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“Examining the President’s FY 2017 Budget Proposal Europe and Eurasia”
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Mr. Chairman, ranking member, and members of the subcommittee, thank you for the invitation to testify today. As you know, these budget hearings provide an important opportunity to set forth how the programs and policies supported by the American taxpayer are advancing our nation’s interests and values, both at home and abroad.

The United States has two fundamental, long-term national security interests in Central Asia. The first one goes back decades, to the breakup of the Soviet Union, when, with strong bipartisan support from Congress, the United States set out to support the effort by the nations of Central Asia to establish independent, sovereign states, capable of pursuing their own policies and interests free from undue external interference or intimidation. The stability of those sovereign and independent nations is our second primary interest in the region: we seek to prevent violence and the emergence of conditions that could result in states becoming havens for terrorist groups hostile to the United States.

Those two key national security interests can best be achieved through promoting security, prosperity, and good governance – and that is exactly what the programs and policies supported by this budget request set out to do. Allow me to briefly review our overall efforts for each of those three pillars, and then I will go into more detail country-by-country.

Our security efforts focus on improving border security, strengthening the capacity of law enforcement, and countering terrorism. Our partners in Central Asia share

our goal to disrupt and destroy the finance and recruitment efforts of Da'esh and other international terrorist groups, as well as to counter the spread of violent extremism. Of course, our trainings and other security-related efforts seek to underscore that violent extremism must be distinguished from peaceful acts of expression, assembly, association, and religious practice. The depth and breadth of our security assistance for some of the states of Central Asia is limited by their human rights records, and we repeatedly make the point – especially at the highest levels – that a stronger partnership with the United States is predicated upon the substantial improvement of those records. We believe that stronger protections for human rights will make the countries of Central Asia safer and more secure and, by extension, make the United States safer and more secure. While we recognize that our own record on human rights is not perfect, we know that efforts to protect and advance the fundamental rights and freedoms of all our citizens has made us a stronger and more resilient nation over time. That is a message we share in all corners of the globe, including Central Asia.

Our economic efforts are focused on linking the economies and populations of Central Asia, which remains one of the least economically-integrated regions in the world. What's more, the region's economies have suffered over the past several years from low commodity prices, currency depreciation, decreased remittances from migrant workers in Russia, and weaker growth. These trends make regional connectivity and economic diversification more urgent and important than ever.

Through our New Silk Road initiative, which seeks to connect Central Asia to South Asia – with Afghanistan at the hub – we are pursuing four principal lines of effort: (1) building a regional energy market; (2) improving trade and transport routes; (3) streamlining customs and border crossings; and (4) creating linkages between peoples and between businesses. The CASA-1000 regional energy

project, which will help Kyrgyzstan and Tajikistan sell excess summer hydroelectricity to energy-hungry Afghanistan and Pakistan, is an important step toward creating a regional energy market. The U.S. supported this project by laying out the vision, using our convening power to bring governments together, and providing technical expertise, creating a strong proof-of-concept for the New Silk Road

As we know, corruption is a deep-rooted problem in Central Asia, and one that not only contributes to potential radicalization but also harms the economic vitality of the private sector. So we are promoting good governance in Central Asia through a variety of channels, including technical assistance on internal reforms and the strengthening of both the independent media and civil society, as well as expanded efforts to counter violent extremism.

The recent creation of the C5+1 diplomatic platform, following Secretary Kerry's historic trip to all five states of Central Asia, could allow for unprecedented regional cooperation on issues of common concern. The C5+1 recently formed working groups to address economic connectivity, environmental challenges, and security concerns, especially the threat of violent extremism. This new minister-level platform allows participating countries to voice their policy and programmatic agendas, giving them an ownership stake in identifying and advancing a common regional agenda. While still in its early stages, we see great potential in the C5+1 platform to find regional solutions to some of Central Asia's most pressing issues.

