today is Central Asia itself. Given the region's location at the heart of the Eurasian landmass, stability in Central Asia is just as, if not more important, than stability in Afghanistan. Central Asia sits at a crossroads between Europe, the Middle East, and the far east and the Indian subcontinent. This unique geographic location ties Central Asia into important trade networks such as the Silk Road, facilitating the diverse actions that were a key component in the development of the region's rich, diverse cultures.

However, history has shown that powers from around the Eurasian landmass are often not content to develop trade links with this central region, and instead seek to exercise greater and more direct control. We must remember that all five Central Asian republics achieved their independence with the fall of the Soviet Union only 21 years ago. U.S. support for the sovereignty of the Central Asian republics immediately followed their independence, as the United States became the first country to recognize several of the young republics with Secretary James Baker's visit to the region over Christmas of 1991. I look forward to hearing how the Department of State is building on this history of support.

Stability and prosperity, as I mentioned in the beginning of my remarks, are highly valued throughout Central Asia, especially by leaders and political elites. The prioritization of these values is often cited as the reason that democracy and human rights have lagged behind in this region.

In our engagement with Central Asian leaders, and their political leaders, the executive and legislative branches of the United States Government must work to correct this misconception. A democratic society that respects fundamental human rights is not simply a moral value, but a lasting foundation for stability and prosperity. Such a society ensures stability by protecting the rights of all citizens, including ethnic and religious minorities, and by providing a forum for discussion and dissent through a free media and an open political process. Such a society also fosters prosperity by providing a transparent legal environment in which one can build a successful business. It also helps by creating a culture of creativity that values innovation.

I was pleasantly surprised by the willingness of the leaders in both the executive and legislative branches from around Central Asia to discuss these issues. Such engagement must continue as part of a broader U.S. partnership with all five countries in that region.

This emphasis on the sovereignty and democratic development of the Central Asian republics should not be interpreted as suggesting that the United States has an interest in discouraging the powers that border Central Asia from establishing strong ties with the region. Trade, particularly between the neighboring states, can and should have a stabilizing effect on the relations between these countries.

As a result, I hope you will discuss, Mr. Ambassador—or Mr. Secretary—Mr. State—Secretary—Assistant Secretary Robert Blake. I am having a hell of a time with that. [Laughter.]

You will discuss the New Silk Road initiative, which seeks to develop strong modern trade links between the Central Asian republics and their neighbors. Regional cooperation will be essential to the continued development of Central Asia's vast energy resources. A modern network of pipelines is slowly developing to supplement the existing Soviet-built network that runs north to Russia. Links now run east to China, and the planned Turkmenistan-Afghanistan-Pakistan-India, or TAPI, pipeline will provide a link south to the subcontinent. While the success of TAPI remains highly dependent on the security situation in Afghanistan, the missing link remains a trans-Caspian pipeline that will provide a link to European markets and provide a more diversified demand for Central Asian resources.

Given the Secretary's emphasis on economic statecraft, I am eager to hear what the Department is doing to assist U.S. companies that seek to invest in Central Asia. I understand that a number of major U.S. companies are operating in that region, and we talked to some of them, and that this investment is not limited to the energy sector. Despite the potential that the region's developing markets and natural resources present, significant barriers exist. Negotiations to remove these barriers must be dealt with if more business and industry are to locate there, so I am looking forward to hearing what the administration is doing to support the applications of Kazakhstan and Tajikistan to the World Trade Organization.

I realize that these two countries represent two very different levels of economic development, and that as a result Kazakhstan is much closer to joining the WTO. However, we should support and be willing to make the reforms that are required to join this organization and help those countries do that.

In addition, I will note that with Kazakhstan approaching WTO accession, my colleagues and I in Congress must act to eliminate Jackson-Vanik for Kazakhstan, so that the American companies can continue to invest in the country's growing economy. I believe that the presence of U.S. countries in the region will further develop the prosperous liberal economies in those countries. When a major U.S. company enters a developing market, either by itself or through a joint venture with a local company, it brings qualities of

innovation and corporate responsibility, which create economic growth.

U.S. engagement in Central Asia is unique. The United States does not seek to establish spheres of influence in the region, or to secure long-term control of resources. Instead, we seek to form strong partnerships through which we can share our own experiences and resources, which can help support the stability and prosperity of all five Central Asian republics.

I want to add one more thing, and that is that the delegation that we took was the largest delegation that has visited that region for a long, long time. And as a result, we were welcomed with open arms in every one of those countries. So Mr. Secretary, we really appreciate you insisting that we go.

And one of the things that really surprised me was that when you visit these countries, many times you expect them to be backward, with dirt roads and old-style buildings. Many of these capitals were absolutely beautiful, and they are remarkable in their ability to grow so fast after the 21 years since the fall of the Soviet Union. So I just want to say publicly that we really appreciate the hospitality that we received from all of those countries, and I for one hope to go back there very soon again.

I now yield to Mr. Meeks.

[The prepared statement of Mr. Burton follows:]

Remarks of the Honorable Dan Burton, Chairman
Subcommittee on Europe and Eurasia
Committee on Foreign Affairs
U.S. House of Representatives

Hearing on: "US Engagement in Central Asia"

*****As prepared for delivery*****

July 24, 2012

Good Afternoon. I would like to begin by welcoming the Assistant Secretary back to the Subcommittee. I believe that it has now been well over a year since you testified at our initial overview hearing along with your colleague from the European Bureau, Mr. Gordon.

Our topic today is "US Engagement in Central Asia." As many of you in this room know, the Ranking Member and I, along with Congresswoman Schmidt and several other Members, had the opportunity to visit the region at the beginning of this month. I believe that I can speak for our entire delegation when I say that we were impressed by the warm reception and generous hospitality that we received in each of the four Central Asian republics that we visited: Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan.

Mr. Assistant Secretary, before I begin, I would like to commend our ambassador and the embassy staff in each of the four countries that we visited. I am pleased that we have such dedicated people in such an important part of the world and I am very grateful for the support that we received.

The United States has a strategic interest in the development of sovereign, democratic, economically free states in Central Asia. US engagement with all five countries in the region must not simply emphasize these three coequal values; instead, we should develop a dialogue with the people and leaders of Central Asia along more practical lines. We must emphasize that in the American experience sovereignty, economic freedom, and democracy are not simply moral values but essential components of stability and prosperity, both of which are so highly prized throughout the region.

Since 2001, the average American has seen Central Asia in the context of neighboring Afghanistan and the ongoing international effort to provide a foundation for stability and development in that country. The development that I have just described will enhance the ability and willingness of Central Asian countries to continue to support the stability and development of Afghanistan. The United States and the five Central Asian republics share a common strategic goal of a stable and prosperous Afghanistan. This common goal has led to efficient cooperation on initiatives such as the Northern Distribution Network. Given that our common goal of a stable and prosperous Afghanistan has not been achieved and will not be achieved in the next two years, such cooperation must continue beyond 2014.

However, our focus today is Central Asia itself. Given the region's location at the heart of the Eurasian landmass, stability in Central Asia is just as, if not more important than, stability in Afghanistan. Central Asia sits at a crossroads between Europe, the Middle East, the Far East, and the Indian Subcontinent. This unique geographic location tied Central Asia into important trade networks such as the Silk Road, facilitating the diverse interactions that were a key component in the development of the region's rich, diverse cultures. However, history has shown that powers from around the Eurasian landmass are often not content to develop trade links with this central region, and instead seek to exercise greater and more direct control.

We must remember that all five Central Asian republics achieved their independence with the fall of the Soviet Union only 21 years ago. US support for the sovereignty of the Central Asian republics immediately followed their independence as the United States became the first country to recognize several of the young republics with Secretary of State James Baker's visit to the region over Christmas of 1991. I look forward to hearing how the Department of State is building on this history of support.

Stability and prosperity, as I mentioned in the beginning of my remarks, are highly valued throughout Central Asia, especially by leaders and political elites. The prioritization of these values is often cited as the reason that democracy and human rights have lagged behind in the region. In our engagement with Central Asian leaders and political elites the Executive and Legislative branches of the United States Government must work to correct this misconception.

A democratic society that respects fundamental human rights is not simply a moral value but a lasting foundation for stability and prosperity. Such a society ensures stability by protecting the rights of all citizens including ethnic and religious minorities and by providing a forum for discussion and dissent though a free media and an open political process. Such a society also fosters prosperity by providing a transparent legal environment in which on can build a successful business. It also helps by creating a culture of creativity that values innovation. I was pleasantly surprised by the willingness of leaders, in both the executive and legislative branches, from around Central Asia to discuss these issues. Such engagement must continue as part of a broader US partnership with all five countries in the region.

This emphasis on the sovereignty and democratic development of the Central Asian republics should not be interpreted as suggesting that the United States has an interest in discouraging the powers that border Central Asian from establishing strong trade ties with the region. Trade, particularly between neighboring states, can and should have a stabilizing effect on the relations between countries. As a result, I hope you will discuss the "New Silk Road Initiative" which seeks to develop strong, modern trade links between the Central Asian republics and their neighbors.

Regional cooperation will be essential to the continued development of Central Asia's vast energy resources. A modern network of pipelines is slowly developing to supplement the existing Soviet-built network that runs north to Russia. Links now run east to China and the planned Turkmenistan-Afghanistan-Pakistan-India or TAPI pipeline will provide a link south to the subcontinent. While the success of TAPI remains highly dependent on the security situation

in Afghanistan, the missing link remains a trans-Caspian pipeline that will provide a link to European markets and provide a more diversified demand for Central Asia's resources.

Given the Secretary's emphasis on "economic statecraft," I am eager to hear what the Department is doing to assist US companies that seek to invest in Central Asia. I understand that a number of major US companies are operating in the region and that this investment is not limited to the energy sector. Despite the potential that the regions' developing markets and natural resources present, significant barriers exist. Negotiations to remove these barriers must be dealt with if more businesses and industry are to locate there.

So I look forward to hearing what the Administration is doing to support the applications of Kazakhstan and Tajikistan to the World Trade Organization. I realize that these two countries represent two very different levels of economic development and that as a result, Kazakhstan is much closer to joining the WTO; however, we should support any country willing to make the reforms that are required to join this organization. In addition, I will note that with Kazakhstan approaching WTO accession, my colleagues and I in Congress must act to eliminate the Jackson-Vanik Amendment for Kazakhstan so that American companies can continue to invest in the country's growing economy.

I believe that the presence of US companies in the region will further the development of prosperous, liberal economies in Central Asia. When a major US company enters a developing market, either by itself or through a joint venture with a local company, it brings qualities of innovation and corporate responsibility which create economic growth.

US engagement in Central Asia is unique. The United States does not seek to establish spheres of influence in the region or to secure long-term control of resources. Instead we seek to form strong partnerships, through which we can share our own experiences and resources which can help support the stability and prosperity of all five Central Asian republics.

Mr. MEEKS. I want to thank you, Chairman Burton, for holding this hearing, which is very timely, coming right after, as you properly described, a fascinating trip to the region over the July 4th recess. It was a trip that was very timely.

Let me first start out, though, by thanking our generous hosts in the Central Asian republics. We were able to meet with the Presidents of Kazakhstan and Kyrgyzstan and Tajikistan and Uzbekistan, and had very frank and productive exchanges about the topic at hand today, and U.S. engagement in Central Asia. And we found the people there to be very warm, and very open to us coming as Members of the United States Congress. In fact, many wondered, just as the chairman had indicated, since there had not been a large delegation there before, why we were not traveling there even more, and looking forward to our next visit there.

You know, U.S. relations with Central Asia are frequently perceived in the context of the stabilization of Afghanistan, but I believe that a broader and regional policy agenda is merited and well-advised after coming back from this trip.

Central Asia plays a key role in establishing the desired outcome in Afghanistan, but U.S. policy toward the region should not just be a means to this goal. It should engage the five republics as responsible members of the international community and seek to consolidate democratic gains, continue to open markets for mutual trade and investment, and strengthen human rights and the rule of law.

Any region that borders Russia, China, Iran, Afghanistan and Pakistan is bound to be at the center of many currents, and I am particularly interested in hearing from you, Mr. Secretary, today, your assessments of the five republics' ability to navigate between the competing interests and influence of Russia, China, Turkey, the United States and Europe.

When we talked to several of them, you could see that they wanted to talk to us, but they also had to talk to the Russians, and they wanted to hear from the Chinese. And so I would love to hear your perspective of that.

Also during our trip, the topic of China's growing influence in Central Asia frequently came up. And as we have seen in other parts of the world, China's engagement strategy focuses on extractive industries, and access to energy resources in particular, but very rarely on democratic advancement and human rights. And I look forward to exploring China's increased role in Central Asia with our witnesses today.

In Afghanistan, security responsibilities will transition to the Afghan Security Forces in 2014, and this could have significant ramifications for Central Asia. I am interested in hearing how this announcement has affected the Central Asian republics, and how they are preparing, or should be, for this event, and whether other countries are looking to increase their presence as a result of this timeline.

We talked in Manas about the transit station, and whether or not once the lease expires, what will happen there. So I don't know whether we have made some decisions there.

It is evident to me, after visiting the region, that the countries of Central Asia have come very far in a very short period of time.

Our first stop in Kazakhstan felt like a visit to—as Mr. Burton said, it was almost a futuristic vision, with dazzling architecture and complete with a modern interpretation of the White House. In fact, when we landed it was dark, and like Mr. Burton I was expecting some dirt roads or something, and all of a sudden I saw these glass buildings with monitors and TVs flashing. I almost thought I was in Times Square in Manhattan.

It was just amazing to me. It is not what most people would have expected, but I found it to be a fascinating symbol of extraordinary efforts that these countries have undertaken to solidify their independence and build governance institutions following their sudden independence from the Soviet Union in 1991.

Now, they are only 21 years old, and we know our country is 236 years old and we are still striving to be a more perfect nation. So we know that there are still things that have to be done. There are still things that we need to work out.

So that being said, we have got to talk about the good, and also we have got to talk about some things that we have to think about. Because still, we did hear some questions about authoritarian rule, about ethnic tensions, and about unevenly distributed revenues from energy riches. These should be important elements in our conversation with the Central Asian republics, as the consequences of repressed populations, poor human rights standards, and failed governance structures are all too visible in neighboring Afghanistan, and I would hope that some of these countries can be examples for what Afghanistan can be once we have the governance down and in the visual and moving. So I think that is very important.

I would also like to publicly commend the Central Asian countries that participate in the Northern Distribution Network, the NDN. As other supply routes remain unreliable or subject to extraordinary transit fees, it is a relief to know that we have real friends in the region that we can rely on.

Mr. Burton talked about the New Silk Road. Here is a great opportunity, again, for trade and commerce to flow, which I think is tremendously important. I join with him in that those countries, most of them came to us and said they want to trade with the United States. They want to make sure that we have a better relationship. We need to remove obstacles where there are obstacles, like Jackson-Vanik which is old and antiquated.

So I think that is important, and as we look, as Russia now moves into the WTO, you know that Kazakhstan had the customs union, so I would like to hear from you the success or the failure of the customs union that Kazakhstan has engaged in with Russia, and where we move from there.

But I conclude just by saying that, Mr. Chairman, you led a fantastic trip that I think was a bipartisan trip, and all of us could not agree more. It was timely, the fact that we got a chance to share the Fourth of July with many of our troops that were there in Manas was fantastic. What we learned, and the relationship that I think we can have with those countries, can only get better. So I thank you for this hearing, and I thank you for the timely trip to Central Asia.

And I yield back.

Mr. BURTON. Thank you, Mr. Meeks. Another member that went with us on the trip, Ms. Schmidt.

Ms. SCHMIDT. Thank you. And I first want to thank Chairman Burton for his distinguished leadership and wise decision to review U.S. involvement in Central Asia. It truly was a dynamic trip.

Given the importance of this region as the economic, cultural and geographical intersection between Europe, Russia, China, India, and Iran, it is in my opinion imperative that the United States reach out and engage those nations comprising Central Asia.

Recently, as was mentioned, with Chairman Burton and Ranking Member Meeks and several other colleagues, I visited Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan. While visiting these countries, we had the opportunity to meet and speak with many high-ranking government officials. We gained firsthand knowledge of their successes, their failures, their challenges, their goals, their hopes, and their desires.

What I came away with was this: It is in the United States' short-term and long-term interests to develop and implement a well-crafted plan for strategic involvement in the countries of Central Asia. In the short term, our engagement with these countries will help secure for us continued accessibility to transportation routes needed for the so-called Northern Distribution Network to and from Afghanistan, technically known as the Silk Road.

In the long run, it is our engagement with these countries that could help bring needed stabilization to the region, through the development of the New Silk Road vision in which Central Asia becomes a commercial hub linking Europe, the Middle East, and South Asia. If successful, such an initiative will not only create jobs, it will contribute to the elimination of stateless regions so prized by terrorists as training grounds and safe havens.

Also looking at Central Asia from a long-term perspective, it is certainly in our economic and security interests to help those countries of this region develop their own energy resources. With an estimate of 3 percent of the world's oil reserves, and an estimated 6 percent of the world's gas reserves, Kazakhstan, Turkmenistan and Uzbekistan are attracting a lot of interest from countries such as Russia, China, and India, as well as the European Union.

With Russia becoming more antagonistic and exerting more influence on its neighbors in Central Asia and China, aggressively expanding its economic footprint in the region, it is absolutely necessary that we, too, become more engaged in the area. Assisting the countries of Central Asia expand their energy production might benefit our friends in Europe, India, Japan and South Korea by helping them become less reliant on oil from hostile regimes such as Iran and Algeria, which in turn will contribute to our own security interests.

At the same time, we cannot overlook the many human and civil rights violations that are alleged to be occurring in Central Asia, particularly in Uzbekistan and Tajikistan, both of which have disappointing records in such areas as political and religious freedoms. While engaging these countries in pursuit of security interests, we must also influence them to improve their human and civil rights records.

So it is with great interest that I look forward to the testimony of our witness, and hope to learn some of the following. One, what is our short and long term interests in this region? Two, what form or forms of engagement our involvement in Central Asia should take. And three, what can we do to encourage the countries of Central Asia to improve their records on human and civil rights.

Thank you, Mr. Chairman, and I yield back the balance of my time.

Mr. BURTON. Thank you, Ms. Schmidt. Mr. Engel?

Mr. ENGEL. Thank you very much, Mr. Chairman. You know, I have served on this committee for a long time, and one of the things that I really love about this committee is, I have listened to your statement, and Mr. Meeks' and Ms. Schmidt's, and I agree with everything all of you have said. And that is the bipartisan cooperation that we have had on this committee, and that we have had certainly on this subcommittee with you as chair, Mr. Chairman. And as I have said before, we are going to miss you when you are no longer around, but we are going to take advantage of you while you are still here. And the same goes for my feeling about Ms. Schmidt, as well.

You could say that Central Asia is the crossroads of the world. It is obviously important. Central Asia is obviously important. It is near India, near Iran, near Afghanistan, near so many countries that are so important to us in our foreign policy.

