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# U.S. OFFICIAL SPEECHES AND INTERVIEWS

## U.S. DEPARTMENT OF STATE

Bureau of South and Central Asian Affairs

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### INTERVIEW

Deputy Assistant Secretary of State South and Central Asian Affairs  
Evan A. Feigenbaum  
with Andrzej Zwaniecki of USINFO

20 July 2007

QUESTION: I understand it's on the record.

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: It's on the record. Fine, you can quote me.

QUESTION: The third TIFA council meeting held by Central Asian countries just ended in Washington. How much progress has been made in integrating economies of these nations with each other and with the rest of the world since the first TIFA meeting?

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: Well, I think first of all you need to step back and think a little bit about what it is that a TIFA meeting is and what it is that a TIFA meeting is designed to do.

The TIFA, the Trade and Investment Framework Agreement is a structure that USTR has with a lot of different countries around the world and it's a very flexible instrument. It's a mechanism for dialogue. It's a mechanism for discussion. It's a mechanism for different countries to put different issues related to trade, investment, development, economics onto the agenda. So it's very unique because it can really be anything that we and our partners in these TIFAs want to make it.

Now this Central Asia TIFA is particularly unique because it's our only regional, as opposed to bilateral TIFA. So what it is is it's an opportunity for all five Central Asian nations and Afghanistan, which often participates, to get together not just with the United States but with one another to talk a little bit about the kinds of issues that I just mentioned -- investment, trade, regional cooperation, development, regulatory frameworks, and so on.

So you're right. We've done this three times now. And because, as I said, it's a flexible instrument, what it's been used to do and where the discussion has gone each time has been a little bit different.

Now, this time we broadened the event considerably and in a way that I think both we in the United States, but also our Central Asian partners were very pleased with.

Traditionally the TIFA is a USTR event and it is still a USTR event, but because the issues of investment and regional cooperation and trade are bigger than just the investment climate and related trade issues that USTR is responsible for, we added two extra days to the program this year. We added in participation by a number of other agencies of the U.S. government. So we had a much broader conversation.

So the Ministers began with a full day TIFA meeting at USTR. They then went over to the U.S. Chamber of

Commerce for a meeting with the private sector that was sponsored jointly by the Chamber and the U.S. Department of Commerce. They then had a lunch with some private sector participants. And these are the people who, after all, really drive investment and development and trade. It's the private sector, not government. And then they came over to the State Department where we had a broad and strategic conversation about regional cooperation in a few sectors -- electricity, trade facilitation, transportation, aviation, telecommunications and so on.

So what I would say about this year's meeting was that it was broader, it was longer, it was deeper than the previous sessions. There was a lot of good discussion. But it's more than just discussion. To sum up I think we're really trying to do three things. One is we're trying to move from discussion of bilateral cooperation toward discussion of regional cooperation. Second, we don't want to just talk in a declaratory way. We want to move eventually toward concrete actions that we're going to take jointly. And third, we don't want this just to be a discussion among governments. We're really looking I think to see more private sector involvement. That's why we did the event at the U.S. Chamber. That's not just an American view, it's something that all of the TIFA parties embraced. In fact at least one of the Central Asian Ministers suggested to unanimous approval that we ought to try to get more private sector involvement from all of the countries the next time we do this meeting.

So I think as I said, it's a flexible instrument. We've used it principally as a discussion mechanism, but it's becoming more than that. We're talking about concrete plans in these sectors, but most important we're talking to and with the private sector about common public/private interests on expanding trade.

QUESTION: Talking about plans, what are the concrete plans you mentioned and what are the concrete results achieved so far in the dialogue with the countries in the region?

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: First you need to understand that the TIFA is not the sum total of everything we're doing to promote trade, investment and development in the region. Both as a government dealing with other governments, but also with the private sector. So the TIFA is one of many components of our agenda and there's a lot happening on that agenda. I should emphasize to you that it's a joint agenda.

Now, what does that mean? I mentioned to you a few sectors that we discussed -- electricity, trade facilitation, transportation, aviation, telecommunications. There is a lot happening in all of those areas among the countries and the United States has participated in a number of the efforts to move toward broader cooperation in those areas.

I'll give you an example. Electricity. Last year there was an intergovernmental memorandum of understanding signed by four governments -- Tajikistan, Kyrgyzstan, Afghanistan, and Pakistan -- to develop a regional energy market that would include the export of electricity from Central Asian countries into the grid that serves Afghanistan and Pakistan. If you look at the economics of that it's very compelling because there's huge energy demand growth in South Asia, prices are much higher for peaking power in Afghanistan and Pakistan and India. So we have this intergovernmental memorandum of understanding. We have a lot of activity in this area by the World Bank. There's some interest from private sector companies including U.S. companies. And so there was discussion of that at the TIFA but what I want to emphasize to you is that that's not the only arena in which that discussion is taking place. So we talked very concretely about electricity plans, but we did that in a way that complements both that Memorandum of Understanding but also a whole series of other intergovernmental conferences that are going on.