Underpinning this regional approach are our bilateral relationships, and each country has unique circumstances that form the basis for our engagements. Kazakhstan, for example, has Central Asia's most advanced economy and is a

leader in advancing regional cooperation, stopping the proliferation of nuclear weapons, countering terrorism and violent extremism, promoting energy security, and creating a favorable business climate for international trade and investment. That last point is especially evident in Kazakhstan's accession to the WTO last year and its hosting of the World Expo next year. U.S. businesses have invested well over ten billion dollars in Kazakhstan, and our commercial ties are growing stronger every year. We are also working with Kazakhstan to enhance the capacity and professionalism of its military, which is interested in taking on a larger role in UN peacekeeping operations. Yet the country still has a long way to go in terms of democratic development. Our FY 2017 budget request of \$8.8 million for Kazakhstan (a 5 percent increase from FY 2015) will help support a healthier civil society, easier access to information of all kinds, stronger civic engagement, and a more independent judiciary. These programs will support the objectives of Kazakhstan's recently introduced "100 Steps" program, which aims to stimulate economic development, develop a professional civil service, and strengthen civil society and a national identity. We also believe that these programs will make Kazakhstan a stronger country, not just by empowering its citizens to play a larger role in their nation's future, but also by creating the conditions for a deeper and broader partnership with the United States.

Kyrgyzstan remains the region's only parliamentary democracy, and our FY 2017 request of \$51.8 million (a 39 percent increase from FY 2015) will strengthen our support for the country's nascent democratic institutions. In particular, we are focusing on building the government's capacity in oversight, management, and legislative drafting. Kyrgyzstan's democracy is showing signs of increased strength and resilience: the last parliamentary elections in 2015 were competitive and transparent, and last month Kyrgyzstan's parliament rejected a bill that, in its

earlier forms, would have required civil society organizations to register as “foreign agents,” if they received funding from overseas. Our FY 2017 request also includes increased funding to help Kyrgyzstan diversify its economy and strengthen its private sector, thereby reducing its reliance on remittances from migrant workers. Kyrgyzstan is at a critical point in its reform process, and the right investments made now in government accountability and service delivery could help it unlock much-needed growth in the future.

Tajikistan is also facing strong economic headwinds: its economy is largely dependent on money sent home by migrant laborers in Russia, and those remittances are down 43 percent since 2014. The combination of returning migrant workers and a lack of job prospects at home could result in new economic stresses and social tensions. Our FY 2017 request of \$41.6 million (a 44 percent increase from FY 2015) will help the government and the private sector address growing shortages in areas of basic need, including food, education, and healthcare. In addition, our resources will go toward improving Tajikistan’s state institutions, as a more effective, accountable, and transparent government can better protect public safety and respond to crises. What’s more, improved government capacity, a better business environment, a more vibrant private-sector, and the opportunity for skills development will allow more Tajiks to find work in their own country, where they are less vulnerable to recruitment and radicalization by violent extremists. Our resources will also go toward enhancing the capacity and professionalism of Tajikistan’s military, law enforcement, and border security forces. Tajikistan shares a nearly 900-mile border with Afghanistan, making it a critical partner in that country’s goal of becoming a more self-reliant state, and combating flows of narcotics, weapons, and foreign fighters. In all of the above efforts, we emphasize that stability depends on open and transparent government and security institutions

that protect, not restrict, the human rights and freedoms of all people. We make it very clear that suppressing human rights and fundamental freedoms in the name of addressing perceived threats – and this includes restrictions on peaceful religious practice, the elimination of peaceful political opposition, and the imprisonment of political opponents – is counterproductive to the government’s security and economic interests, and limits the potential of our partnership.

Turkmenistan also faces challenges securing its borders against criminal and terrorist activity. It is concerned about the security of its 460-mile border with Afghanistan, and works closely with the Afghan government to build habits of cooperation, including through the provision of discounted electricity, humanitarian assistance, and infrastructure development. While it possesses ample natural resources, Turkmenistan has not developed its human resources and harshly represses its people’s human rights and fundamental freedoms.

Its first president dismantled many of the country’s educational institutions, and its highly centralized government isolates its population from the outside world, exacerbating human capital challenges. We believe a sustainable path in the 21st century will require countries to develop their people’s ability to connect, innovate, and compete in the knowledge economy. Our FY 2017 request of \$4.8 million for Turkmenistan (a 43 percent increase from FY 2015) will support Turkmenistan’s efforts to diversify its economy, as well as provide education and skills development for its citizens.