I remember in the days when the Soviet Union fell—and I remember having this discussion with you, Mr. Chairman—many of us thought that the republics of the former Soviet Union were republics that the United States needed to quickly involve ourselves with, quickly become engaged with. Because we all knew that, one day, Russia would regroup itself and make it virtually impossible for us to try to fulfill our foreign policy objectives without their antagonism. We saw that in Eastern Europe. I mean, all the countries that are now former Soviet Bloc countries, and even countries—for instance, the Baltic States—that were once part of the Soviet Union, are now NATO nations. And if we had waited until now, who of us would think that that would be possible again? So it was important to move quickly.

We didn't move as quickly in Central Asia as, perhaps, we should, but I think there are still many, many opportunities for us to cooperate with those countries. And, as was pointed out, we have to be careful about repressive regimes. We have to be careful about some of the things we see. But I think it is in our strategic interest, frankly, to have relations, and good relations, with all the countries of Central Asia, not only for Afghanistan but for all our policy objectives.

We think it is important, of course, to contain Iran. It is too bad that Russia becomes more antagonistic by the day. One can only see what Russia just did in the Security Council by vetoing the resolution against Syria, to contain Syria's murdering of its own people. And so this region of the world is of very strategic importance, whether it is trade, whether it is routing, whether it is just geopolitical things. It is very, very important.

And finally, I wanted to tell the Secretary, I know, Mr. Secretary, of your good work. I look forward to hearing from you, and to hear-

ing what you think. But thank you, those of you who do the work that you do. I am always amazed at how much you accomplish with such little resources. And if I had my druthers, you would have a lot more resources, because I think we make a terrible mistake as a country by not—and it has happened through multiple administrations, on both sides of the aisle—by not appropriating enough money to take care of what are U.S. essential interests throughout the world. So, thank you very much for what you do. We really appreciate it.

And finally, I want to say this. Although I did not go on the recent trip that the three of you spoke about, I think it is very commendable, Mr. Chairman, that you had such a trip. Because this is a place of the world where it is very easy to pass by. A lot of these trips are, people want to go to exotic places, or they want to go to Paris, or places like that. But no one can accuse you of going on a junket to Central Asia. I know the newspapers will sometimes try, but it is not a junket. It is serious policy. It is serious work on the Foreign Affairs Committee, and I am glad that you have done it.

And I thank you, and I yield back the balance of my time.

Mr. BURTON. Let me just say this, for those who are interested in junkets that we go on. We went to six countries in 9 days, and we lived out of our suitcases. We had five to six or seven meetings a day with very important people. And Kazakhstan is more than halfway around the world from here, and I just want you to know that Members of Congress that go on these kinds of trips really work. It was very enjoyable. We met a lot of very wonderful people. And I think meeting those people, and getting to know some of the people, and letting them get to know us, is very, very important. Because there are not misunderstandings down the road, because you can remember the guy you talked to, and what kind of a person he was. It makes a big, big difference.

Let us see. Mr. Marino, I think you are next.

Mr. MARINO. I have no opening statement.

Mr. BURTON. Thank you. Mr. Marino makes the best—he and his wife make the best chocolate topping for ice cream in the whole world. I just thought I would put that in as a commercial, because I wanted to tell you. He gave me some of that, and I can't tell you how wonderful it is.

Mr. Rohrabacher?

Mr. ROHRABACHER. I have one question. Where do I get the topping for this ice cream that you were talking about, Mr. Chairman?

I will wait and hear the testimony. Thank you.

Mr. BURTON. Well, thank you very much. Mr. Poe, did you have an opening statement, sir?

Mr. POE. Of course.

Mr. BURTON. Okay. Mr. Poe, one of the more eloquent Members of Congress.

Mr. POE. Well, I wouldn't say that. But I do have a comment or two. But thank you for the time, Mr. Chairman. What happens in Afghanistan matters, of course, to us and to Central Asia. If terrorists are allowed to wreak havoc, that will not only lead to instability in Kabul, but in countries throughout that whole region.

Central Asian nations understand this to some extent. The Northern Distribution Network, established in 2009, travels through a number of Central Asian countries to deliver the supplies our troops need in Afghanistan. Even the Russians get this. They allow us to transport supplies through their territory, because they don't want terrorists in their homeland.

But Pakistan, in my opinion, does not seem to understand or care about stability in Afghanistan. For the last 7 months, Pakistan has shut down the southern supply route. Even though the most important terrorist safe havens are in the tribal areas of Pakistan, Islamabad refuses to go after them. Instead of joining us and eliminating the threat, to me they give the terrorists a heads-up when we are coming. History has proven they have done this twice.

The instability is already spreading. We now have evidence of a trans-national network of terrorists reaching from Pakistan into Central Asia. That is disturbing. We have to get serious about Pakistan. Here in the House, I think we took a good step in that direction last week when they passed an amendment, the House passed an amendment I offered to the Department of Defense appropriations bill to cut aid to Pakistan in half. It passed by voice vote with no dissenting voice vote on the floor.

But we need to do more. In 2004, we awarded Pakistan Major Non-NATO Ally status, and that will be the central concern and questions I have today. This gave Pakistan priority delivery of defense material, an expedited arms sale process, and access to U.S. loan guarantee programs. Since then, Pakistan has proven to be no friend of the United States, and my concern is whether or not Pakistan should keep this Non-NATO Ally status.

It is worth a discussion. Pakistan has shut down our supply route into Afghanistan. They have tipped off terrorists. They have taken over $20 billion of American money. It is time we update our policy to match the situation on the ground. The longer we keep the status quo, the greater risk of instability in Central Asia. I do not believe Pakistan is a friend of the United States, and really not a friend of Central Asia. We don't need to pay Pakistan to betray us; they seem to do that for free, whether we pay them or not.

I yield back, Mr. Chairman. Thank you for the time.

Mr. BURTON. Thank you.

Mr. ROHRABACHER. Mr. Chairman?

Mr. BURTON. Mr. Rohrabacher?

Mr. ROHRABACHER. I would like to associate myself with the remarks of my distinguished colleague, Judge Poe.

Mr. BURTON. So ordered. Assistant Secretary Robert Blake has been the Assistant Secretary for South and Central Asian Affairs at the State Department since May 2009. Prior to his time as Assistant Secretary, he served as Ambassador to Sri Lanka and Maldives. Ambassador Blake joined the Foreign Service in 1985. He has served in a variety of roles in the State Department, in Washington and abroad, including as Deputy Chief of Mission at the U.S. Mission in New Delhi, India.

And he is a hard worker, and a guy who really pushes Members of Congress to get over to the area where he feels there is a lot of concern. And I have to tell you that we really appreciate you being

so insistent that we go, because it was an extraordinary trip. I have been all over Europe and Eurasia over the past couple of years, and I want you to know, this was the most enlightening and informative trip that we have taken. And they really were very receptive to us, and I think we made a lot of inroads with the people in that part of the world. So Mr. Secretary, you are recognized.

STATEMENT OF THE HONORABLE ROBERT O. BLAKE, ASSISTANT SECRETARY, BUREAU OF CENTRAL AND SOUTH ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. BLAKE. Well, thank you very much, Mr. Chairman, for your decision to hold this hearing today, but more importantly for your critical engagement in Central Asia. As you said, your decision to lead what was one of the largest ever congressional delegations to Central Asia, the length of time you spent there, and the very large number of high level meetings that you had really did help to advance our relations, and we really deeply appreciate the messages that you sent to all of our friends in Central Asia. Not just the supportive messages, but also the tough messages on the need for greater respect for human rights, all of which were very consistent with the messages that we have been conveying to our friends there.

And as you saw, the very warm reception you got, the very high level reception you got, testifies to the eagerness of the Central Asians to have more engagement with the United States, I think in part to balance the interests that they are receiving from Russia and China and many other countries that you and the other distinguished members of the panel have talked about.

Mr. Chairman, I have a long statement that, with your permission, I would like to submit for the record.

Mr. BURTON. Without objection.

Mr. BLAKE. I would like to briefly respond to some of the things that you and some of the members said, and then I will just have a very quick country-by-country summation of some of the things that we are working on. And then I will be glad to take your questions.

Mr. Chairman, as I think you know, we have really made an effort during the Obama administration to dramatically increase our engagement with the countries of Central Asia. That has primarily been through a series of annual consultations that I chair with the foreign ministers, typically, of each of these countries on an annual basis, and then we have 6-month reviews. These are really efforts to find very practical ways forward on all of the numerous common interests we have, but also on many of the differences that we have, to try to resolve those.

And let me just briefly talk about some of those, since you mentioned them. Obviously, we are working very closely with Central Asia to support a stable, prosperous and secure Afghanistan. But it is not just to accomplish that objective. As you and other distinguished members pointed out, Central Asia is located in one of the most strategically important parts of the world, located as it is between Russia, China, Europe, Iran, Afghanistan, Pakistan and India, some of our most important partners in the world. So we are working very closely together with them on Afghanistan, not just

to help stability and the transition there, but we have appreciated very much their support for the Northern Distribution Network, which has been built up over these last 3 years. Including, more recently we have received their support for reverse transit of goods, as our troops now begin to move out of Afghanistan.

Likewise, I think all of the Central Asian countries have been very supportive and have embraced the New Silk Road vision, and they understand that they stand to benefit a great deal from this. But there is still a lot of work to be done. And then, also, on the security front we are working very closely with them, both on the counterterrorism challenges that they face, that many of you mentioned. The Islamic Movement of Uzbekistan, and several others that are based in Pakistan, still pose very serious threats to these countries, threats that we follow very, very closely, and threats that we are working with these governments to try to help prevent through programs on border security, counternarcotics, and a variety of other things.

Many of you mentioned business. We have made it a priority to try to support American business, not just because we want to create American jobs, but also because we believe there are some quite significant opportunities, particularly in Kazakhstan, but also in Turkmenistan and Uzbekistan, and to a lesser extent in these other countries. I personally have led several trade missions that have gone with me as part of these annual consultations that I have had, and there has been really striking interest. The last time we had one in Turkmenistan, more than 30 companies went with me. And again, I think there is quite a lot of interest, and we will continue to do what we can. But it is also incumbent upon all these countries to do their part to open up their markets, and to make it a more accessible and more friendly business environment.

We are also strongly supporting the WTO accession efforts that you and several others mentioned, particularly in Kazakhstan and Tajikistan. Kyrgyzstan already is a member. And we welcome your support for the repeal of Jackson-Vanik that you mentioned. We appreciate that.

Last but not least, Mr. Chairman, you mentioned how democracy is essential to the stability and prosperity of these countries, and every country. And I think that is a very, very important message that we have consistently promoted in Central Asia. We are working to, first, support civil society in these countries, but we also have a very frank and open dialogue with the governments about the changes that we think need to be made in the areas of allowing more freedom for civil society, allowing freedoms of the press, allowing greater freedom of worship. And again, these are things they shouldn't do because of the United States, but these are things that are in their own interests, and that are going to enhance stability and enhance prosperity in their region, and help them attract more business. And I think we have been particularly pleased with the democratic transition which took place in Kyrgyzstan, which we devoted a lot of our resources to, and which we continue to strongly support.

Let me just briefly now, Mr. Chairman, talk about some of the country-specific issues, and then I will be glad to take some of your questions.

In Kazakhstan, Secretary Clinton and Foreign Minister Kazykhanov elevated this year our engagement to the level of a strategic partnership dialogue, in recognition of the expansion of the depth and breadth of our cooperation with Kazakhstan. Kazakhstan is considered to have the best investment climate in Central Asia, as evidenced by the numerous international and American companies that utilize Kazakhstan as a regional headquarters. It also has supported expanded trade in the region, and has invested in the Central Asian Regional Economic Cooperation infrastructure network. We strongly support Kazakhstan's bid to join the WTO, and look forward to its anticipated accession.

While Kazakhstan has made progress in fulfilling the promise of their chairmanship of the OSCE, we will continue to work with them toward our mutual goal of a full democratic system and strong civil society that work together to protect internationally recognized human rights. As part of our strategic partnership dialogue, we also regularly host forums on democracy and human rights with local NGOs, the only country in the region that we are so far able to do that with.

Turning to Kyrgyzstan, the United States has made support for Kyrgyzstan's democracy a cornerstone of our Central Asia strategy. We remain committed to the people of Kyrgyzstan, as they work to develop democratic institutions and practices. A central goal of our assistance to Kyrgyzstan is consolidation of that country's democratic progress, and the hard work of the government and the voters in Kyrgyzstan has really enabled great progress. As a result of the 2011 elections, the people of Kyrgyzstan accomplished a peaceful and democratic transfer of Presidential power, something that has never happened before in Central Asia. This is a profound change that affirms the rights and expectations of ordinary citizens and shapes our long-term view of the close partnership between our two countries.

But in order to fully realize and sustain its democratic goals, we continue to urge Kyrgyzstan to work actively on national reconciliation. Meaningful democracy requires that the rights of all Kyrgyzstan's citizens be respected and upheld fully through the justice and law enforcement system, as required by Kyrgyzstan's constitution.

Next month, I will lead the U.S. delegation to the annual bilateral consultation with Kyrgyzstan in Bishkek, and continue our engagement on the full range of our mutual interests, including expressing our continued appreciation for Kyrgyzstan's hosting of the Manas Transit Center.

Turkmenistan has supported Afghanistan through humanitarian aid, and by the construction of rail and energy infrastructure that will more fully integrate Afghanistan into the region. The recent signing of gas sales and purchase agreements between Turkmenistan, Pakistan and India enables the Turkmenistan/Afghanistan/Pakistan/India gas pipeline to move now to the commercial phase. This project is one example of the potential Turkmenistan has to be a leader in the economic prosperity of the region, and we continue to encourage Turkmenistan to build clear and transparent mechanisms to spur greater investment, to open up opportunities for American companies.

In order to realize its full potential, Turkmenistan must also take significant steps to fulfill its international obligations on human rights. The United States consistently raises concerns about respect for human rights at every available opportunity, and we have offered assistance to help advance space for civil society and build a democratic system.

Tajikistan has made accession to the WTO a key priority in our bilateral relationship, one we strongly support. It has also been a strong partner in efforts to help Afghanistan and catalyze regional integration. We recognize that energy issues and water management are sources of tension between Tajikistan and Uzbekistan, and encourage both of these friends to resolve their differences through dialogue.

Regarding the Roghun Dam project, which I'm sure came up in your conversations, Mr. Chairman, we continue to encourage the Government of Tajikistan to fully cooperate with the World Bank, and not to move forward with the construction or river diversion for the dam until the completion of the World Bank's feasibility studies.

The United States is concerned about Tajikistan's continuing efforts to limit human rights, including religious freedom and media freedoms. We continue to encourage Tajikistan to protect religious freedom, respect media freedom, and refrain from interference in the media.

Lastly, in Uzbekistan, I will lead the U.S. delegation there to this year's annual bilateral consultations. Uzbekistan has been a critical part of regional support for Afghanistan, building a rail line connection between Afghanistan and Asia and providing electricity that benefits the people of Afghanistan. We also appreciate Uzbekistan's central role in the Northern Distribution Network.

During our upcoming consultations, we will work to make progress on creating the business environment necessary to increase economic investment by U.S. firms, boost education and cultural exchanges, but also address ongoing human rights concerns and strengthen our security and defense cooperation. We continue to urge the Government of Uzbekistan to improve its record on human rights, and we continually advocate for those who seek peaceful democratic reforms.

In conclusion, Mr. Chairman, we are working toward a future in which the United States and the countries of Central Asia are partners for peace, security, economic development, democracy and prosperity. We envision a region where goods and services flow easily and efficiently between the Central Asian countries, Afghanistan, and South Asia. Mr. Chairman, changes occur slowly in Central Asia, but our consistent engagement will achieve results in this strategically important region.

So again, let me thank you and all the members of this committee for your engagement, and we appreciate very much your interest. Thank you.

[The prepared statement of Mr. Blake follows:]

TESTIMONY BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE,
SUBCOMMITTEE ON EUROPE AND EURASIA
ROBERT BLAKE
ASSISTANT SECRETARY OF STATE
BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS
July 24, 2012
"U.S. ENGAGEMENT IN CENTRAL ASIA"

Chairman Burton, members of the committee, thank you for the opportunity to speak today on the status of U.S. engagement in Central Asia. I would particularly like to thank you, Mr. Chairman, for all you have done to support our efforts, including your leadership of one of the largest Congressional delegations ever to Central Asia earlier this month. The high level reception you received testifies to the desire of our Central Asian partners to strengthen relations with the United States and your visit was a major step in that direction. So, thanks to you and the other members of your delegation for making this grueling but very productive trip.

In my testimony today, I would like to review our regional priorities with Central Asia, and then discuss briefly each country.

Central Asia is an increasingly important region to the United States, and we work with each country on a broad range of policy priorities. The Obama Administration's review of Central Asia policy identified a number of key strategic priorities, ranging from enhanced support for Afghanistan to economic development, including the economic empowerment of women, energy

cooperation, promotion of democracy and human rights, and working together to combat transnational threats such as narcotics trafficking and violent extremism. The countries of Central Asia are an important part of our vision of a secure and stable Afghanistan integrated into a stable, secure, and prosperous region. The drawdown of forces from Afghanistan between now and 2014 makes our engagement with Central Asia even more critical.

Through our annual bilateral consultation mechanism, or in the case of Kazakhstan, a strategic partnership dialogue, we seek to achieve increased cooperation on regional security and support for Afghanistan; greater economic and commercial ties; progress on democracy and human rights issues such as preventing trafficking in persons, freedom of religion, greater space for political expression, and support for civil society; and enhanced scientific, cultural and educational cooperation.

Regional Security

Mr. Chairman, the Central Asian governments share our priority to maintain security in the region after the 2014 transition in Afghanistan. We continue to view our security assistance funding as an important mechanism for ensuring the future stability of Afghanistan and its neighbors. In fiscal year 2011, we provided about $170 million in security assistance in the areas of border security, counternarcotics, counterterrorism, law enforcement and military. In the latter

area, we will have provided more than $6 million in Foreign Military Financing and $3 million in International Military Education and Training. Looking forward to 2013, the Administration has requested a slight increase in military assistance levels to continue support for these same efforts.

Uzbekistan, Tajikistan, Kyrgyzstan and Kazakhstan have played a significant role in our efforts in Afghanistan by participating in the Northern Distribution Network. Over the last year we have expanded the capacity of the program to include multiple, alternate routes for our personnel and cargo transiting into Afghanistan and concluded agreements and arrangements for reverse transit. As such, the Northern Distribution Network will remain of critical importance as transition reaches culmination in 2014 and Afghan National Security Forces take over security lead and international forces conduct a responsible draw down.

Additionally, I want to note that Kyrgyzstan has hosted the Transit Center at Manas International Airport for over a decade. As you know well, Mr. Chairman, the Transit Center fulfills crucial roles in support of Operation Enduring Freedom, both as a key stop for all our troops entering and exiting Afghanistan, and as a hub for aerial refueling, among other missions. As a result of the recently concluded Strategic Partnership Agreement with the Government of Afghanistan, we are evaluating what support will be needed as we fulfill our partnership commitments to Afghanistan. We continue to have preliminary discussions on the post-2014

future of the Transit Center with the Kyrgyz government. However, let me be clear that the United States does not seek to establish any permanent bases in Central Asia.