The same thing goes, for example, in the telecom sector. There was a conference that the U.S. Trade And Development Agency sponsored on telecommunications last year in the region and we're going to be following that up this year with a conference on fiber optic telecommunications in the region. When I say conference, I don't want you to get the idea that that's just discussion because what we're moving toward is agreements among the governments and the same thing is true in the other sectors too.

Now the United States alone can't do that so we need to do it with our partners in the governments and our partners in the private sector, but also in other countries and in the international financial institutions.

And so for instance the World Bank is particularly active in the electricity sector. The Asian Development Bank is particularly active on road building. And we coordinate closely with them just as we coordinate closely with the partner countries.

So I think we're moving, partly as a result of TIFA but not just TIFA, but other activities that all of these governments are involved in towards something that looks much much more like a regional electricity market. And as I said, the economics of that are compelling. It makes a lot of sense. If you're Tajik, if you're Kyrgyz, there's a lot of seasonal complementarities so there are a lot of opportunities and we're trying to play a role in facilitating that.

QUESTION: I would like to get back to this question in a while, but now I have several more general questions about the region. One is that despite cultural and language similarities, these countries are still divided by, to some degree, some measure of mistrust and controversial issues. For example visa procedures are still cumbersome and together with this protracted border control tempers flows of trade and people. My question is do you see political will in those countries to overcome these obstacles and policies designed to achieve that?

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: Well, the obstacles are high. The United States has tried for a very long time to work in partnership with the countries as a kind of facilitator. Ultimately they need to do it. And it's hard for all of the reasons that you know very well.

These countries were all republics of the Soviet Union. In many ways all roads ran to Moscow in a lot of these sectors and it was easier back in the Soviet period because ultimately there was an arbiter that could make decisions. Moscow could make decisions about how water was shared, or about how electricity was distributed. And that's not the case any more. So they need really, on the basis of trust, a series of intergovernmental agreements on decisions that are really complex, and that's been difficult. They all know that. They've all talked a lot about that in public. So I think we've heard a lot of declaratory statements from all of the countries about their willingness to move toward more cooperative regional solutions.

Just to give an example: the Kyrgyz Foreign Minister, Minister Karabayev, has been talking quite a bit about water lately, and water of course is a classic problem in this region because of the irrigation patterns. And so ultimately this is something that the countries really have to do for themselves. But what we can do, the United States, is to try to show them the benefits of that cooperation

QUESTION: Excuse me what?

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: The benefits of cooperation to try to offer both our expertise but also our good offices as a facilitator, as a convenor. Our U.S. Agency for International Development has had a number of projects with countries. We've spent I think about \$39 million now on trans-boundary water projects. All of these things that we just talked about -- electricity, road building, standard setting -- all of this is going to require a level of regional cooperation that I think all of the countries themselves would admit has been lacking.

So this TIFA and many other mechanisms that the countries have among themselves are all designed to overcome some of those obstacles. And I think, you know there's a widespread recognition that that would be to everybody's benefit.

We do some very specific programs, by the way, and we do a lot of these bilaterally but they're on things like borders and customs that really have much broader regional implications.

The example I always give is customs. You know, secure customs are important for ensuring that, for instance, you don't have terrorists penetrating across borders. They're good for security. But they're also good for trade.

There was a very interesting survey that was done of truck drivers in this region and they asked them to rank their frustrations and complaints. You would think that corruption would be at the top of the list, and indeed corruption was very high on the list. But it wasn't actually number one on the list. The number one complaint from these truckers on the list was the inconveniences of crossing a border. That you could spend 13 or 14 hours backed up at a border.

So we have a whole series of programs bilaterally with the countries of the region designed to modernize customs, secure their borders, develop more modern procedures and new facilities. These have implications even when it's done for instance in partnership with Kyrgyzstan for more than one country that shares that border.

So we have an expanded emphasis on regional cooperation in this year's TIFA and it complements a lot of these kinds of activities.

QUESTION: Talking about the closer economic integration and closer ties within the region and with other countries, neighboring countries. I wondered how well are financial, legislative and regulatory regimes of these countries prepared for more open trade and investment, and to what extent do they converge?

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: They vary very widely, as you know. The countries are very different in terms of the kinds of reforms that they've adopted.

Our message is pretty consistent to all of the countries of the region. It's a message about structural reform, macro-economic fundamentals, getting the micro-economic fundamentals right so that people can start a business, grow a business. We think all of those things are a good for trade.

We've supported WTO membership for all five countries in the region. Kyrgyzstan is the only member right now, but Kazakhstan is in accession talks with the United States and with others and we support that for all five countries.

So that message about structural adjustment is one that the United States and a lot of other countries have sent to the region for a long time. I think that's something that the countries each in their own way are going to have to work on.

QUESTION: In your speech I think back in February at SAIS , you said about potential for WTO membership for the five countries. How distant or how close is the prospect of WTO membership for them?