Uzbekistan, meanwhile, is at the center of Central Asia, and is the region’s most populous country. Besides Liechtenstein, it is the only double land-locked country in the world, making its future economic success especially dependent on improved regional connectivity, and underscoring why its participation in the C5+1

platform is so important. With a relatively young and highly educated population, Uzbekistan's human capital gives it tremendous economic potential. Its strategic position also makes it an important partner in ensuring regional security and combating criminal networks and terrorist groups. And Uzbekistan is fiercely independent, often standing up to regional powers that seek to exert their influence. Our partnership with Uzbekistan is therefore an important one, but one also limited by a poor human rights record. Our FY 2017 request of \$11.6 million (a 9 percent increase from FY 2015) includes increased funding for rule of law programming, including improving the transparency, independence, and professionalism of the judicial sector. Our request also includes increased funding for programs to improve Uzbekistan's economic resilience, in particular to diversify its agricultural sector away from a reliance on cotton production. And while much still remains to be done to eliminate forced labor from the cotton sector, Uzbekistan has made significant progress, signing a Decent Work Country Program with the International Labor Organization and enforcing a ban on the use of child labor for the cotton harvest. We are still very concerned, however, with prison conditions in Uzbekistan, and regularly express the need to release political prisoners. As with all our relationships in Central Asia, our continued engagement with Uzbekistan seeks a society that respects the rule of law, human rights, and democracy, in order to build a stronger foundation for stability, sustained economic growth, and sovereign independence.

I would like to take a moment to talk about Central Asia's neighboring regional powers. Russia's destabilizing actions on its periphery in recent years are a clear threat to the stability of the post-Cold War order, and the states of Central Asia have taken notice. While they share strong historical, political, economic, security, and cultural ties with Russia, they realize they must balance these ties with strong

and mutually beneficial relations with other countries. Our efforts to assist with economic diversification and connectivity with markets to the east, west, and south reflect this imperative. In addition, Russia's well-financed propaganda machine has made deep inroads into public opinion among the populations of Central Asia. It is important that Central Asian media and the people they serve have access to multiple sources of objective information, and are not solely relying on one, often extremely one-sided and distorted perspective. In this budget request, we are therefore seeking continued funding to cooperate with media outlets in Central Asia to professionalize and improve the production and distribution of news and entertainment content. We are also requesting increased funding to promote the consumption of alternative media sources that provide more accurate reporting of regional and global developments.

Recent years have also seen China vastly increase its economic influence in Central Asia – it is now the largest trading partner of four out of five of the region's countries. China is also financing a variety of infrastructure projects in Central Asia, with the goal of improving the economic prospects of its own western provinces. While we see complementarities between China's efforts to improve regional connectivity and our own, we continue to emphasize with our partners in Central Asia that infrastructure development must be done in a transparent and sustainable way.

Above all, we do not see political and economic developments in Central Asia through the prism of a zero-sum game. This is a region where everyone can benefit from stronger connectivity, smarter security, and greater trade – especially trade that is inclusive, multi-directional, and rules-based. We think that when the countries of Central Asia look around for partners, they can and should choose as many as they can. Each country is increasingly pursuing its interests in a way that

strategically balances powerful neighbors with distant friends. And each country has committed, in one form or another, to advancing common goals of greater economic connectivity, stronger regional security, and a cleaner regional and global environment.

I believe that the many developments we are seeing in Central Asia signify a momentous shift in the region's trajectory. These are relatively young countries that will celebrate a quarter century of independence later this year. We were one of the first countries to recognize the new states of Central Asia and, since then, our support for their sovereignty, independence, and territorial integrity has been and will continue to be ironclad. With a greater commitment of their governments to accountability and good governance, as well as the continued support of the United States, the dynamic and diverse nations of Central Asia stand to make tremendous gains in the coming decades – gains that can contribute to security and prosperity both in the region and beyond, including here in the United States.

Thank you again for the opportunity to testify today on this important region, and I look forward to your questions.