New Silk Road

Beyond security cooperation, regional economic integration and opportunity will also be essential for a secure, stable and prosperous Afghanistan. Secretary Clinton has highlighted many times over the past year her vision of economic cooperation, trade liberalization, and increased trade flows throughout the region, referring to it as a 'New Silk Road.' This New Silk Road envisions a network of economic and transit connections running throughout Central and South Asia, with Afghanistan at its heart. Success, of course, will depend on the continued engagement of its neighbors and we are collaborating closely with the Central Asian governments to make this vision a reality.

The Central Asian countries have also consistently supported Afghanistan through the Istanbul Process, in which Afghanistan's neighbors have committed to a series of ambitious confidence building measures and a process of regular consultations. Three of the seven Istanbul Process Confidence Building Measures focus on economic cooperation and there are several initiatives underway to increase trade and promote a shared prosperity. Other regional groupings to advance Central Asian and Afghan economic cooperation include the Regional

Economic Cooperation Conference on Afghanistan, which endorsed in March an Afghan blueprint for regional integration that we support.

In the context of the New Silk Road, I would like to highlight our work to empower Central Asian and Afghan women economically through the Women's Economic Symposium. The inaugural event was held in Bishkek, Kyrgyzstan in July 2011 with the complete support of the Government of Kyrgyzstan. Women from Central Asian and Afghanistan attended to learn to develop women run enterprises and to foster relationships amongst themselves. As we promised to House Foreign Affairs Committee staff in a conference call during the Congressional Notification process, when discussing our intent for the Symposium, we have worked hard to ensure it was not just a one-off conference, but an event that launched an initiative. Since last year, we have committed over $1.7 million to supporting the action recommendations from the Symposium. Although efforts are still ongoing, Women's Economic Symposium follow-on activities have been directly responsible for increasing the number of businesses owned by women, increasing their access to credit, capacity training and increased political participation. I look forward to discussing additional impacts after we formally evaluate the initiative.

Human Rights

Mr. Chairman, I would also like to emphasize that our enhanced engagement with the Central Asian governments does not focus only on security and economic issues, but consistently includes frank and open discussions about the need for political liberalization, more operating space for civil society, and respect for universally recognized human rights. These are not always easy conversations, but our bilateral relationships cannot reach their full potential without support for universal human rights and fundamental freedoms. Our engagement with the Central Asian governments at every level includes an open discussion of the importance of an active civil society, independent media, democratic reforms and the rule of law. We also meet with civil society and non-governmental organizations at every opportunity. But we believe that the path to progress on these issues is more engagement with these governments, not less. As Secretary Clinton has said, "Once you state your concerns, if you do not engage, you have no influence."

Mr. Chairman, I will now briefly highlight key issues in our relations with each country.

Kazakhstan

As I noted in my introductory remarks, in recognition of an expansion in the depth and breadth of our cooperation with Kazakhstan, this year, Secretary Clinton elevated our engagement to the level of a strategic partnership dialogue.

Kazakhstan is considered to have the best investment climate in the Central Asian region as evidenced by the numerous international firms that utilize Kazakhstan as a regional headquarters. Over the past 20 years, U.S. companies have invested just over $16.5 billion in Kazakhstan. Currently, a GE-Kazakh joint venture manufactures locomotives in Kazakhstan, while FedEx operates a successful shipping center in Almaty. North Dakota is exporting Angus and Hereford cattle to Kazakhstan, as part of a deal which promises to revitalize the country's cattle industry. Boeing has also been very successful in Central Asia, announcing deals worth nearly $2 billion in just the first quarter of 2012. Kazakhstan has supported expanded trade in the region and has invested in the Central Asia Regional Economic Cooperation infrastructure network. We strongly support Kazakhstan's bid to join the World Trade Organization and look forward to its anticipated WTO accession.

The United States appreciates the commitment Kazakhstan made in June during the Istanbul Process conference to help fund the Afghan National Security forces after 2014 and its generous program to educate 1,000 Afghan students in Kazakhstani universities and vocational schools. These are excellent examples of Afghanistan's close neighbors stepping in to provide support for stability. Kazakhstan has also been a strong and consistent partner on non-proliferation issues. For example, in November 2010, we completed a long and complicated

project to safely shut down the BN-350 reactor in Aktau, secure the spent fuel it produced, and then package and transport the spent fuel more than 2,100 miles for secure storage in Eastern Kazakhstan. At the 2012 Nuclear Security Summit in Seoul, Kazakhstan affirmed its commitment to establish a regional nuclear security training center.

While Kazakhstan has made progress in fulfilling the promise of their chairmanship of the Organization for Security and Cooperation in Europe and the OSCE Summit they hosted in 2010, we will continue to work with the Government of Kazakhstan toward our mutual goal of a fully democratic system and strong civil society that work together to protect internationally recognized human rights. In this context, I would note that the United States was disturbed by the use of deadly force against protesters in Zhanaozen last December, and while we appreciate the legal process that has resulted in convictions of both protestors who used violence and police who reacted with excessive force, we have raised our concerns about allegations of torture, mistreatment and selective punishment of some who were detained during and shortly after the events in Zhanaozen. We have called on the government to ensure these allegations are fully investigated and that individuals are held accountable for their actions. More broadly speaking, we continue to urge progress on a range of human rights issues, including freedoms of expression and religion, in our dialogue with Kazakhstan on support

for civil society and human rights. As part of our strategic partnership dialogue, our governments routinely host forums with democracy and human rights NGOs in Astana and Washington.

Kyrgyzstan

The United States has made support for Kyrgyzstan's democracy a cornerstone of our Central Asia strategy. We remain committed to the people of Kyrgyzstan as they work to further develop democratic institutions and practices. The U.S. allocated nearly ten million dollars in support of civil society, rule of law, human rights and democratic reform in fiscal year 2012 and in our 2013 request. As part of the 2010 parliamentary and 2011 presidential election cycles in Kyrgyzstan, our assistance funded training for over 50,000 election officials across the country.

That support and the hard work of the government and voters in Kyrgyzstan have enabled great progress towards democracy, with competitive elections in 2010 and 2011. As a result of the 2011 elections, the people of Kyrgyzstan accomplished a peaceful and democratic transfer of presidential power, something that has never happened before in Central Asia. This is profound change that affirms the rights and expectations of ordinary citizens, and shapes our long-term view of the close partnership between our countries.

In order to fully realize and sustain its democratic goals, we continue to urge Kyrgyzstan to work actively on national reconciliation. Meaningful democracy requires that the rights of all of Kyrgyzstan's citizens be respected and upheld fully throughout the justice and law enforcement systems, as required by Kyrgyzstan's constitution and its international obligations. The United States continues to engage interlocutors regularly in Kyrgyzstan so that we make clear the critical importance of ending abuses of detainees and holding the perpetrators of such abuses accountable under the rule of law. This is especially important for all cases arising out of the June 2010 violence.

Next month, I will lead the U.S. delegation to the Annual Bilateral Consultation with Kyrgyzstan in Bishkek. Kyrgyzstan continues to be a strong partner in international coalition efforts in Afghanistan, especially in hosting the Transit Center at Manas International Airport in support of coalition operations. The United States looks forward to continuing our longstanding cooperation with the Kyrgyz Republic to address regional challenges of terrorism and narcotics trafficking.

Turkmenistan

Turkmenistan has supported Afghanistan through humanitarian aid and by the construction of rail and energy infrastructure that will more fully integrate Afghanistan into the region. The recent signing of gas sales and purchase

agreements between Turkmenistan, Pakistan and India enables the Turkmenistan-Afghanistan-Pakistan-India pipeline to move to the commercial phase. This project is one example of the potential Turkmenistan has to be a leader in the economic prosperity of the region. We encourage Turkmenistan to build clear and transparent mechanisms for investment in its country.

In order to realize its potential, Turkmenistan must make significant steps to fulfill its international obligations on human rights. The United States consistently raises concerns about respect for human rights at every appropriate opportunity and we have offered assistance to help advance space for civil society and building democratic systems.

Tajikistan

Tajikistan remains a strong supporter of efforts to help Afghanistan. It also has made accession to the WTO a key priority in our bilateral relationship: the United States supports Tajikistan in its efforts to increase trade. Through Embassy Dushanbe, we are providing technical assistance to help Tajikistan make the necessary changes to meet the requirements for membership. Tajikistan also needs to develop the agriculture sector, and improve the regulatory environment for foreign investment.

We recognize that energy issues and water management are challenging issues for Central Asia and have been sources of tension between Tajikistan and

Uzbekistan. Regarding the Roghun dam project, the United States has had a long-standing policy to support the World Bank process. The World Bank is funding two feasibility studies to assess the technical, economic, environmental, and social impact of the proposed Roghun Dam. We continue to encourage the Government of Tajikistan to fully cooperate with the World Bank and not to move forward with construction or river diversion for the Dam until the completion of the feasibility studies.

The United States is concerned about Tajikistan's continuing efforts to limit human rights, including religious freedom and media freedoms. While we recognize the government's desire to promote security and prevent violent extremism, long-term peace and stability are only possible when accompanied by respect for human rights, the rule of law, the fostering of transparent and democratic governmental and civic institutions, and an open and unrestricted media environment. We continue to encourage Tajikistan to protect religious freedom, and to respect media freedom and refrain from interference in the media sector.

Uzbekistan

Next month, I will also lead the U.S. delegation to Tashkent to participate in this year's Annual Bilateral Consultation with Uzbekistan. Uzbekistan has been a critical part of regional support for Afghanistan, building a rail line connecting

Afghanistan to Central Asia and providing electricity that benefits the Afghan people. In addition, Uzbekistan has a central role in the Northern Distribution Network, with the majority of supplies transiting through the Uzbek-Afghan border. As you know, the Secretary certified in January that it is in the national security interest to waive the restrictions on security assistance for Uzbekistan, and as a result, we have been able to provide equipment and training necessary to counter threats from terrorist groups and narcotraffickers in the region.

During our upcoming annual bilateral consultations, we will work to make progress on creating the business environment necessary to increase economic investment by U.S. firms, boost education and cultural exchanges, address ongoing human rights concerns, and strengthen our security and defense cooperation.

We look forward to increasing cooperation with Uzbekistan in several areas. We are encouraged by General Motors' significant investment in the country, including its construction of a new automotive power train factory, and we hope Uzbekistan will take steps to attract more U.S. companies by addressing restrictive currency conversion laws and pervasive corruption issues. We are slowly increasing our science and technology cooperation. The U.S. Department of Agriculture is working with Uzbekistan's Institute of Genetics on cotton genomes, and the American Association for the Advancement of Science plans to hold a conference in Tashkent this September. Still, registration requirements have

slowed our cooperation, and we hope Uzbekistan will permit greater peer-to-peer interaction. Finally, we are pleased to welcome Uzbek students and educators to the U.S. as part of several educational exchange programs, but we have asked Uzbekistan to strengthen its commitment to allow our Fulbright scholars to study and teach there.

While we work hard to strengthen relations with Uzbekistan in our mutual interests, the United States continues to urge the Government of Uzbekistan to improve its record on human rights and we continually advocate for those who seek peaceful democratic reforms. In particular, we ask the government to take steps to eliminate the forced labor of children and adults during the cotton harvest and to prosecute those labor traffickers. We are also working with the Government of Uzbekistan to increase religious freedom by addressing its overly restrictive religious registration policies and allegations of arbitrary arrests and detentions of peaceful religious leaders. We also regularly engage with members of civil society from Uzbekistan and the diaspora community on these issues.

Conclusion

In conclusion, Mr. Chairman, we are working toward a future in which the United States and the countries of Central Asia are partners for peace, security, economic development, democracy, and prosperity. We envision a region where goods and services flow easily and efficiently between the Central Asian

Countries, Afghanistan and South Asia. Changes occur slowly in Central Asia. However, our consistent engagement with these countries can be mutually beneficial, as demonstrated by progress over the last few years in security cooperation and regional projects in support of the New Silk Road vision. We will continue to strengthen our ties with these important countries and their people and thereby advance U.S. interests in this strategically important region.

Thank you. I look forward to your questions.

Mr. BURTON. Thank you, Mr. Secretary. We really appreciate once again your insistence that we go. The only thing I regret was that you weren't able to go with us because you had to go to what, a NATO meeting?

Mr. BLAKE. A family obligation, yes.

Mr. BURTON. Was it a family meeting, or NATO?

Mr. BLAKE. Family.

Mr. BURTON. Oh, a family meeting. Well, I guess that is more important.

One of the things that concerns me is, in the Middle East, Iran continues to be recalcitrant when it comes to their nuclear weapons program, and Kazakhstan has opened a dialogue with Iran. And I am concerned about whether or not anybody can change Iran's mind on their nuclear development program. With the problems in Syria and the problems in Egypt and the problems in the rest of that part of the world, Libya, Tunisia, Yemen, it makes you wonder if there is going to be a major conflagration of war over there in the not too distant future, and we don't want that to happen.

So, what are the prospects of countries like Kazakhstan in making an impact on Iran's nuclear weapons program, or nuclear development program?

Mr. BLAKE. Well, Mr. Chairman, as you know, we are engaged with our P5+1 allies in a very important negotiation with Iran, and I must say that I think countries like Kazakhstan can have an impact. Kazakhstan, as you know, is the first country in the former Soviet space to voluntarily renounce nuclear weapons, and has been working ever since to completely rid itself of all of its weapons of mass destruction program.

And it has been a real leader, and a real example for the rest of the world in that regard, so I think that its quiet dialogue with Iran on this issue can have an impact, and we very much appreciate the steps that they have taken in that regard.

Mr. BURTON. I presume that when you talk to the leaders in Kazakhstan and that whole region, you stress the importance of them.

Mr. BLAKE. We do. We very much do.

Mr. BURTON. Okay. The other thing that was of concern to me is, we met with the commander of the Manas Transit Center, and we talked about the extension of that, because we are removing our troops from Afghanistan in 2014. The President was adamant that that base be closed, and we tried to find out if there was any wiggle room so that we could keep that transit center there, but he was very, very firm in saying that it is going to be shut down, closed. So we talked to some of the other countries over there, or at least discussed the possibility of a relocation of that transit center in one of the other countries that we visited.

Have you discussed that with anybody over there? What are the prospects of us—because with Afghanistan being turned over to the Afghans to defend themselves, there is still going to be a need for support from the surrounding area, and I presume we are going to have to have some kind of a residual force of military over there to work with the Afghans during this transition period. So, what are the prospects of having another transit center somewhere else?

Mr. BLAKE. Mr. Chairman, the answer to that question starts with Afghanistan. As you know, in May we signed a strategic partnership agreement with Afghanistan. The next major part of that negotiation will be the negotiation of a bilateral security agreement. Probably we will begin sometime this fall, and the terms of that agreement must be concluded within a year.

That agreement will set forth the parameters of what our security engagement will be in Afghanistan post-2014. That is, at the end of the transition process, how many troops we are likely to have on the ground, and what exactly that residual force will be that you mentioned.

Based on that, we will then have a much clearer sense of what kind of facilities we are going to need, in Central Asia and elsewhere. But as you know, we have already begun the conversation with President Atambaev. We have expressed our deep appreciation to the Government of Kyrgyzstan for their continued hosting of the Manas Transit Center. As you know, the existing contract runs through the middle of 2014, so we have a little bit of time, still.

If I might just correct you slightly, he hasn't said that the Manas Transit Center needs to be closed. He said that it has to be civilianized, and that the military component——

Mr. BURTON. Why don't you define that for us?

Mr. BLAKE. Well, that is, that the military component of it needs to be removed. In other words, he thinks that there is still a role for the Manas Transit Center in terms of providing supplies and serving as a cargo hub and so forth, and also as a transit center for American troops. So we have begun a conversation on this, but a lot of that is going to have to await the outcome of these bilateral security negotiations in Afghanistan, to see exactly how much we are going to need in terms of Manas and whether, as you say, there might be other requests for facilities elsewhere. But for now, we are going to be focusing mostly on Manas, and again I can't really predict.

We are just at the beginning of this process right now, but I do want to stress our appreciation for the support that Kyrgyzstan continues to provide. And again, I think they understand that they derive great economic benefit from our presence in terms of the people that we employ and the amount we contribute to the GDP of Kyrgyzstan, and I think they also support our strategic goals in Afghanistan as well, and that is part of the reason they support this.

Mr. BURTON. I hope that you will keep us informed about the potential for another base of operations. Mr. Meeks?

Mr. MEEKS. Thank you, Mr. Chairman, and again, Mr. Secretary. Let me ask this question, which I was wondering while we were visiting. Typically when we visit, especially whether it is over in Europe or in that area, we work with organizations like NATO, or the EU, or OECD, or the WTO. And I didn't feel or see a real presence of any of these organizations in Central Asia. I was wondering if you could give me a sense of which international organizations have the strongest foothold in the region, as well as what would be the significance of Kazakhstan's OSCE chairmanship in 2010?

Mr. BLAKE. Certainly. Mr. Meeks, we work with quite a number of international organizations and international financial institutions, many of whom have quite an important presence and role in Central Asia. Let me just tick off a few.

I would say the first on my list would be the Asian Development Bank, which has been playing a very, very important role, particularly on this very, very important question of promoting regional integration. The ADB has something called the Central Asia Regional Economic Cooperation program, the CAREC program, and through that they are developing—they are doing a huge amount of work on transport, trade facilitation, and energy cooperation, particularly developing—there are six transport corridors, several of which will go through Central Asia. And I think those are going to be critically important, and the ADB is doing the really hard work of figuring out how to do things like reduce delays at border crossings, how to reduce corruption, how to really tackle some of the most difficult issues that are huge impediments right now to regional economic integration.

So this work has our strong support. I actually, on one of my recent trips, went back through Manila just to have a day of consultation with them and make sure that we were all working on the same page, which we are. So I would like to single out them for particular praise.

The U.N. also plays quite an important role. There is a center in Ashgabat, Turkmenistan, the Centre for Preventive Diplomacy, and they have played an extremely important role on these important water issues that, as you learned from your trip in Tajikistan and Uzbekistan——

Mr. MEEKS. You took my next question.

Mr. BLAKE [continuing]. Are very, very vexing questions where there is, frankly, not a lot of dialogue between these countries. And so the U.N., I think, has a very important role to play in bringing them quietly together to try to resolve some of those, in addition to the important work that I mentioned that the World Bank is doing with Tajikistan. So I would like to also thank them. The U.N. has also had quite an important role in trying to work together on regional counternarcotics issues, through the U.N. Office of Drugs and Crime, that we are working closely with. And then, also, on counterterrorism issues, where I think there is a lot of room to do more on the regional front, to increase regional cooperation.

Right now, most of it is bilateral cooperation between the United States and these countries, but not so much between each of these countries. So again, I think the U.N. has quite an important role to play.

Lastly, you mentioned, Mr. Minority Chairman, the OSCE. And again, the OSCE has been a really important partner in terms of all of the democracy promotion that we are trying to do. Every single election, the OSCE has provided critical support in terms of helping to prepare for elections, providing monitors, and a whole host of other things that I think have been really, really important.

As you mentioned, Kazakhstan was the chair of the OSCE. We supported their chairmanship. But as I mentioned in my opening remarks, we still think there is quite a lot of room left to do more

in Kazakhstan on the democratic front, and that is something we bring up regularly.