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: As I said, Kyrgyzstan is already a member. Kazakhstan is well on its way to working through accession negotiations bilaterally with the United States and other countries. I don't really want to comment on the status of the negotiation. I'll leave that to my colleagues at USTR. So I would just reiterate that we support it for all five countries, but obviously they have to do it each in their own way through the WTO process and through the bilateral discussions they're going to have with countries on the working party or if they have not yet decided to seek accession the kinds of discussions they're going to have with WTO members should they decide to do so.

But if they decide to do so, we're supportive of it for all five.

QUESTION: Those countries have retained many close ties from the Soviet Union now tying them to Russia. You suggested that Central Asian nations should forge closer economic ties with the East, Southeast and South Asia, and that was the focus of the recent meeting here as well, as I understand. What can the Central Asian countries gain from reorienting their economic relations toward this region?

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: Well, the United States has two very simple principles that have been really the root of our policy in this part of the world for 16 years now. One is that we strongly support the independence and sovereignty of the countries of the region. The second is that we think trade is a good thing. Those two things link in very natural ways.

More options and more directions on the compass for trade, for transport, for development, for transport of their resources. That means more options and more options mean more independence. So it's not complicated. There's no great secret to this. Frankly, we support more trade with everybody for this part of the world. It's a land-locked region. I think one of the more interesting statistics about Central Asia is that these capitals are about as far from useable commercial seaports as any in the world. Bishkek is over 2000 miles; Dushanbe is about 1700 kilometers from the nearest seaport. So for land-locked countries that are looking to enhance their independence and expand their options for development, more trade in more directions on the compass is a good thing.

So basically the United States supports, as I've said in speeches, as Assistant Secretary Boucher has said, as Secretary Rice has said --

QUESTION: I'm losing your voice.

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: The United States, as I've said, as Assistant Secretary Boucher has said, as Secretary Rice has said, supports expanded economic links and opportunity for the countries of Central Asia in all four directions on the compass -- north, west, east and south.

So you asked me a very key question. You said what do they have to gain by having more trade with the south. Well, we think trade in four directions is better than trade in three directions. Trade in three directions creates more opportunity than trade in two directions. And you can see the benefits already in this in, for example, the example I gave you on electricity. Just look at the price for peaking power to the south and you can see there are clear economic incentives to create this kind of a system.

Now you can also see very concrete examples in our policy on oil and gas. The United States has supported the expansion of the Caspian Consortium Pipeline which of course runs northward through Russia. And likewise, as you know, we support pipelines in other directions as well. For instance, the Trans-Caspian pipeline. So none of this is inconsistent. We support more trade in more directions on the compass, and that's basically the root of our policy and it traces back to the support for independence.

QUESTION: The June issue of the China Economic Review had an editorial titled "Central Asia's laggard economies need to form an EU-type trade bloc with China as its engine". Would you be happy with such a development?

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: I don't really have anything to say about that.

QUESTION: U.S. intentions in the region have apparently not been well understood by neighbors of Central Asian nations. What interest does the U.S. have in encouraging economic integration of the region and broader international trade? I mean looking narrowly from the U.S. perspective.

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: I'm not sure I understand your question. American interests, as I said, are to support the independence and sovereignty of the countries of the region. By the way, that's their core interest as well. So in that sense a lot of what the United States is promoting overlaps perfectly with the interests of the countries of the region and it also overlaps with the neighboring countries too. Because as I said, more trade and more directions on the compass is good for everybody. It's good for Central Asians, it's good for Russia, it's good for China, it's good for the United States, and it's good for South Asia, too. And it's good for Europeans and partners to the west.

QUESTION: That's what I need.

QUESTION: One final question, I need more detail for this article. Could you give me examples of two groups within the region, within Central Asia region, two groups of business people, traders, who benefited so far from the movement toward closer ties between countries and between the region and neighboring regions.

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: I'm sorry, between these countries and neighboring regions?

QUESTION: No, who benefited mostly from the closer ties within the region, within Central Asian region.

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: Among Central Asian countries themselves?

QUESTION: Yes.

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: Oh absolutely. You know, Kazakhstan is now becoming a capital exporter to some of its neighbors. And as I said, more investment is a good thing. So I think more investment from the countries and one another would be a good thing. And I think you need really to talk to private sector businessmen. It's not government officials who can make all of this happen.

So whether it's trade or starting a business or growing a business or developing new linkages ultimately it's the private sector who has to do it.

And so to come back and link your last question to your first question, that's precisely why we want to see more private sector involvement from every country in this TIFA process, and in the U.S. relationship with Central Asia, particularly in the economic basket more broadly, we look at business as our partners. We think the Central Asian governments look at business as their partners. That's why Central Asians themselves suggested more private sector involvement in the next TIFA so that's something we look forward to doing at the fourth round of the TIFA next year. Okay?

QUESTION: Thank you very much.

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: Thanks very much. Happy to do it.

QUESTION: Thank you

DEPUTY ASSISTANT SECRETARY FEIGENBAUM: Bye bye.

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