Mr. MEEKS. Let me ask—and that is important. One of the things that I did see that was a bone of contention was the water and energy resources that have gone back and forth.

Mr. BLAKE. Right.

Mr. MEEKS. And especially with a couple of countries that looked like they were going to be really at loggerheads, so that is why I wanted to know whether or not there was some international organization that was intervening, that was trying to work on an amicable solution.

But given the time that I have left, with Russia going into the WTO—and I know Chairman Burton and I chair the Russian Caucus, and we have been doing certain pieces—I am interested in knowing your viewpoint on Russia, because I know right after President Putin was elected, he visited Uzbekistan and Kazakhstan right after his inauguration.

So, what do you see as Russia's approach to Central Asia? What do you think the Kremlin's main interest is in policy, as far as policy priorities in the region. And as such, Kazakhstan and the customs union with Russia and Belarus, is that a benefit or a liability, in your view?

Mr. BLAKE. Thank you for that important question. Mr. Meeks, one of the first things that we did when we started our engagement with Central Asia, right at the beginning in 2009, was that we started to work very closely with Russia. As you know, President Obama made this one of his real policy priorities, to kind of work more closely with the Russians on a whole host of common issues. And I think that itself opened up a lot of space for the Central Asians to do more with us, when they saw that there was this signal from the Russians themselves.

Since then, I have really made it a priority on virtually all my trips to go through Russia, either on the way or on the way back, to try to be as transparent as possible with the Russians, to try to reassure them that we are not seeking long-term bases in the region, we are not seeking to displace them. And I think the Central Asians have welcomed, as you yourself have experienced, a greater American engagement. And not necessarily at the expense of Russia, but they are glad to see us, and they know that we can bring a lot to the table in Central Asia.

So we have looked to see how we might be able to, not only expand our dialogue, but also our cooperation in areas like counternarcotics, Afghanistan, health, where we have a lot of common interests in Central Asia. And I think that has been helpful.

As you said, Mr. Putin has articulated a vision of a Eurasian union that he would like to try to establish. I think that countries are kind of viewing that with a certain amount of caution, and we haven't really seen too much in the way of practical steps in that regard yet. There is this customs union that exists.

Our interest, we have always said, is in ensuring that either the union or this Eurasian union do not become vehicles for excluding American or other companies. We think that, on the contrary, that what is needed now is to open up all of these trade routes, to provide opportunity, not just for our companies but for the countries

of the region. And so we have been very strong proponents of that idea, and the Russians have consistently assured us that this is not their intention, and so far our trade experts have agreed that the customs union is not going to be a threat to our companies.

But since you mentioned Jackson-Vanik, Jackson-Vanik could become a problem for our companies. Because, as I am sure you know, once they become members of WTO, countries don't have to, in fact, provide the benefits that they are required to do so under the WTO if there is not PNTR. So the work that you are doing on Russia, of course, is hugely important for our administration right now, but I think we are then going to turn our attention to Central Asia.

Mr. BURTON. Thank you, Mr. Secretary. Mr. Marino, I think you were next.

Mr. MARINO. Thank you, Chairman. Good afternoon, Mr. Secretary. I apologize for my impatience, but I was a prosecutor for 19 years, so I have about six questions that I want to fire off one at a time, and please be as succinct as possible.

Mr. BLAKE. I will try to write them down.

Mr. MARINO. You don't even have to write them down. Just be very succinct, and I will do one at a time.

Mr. BLAKE. Okay.

Mr. MARINO. Having traveled around the world, particularly in the Middle East, Europe and Eurasia, I have come to understand the State Department's reasoning for the U.S. to continue foreign aid. It does not mean I totally agree with it. Nevertheless, I am questioned by my constituents back in the 10th District of Pennsylvania on why we send so much money overseas, given our economic woes that we are in.

What assurance can the State Department give the American people that the leaders in the Central Asian republics will not end up with millions of our dollars for their personal fortunes, as has happened in the past?

Mr. BLAKE. Thank you very much for that important question. And you know, let me say two things. I think, first of all, you should reassure your constituents that the assistance that they are providing for the countries of Central Asia, first and foremost, is designed to provide for the security of the American people. The greatest threats that we face, in terms of our homeland security, now comes from Pakistan and the countries around those areas, and so it is vital that we work with these countries to cement their partnership in this counterterrorism effort that we have underway, not only in Afghanistan and Pakistan, but also in Central Asia.

Secondly, as I mentioned, we are doing everything we can to try to promote American business, American exports, and American jobs, to benefit the American people. And third, we are trying to promote American values, American democracy and human rights, and the things that we have talked about. In terms of corruption, if you read back through my statements, my public statements in the region, Mr. Marino, you will see that I mention corruption in every single one of them, because it is so, so important. And we have been very, very vigilant, particularly on the expansion of the Northern Distribution Network, to ensure——

Mr. MARINO. Let me interrupt you.

Mr. BLAKE [continuing]. That there is no corruption, and that American money is not feeding corruption.

Mr. MARINO. If we find this corruption, are we, the United States, going to prosecute it, or leave it up to these individual states, countries, that do not prosecute?

Mr. BLAKE. Absolutely, we are going to prosecute. I mean, when you say prosecute, we don't have prosecutorial authority inside those countries, but we will suspend those programs, and we will make sure that we get to the bottom——

Mr. MARINO. Why do we not make it part of our agreement, when we set up these treaties, that if there is corruption, these people will be extradited to the United States and prosecuted, and we go in and take their assets?

Mr. BLAKE. Well, let me just give you the example of Manas, because that is one of the ones that is often cited. You can look at all of the documents that have been negotiated on Manas, that are on a Web site. So you can see, in a very transparent way, what kind of assistance we are providing and how that money is being spent, and how it is being used. And again, we want to be very accountable to our own taxpayers, and we want to be sure that the money that we are spending is going to good use, which I believe it is.

Mr. MARINO. China and Russia are the most flagrant offenders of stealing our intellectual property rights, as a result making billions of dollars from our products and not paying the U.S. and other countries for them. How do we prevent this theft from spreading to Central Asia or the 'Stans?

Mr. BLAKE. Again, IPR protection is an important part of everything we do, and it is sort of written into a lot of our trade agreements. We don't really have, yet, the kind of trade agreements that we have in Russia and China with the Central Asian countries, because, frankly, our trade relations are just not as advanced. Most of these countries are still relatively closed, and therefore the scope and volume of American investment and American trade is relatively small.

But to the extent that we begin to operate in areas where IPR protection is important, we will do so. And certainly IPR, in the WTO accession process, is one of the most important components of that process.

Mr. MARINO. I have about 30 seconds left, so give me an example of how we are going to monitor the aid that we send to these countries, a specific example of how it is monitored, and it gets to the point where we are told it is going.

Mr. BLAKE. Again, we are very transparent in everything that we do. A lot of it goes through American contractors, who themselves are responsible to their shareholders. And I can't give you one right off the top of my head, because I don't personally monitor these things myself. We have a whole assistance program that is done by USAID. But I will be glad to take that question and give you a few very concrete examples.

Mr. MARINO. All right. Thank you, sir.

Mr. BLAKE. Thank you.

Mr. MARINO. I yield back.

Mr. BURTON. Since Mr. Engel is gone, Ms. Schmidt.

Ms. SCHMIDT. Thank you. Regarding the Transit Center, when we were there we noticed that the airport needs some repair. One is a new tower, because you can't see the end of the runway, but the government wants to renegotiate the deal. Where are we with it? It is our understanding that if they don't take the contract that we executed by the end of the month, we pull back the money. Has that been resolved?

The second, in Kazakhstan, there is shale oil exploration and extraction, but they don't have the technology themselves to do it. Is there an opportunity for U.S. firms to get involved?

Three, can you talk about the development of a natural gas pipeline to Europe and Central Asia, and realistically how far along is that pipeline? And if I have time, I will ask more.

Mr. BLAKE. Thank you very much. With respect to the new tower, one of the difficulties we face now is that there are competing visions for the new tower within Kyrgyzstan.

Ms. SCHMIDT. That we know. Has it been resolved?

Mr. BLAKE. So we have said that, in the first instance, it is now up to the Government of Kyrgyzstan to clarify what exactly they want, and so far they have not done so. But we have also told them, as you say, that we are on a very tight deadline here, and we can't delay further, so we need an answer by the end of the month. And so we are waiting for that. And I spoke with the Ambassador not too long ago——

Ms. SCHMIDT. We pushed for you and got no resolution, sir. I am sorry.

Mr. BLAKE. That is very nice. With respect to your question on Kazakhstan, I think there may be opportunities for shale gas. The U.S. Geological Survey has done quite a lot of important work, survey work, in Kazakhstan and in Kyrgyzstan, and they have made available the results of that research to American companies. It is really up to them, now, to determine whether they feel it is in their interests to try to pursue that cooperation. But the sort of raw data is there for them, if they would like to use it.

With respect to the pipelines, as you know, our policy has been to support multiple export pipelines out of all of these countries, and I think you are referring to the Nabucco Pipeline——

Ms. SCHMIDT. Yes.

Mr. BLAKE [continuing]. Which we have, again, strongly supported. And our coordinator, Ambassador Morningstar, who has unfortunately just left us to now be Ambassador to Azerbaijan—good for them, bad for us—has worked really hard on that, to try to promote that.

Ms. SCHMIDT. Thank you. And finally, when we look at the Transit Center—and I know you said that it is going to have a civilian component to it—how much will we be—I think our concern as a delegation was our opportunity to bring troops in and out when it transfers into a civilian domain. How assured are we that we can get troops in and out of there? And if not, as the chairman asked and the ranking member asked, what have we actively pursued as alternative routes for that?

Mr. BLAKE. Well, as I said earlier, we have received assurances from President Atambayev and his team that they have remained committed to the existing contract that they have, that runs

through the middle of 2014. So we very much appreciate that. And now we have begun these other conversations about what is the future of Manas post-2014. And again, it is a bit hard for us to negotiate these things until we know what the parameters are going to be of what we are requesting, and so we don't yet know that, because that depends on what happens in Afghanistan.

Ms. SCHMIDT. We are putting so much money into the tower.

Mr. BLAKE. Yes.

Ms. SCHMIDT. And the runway needs to be rebuilt. And apparently, they don't have the funds on their own to do that. And if they are going to ask for our economic involvement in it, shouldn't we have assurances that we would then be able to use that, in case we have a disruption in Afghanistan or in a neighboring community?

Mr. BLAKE. Most definitely. And for that reason, we haven't made any commitments about the second runway, for that very reason.

Ms. SCHMIDT. Thank you. I yield back the balance of my time.

Mr. BURTON. Thank you, Ms. Schmidt. Mr. Poe?

Mr. POE. Thank you, Mr. Chairman. I am way over here. Thanks for being here.

Let me preface my questions about Pakistan with this: In my congressional district, we have lost 37 young men and women of all races and all branches of the services in the wars in Iraq and Afghanistan. Numerous young men and women are serving, not just from my district but all districts. I talk to those families, families that have had them wounded, that have lost sons and daughters. And eventually they will talk about Pakistan, and they are concerned that the money America gives Pakistan ends up in the hands of the Taliban, and the Taliban are trying to kill their sons and daughters. So I preface my remarks based on that, because they believe that. Where they get the source, I don't know. You have heard those allegations before as well.

Pakistan. They are under the status of being a Non-NATO Ally since 2004. First question: Do you ever review Non-NATO Ally status of countries? Does the State Department do that on a regular basis or not?

Mr. BLAKE. I should preface my own remarks by saying that I am actually not responsible for Pakistan. We have, as you know, a special representative. [Laughter.] But I can't answer. I don't know the answer to that question, so I will take that question and we will be glad to get back to you, and get you a——

Mr. POE. How about Afghanistan?

Mr. BLAKE. Well, it is the same thing. As you know, the Major Non-NATO Ally status that was just accorded to Afghanistan is very, very recent.

Mr. POE. I understand.

Mr. BLAKE. We strongly support that, obviously.

Mr. POE. Obviously.

Mr. BLAKE. And we want to——

Mr. POE. Reclaiming my time, do you know of a policy of the countries that you do have responsibility for, are any of them Non-NATO Allies?

Mr. BLAKE. No, they are not.

Mr. POE. So you are not familiar with the State Department's procedure, or if there is one, about review of that status?

Mr. BLAKE. I am not. But again, I will be glad to get you the answer to that question?

Mr. POE. I would like the answer to that question.

Mr. BLAKE. Certainly.

Mr. POE. Following up on some questions by my friend, Mr. Marino, aid to Pakistan. Why do we give money to Pakistan?

Mr. BLAKE. As Secretary Clinton has said many, many times, Pakistan is a very, very important country for us, a very, very challenging country for us. If we are going to achieve a solution in Afghanistan, we have to have the cooperation of Pakistan. We also——

Mr. POE. Excuse me for interrupting. Why do we have to have the cooperation of Pakistan?

Mr. BLAKE. Because most of the militants that are attacking our troops in Afghanistan, and that are also attacking the Afghans, are based in Pakistan. And I would add that many of those same militants that are based in Pakistan are attacking many of our friends in Central Asia.

Mr. POE. And they are also the concern of the Pakistanis, because they are causing mischief in Pakistan as well.

Mr. BLAKE. Certainly. That is right. Different groups are targeting different people, but you are right. And so that is a point that we make, that it is very, very important for Pakistan to take action against all of these groups, because, to a certain extent, they are beginning to work together, and it is impossible to make distinctions between one group and another.

Mr. POE. Are the consequences for misuse of American aid, whether it is corruption, whether it is any of the unlawful purposes of aid going to Pakistan—I am just talking about them, but it applies to other countries. As Mr. Marino said, are there consequences for it? I mean, have there been any consequences for it, other than what Congress's action was last week, the House action?

Go ahead.

Mr. BLAKE. First of all, I would say, if Mr. Grossman, Ambassador Grossman were here, I would think he would dispute that money ends up in the hands of the Taliban. I mean, again, we have quite a lot of programs in place to ensure end use monitoring, to make sure that the money that we appropriate is being used for the purposes for which it has been appropriated.

Mr. POE. So you are saying that the money that we send to Pakistan is being used for the reasons that the United States——

Mr. BLAKE. Mostly. I mean, again, I am not an expert on Pakistan. I can get you a separate briefing on Pakistan.

Mr. POE. I would appreciate that.

Mr. BLAKE. We have difficulties sometimes with, again, the end use monitoring in some of the very secure, challenged places of Afghanistan, so we can't get people in there to do that.

Mr. POE. Let me just ask it this way. Are there consequences for countries misusing money we give them?

Mr. BLAKE. Certainly.

Mr. POE. And what would those consequences be?

Mr. BLAKE. Suspension of programs.

Mr. POE. All right. I ask unanimous consent that I can submit some more questions and get an answer in writing.

Mr. BURTON. Without objection. And I am sure that Secretary Blake will talk to his counterparts at the State Department and get answers to those questions.

Mr. POE. All right.

Mr. BURTON. And I would like to see them as well. Mr. Griffin?

Mr. GRIFFIN. I would like to get a copy of that as well. Pass them to me.

Mr. Secretary, are you familiar with the Silk Road initiative, as it is called?

Mr. BLAKE. Of course.

Mr. GRIFFIN. Can you tell me, sort of, what the status of that is, number one? And your frank opinion on how realistic this initiative is in the short term, and how you see this developing, and how long you think it will take to truly turn Afghanistan into a trade and energy hub. And I would like to add to that, whether you see long-term opportunities for United States companies to be a participant in that. Lord knows we have invested a lot of money and blood and treasure there, and we certainly should be at the table.

Mr. BLAKE. Thank you for that important question, sir. First of all, I should say the New Silk Road is really more of a vision. It is not a specific initiative. And I also should say that this is not something that we are asking Congress to appropriate large amounts of money for. Most of the funds for this regional integration effort are going to come from international financial institutions, of which we pay a portion of their budget—I mentioned earlier the important work that the Asian Development Bank is doing—but also, importantly, from the countries themselves. And as I said in my opening remarks, the heart of the vision is, how are we going to create economic opportunity for Afghanistan, for the people of Afghanistan, after 2014?

There is obviously great concern that, as military forces begin to pull out, a lot of the spending that they are now responsible for will go with them, and that that will have an impact on the Afghan economy. And that, in turn, could lead to loss of economic opportunity. So we have got to find a way to replace that, and the best way to do that is to build up the private sector in Afghanistan. Afghanistan remains a very poor and underdeveloped country, so our view and Afghanistan's view is that the best way to encourage private ctor development is to encourage regional integration.

So we, and the countries of the region, are embarked on this vision to develop the roads, the rails, the electricity transmission networks, the pipelines, and all of the other infrastructure that will be needed to help promote regional integration.

And I would say what is most important about this is that the countries of the region themselves have embraced this; Turkmenistan, Uzbekistan, Tajikistan and many of the other countries, because they see the logic of this. The Chinese see that it makes much more sense for them to export directly via Kazakhstan, and ship things straight through Kazakhstan and into Europe, than to ship things all the way around at a much higher cost and much longer.

Likewise, the Russians understand that there is a tremendous benefit to them going straight through Uzbekistan to the markets of Turkey and beyond, and so there are many, many examples of that. And as the chairman said in his opening statement, Central Asia is right in the center of all of those, so if they can just get those incentives right and open up the infrastructure and reduce the obstacles, not only will Central Asia benefit, but the Afghans will benefit. And that is in our interest.

Mr. GRIFFIN. I want to ask one more question, and my time is running low, related to this. It seems we have an inconsistent history of leveraging our involvement and our investment and our spending, in our blood as well as our treasure, to make sure that once the marketplace is sort of constructed or relatively operational, that we have an advantage, because we were there first, or we were there with money, et cetera.

And I am not going to have a lot of time here, but I would like for you to tell me what, specifically, what lessons have we learned from Iraq in terms of making sure that, after the peace is achieved, or after we have left, or whatever the benchmark is, how do we make sure that we have a structural specific advantage that we can count on, and not just do all of this stuff—and I was in Iraq in '06, before I got to Congress—not just do all this stuff, and leave, and say, "I hope we can compete now." We ought to be doing specific things to make sure that American companies have advantages, after we have spent all this money. If you could comment on that, I would appreciate it.

Mr. BLAKE. Well, let me just say, since we have been talking about Central Asia, we are trying to do a lot. I mentioned how we are trying to promote business directly through trade missions and so forth. Another area is in the area of infrastructure development, and probably the biggest single infrastructure program is going to be this Turkmenistan-Afghanistan-Pakistan-India gas pipeline, and a gas sales purchase agreement has now been signed between Afghanistan and Pakistan and Turkmenistan, the source of the gas.

But the next step will now be to form a consortium, and we have strongly advocated on behalf of American companies who might be asked to lead this consortium. It would obviously be a very big deal for them, and a very big source of revenue for them.

So that is one example of how we are doing whatever we can to try to support American companies. But there are a lot of others as well. We have just——

Mr. GRIFFIN. Well, if I could interrupt?

Mr. BLAKE. Of course.

Mr. GRIFFIN. What I am interested in is not whether we are using our soft power to say, "These are good companies." What I am talking about is cutting deals that say—certainly there is national security money, and what have you, that we are going to spend regardless. But that say, "If we are going to give you this, then we are going to get this," where we have a guaranteed—not a hoped-for, but a guaranteed role in certain projects, because of all we have done for them. That is what I am interested in.

Mr. BLAKE. Again, on the one hand, we certainly, definitely want to support our companies, and we look for single-source contracts wherever we can, and a lot of American companies are doing a lot

of business right now, like on the Ring Road in Afghanistan. An American company just won a several-hundred-million-dollar project there. But at the same time, we also are consistently advocating for open markets and transparency and so forth, and so we have got to be also true to our values.

So we try to strike that balance. And yes, we want to support our companies, but our companies are ultimately going to succeed because they are the best and the most efficient, and they are going to benefit from an open system. So it is really in our interests to promote that kind of an open, competitive system.

Mr. GRIFFIN. Right. If all countries—I am sorry, Mr. Chairman.

Mr. BURTON. That is all right. We have another panel, and I want to make sure that we get to them. Mr. Marino, you had another comment that you wanted to make real quick?

Mr. MARINO. Request for 1 minute. Thank you. Thank you, sir.

Mr. Secretary, you are doing a fine job on the hotseat. I respect you. You are a brilliant man, and I know you are dedicated, but sometimes we have a tendency to—not sometimes, usually, we weave a very intricate web, whether it is by intention or just because of the nature of the beast. But you understand my concern here when I raise this issue. The leaders in Iraq—and I have studied this every way that I can—the leaders in Iraq have passed legislation that say that they are immune from any potential prosecution or responsibility for missing funds.

Now, this is extraordinary. We are looking at, at minimum, $10 billion missing. Now, the Iraqis and some individuals here in the U.S. will say, "Well, that was their money." First of all, I do not believe that. And second of all, it is all fungible. But this is just what I do not want to happen. And please, please do whatever it is in your power, and in the State Department's power, to make sure that this type of thing does not happen again, because we in Congress, and particularly the freshmen and freshwomen, we are frustrated to the point where it will not take long for us to say, "We are passing legislation that stops any aid under these circumstances, and to these countries in the Middle East." Please take it very seriously sir, as I know you will.

Mr. BLAKE. Mr. Marino, let me just assure you, I have done work in the Foreign Service for 27 years, and we, all of us in the State Department, take very seriously our responsibility to steward the resources of the American people. And I can just tell you that this is something we talk about every single day, is the importance of making sure that our money is used wisely, and that it is going to benefit the interests of the American people, and that we are not going to try to, in any way, sustain corruption, which is a cancer in Central Asia, and something that has got to be rooted out, and is a real source of instability for these countries.

We talk a lot about how the Arab Spring, the reason the Arab Spring occurred, or one of the reasons, was youth unemployment. But another was the stark difference between the corrupt, lavish lifestyle that the elites were leading versus the difficulties that the young, unemployed, mostly men of Egypt and Tunisia were living. And this is a lesson that the leaders of Central Asia have got to respect, and I am sure the chairman knows about this.

Mr. BURTON. Thank you, sir. That is another subject for another time, because there are a number of us that have a little different view on Libya, Egypt and how we are handling those issues.

But thank you very much, Mr. Secretary. We really appreciate your very thorough briefing today. Really appreciate it.

Mr. BLAKE. Thank you, Mr. Chairman. And again, thank you so much for your engagement.

Mr. BURTON. Okay. Our next panel consists of Ambassador Ross Wilson. He is the director of the Atlantic Council's Dinu Patriciu Eurasia Center, a lecturer in international affairs at George Washington University, and chairman of the board of the Institute of Turkish Studies. Ambassador Wilson spent three decades in the U.S. Foreign Service, including 6 years as American Ambassador to Turkey and to Azerbaijan.

Dr. Ariel Cohen serves as a senior research fellow in Russian and Eurasian studies and International Energy Policy at the Heritage Foundation, and Dr. Cohen has published six books and over 500 articles in professional and popular media. Currently he is contributing editor to The National Interest, and a blogger for Voice of America.

And our third witness is Mr. S. Enders Wimbush. He is a senior director for foreign policy and civil society at the German Marshall Fund of the U.S. Prior to joining the GMF, Mr. Wimbush served as a Senior Vice President of the Hudson institute, and spent 10 years at Booz Allen Hamilton and Science Applications International Corporation. Mr. Wimbush also served as a member of the United States Broadcasting Board of Governors from 2010 to 2012, and he is an author and editor of a number of books on Central Asia.

Gentlemen, thank you very much for your patience. We really appreciate it. So let us start with you, Mr. Wimbush.

STATEMENT OF THE HONORABLE S. ENDERS WIMBUSH, SENIOR DIRECTOR FOR FOREIGN POLICY AND CIVIL SOCIETY, THE GERMAN MARSHALL FUND OF THE UNITED STATES

Mr. WIMBUSH. Thank you, Mr. Chairman, Mr. Ranking Member. It is a pleasure to be here together.

For America's interests, objectives and strategies in Central Asia, it should elicit an immense and intense response for engagement from this Congress, but it is one of the few parts of the world which deserves such an interest, which has been so systematically ignored over the last two decades.

So why should we pay attention to Central Asia today? What strategic interests does the United States have there, and how should U.S. policy reflect those interests? Allow me to suggest four ways around which we might organize our thinking on this issue.

First, Central Asians today are no longer part of the Russian empire, and I would argue that they are rapidly moving out of Russia's historical sphere of influence. That said, all Central Asians are mindful of Russia's continued designs on its former imperial territories. They occasionally trim their policies to favor Russian preferences and priorities, though this happens less and less. No one in Central Asia wants to poke a sharp stick in Russia's eye, but neither do they roll over automatically when Russia asserts its

interests over theirs, and more and more frequently they adopt courses that favor their own interests over those of the Russians.

Put another way, all the Central Asian states are crafting and implementing independent foreign policies. They interact with a wide variety of actors whose interests the Central Asians accommodate or contest.

This brings me to my second point. China, increasingly, is the large power Central Asians defer to. China's presence in Central Asia, especially its economic power, has grown dramatically in the last two decades. Its strategy is complex and integrated, approaching the level of grand strategy. At its heart, as we have heard, is gaining access to Central Asia's abundant energy resources and strategic minerals, while securing transport over land to China that cannot be interdicted easily.

China seeks to marginalize a weakening Russia in Central Asia, to take advantage of the power vacuum left by America's departure from Afghanistan, and deter ambitions by Central Asia's other large power, India, which it seeks to outflank along India's vital northern frontier. China has developed increasingly robust trade routes and economic enterprises in Central Asia. It sweetens its trade development deals with soft loans, direct payments, and advanced technologies. Beyond this, China's assistance comes without the criticism of Central Asian states' spotty records on human rights and democratic practices.

China's rise and Russia's decline introduces my third point, and that is quite simple. The shape of the geostrategic competition in Central Asia is changing radically, with more actors seeking more opportunities to satisfy their own objectives there. Russia and China are the most active today, but they are joined by India and others. From the Indian point of view, to allow China free rein in Central Asia cedes a critical frontier in its competition with China, a competition that touches Afghanistan, Pakistan, Kashmir, and even Tibet.

Turkey, too, has vital interests in Central Asia, driven by ethnic, cultural, linguistic attachments, and a natural facility for trade. Iran is first and foremost a Central Asian state, which we tend to forget, and its influence through culture and history remains extremely powerful there. While it is not clear at this point that Iran currently has the capacity for a grand strategy that embraces Central Asia, it still looks to enhance its strategic position there while complicating the strategic position of other actors.

The Gulf Arab states have also been active in Central Asia, particularly Saudi Arabia, mostly to inject into Central Asia's fertile soil their own brand of Islam. Other actors could shape this landscape further. The United States and Europe both figure in this tentative category, along with Japan, Korea, and other Asian states.

I wish to underline this point. The Central Asia American policymakers must deal with today is composed of many moving forces, not just one or two. Moreover, these multiple forces are already in motion, anticipating America's withdrawal from Afghanistan. We tend to think of that withdrawal in 2014 as a snapshot in time, but it is not, because the Central Asian governments, as well as the outsiders who seek to improve their strategic advantages in Cen-

tral Asia, see this as a process that began the moment our departure was announced. Most are actively recalibrating objectives and redesigning strategies that reposition themselves now with the idea of consolidating positions once the Americans are gone.

Fourth and finally, what is America's interest in all of this? At the most basic level, Central Asia no longer resides on the far periphery of the West. As Europe has expanded eastward, Central Asia, quite naturally, has increasingly become Europe's new borderland. Kazakhstan held the presidency of the OSCE in 2010. Energy umbilical cords stretching from Central Asia feed Europe, feed Asia, feed Turkey and the global marketplace in which the United States does business. Helping to maintain the stability and develop the prosperity of this region is therefore a pressing national interest for the United States and Europe.

Nowhere in the world does such competition involve so many nuclear powers—China, Russia, Pakistan, India—with several nascent nuclear powers—Iran, Turkey—standing in the wings. Serious conflict in Central Asia should be seen neither as without consequences for us, nor far away.

Is it in America's interest for China to sit alone astride Central Asia's energy and resource corridors, to effectively flank American ally India, and to consolidate a strong Central Asia position in concert with Central Asian actors like Iran and Pakistan, which enjoy China's support? This question should preoccupy American critical thinking and strategic thinking.

Central Asia's pathway of drugs from Afghanistan is another compelling American interest. With American activity there winding down, we can expect that pathway to take on new energy. Similarly, it takes little energy to imagine Islam finding new adherents and campgrounds in many parts of Central asia, especially in the Fergana Valley.

The upside—and I will finish right now, Mr. Chairman—the upside of Central Asia's development is especially appealing, as Mr. Meeks noted. Opportunities for developing robust trade corridors and overland routes between East and West across Central Asia could kickstart the economies of many American friends and allies across the region, including in the Caucasus and the Black Sea.

So in conclusion, finding reasons for a robust and active American engagement with and in Central Asia is not difficult, and in my view reasons to avoid it are shortsighted. But to engage effectively, we need to understand what the strategic chessboard looks like, how the players are establishing their objectives on it and designing strategies to pursue those objectives. A good assessment of where those strategies are likely to collide, to cause conflict, or coalesce, to converge, to create something larger than the sum of their parts, is urgent. I agree, with great respect, with Congresswoman Schmidt. We do need a plan for Central Asia. But more than a plan, we need a strategy.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Wimbush follows:]

The United States and Central Asia

The Hon. S. Enders Wimbush
Senior Director, The German Marshall Fund of the United States

House Subcommittee on Europe and Eurasia hearing
"U.S. Engagement in Central Asia"

July 24, 2012

For American interests, objectives and strategies, Central Asia should elicit an intense focus and engagement, yet few parts of the world are so systematically ignored in American strategic thinking. This is not something new. It was the case throughout the Soviet period, when Central Asia was seen as just one more part of the Soviet Empire whose interests were defined and addressed in Moscow by Russians. For almost 70 years, the study of Central Asia was the provenance of a few intrepid scholars in the United States and Europe. Their works, including my own, were most often dismissed as not central to the study of Russian power and empire maintenance. The only way a young scholar might adequately engage in the study of Central Asia under Soviet rule was to enroll in one of the few centers of Soviet Studies within American, French or British academia that was fortunate to attract the tiny number of classically-trained specialists, who generally floated from one to another institution. The results were predictable. When the USSR was history and Central Asia had five new independent states, American policy wandered and foundered. I for one believe it continues to wander to this day.

Why should we pay attention to Central Asia today? What strategic interests does the United States have there? And how should U.S. policy reflect those interests? Allow me to suggest four areas around which we might consider organizing our thinking on these issues.

First, Central Asians are today no longer part of the Russian Empire, and indeed I would argue they are rapidly moving out of Russia's historic sphere of influence. That said, all of the Central Asian states, more or less, are mindful of Russia's continuing designs on former Soviet territories and, to a greater or lesser extent, they say the right things to the Russians most of the time to deflect their former imperial rulers from meddling in the Central Asians' internal affairs. They occasionally trim their policies to favor Russian preferences and priorities, though this happens less and less. No one wants to poke a sharp stick in Russia's eye. But neither do they roll over automatically when Russia asserts its interests over theirs, and more and more frequently they adopt courses that favor their own interests over those of the Russians.

Put another way, all of the Central Asian states are crafting and implementing independent foreign policies. Three states—Kazakhstan, Uzbekistan and Turkmenistan—are far down this road. They define their own objectives, and they

design strategies to achieve them. They not infrequently lock horns with the Russians along the way without backtracking. They interact with a wide range of other actors, whose interests the Central Asians accommodate or contest. In short, they act like many other states, and in their statecraft they outperform a lot of them. We should conclude, I believe, that our current preoccupation with Russia's former rule of this region, and therefore a predisposition to approach Central Asia through a set of filters and optics calibrated around Russia and its interests, is and approach flawed from the beginning. Starting with the Russia question will lead to a Russia answer, regardless of how strategically irrelevant that answer might be.

I am not asserting here that Russia is strategically irrelevant with regard to Central Asia, far from it. But we must understand that Russia is weak and failing across every dimension of its former power and authority, the exception being its nuclear arsenal. It is in a well-understood demographic death spiral; its economy depends on one commodity and is threatened with ruin whenever the price of oil descends. To say that Russia lacks governance is a gross understatement; many experts describe Russia as a criminal enterprise in service of a few individuals and groups whose goal is to strip assets from the state and park their profits elsewhere. Not surprisingly political opposition is rising to the Kremlin's monopoly of power. This is a losing hand, and Russia's leaders know it is a losing hand, but to remain competitive they must nevertheless play it as skillfully as they can for as long as they can.

Russia's time to play any hand in Central Asia is fast running out. This brings me to my second point. Russia is no longer the large power Central Asians defer to. China is. China's presence in Central Asia, especially its economic power, has grown dramatically in the last two decades. Its strategy is complex and integrated. Indeed while one is tempted to describe Russia's activities in Central Asia largely as delaying tactics, China's approaches the level of grand strategy. At the heart of this strategy is gaining access to Central Asia's abundant energy resources while securing transport overland to China that cannot be interdicted easily. At the same time, China seeks to build barriers to the spread of radical Islam into Xinjiang, which shares ethnic and religious populations with Central Asia. This radicalism has already penetrated Central Asia from a number of directions including Afghanistan, Pakistan and the Arab lands, is marching through the North Caucasus, and is making significant gains and Russia's Volga region.

China's strategy of engagement in Central Asia—evident to anyone who travels there today—seeks to marginalize a weakening Russia, take advantage of the power vacuum left by America's departure from Afghanistan, and deter any ambitions by Central Asia's other large power, India, which it seeks to outflank along India's vital northern frontier. China's growing presence in Central Asia also improves its position in the long-term competition to see if Russia or China ends up with the former's Far East and Siberia. China's strategy for Central Asia is captured by the organizations it has created for this purpose, beginning with the Shanghai Five in 1996, which was transformed in 2001 into the Shanghai Cooperation Organization, the premier organization for discussing Central Asia's economic and political present and future.

China has developed increasingly robust trade routes and economic enterprises in Central Asia, which China clearly hopes will advance development and stability in its own Central Asia territories through gradual integration. In 2009, the last statistics available, trade between China and the five Central Asian states stood at about $25 billion and growing rapidly. China has a keen eye for strategic minerals and hydrocarbons, and it has cutting deals worth billions of dollars in the last few years. It sweetens its trade and development deals with soft loans, direct payments and advanced technologies. Beyond this, China's assistance comes without the criticism of the Central Asian states' spotty records on human rights and democratic practices.

A casual stroll through the bazaars and department stores of most large Central Asian cities reveals stores stuffed with Chinese goods, Chinese businesspeople with ties to China's government filling the hotels, Mandarin blaring from loudspeakers, and opportunities for people to learn Chinese from a growing network of Confusius Institutes. Kazakhstan and Kyrgyzstan are particular targets, both sharing borders with China. Lately Uzbekistan has been receiving growing Chinese attention. Whole Chinese communities are springing up, and many more are likely, given the velocity of Chinese investment and the state's preference for ensuring it with lots of Chinese on the ground.

China's evident supplanting of Russia as Central Asia's dominant power introduces my third point. The shape of the geostrategic competition for Central Asia is changing radically, at least since the early 1990s, with more actors seeking opportunities to satisfy their own objectives there. Russia and China are the most active today, but they are joined by India, which seems to have awoken from a decades-long strategic lethargy to realize that its historic ties to Central Asia give it special advantages there that China does not possess. Moreover from the Indian point of view to allow China free rein in Central Asia cedes a critical frontier in its competition with China—a competition that touches Afghanistan, Pakistan, Kashmir and even Tibet. We will hear a great deal more on Central Asia from India in years to come.

Turkey, too, has strong and vital interests in Central Asia, driven by ethnic, cultural and linguistic attachments and a natural facility for trade. Turkey was expected to be the big winner in newly independent Central Asia, and most Western governments looked to Turkey as the secular model for Central Asian development. This has not happened for a variety of reasons, but Turkey remains a powerful player on the ground through trade, education and diplomacy.

We tend to forget that Iran is first and foremost a Central Asian state, and its influence through culture and history remains powerful there. This influence is more localized than general, and it is not clear if Iran currently has the capacity for a grand strategy that embraces Central Asia. But make no mistake. Iran looks to Central Asia to enhance its strategic position throughout the region, while complicating the strategic position of other actors.

The Arab Gulf states have also been active in Central Asia, particularly Saudi Arabia, mostly to inject into Central Asia's fertile religious soil their own brand of Islam. Central

Asian governments, especially Uzbekistan, have been pushing back as the influence of these ideological states has grown and as radical Islam has sunk deeper roots in what has historically been a moderate and modern Islamic milieu. But this is a challenging game, as Saudi influence often comes with Saudi cash and incentives, which are for the most part welcomed.

Other actors could shape this landscape yet further, mostly through trade, but also through education and civil society capacity building. The Unites States and Europe both figure in this tentative category, with Japan, Korea and other Asian states filling in the margins.

The larger point is important: The Central Asia American policy makers must deal with today is composed of many moving forces, not just one or two. No longer hermetically sealed by Russian power, Central Asia has become a crucible in which the active strategies of a variety of powerful and determined players interact, collide and converge. This is a new game for American strategists, and so far they have not shown any particular skill in playing it. Moreover these multiple forces are already in motion, anticipating America's withdrawal from Afghanistan. We tend to think of America's departure as a snapshot in time, as in "It's 2014 and the Americans are gone." But Central Asian governments, as well as the many peripheral actors who seek to improve their strategic advantages in Central Asia, see this as a process that began some time ago. Not surprisingly, most are actively recalibrating objectives and designing strategies that reposition themselves now, with the view of consolidating positions once the Americans are gone. Most long ago discounted the purported goals of America's involvement in Afghanistan, with Pakistan's failure hanging in the balance.

It is worth speculating how a continued American presence in the region, perhaps no more than a few hundred soldiers in training missions and other endeavors, might change the strategic dynamics that have already been unleashed. My own view is that this would be a very positive influence on what could rapidly become an unruly and likely violent competition amongst the others. And I suspect that this kind of presence, for example in Uzbekistan, would be welcome.

Fourth, what is America's interest in all of this? At the most general level, Central Asia no longer resides on the far periphery of the West. As Europe has expanded eastward, Central Asia has increasingly become Europe's new borderland. Kazakhstan held the presidency of the Organization for Security and Cooperation in Europe in 2010. Energy umbilical cords stretching from Central Asia feed Europe, Turkey and the global marketplace in which the United States does its business. Helping to maintain the stability and develop the prosperity of this region is therefore a pressing national interest. But we should think about it less as some kind of expeditionary development project and more as stabilizing an increasingly proximate borderland.

The dynamic competition in Central Asia amongst powers with different and often conflicting objectives and strategies will increase, with all the attendant pathologies such a competition can unleash. Nowhere else in the world does such competition involve so

many nuclear powers—China, Russia, Pakistan, India—with several nascent nuclear powers—Iran, perhaps Turkey—standing in the wings. The potential for serious conflict in Central Asia should be seen as neither without consequences for us nor far away.

It is likely that in a few years Russia will be a minor player in Central Asia, while China will dominate. Is it in American interests for China to sit unchallenged astride the energy and resource corridors developing there, to effectively flank American ally India, and to link, as it has shown an appetite to do, with actors like Iran and Pakistan? This question should preoccupy American strategic thinking.

Central Asia's status as a pathway of drugs from Afghanistan is another compelling American interest. With American engagement winding down, we should expect to see activity along this pathway generating new energy. Similarly, it takes little to imagine radical Islam finding a new adherents and campgrounds in many parts of Central Asia, especially in the Ferghana Valley. This is an especially difficult development for Central Asians, who typically have been among the Islamic world's more moderate adherents, with a rich tradition of Islamic scholarship going back centuries. One of the consequences of Soviet rule was to eradicate this tradition and most of its practitioners—which the Soviets trumpeted as a great social and political achievement. Ironically this "achievement" has damaged a potent barrier to today's radicalism, thereby opening the door to the Islamist tendencies slipping in from the Arab world, Pakistan and elsewhere today.

The upside to Central Asia's development is especially appealing. Opportunities for developing robust trade corridors and overland routes between East and West across Central Asia could kick start the economies of many American friends and allies across Eurasia, including in the Caucasus and the Black Sea region. Several schemes are underway or contemplated, and these should attract favorable American attention.

In conclusion, finding reasons for a robust and active American engagement with and in Central Asia is not difficult. Reasons to avoid this engagement are short-sighted and contrary to American interests, in my view. But to engage effectively, we need first to understand what the strategic chessboard looks like, how the players are establishing their objectives on it and are designing strategies to pursue those objectives. We need a good assessment of where those strategies are likely to collide to cause conflict, or to coalesce or converge to create something larger than the sum of their parts. In short, we need to get strategic in our thinking about Central Asia, far beyond the tactical and incremental thinking we currently practice. This is a new and different kind of competition that America can help to shape. Or it can stand back and reap a whirlwind.

Mr. BURTON. Thank you, Mr. Wimbush.
Mr. Wilson.

STATEMENT OF THE HONORABLE ROSS WILSON, DIRECTOR, DINU PATRICIU EURASIA CENTER, ATLANTIC COUNCIL

Mr. WILSON. Mr. Chairman, it is an honor to be part of this hearing today. In addition to these brief remarks, I would ask that my longer statement be entered into the record.

In testifying before this committee almost exactly a year ago, at a session on Eurasian energy, I made the point here that members of this committee, and of Congress, need to travel to the region to get to know their people, to become familiar with their issues. I will add to what Assistant Secretary Blake said in commending you for your leadership in taking your group there. I know that these kinds of trips help to advance American interests in the region, and all around the world.

I won't comment at length on the situation in Central Asia as I see it. I think my colleagues and Assistant Secretary Blake, and you yourself, have done more than an adequate job of that. Obviously, it is a region that is troubled by many, many problems: Governance often of too low quality and too much authoritarianism. The rule of law has got a lot more rule and a little bit less law than might be desirable. The cultures of freedom and accountability are weak in this part of the world. Economic opportunity has expanded, but poverty is a huge problem. Externally, others have referred to the problems that the region faces: Afghanistan, Russia, China, Iran. And I would add to what Mr. Wimbush said, fear of U.S. neglect.

Everything about Afghanistan is a problem for Central Asia. Nowhere in the world is what we euphemistically refer to as a transition in Afghanistan viewed with more concern or alarm than in Central Asia. Since achieving independence, the Central Asians have wanted a robust and consistent American presence. They see us as a balancer vis-à-vis Russia and China, and as a source of options in their foreign policy, in terms of security and in their economic development.

Throughout the 1990s, the United States did a great deal to try to meet those requirements. A 2010 Atlantic Council Task Force that I was part of found that, after 9/11, our policy and our activities in Central Asia changed quite significantly. Securing support for U.S. and Coalition operations in Afghanistan became the overriding priority. Winning the war, obviously an extremely important set of priorities, replaced comprehensive support for long-term development based on democratization, market reform, trade, energy and regional cooperation that is essential if Central Asia is to succeed, and itself not become a future Afghanistan. We made a number of recommendations. Many of those were acted upon by the administration, and I commend Assistant Secretary Blake for his leadership.

Going forward, at least six things seem important that I would like to identify here.

First, the United States should further strengthen its engagement in the region. Afghanistan must remain a very frequent topic of conversation with these countries. The annual bilateral consulta-

tions that Assistant Secretary Blake referred to should be continued, and periodically brought up to the Cabinet level, or even above that, and the civil society component that he refers to that exists with Kazakhstan needs to be stretched out into the other countries. No President, no American President, has ever visited this region. One should.

Second, we need to further rebalance and better coordinate our diplomacy in Central Asia. Our Ambassadors need to be more strongly supported by all U.S. Government agencies as the U.S. Government coordinators on the ground. In Washington, the President should appoint a senior director for Central Asia at the National Security Council to more effectively coordinate our policy and its execution. And I would note, parenthetically, Central Asian management at the NSC belongs to the senior director for Russia. Leaving aside the optics of that, I think a mixing of such responsibilities will not produce the results that we need.

Third, we should add to our continued advocacy on issues of democracy, human rights, and the rule of law. Greater emphasis on trade, and in particular accession to the World Trade Organization—and I was pleased by what Ambassador Blake had to say on this. WTO membership will help build prosperity, but will over time strengthen the domestic constituencies interested in the fair and consistent application of the law, respect for property and other rights, open borders and societies, and the political pluralism that these countries need.

Fourth, with all due respect to what Assistant Secretary Blake had to say about the Silk Road, I think we should be much more serious about it. The President should appoint a senior-level special envoy to lead our work on this initiative, with the regional players and with the international financial institutions, to work on both the physical and especially the policy infrastructure to make the Silk Road a 21st Century reality.

Fifth, we should strengthen the Central Asia dimension of the OSCE. The OSCE should expand its presence, which is very slender in these countries, and its on-the-ground work on inter-ethnic issues, crisis management, trade and economic development, counternarcotics, and in other fields. Better organization and more effective advocacy will be very good for our policies in the region.

Our programs also, of course, require resources for our diplomats to work with. In Fiscal Year 2002, the United States budgeted some $328 million to support our policy goals in Central Asia. I understand the administration's request for FY13 amounts to $96 million. I don't know what the right sum is, and of course you and your colleagues are grappling with very difficult challenges as we try to confront our budget deficit. Especially in light of the drawdown in Afghanistan, and its implications for already very vulnerable Central Asian societies, I urge members of this committee to work with the appropriators and the administration to ensure that our policies have the resources necessary so that they can succeed.

Thank you very much.

[The prepared statement of Mr. Wilson follows:]

As prepared
for delivery

U.S. Policy in Central Asia

Ambassador Ross Wilson
Director, Dinu Patriciu Eurasia Center
Atlantic Council

House Committee on Foreign Affairs
Subcommittee on Europe and Eurasia
hearing on
U.S. Engagement in Central Asia

July 24, 2012
Washington, D.C.

Mr. Chairman, thank you for this opportunity to be part of today's hearing on U.S. policy in Central Asia. In testifying a year ago on Eurasian energy before this committee, I urged that members of Congress travel to the region, get to know its people, and become familiar with its issues. I commend you for doing just that and believe it will contribute significantly to advancing American interests and values in a vulnerable, but important part of the world.

Just over twenty years ago, the five countries of Soviet Central Asia achieved independence for the first time in modern history. It was not expected. It did not follow any preparation or even much of a genuine popular struggle. It produced great hardship and social upheaval. But what happened opened the door to a positive new future for the region and for U.S. interests there.

Twenty years on, the states of Central Asia have created new countries where nationhood was weak, established new governing institutions, dismantled Soviet central planning and developed new economies, and eliminated nuclear and other weapons of mass destruction capabilities and technologies on their territories. Their citizens are more connected with the world than ever before.

But substantial problems remain. Internally, these include governance that is often of low quality, but also highly authoritarian. The rule of law is more often rule than law. The cultures of freedom and public responsibility are weak. Economic opportunity is certainly greater than it was, but poverty remains widespread. Inter-ethnic conflict, especially in the Fergana Valley, drug trafficking, and terrorism are all serious issues.

Externally, the region faces Afghanistan, Russia, and China, and it fears U.S. neglect. Three Central Asian countries border Afghanistan, and the other two lie less than 300 miles away. If Afghanistan's terrorists, drug trafficking, Taliban and other extremist ideologies, and civil and ethnic strife seem worrying to us, they sit on Central Asia's doorstep. Nowhere in the

world is what we euphemistically call the upcoming "transition" in Afghanistan viewed with more concern and alarm. Russia casts a long shadow, and Vladimir Putin's return to the Kremlin probably makes most Central Asians more apprehensive. Chinese investment and trade are increasingly drivers of economic development – and of local concerns about being overwhelmed.

Upon achieving independence and since, the Central Asian countries have wanted a robust and consistent American presence. They see the United States as a balancer vis-à-vis Russia and China and as a source of options in foreign policy, security, and economic development. Throughout the 1990s, U.S. policymakers worked on many levels to help these new countries consolidate their independence based in part on the premise that doing so would help ensure that never again would a threat to our way of life come from this part of the world. This effort included frequent presidential and vice presidential meetings with regional leaders and travel to Central Asia by our secretaries of State and Defense and their lieutenants. Congress generously supported this work through FREEDOM Support Act appropriations and strong oversight of Executive Branch activities in the region.

A 2010 Atlantic Council Task Force of which I was part found that after 9/11 our policy and activities in Central Asia changed. A backwater no more, the region's support for U.S. and Coalition operations in Afghanistan became *the* overriding priority. This was natural given that we had a war to fight, but military-based and transactional diplomacy skewed American policy away from more comprehensive support for long-term development based on democratization, market reform, trade, energy, and regional cooperation that is essential if Central Asia is to succeed – and to avoid becoming another Afghanistan itself.

The Council's Task Force made a number of recommendations. Whether because of that or for other reasons, U.S. diplomacy ably led by Assistant Secretary Blake has addressed many of the issues we identified. The annual bilateral consultations (ABCs) he leads with each of the region's governments and a more serious effort at consultations on Afghanistan have gone a long way toward repositioning the United States in Central Asia and enabling our presence there to more effectively advance American interests.

Looking ahead, further additions to our agenda in and with Central Asia are needed that I hope you and others in Congress will encourage and support.

First, the United States should continue and further strengthen its engagement in the region. Dialogue with the countries' leaders and civil societies should be supported as an end in itself, to advance our agenda and values for the long-term, not something to be extended or withheld as a reward or punishment for good or bad behavior. For the foreseeable future, Afghanistan should remain a frequent topic of conversation. The ABCs should be continued and brought at least occasionally to the ministerial or head of state level, and a civil society component of these consultations should be developed. No U.S. president has ever visited the region. Now is the time to do so.

Second, we need to further rebalance and better coordinate our diplomacy in Central Asia. Our ambassadors need to be more strongly supported by all agencies as the U.S. government coordinators on the ground. In Washington, the president should appoint a senior

director for Central Asia at the National Security Council (NSC) to more effectively coordinate U.S. policy and its execution. It is still the case that Central Asia management at the NSC belongs to the senior director for Russia. Leaving aside the optics of this, such a mixing of responsibilities will not produce the results our country needs.

Third, we should buttress continued advocacy on issues of democracy, human rights and the rule of law by giving greater priority to trade. The U.S. Trade and Investment Framework Agreement (TIFA) with the Central Asian states and Afghanistan is taken seriously neither here nor in the region. We should transition this into a World Trade Organization (WTO) accession strategy worked in tandem and at senior levels with the international financial institutions (IFIs), the European Union, and others. WTO membership will not only facilitate trade and investment. It will also strengthen over time the domestic constituencies interested in fair and consistent application of the law, respect for property and other rights, more open borders and societies, and more credible mechanisms for sharing decision making that will help engender the political pluralism these countries need.

Fourth, we should get more serious about the Silk Road, which can help transform the region and make use of its geographic comparative advantage where the Far East, South Asia, and Europe come together. The president should appoint a senior-level special envoy to lead U.S. work on the physical and policy infrastructure required for the Silk Road to become a 21st century reality. Our diplomacy on it should include Russia, China, the European Union and the IFIs, especially the Asian Development Bank, which has shown real leadership in this area.

Fifth, we should strengthen the Central Asian dimension of the Organization for Security Cooperation in Europe (OSCE). The OSCE should do in Central Asia what it has done in the Balkans. It should expand its regional presence and on-the-ground work on inter-ethnic issues, crisis management, trade and economic development, counternarcotics, and in other areas. Such OSCE efforts will help improve cooperation among the Central Asians themselves.

My remarks have focused on how we organize ourselves to shape the future of Central Asia and help it to succeed in a troubled region. Better organization and more effective advocacy will be good for US policy, but our programs also require resources to be successful. In FY-2002, the United States budgeted some $328 million to support our policy goals in Central Asia, but I understand that the Administration's request for FY-2013 amounts to only $96 million. I don't know what the right sum is, but am certain that we should not short-change our interest in security, prosperity and democracy-promotion efforts in Central Asia, especially in light of the drawdown in Afghanistan. Congress faces difficult choices as it confronts the budget deficit, of course. I urge the members of this committee to work with the appropriators and the Administration to ensure that the resources made available to advance U.S. interests and values in this part of the world are sufficient for the task.

Mr. BURTON. Thank you, Mr. Wilson. And I appreciate the five ideas that you have there. We will take those to heart, and send those to some of the people in the administration, including the Secretary.

Mr. Cohen?

STATEMENT OF ARIEL COHEN, PH.D., RESEARCH FELLOW, THE KATHRYN AND SHELBY CULLOM DAVIS INSTITUTE FOR INTERNATIONAL STUDIES, THE HERITAGE FOUNDATION

Mr. COHEN. Thank you very much, Mr. Chairman. Ladies and gentlemen, thank you for inviting me to testify. A year ago, it was my pleasure to testify before this subcommittee on the subject of Eurasian energy. Unfortunately, not much has been accomplished by this administration to facilitate U.S. access to Eurasian and Caspian energy resources on a level playing field since.

Central Asia boasts natural and human resources which, if they were to fall in the hands of Islamists, could shift the strategic balance in their favor. If Afghanistan falls into the hands of the Taliban, the brittle authoritarian polities and societies of Central Asia would come under pressure. And if Russia manages to reestablish its dominance in the region, it will take another important step toward reconstructing a 21st Century version of its empire. Finally, the Chinese influence in the region is growing. China is already the leading trade and investment partner, and for now it is happy to outsource security for Russia. However, history teaches us that as a country's foreign wealth grows, it projects power to protect its assets, and China in this respect will not be an exception. The Shanghai Cooperation Organization, a China-Russia cohabitation platform, in the future will be capable to project power into the heart of Eurasia.

Central Asia, however, is important beyond its energy resources. At stake are strategic access and a level playing field. First, the U.S. needs to make sure that no hegemonic power dominates the region or defines the rules of the game such as to exclude American security interests. Second, the U.S. needs to assure that no regional hegemon denies a level playing field to U.S. corporations through corruption and undermining the rule of law. And finally, it is in the interests of the United States and its allies to assure that Western values and ideas are not subverted in the region, be it through the spread of Islamist radicalism or domination by market authoritarians, such as Russia or China.

It is in the U.S. interest to remain engaged in all three realms: Security, markets, and democracy, and good governance. Otherwise, the U.S. and our allies can become irrelevant in the heart of Eurasia, which eventually could put pressure on our partners in Eastern Europe.

Unfortunately, this administration for the last 4 years neglected the post-Soviet space in general, and the heart of the Eurasian landmass in particular. The challenges of Central Asia's transition to power from the hands of the post-Soviet elites in the wake of the collapse of Soviet-era communism have not been adequately addressed by this administration.

The rulers of Kazakhstan, Uzbekistan and Tajikistan, and of Kazakhstan and Uzbekistan in particular, are in their 70s, and

have been in power for over 20 years. Political institutions, especially in Uzbekistan, Tajikistan and Turkmenistan, are weak. While China and Russia are grooming successors, the U.S. has taken a passive position.

Let me talk a little bit about Russian reengagement in Central Asia. After a decade of relative inactivity, Russia has established and is leading the customs union, the Eurasian economic space, and now the Eurasian Union, the brainchild of Vladimir Putin, in an attempt to secure Moscow's economic domination. It is also a partner in the Shanghai Cooperation Organization, with China.

The Eurasian Union, which was founded last year by Russia, Belarus, and Kazakhstan, spans 10 time zones, from the Polish border to the Pacific, and is likely to strengthen Moscow's economic and political influence in the region. It will favor intra-Eurasian Union trade versus international trade, prioritize Russia-oriented infrastructure projects, and eventually attempt to issue a common currency. Ironically, the European Union, which is the model for that, with its current setbacks appears to be demonstrating how successful such an attempt ultimately may be.

The top leaders of the Eurasian Union claim that integration will not affect their sovereignty, the sovereignty of their member states. However, it is hard to imagine that this will actually be the case, as Vladimir Putin has publicly declared that "the collapse of the Soviet Union was the greatest geopolitical tragedy of our time." Presumably, in Putin's eyes, the creation of the Union is supposed to rectify this injustice.

The Kremlin see the creation of the Eurasian Union as "solidifying its grip on Russia's zone of privileged interests." That is a quote from President Medvedev. And that is, or should be, precisely the concern of many in the West and Eurasia.

Let me move to economic reform and WTO membership for Central Asian states. The economic performance of these countries remains uneven. For example, Kazakhstani economic development makes it a regional leader and a top reformer. Yet, the Central Asian Index of Economic Freedom, developed by the Heritage Foundation, suggests that there is quite a bit of room for improvement. In particular, they should include reducing government involvement in the economy, divesting from asset ownership by the government, including in the natural resources and energy sectors, streamlining social safety networks, fighting corruption, and boosting the rule of law. All these are challenges for the future membership.

Finally, what the U.S. should do to remain relevant to the 21st Centry Eurasian geopolitics that my colleagues so eloquently elaborated on. The U.S. has to conduct a systematic analysis of our strategic priorities in the region and formulate appropriate long-term policies which span the Departments of State, Defense, Energy, and the Intelligence Community.

At the same time, we should remember that geography and history dictate that these countries maintain good relations with Russia and China, their nuclear-armed, huge, neighbors. Thus, Washington should not see these triangular ties as a zero-sum game, and appreciate and understand the multi-vector policies of Central Asian states. We can provide educational opportunities for the new

elites from these countries. In fact, U.S. education is prized all over the world, including in Central Asia, and we had many, many students from the region going back and contributing to economic and political development of their countries.

The U.S. should employ all elements of state power to provide the continuous U.S. involvement in Eurasia by strengthening bilateral partnerships and regional cooperation with key states, especially Kazakhstan and Uzbekistan. Strengthening these cooperative relations, including in defense, security, energy, and economic development, and the rule of law and good governance spheres, should be our top priorities.

After the draw-down of U.S. and NATO troops in Afghanistan, it is in our national interest to remain fully involved in the heart of Eurasia, managing change and contributing to its stability, rather than abandoning the field to Moscow, the Islamists, or to Moscow's de facto regional competitor, Beijing.

Thank you very much.

[The prepared statement of Mr. Cohen follows:]

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CONGRESSIONAL TESTIMONY

US Interests and Policy in Post-Soviet Eurasia

Testimony before
Europe and Eurasia Subcommittee,
House International Relations Committee, U.S. Congress

July 24, 2012

Ariel Cohen, Ph.D., Senior Research Fellow, Russian and Eurasian Studies and
International Energy Policy,
The Heritage Foundation

US Interests and Policy in Post-Soviet Eurasia

Prepared Remarks before the Europe and Eurasia Subcommittee, House International Relations Committee, U.S. Congress

, Ariel Cohen, Ph.D., Senior Research Fellow, Russian and Eurasian Studies and International Energy Policy, The Heritage Foundation

Chairman Burton, Congressmen, Ladies and Gentlemen:

My name is Ariel Cohen. I am Senior Research Fellow, Russian and Eurasian Studies and International Energy Policy at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

Thank you for inviting me to testify before you today. A year ago it was my pleasure to testify before this Subcommittee on the subject of Eurasian energy. Unfortunately, not much has been accomplished by this Administration to facilitate US access to Eurasian and Caspian energy resources.

Central Asia boasts natural and human resources which, if they were to fall into the hands of Islamists, could shift the strategic balance in their favor. If Afghanistan falls into the hands of the Taliban, the brittle authoritarian polities and societies of Central Asian will come under pressure. And if Russia re-establishes its dominance in the region, it will take an important step towards reconstructing a 21st century version of its empire. Finally, the Chinese influence in the region is growing. China is already the leading trade and investment partner, and for now is happy to "outsource" security to Russia for now. However, history teaches us that as a country's foreign wealth grows, it project power to protect its assets – and China is not an exception. The Shanghai Cooperation Organization, a China-Russia co-habitation platform, in the future will be capable to project power into the heart of Eurasia.

American Goals. Central Asia, however, is important beyond its energy resources. At stake are strategic access and a level playing field. First, the U.S. needs to make sure that no hegemonic power dominates the region or defines the rules of the game such as to exclude American security interests. Second, the U.S. needs to assure that no regional hegemon denies a level playing field to U.S. corporations through corruption and undermining the rule of law. And finally, it is in the interests of the United States and its allies to assure that Western values and ideas are not subverted in the region, be it through the spread of Islamist radicalism or domination by market authoritarians, such as Russia and China.

It is in US interests to remain engaged in all three realms: security, markets, and democracy and good governance. Otherwise, the U.S. and our allies can become irrelevant in the heart of Eurasia, which eventually could put pressure on the Baltic States and the eastern gateway to Europe .

Unfortunately, the Obama Administration has neglected the post-Soviet space in general and the heart of the Eurasian land mass in particular. For months and years, key ambassadorships in Turkmenistan and Azerbaijan, remained unfilled. There has been no coherent strategy for Eurasia articulated by the White House, as our activities have been subjugated to the Afghanistan transit and the Obama Administration Russia "reset" policy, though the Northern Distribution Network is a success.

The challenge of Central Asia's transition of power from the hands of the elites left in place in the wake of the collapse of Soviet-era communism has been not adequately addressed by this Administration: the rulers of Kazakhstan, Uzbekistan and Tajikistan have been in power for 20 years or longer, and two of them are in their seventies. Political institutions, especially in Uzbekistan, Tajikistan, and Turkmenistan, are weak. While China and Russia are grooming successors, the U.S. has taken a passive position.

Russia's Return to Central Asia. As a great power with a history in the region spanning over two centuries, Russian has resumed its ambitious role, using all the tools of state power. Moscow wants to retain the remnants of its influence in the Middle East, and recreate its privileged sphere of interests, not in Central Asia, but also in the Caucasus and the Western Commonwealth of Independent States – Ukraine, Belarus and Moldova.

The Obama Administration's effort to improve relations with Moscow – the so-called "reset" policy – has suffered severe setbacks, as evidenced by Moscow's lack of cooperation concerning Syria and Iran. Despite some cooperation which is occurring around the transit of supplies for the U.S. troops stationed in Afghanistan, Central Asia is an area where long term US-Russian interests clash.

Both the U.S. and Russia are wary of the possibility of radical Islamist forces spilling over into Central Asia when the US leaves Afghanistan. In light of this mutual concern, Moscow has provided ports, rail roads and air corridors for US logistics in Afghanistan. However, Moscow is simultaneously working to terminate the US military presence at the Manas air base, Kyrgyzstan. It is offering a temporary transportation base in Ulyanovsk, the birthplace of Vladimir Lenin, founder of the Soviet state, to facilitate our withdrawal from Afghanistan. Yet, strategically, the Russian leadership is adamantly intent upon establish an anti-America pole in a looming multipolar world.

To accomplish its goals, Russia established and led the Commonwealth of Independent States, and its military arm, the Commonwealth Security Treaty Organization, or CSTO, as well as a trifecta of economic institutions: the Eurasian Economic Space (EuroSEC), the Customs Union, and the Eurasian Union, in an attempt to secure Moscow's economic domination.

The Eurasian Union – which was founded last year by Russia, Belarus and Kazakhstan, and that spans 10 time zones from the Polish border to the Pacific – is likely to strengthen Moscow's economic and political influence in the region. It will favor intra-Eurasian Union trade vs. international trade; prioritize Russia-oriented infrastructure projects; and eventually attempt to

issue a common currency. Ironically, the Europe Union's recent setbacks appear to be demonstrating how "successful" this attempt may ultimately be.

The idea of a Eurasian Union (EuU) was first suggested by Kazakhstan's President Nursultan Nazarbayev in 1992 – shortly after the dissolution of the Soviet bloc.[1] Two decades later, with the cooperation of Russian President Vladimir Putin, the creation of a common economic space between the former Soviet states is gaining momentum.[2]

On November 18, 2011, the presidents of Russia, Kazakhstan and Belarus signed an agreement for the establishment of a central integration body for the three countries, the Eurasian Economic Commission (EEC). This is a supra-national body that is supposed to resemble the European Union. It is responsible for the economic integration of the three countries, as well as members joining in the future. According to its founders, the Eurasian Union will be based on the principles and regulations of the World Trade Organization.[3] The Kazakhstan government's website goes so far as to say that WTO accession and the creation of a Eurasian Union are parallel goals.[4] However, Russia's size, historic tradition, military and economic power guarantees that the body will be Moscow-dominated.

Its top leaders claimed that the Eurasian Union's integration will not affect the sovereignty of its member states. However, it is hard to imagine this will actually be the case, as Vladimir Putin has publicly declared that the "collapse of the Soviet Union was the greatest geopolitical tragedy of our time."[5] Presumably, in Putin's eyes, the creation of the Union is supposed to rectify this injustice. The Kremlin sees the creation of the Eurasian Union as solidifying its grip on Russia's "zone of privileged interests," and that is – of should be – precisely the concern of many in the West and in Eurasia.[6]

However, some observers predict that the Eurasian Union may fail because

> Russia appears to be unable to prevent the erosion of its economic position in the post-Soviet space. Russia's geopolitical competitors have managed to dramatically increase their strategic and economic footprints in the region (...) Russia seems to have lost its stranglehold over Turkmenistan's vast gas reserves, with China increasingly becoming Ashgabat's principal trading partner.[7]

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[1] Dragomir Ivanov, "Eurasian Union – a Trinket for Three Comrades", *EUinside*, 11 Dec. 2011, at http://www.euinside.eu/en/analyses/Eurasia-Union-Putin-Kazakhstan-Belarus>. (21 Mar. 2012)
[2] Vladimir Putin, "A New International Project for Eurasia — the Future, That is Being Born Today ", *Izvestia*, 03 Oct. 2011, at http://izvestia.ru/news/502761 (21 Mar. 2012)
[3] Igor Panarin, "Eurasian Union: Stage 1", *RT.com*, Russia Today, 18 Jan. 2012, at http://rt.com/politics/curasian-union-putin-economic-655/ (21 Mar. 2012)
[4] Discover Kazakhstan, "WTO Accession", *Embassy of Kazakhstan*, at http://www.kazakhembus.com/index.php?page=wto-accession (21 Mar. 2012)
[5] Associated Press, "Putin: Soviet Collapse a Tragedy," *Fox News*, 25 Apr. 2005, at http://www.foxnews.com/story/0,2933,154541,00.html (21 Mar. 2012)
[6] Alla Barahova, Dmitry Butrin, Alexander Gabuyev, Max Ivanov, Valentina Kalitka, and Victor Hamrayev, "Vladimir Putin Has Stepped into the Light", *Kommersant*, 05 Oct. 2011, at http://kommersant.ru/doc/1788017 (21 Mar. 2012)
[7] http://www.theatlantic.com/international/archive/2012/03/putins-grandest-dream-could-his-eurasian-union-work/254651/ (March 28, 2012)

So it is clear that not all states in the region want their sovereignty compromised by membership in the EuU. Countries endowed with their own valuable energy resources, such as Kazakhstan, Azerbaijan, and Turkmenistan want to keep their independence and have the financial base to do so, even if, like Kazakhstan, they agreed to membership.

On the other hand, countries heavily dependent on Russia's support, especially in terms of subsidizing their energy needs, will have a hard time resisting the Kremlin's call to follow in the footsteps of Belarus. Some will willingly buy into the Eurasian Union. Among these is Kyrgyzstan, which has already applied for membership, and Tajikistan. Uzbekistan not only refuses to join, but also quit CSTO. Nevertheless, economic dependence is also being used by Moscow as a tool to curb the more rebellious among its former vassals, such as Ukraine.

As more countries participate in the Eurasian Union, Moscow's intentions, and whether or not membership has a negative impact on economic freedom, will both become clearer. Meantime, Moscow's plans do not sit well with the West, and especially with Europe, because of Russia's dominant energy position. The Eurasian Union, if and when completed, could control up to 33 percent of the world's natural gas reserves, magnifying the geopolitical power Russia already wields.[8]

Russia's Strategy. In the security realm, some of the goals of CSTO are perfectly legitimate: to contain terrorism, Islamist fundamentalism, drug trafficking, and to secure borders (e.g. the 201st Russian division deployed in Tajikistan). However, through CSTO, Russia is also seeking to retain and expand access for its armed forces; reform and integrate allied forces, such as air defenses, and make them compatible and interoperable; boost weapons sales, training, exercises; and expand its network of military bases. For example, the CSTO maneuvers planned for this fall in the Caucasus, and being conducted in cooperation with Armenia and Kazakhstan, may threaten the security and independence of non-CSTO countries, such as Azerbaijan and Georgia.

Energy remains Moscow's top priority. It is seeking to retain and/or increase its power over imports of energy resources from the region and obstruct export routes that bypass Russia, such as the trans-Caspian gas export pipeline to Azerbaijan. Moscow is also seeking to increase dependence on transportation links via Russia (pipelines, roads, railroads). However, stiff competition from China is making Russian domination of the energy sector in Central Asia impossible – and once again, the U.S. seems to be passively standing by while these two giants compete for regional economic influence.

Economic Reform and WTO Membership for the Central Asian States. The economic performance of the Central Asian countries remains uneven. For example, Kazakhstani economic development makes it a regional leader and a top reformer. Yet, the Central Asian Index of Economic Freedom track record suggests there is quite a bit of room for improvement. In particular this should include reducing government involvement in the economy, divesting from asset ownership, including in the national resources and energy sectors, streamlining social

[8] Investopedia, "Putin's Dream Of Eurasian Union Could Control World's Energy", *Forbes Magazine*, 11 Nov. 2011, at http://www.forbes.com/sites/greatspeculations/2011/11/11/putins-dream-of-eurasian-union-could-control-worlds-energy/ (21 Mar. 2012)

safety networks, fighting corruption and boosting the rule of law – all of which are measure that would be highly likely to attract foreign investment, increase national GDPs, and improve economic performance. In the case of Kazakhstan, such reforms have the potential to elevate its status to the upper strata of middle income developing countries and facilitate its transition to a non-natural resources based economy.

Developing a well-thought through comprehensive program for such a reform, and its meticulous implementation should be a top priority for the Kazakhstani and Central Asian national leaderships for this decade and the next. However, the rise of the Eurasian Union complicates pending applications or plans for Kazakhstan and other Central Asian states to join the World Trade Organization (WTO) and stands to negatively impact their future Index of Economic Freedom scores.

Although there may be short-term gains from the EuU membership, evidence from the experience of the former Warsaw Pact countries now in the European Union strongly suggests that remaining fully open to global trade has greater long-term benefits than staying in the Russian orbit. Increased productivity, the ability to attract new foreign direct investment in sectors other than raw material extraction, and technology and management skills transfers, could make Central Asian economies more competitive and innovative. Also, getting rid of subsidized energy prices would speed up the long-overdue reform of the region's inefficient and wasteful energy infrastructure.

What should the U.S. do? To remain relevant to 21st century Eurasian geopolitics, the U.S. has to conduct a systematic analysis of its strategic priorities in the region and formulate appropriate long-term policies, which span the Departments of Defense, State, Energy, and the intelligence community. At the same, time, we should remember that geography and history dictate that these countries maintain good relations with Russia and China. Thus, Washington should not see these triangular ties as a zero-sum game, and appreciate, understand and encourage the 'multi-vector policies' of the Central Asian states.

The U.S. should employ all elements of state power to promote the continuous US involvement in Eurasia via strengthening bilateral partnerships and regional cooperation with key states, especially Kazakhstan and Uzbekistan. Strengthening these cooperative relations, including in defense, security, energy and economic development, and the rule of law and good governance spheres, should be our top priority. After the draw-down of the US and NATO troops in Afghanistan, it is American national interest to remain fully involved in the heart of Eurasia, managing change, and contributing to its stability rather than abandoning the field to Moscow or its de-facto regional competitor, Beijing.

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Mr. BURTON. Well, all three of you made very cogent and thorough statements. Mr. Wilson, you talked about the resources in Central Asia. How do you propose that we get those governments to start dealing with American companies? When we were over there, Genie Energy, G–E–N–I–E Energy, had contacted me because they were interested in the potential or possibility of doing business in Uzbekistan or Kazakhstan, exploring for natural gas or coal oil shale. And we worked to set up some appointments for them, like we would any company that was over there.

How do you deal with these countries, as far as getting past the bureaucracy and the regulation. It was very difficult to understand how you do that. And even though we provided meetings for those folks, I am not sure that we found an answer on who do you talk to and how do you deal with these problems, in order for the United States to be able to extract those kinds of energy sources?

Mr. WILSON. Mr. Chairman, all of these economies are very robust, sometimes predatory environments, in which any foreign company—or sometimes any company at all—tries to carry out commercial operations. And they are tough places for Americans.

In my experience, I think several things can combine to produce success. Assistant Secretary Blake referred to the business delegations that he takes over with him. They are in his meetings with the foreign minister, with the minister of trade, with the prime minister. That conveys to those host government officials a kind of interest that is a little bit different from when a company just pitches up in the capital.

I think, second, our Ambassadors—and having served as an Ambassador twice—can play a key role also at the top, on day in day out—maybe not day, but certainly on a weekly, very periodic basis, going in and trying to push on things. When I was serving as Ambassador in Azerbaijan, McDonald's was trying to establish a foothold there. I think I had about 10 meetings with the President. It seems absurd that you should have to have 10 meetings with the President to open a hamburger place, but it worked. And eventually, they were able to open up operations. They now have eight or 10 outlets there. They are doing successful business. In the oil and gas sector, it is a little bit easier, because there is a pull locally. In other sectors, it is a little bit more complicated.

The last thing I would say, and throughout Central Asia I am pretty sure this is still the case, the Foreign Commercial Service, U.S. Foreign Commercial Service, has no presence at all. They may have come back to Kazakhstan, but in the other countries I believe they are not there.

Mr. BURTON. So we need to have them there.

Mr. WILSON. That is doing a disservice to American firms that need help.

Mr. BURTON. In your experience, companies of all types that go over there, do they have more success by meeting with cabinet officers or appointees, or do they just try to negotiate directly with the chief of state, head of state?

Mr. WILSON. Different countries work in different ways. In that part of the world, my experience is that you kind of need to do both of those things. Often there needs to have been some contact at the very top. You have to work things from the bottom too, and so both

approaches very much end up being necessary. Find a way to appeal to what it is that they want, what they are trying to achieve. Appeal to their interest in a closer relationship with the United States.

Mr. BURTON. And the only reason I am asking these questions is, there are a number of companies that are interested in doing business in that whole region, and they have asked what advice we can give them in order for them to do business over there. And not being an expert in foreign business, it has been very difficult, so I thought possibly you could give us some advice on that.

Mr. WILSON. I think the key word is "perseverance," Mr. Chairman.

Mr. BURTON. Perseverance. Okay.

Mr. Cohen, you talked about working to get new leaders. Can you explain how you would do that? I mean, some of these leaders, like you say, have been there for 20 years or longer, and they are not likely to give up power easily. So when you talk about new leaders, how can the United States be involved in bringing about some positive change in some of these countries?

Mr. COHEN. Thank you, Mr. Chairman. Excellent question. First of all, unlike Uzbekistan, Kazakhstan is much more open in acknowledging that a transition eventually will take place. Unlike the Uzbeks, the Kazakhs recognize that people are biological beings and do not live forever. And in respect to the leadership transition, we can communicate with our Kazakh friends in terms of how we envisage it, how it can be open, how a number of leaders can compete, including in elections. In the future, recognize a mix of skills that it takes to lead a country. It is not an easy business, as you know.

And I believe that our Kazakh friends will be more open-minded about that than our Uzbek friends, but even with our Uzbek friends and in other places, people who have led the country for a long time recognize the physical limitations to that, the health limitations, so we can engage in discussions behind closed doors, very light touch if you wish.

But also, when we observe the next generation and the generation after the next generation of leaders, we can engage them in different fora, invite them here, give them platforms, give them podiums, explore what their views are in terms of the future of their countries, first and foremost, how they see the future of their countries in terms of market development, transparency. We had talked about business development, which is very important for them, because it is jobs for them and prosperity for them, and for our companies as well.

And once you identify in a more detailed way whom you want to deal with, you deal with those people, just like, as I mentioned, the Russians and the Chinese have their favorite horses there.

Mr. BURTON. Okay. Thank you very much. It is a very difficult question I asked you, and you have to be very careful when you are dealing with a country that has a leader that has been there for a long time, because I am sure that they resent our being involved. So I was just curious about your approach, so I appreciate your remarks.

Mr. Meeks?

Mr. MEEKS. Thank you, Mr. Chairman. Just to jump in on that, let me say one of the things that I was impressed with when I went—and I think, Mr. Cohen, your observation about the older individuals is well taken. But I will tell you what I was impressed with, and what I was hoping would take place, was the level of parliamentarians that we met with.

So that you can move or transform, hopefully—and I think that is an area that a number of us can work with in the international community—in strengthening the institutions and the parliamentarians, so that they, then, can have a democracy of their own, and it's not us coming in to say, "This should be the leader" or, "That should be the leader," even if it means that there are going to be some feathers ruffled with us.

I mean, some of us are upset because the one area where we did have a transition of government in Kyrgyzstan, now we have got a little contention with reference to Manas, what happens in 2014. But that was—I mean, we have got to praise them for the way that they got the democratic change, and that is, I hope, the way of the future, where we can work together in promoting democracy, and make it more of a parliamentarian-type system.

That being said, let me ask Mr. Wimbush real quick, because I agree what you have been talking about, and Mr. Wilson, especially in regards to—I am all about trading. I think that that helps strengthen relationships, and makes us more interdependent. The challenges, I think, though, that the area has is diversifying the region's energy resources and its supply routes.

So I was wondering whether, for example, are the Central Asian energy resources relevant to the European market, with what is going on now? Is that appropriate? Or are the markets of Russia, India, Pakistan, Afghanistan, China more relevant, and they are going to just have to focus on that? How do we work it?

So, what do you think, Mr. Wimbush?

Mr. WIMBUSH. Thank you, Mr. Meeks. I think the short answer to that is, these resources are going to be considered valuable and desirable wherever they can get them out. And the real key to this is getting pipelines in place to take them to markets. That being said, there are a lot of markets out there. A lot of markets. When you look at the energy coming across the Black Sea, it supplies over 50 percent of eastern Turkey right now. Look at the energy coming out of the Caspian, where there is a huge tug of war between taking it east or taking it west. The same is going to be true in Turkmenistan.

I think that we don't have to get into energy wars here to understand that this is going to be an intense competition, and it is important for us to help shape that competition, as we have done in the past with the Baku-Ceyhan, which Ambassador Wilson had a great deal to do with, much to his credit, in the new TAPI pipeline that is coming up, and Nabucco, they all have strategic import that we need to focus on. And I think we can shape the direction that those things go.

But the short answer is, getting it out is going to be the key.

Mr. MEEKS. Ambassador Wilson, let me ask you. As indicated by the Assistant Secretary, Kyrgyzstan is already in the WTO. And I

think that there was, on our trip there, Kazakhstan and Tajikistan have great interest in joining the WTO.

Do Uzbekistan and Turkmenistan have the same interest in joining the WTO? And if not, why is there a difference? Why are there some that want to get into the WTO, and others who don't?

Mr. WILSON. Thank you for that question, Mr. Meeks. I think the interest of Uzbekistan and Turkmenistan is quite different. They are much interested in autarchic economic policies, except in the case of Turkmenistan with respect to energy. The governments there are particularly ill-disposed to signing on to international rules that might curb their freedom of action with respect to economic policy, and that might complicate practices that are standard in these countries and that are not standard around the world, and that would be banned under WTO rules.

I think we should be pushing on them, and pushing on them as effectively as we can, through the local business community, through the American business community that is there. We can't force them to sign up, but I think making this a much higher priority is in our interest. As Russia gets in and as Kazakhstan gets in, the imperative for all of these countries will go up. I think that is one thing that Tajikistan has responded to, and hopeful Uzbekistan and Turkmenistan will as well.

Mr. BURTON. Mr. Marino?

Mr. MARINO. Thank you, Chairman. Good afternoon, gentlemen. I am assuming that my understanding from all of you in your opening statements is that you believe we should continue dialogue and fostering these relationships in Central Asia.

With that said, who will the five 'Stans defer to against the United States? China, if their interest is economically better for them? Can we trust them?

Please, any one of you can respond.

Mr. WIMBUSH. Thank you, Mr. Marino. It differs. It differs across. Each of them has a different strategic calculation to make. The two who are the hardest pressed by China are Kazakhstan and Kyrgyzstan. Not surprisingly, they have a border with China, and that makes a huge difference. The Chinese are very, very good at this kind of economic development, in leaving boots on the ground behind them. Almost everyplace they go, they take their workforces, they bring their security forces. They tend to dominate a region.

The reason that we have been reasonably successful in our competition with them, not just in Central Asia, although I wouldn't want to overstate that, but in places like Africa, is that the Chinese tend to be culturally tone-deaf. They don't integrate well with the communities around them.

That said, the key to Central Asia here is Uzbekistan. It is the largest. It is the most dynamic. It does not have a border with China. And it is going to be the hardest to engage, because of all kinds of things that you discovered when you were out there.

Mr. MARINO. Are you telling me that these countries will not be influenced by China's money?

Mr. WIMBUSH. They are already influenced, Congressman.

Mr. MARINO. My point.

Mr. WIMBUSH. If you take a casual stroll down the main street of any Central Asian city, or even in the backstreets, the shops are all crammed with Chinese goods, the hotels are filled with Chinese businessmen, usually connected to the State in some cases, the manufactured products are coming out of China, and so on and so forth.

Mr. MARINO. Thank you.

Mr. WIMBUSH. You can hear Chinese from the loudspeakers in the bazaars, and the Chinese language is being taught through Confucius Institutes almost everywhere in Central Asia now.

Mr. MARINO. Ambassador Wilson, what does Afghanistan have to offer us?

Mr. WILSON. What Afghanistan has to offer is more heartache and trouble. And therefore, we have a profound interest in minimizing that heartache and trouble, and minimizing the extent to which it spreads elsewhere.

Mr. MARINO. Doctor, what——

Mr. BURTON. If I might?

Mr. MARINO. Please, go ahead, sir.

Mr. BURTON. Can you elaborate on that just a little bit? You know, one of the questions I was going to ask was Iraq and Afghanistan in the future, which is totally outside our region of concern, but can you just elaborate a little bit on Mr. Marino's question?

Mr. WILSON. Sure. I mean, of course there are positive things that one could look to that Afghanistan can offer to the region and the world. Last year and the year before, publicity about U.S. Geological Survey work in Afghanistan found all kinds of minerals. The TAPI pipeline that was referred to earlier, that can be important in building a more peaceful future for South Asia. Those are good things, and maybe they will come about at some point in the future.

I think for the foreseeable future, what Afghanistan has to offer is trouble and difficulty.

Mr. MARINO. Well, name me a company that is going to go in and invest hundreds of millions of dollars in Afghanistan based on present-day situation. It is not happening.

Mr. WILSON. I would agree.

Mr. MARINO. Go ahead, Dr. Cohen.

Mr. COHEN. Unfortunately, I don't have the name of that company. Maybe someone knows it, but it is a Chinese company that has invested $1 billion in copper and other minerals. So there are brave people who are investing in Afghanistan. They are not Americans.

Mr. MARINO. For future? For future benefit, right? Because I was over there. I have been in Afghanistan twice now, and I have seen no production of anything whatsoever.

Dr. Cohen, what illegal drug activity is taking place in the five 'Stans?

Mr. COHEN. Excellent question. And as a former prosecutor, I understand where you are coming from.

Traditionally, even in the Soviet era these countries did two things. A, they produced cannabis, and B, they had harvests of opium poppy, and produced some amount of opium-related drugs.

Now the main role, probably, is a transit role. The huge flood of heroin and other drugs come from Afghanistan via all five countries, and into Russia, and further into Western Europe and other markets. It is a big, big problem.

Mr. MARINO. I really knew the answer to that question. I wanted to hear it from you, given the fact that the regime there isn't going to change the pace. It is keeping those countries afloat.

My last question, if I may, corruption. Let us go back to corruption. I think you were sitting in the audience when I was questioning the Ambassador. How much did it cost McDonald's to build over there?

Mr. WILSON. I am not aware that McDonald's did anything that was not fully consistent with the Foreign Corrupt Practices——

Mr. MARINO. Well, I am using that as a general—certainly, I didn't expect an immediate figure to come flying out there. That was more rhetorical. But again, being in the Middle East and traveling with the chairman, we have begun to understand the mindset of the individuals there. So I would hazard a guess that there are some funds funneling under the table at some point.

I yield back.

Mr. BURTON. Let me end up by saying we really appreciate your patience. I know this has been going on for a long, long time, and to sit and wait for another panel and all the questions that were asked is very difficult. So we really appreciate that.

I would just like to end up by saying one thing, and that is, even though we have some autocratic regimes in the countries that we visited, it seemed to me that they were anxious—and I don't know if Mr. Meeks feels this way. It seemed to me that they were anxious to reach out and work with us in some fashion.

Mr. MEEKS. No question about that.

Mr. BURTON. And I think that I felt that way because they were so gregarious, they were so anxious to talk to us, even up to the Presidential level. So you, as learned scholars, when you are talking about this region of the world, if you could at least express our positive views of getting over there to meet with the leaders and let them know that America cares, even if we don't have the resources to put in there like China, will carry an awful lot of weight.

So with that, thank you very much. We really appreciate your testimony and your patience. We are adjourned.

[Whereupon, at 5:29 p.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Subcommittee on Europe and Eurasia
Dan Burton (R-IN), Chairman

July 24, 2012

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs Subcommittee on Europe and Eurasia, to be held in **Room 2172 of the Rayburn House Office Building (and available live, via the Committee website at (http://www.hcfa.house.gov):**

DATE: Tuesday, July 24, 2012

TIME: 3:00 p.m.

SUBJECT: U.S. Engagement in Central Asia

WITNESS: **Panel I**

The Honorable Robert O. Blake
Assistant Secretary
Bureau of Central and South Asian Affairs
U.S. Department of State

Panel II

The Honorable Ross Wilson
Director
Dinu Patriciu Eurasia Center
Atlantic Council

Ariel Cohen, Ph.D.
Research Fellow
The Kathryn and Shelby Cullom Davis Institute for International Studies
The Heritage Foundation

The Honorable S. Enders Wimbush
Senior Director for Foreign Policy and Civil Society
The German Marshall Fund of the United States

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Europe and Eurasia* HEARING

Day *Tuesday* **Date** *July 24* **Room** *2172*

Starting Time *3:00* **Ending Time** *5:29*

Recesses ____ (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____)

Presiding Member(s)

Dan Burton, Gregory Meeks, Eliot Engel, Tim Griffin, Thomas Marino, Ted Poe, Dana Rohrabacher, Jean Schmidt

Check all of the following that apply:

Open Session ☑
Executive (closed) Session ☐
Televised ☑

Electronically Recorded (taped) ☑
Stenographic Record ☑

TITLE OF HEARING:

U.S. Engagement in Central Asia

SUBCOMMITTEE MEMBERS PRESENT:

Dan Burton, Gregory Meeks, Eliot Engel, Tim Griffin, Thomas Marino, Ted Poe, Jean Schmidt

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

Dana Rohrabacher

HEARING WITNESSES: Same as meeting notice attached? Yes ☑ **No** ☐
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Chairman Burton's Opening Remarks
Witness Statement of the Honorable Robert O. Blake, Assistant Secretary for the Bureau of Central and South Asian Affairs, U.S. Department of State
Witness Statement of the Honorable Ross Wilson, Director, Dinu Patriciu Eurasia Center, The Atlantic Council
Witness Statement of Ariel Cohen, Ph.D., Research Fellow, The Kathryn and Shelby Cullom Davis Institute for International Studies, The Heritage Foundation
Witness Statement of the Honorable S. Enders Wimbush, Senior Director for Foreign Policy and Civil Society, The German Marshall Fund of the United States
Questions for the record submitted to Assistant Secretary Robert Blake by Representative Ted Poe
Questions for the record submitted to Assistant Secretary Robert Blake by Representative Jean Schmidt

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *5:29*

JBH
~~Subcommittee Staff Director~~
Professional Staff Member

Questions for the Record Submitted to
Assistant Secretary Robert Blake by
Representative Ted Poe (#1)
House Committee on Foreign Affairs
July 24, 2012

Question:

Why is it that the United States, when making agreements to provide aid, does not include provisions for the prosecution of those who steal or defraud the United States programs? What are a few concrete examples of where aid is given to nations in Central Asia, Afghanistan and Pakistan, and it is monitored, tracked, and in fact arrives at the point where we are told it is to go to?

Answer:

The United States does make provision for the prosecution of individuals who steal from or seek to defraud the United States in its programs of foreign assistance. Some forms of assistance include requirements such as certification by the applicant for assistance that the statements contained in the application are true, complete and accurate to the best of the applicant's knowledge and to acknowledge that that any false, fictitious or fraudulent statements or claims may subject the applicant to criminal, civil or administrative penalties. Further, the overseas standard agreement terms and conditions for this assistance outline the consequences for failure to comply with the terms and conditions of the grant, such as suspension and debarment from future Federal Government awards.

The absence of a specific provision in any particular assistance agreement regarding the ability of the United States to prosecute for theft or fraud does not signify that the United States has waived the right to prosecute for the misuse of foreign assistance funds. The United States government reserves the right to prosecute any individuals responsible for stealing from or seeking to defraud the United States with regard to any of its assistance programs. Current U.S. statutes provide broad authority to prosecute any perpetrator that is subject to U.S. jurisdiction. The United States Code contains numerous provisions on embezzlement and theft of U.S. assets (18 U.S.C. §§ 641-669) and fraud and false statements designed to defraud the United States (18 U.S.C. §§ 1001-1040).

For specific prosecutions for the misuse of foreign assistance funds, we would refer you to the Department of Justice.

Monitoring & Oversight of U.S. Assistance:

Afghanistan: The United States has employed a number of mechanisms to improve the oversight and monitoring of assistance programs in Afghanistan including increasing the number of U.S. oversight staff, the use of third party monitors to increase field visibility, special investigations of vendors to guard against links to insurgents or other criminal networks, and the use of technology

(satellite mapping and improved comprehensive databases) to improve tracking and standardize data analysis. There is a clear and demonstrable record of U.S. funded assistance projects yielding positive results in Afghanistan. For example, since 2001 the United States has constructed hundreds of clinics and hospitals around Afghanistan and extended basic health services to more the three quarters of the Afghan population. These efforts have directly contributed to infant and maternal mortality being cut in half and the average life expectancy for Afghans increasing by 20 years from a decade ago. The United States has also provided support for education in Afghanistan which has led to the number of students attending school increasing from 900,000 in 2002 to more than 8 million this year, with more than a third of them girls.

Pakistan: The United States has increased in-house staffing in Pakistan to manage the large workload in procurement, contract management and auditing. In August 2011, USAID contracted a U.S. firm that specializes in monitoring and evaluation (M&E) to develop a nation-wide M&E program and provide third-party oversight of U.S. assistance programs. U.S. implementers of assistance also conduct extensive operations research to improve implementation. For example, USAID did a case study of its Office of Transition Initiatives (OTI) program, using quantifiable metrics, interviews, document review and targeted surveys to

understand its scope of impact on the local community. The U.S. conducted two separate studies on a Baluchistan rural development project to improve its impact on women's empowerment, effectiveness and sustainability. Such studies will continue and going forward the M&E contract will fund both mapping analysis and evaluation studies on specific topics, including governance and stability, to inform program design and implementation.

To date, OTI has worked with the FATA Secretariat to implement over 2,000 small projects that address basic community needs with small-scale infrastructure and socio-cultural activities aimed to connect communities with their local government representatives. In 2010 and 2011, the U.S. was the largest bilateral donor of flood assistance. Specifically, in June 2011, the U.S. provided $190 million to the Citizens' Damage Compensation Program (CDCP), the Government of Pakistan program designed with the World Bank to provide direct assistance to over a million families affected by the 2010 floods. After extensive data validation, funds are now being provided to beneficiaries.

Central Asia: All U.S. assistance programs in Central Asia are monitored using indicators that are recorded in the Performance Monitoring Plan and reported on annually in each country's Performance Plan and Review. In addition, the

Office of the Coordinator of Assistance to Europe, Eurasia, and Central Asia (EUR/ACE) conducts annual budget reviews with U.S. government agencies implementing foreign assistance activities in the region, including Central Asia. As part of these reviews, agencies report on the results they have achieved. EUR/ACE also periodically conducts informal on-site reviews of USG-funded activities.

Recent examples of impacts of USG-funded programs include support to the agricultural sector in Uzbekistan, where USAID helped farmers improve irrigation networks and on-farm water efficiency by 50%. In 2011, USAID introduced over 1,300 farmers to new production techniques that nearly tripled crop productivity and stimulated a five-fold increase in sales. In the health sector, as a result of USAID assistance, 18 hospitals across the country were certified as baby friendly, and nearly 400,000 women adopted improved child care and health practices.

In the Kyrgyz Republic, USG assistance through a constitutional referendum and parliamentary elections in October 2010 and a presidential election in October 2011 resulted in the first peaceful, democratic transition in Central Asia. Since then, the USG has focused on helping the Kyrgyz government to stabilize the economy. In January 2011, the Government approved the Economy and Security

Action Plan for 2011, developed by the Government with USAID assistance, and then assisted the government in implementation of the action plan.

USAID worked directly with 18 municipalities, 12 cities, and 6 villages in Kyrgyzstan to improve local government services and interaction with the business community and civil society. The first three target cities have on average increased their annual tax and non-tax municipal revenues by 35 percent.

Finally, EUR/ACE regularly commissions independent evaluations of assistance programs in the region. For instance, in 2009 EUR/ACE conducted an evaluation of U.S. border security programs in Kyrgyz Republic and Tajikistan, and in 2012 EUR/ACE will complete an external evaluation of how social media technologies have advanced the reform efforts of civil society organizations in the Kyrgyz Republic.

Questions for the Record Submitted to
Assistant Secretary Robert Blake by
Representative Ted Poe (#2)
July 24, 2012

Question:

Pakistan has been classified as a non-NATO ally since 2004. Does the State Department review the status of non-NATO allies? If so, how often does it do so? Are allies reviewed on a regular basis or not? What is the current status of Pakistan and Afghanistan and when was that status last reviewed? What about other countries within Central Asia?

Answer:

The selection of major non-NATO (MNNA) allies is the result of a rigorous review by relevant executive branch agencies and by the Congress. Any decision to reverse the process would have to follow a similar procedure involving the consideration of costs and benefits to the United States. There is no set period for review of a decision once it has occurred. Pakistan and Afghanistan have been considered MNNA since 2004 and 2012 respectively; no other Central Asian country has received this privilege.

Question for the Record Submitted to
Assistant Secretary Robert Blake by
Representative Jean Schmidt (#1)
House Committee on Foreign Affairs
July 24, 2012

Question:

Have the competing visions within the Kyrgyz Republic regarding a new tower at the Manas Airport been resolved and if so is the U.S. still providing funding for it?

Answer:

The competing visions within the Kyrgyz Republic regarding the new air traffic control tower have been resolved satisfactorily. Work was restarted on the tower, and the U.S. is paying to finish construction pursuant to the original contract.

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