



## Turkmenistan and Its Emerging Opportunities

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Thank you very much everybody and thank you for waiting. I apologize for tardiness, our meetings have been running very long, but they have been very good meetings. It is a pleasure to be in Ashgabat again. I was here once in 2005. I have very fond memories of my last visit, and in particular, fond memories of the warmth and generosity of the people of Turkmenistan. And I also wanted to mention, that I am reminded not only of the generosity, but the skill and heritage of the people of this country every time I walk into my house in Washington, D.C., where I have a beautiful Turkmen carpet in the front hallway. So, I will talk about that a little bit later.

What I want to do today is to take this opportunity to tell you about my government's interest in developing a new, constructive relationship with Turkmenistan – the opportunity to “turn the page” in our relationship. America is interested and willing to join with Turkmenistan in trade and investment, and in other economic areas, and to help in your transition to a more outward looking and dynamic country, to being more connected to the global economy.

The United States has deep and long-term interests in Central and South Asia that center on three primary goals: 1) strengthening democratic reforms and institutions, including respect for human rights, 2) fostering regional security and cooperation in the war on terrorism, and 3) promoting economic reform and growth, regional cooperation, and prosperity for the countries and citizens of this region.

As the Assistant Secretary of State for Economic, Energy, and Business Affairs I generally focus more on the third goal, but we cannot forget the importance of the first two because, indeed, they are all interrelated -- progress on all three fronts leads to lasting security, stability, and prosperity that all citizens desire and deserve.

As for the third goal, we believe that you and your Central Asian neighbors have reached an historic moment; a strategic opportunity exists that we cannot afford to miss. The end of the Soviet Union over 15 years ago gave the Central Asian nations their independence. Tremendous progress since that time has been made. Yet, we understand that Central Asian nations are still establishing their own individual identities and places on the international stage. And while each is unique—rich in its own resources, traditions and cultures—we see that working together and developing relations with responsible neighbors will lead to greater prosperity and stability in the region. And so, to the West is the Caucasus, and the great markets of Europe; to the South, the rapidly growing markets of India and Pakistan, and the vital country of Afghanistan. To the East is China and in the North is Russia, which has traditionally been the main route for trade and exports.

Secretary of State Condoleezza Rice has presented the United States' vision of a prosperous and stable Central Asia, with the region re-establishing itself as a crossroads of world commerce. For centuries, Central Asia played a critical role in the great trade routes -- a conduit and center for the exchange of goods, ideas and knowledge. We believe that this region can bring together again the goods, people, and ideas of the world.

And so this is our vision, Secretary's vision, we want to work with you on, of a “new silk road”, with Central Asia as again a lynchpin of east-west and north-south trade and cultural exchange. We believe extraordinary opportunities await, as well as challenges, and we want to work with you on both of these: challenges and opportunities.

Now, the world is shrinking as global communications and economic links open new opportunities for growth and development. Your country is part of a globalized world already, but we believe its exports and commercial potential are significantly greater than that already achieved. Now I believe I know this first hand, having spent all of the day yesterday in the Lebap region, spent much of my time eating the wonderful fruits – peaches, grapes, and especially melons, and have no doubt that others in Central Asia, and indeed the world, would enjoy them as much as I did.

It is an exciting time from our perspective for Central Asia, and I thought I would take a moment to mention just a few areas in which cooperation between Turkmenistan and the United States should continue and increase.

1) The first area is continued focus on regional economic integration. The numbers speak for themselves – Turkmenistan's trade with its other neighbors represents less than 3% of its total trade. By contrast, 31% of U.S. trade is with our neighbors, Canada and Mexico, and 53% of Germany's trade is with its EU neighbors. So, we believe, there is significant opportunity to increase these regional trade flows, which we think will benefit Turkmenistan and its people, as well as the people of other countries in Central and South Asia.

And, slowly, progress is being made. Three weeks ago in Washington, D.C., the United States hosted a Trade and Investment Framework Agreement (TIFA) meeting with Turkmenistan and other Central Asian countries, and Afghanistan. This, what we call “TIFA” meeting was successful and is beginning the process of reducing bureaucratic, customs, and political barriers to trade in the region. There will be more of these meetings and we are pleased that Turkmenistan has been an active participant and is interested in hosting such a meeting in the future. The U.S. Agency for International Development, known as USAID, is also working on regional integration issues on the customs side – particularly, implementing a project to harmonize, streamline, and strengthen customs clearances in the region. These efforts should lead to greater opening for trade and prosperity in the future.

2) The second area of cooperation is increased energy cooperation and diversification. Turkmenistan is already a significant international player in global energy markets. We believe that increased diversification of energy routes, buyers, suppliers are in Turkmenistan's long term energy security interest. Nations should never be left with only one option—one market, one trading partner, one vital infrastructure link. Economic stability and independence, and prosperity come from having multiple outlets to the world—multiple sets of pipelines, multiple transport corridors, and multiple trading partners.

Such a policy is consistent with Turkmenistan's focus on neutrality. It is also consistent with the commitments made by the leaders of the G8 when they agreed to the St. Petersburg Energy Security Principles last summer in Russia. The St. Petersburg Energy Security principles emphasize the importance of open, transparent, and competitive energy markets, as well as the key role that diversity of supply and international investments in the upstream play in ensuring regional energy security. All G8 countries have committed to abide by these principles and we believe they are also a good guide for Turkmenistan as it seeks continued opportunities and developments in its energy sector.

3) A third area of cooperation is in the continuing development of critical infrastructure. Yesterday, I was honored to lead a US delegation to Ymamnazar with distinguished delegations from the Governments of Turkmenistan and Afghanistan to attend the opening of a new border facility, built through cooperation between the United States, Turkmenistan and the United Nations. That post is one of a number of joint projects on which the United States is working with Turkmenistan and other governments in the region to build the infrastructure for regional cooperation, trade and development that leads to prosperity. For example, we have been working hard, with our multiple international partners, on the Afghanistan Ring Road and it is now almost completely built. A new, U.S.-funded bridge will open this month over the Pyani River between Tajikistan and Afghanistan. This \$36 million bridge will be open 24 hours a day with new customs and border facilities on both sides. With the capacity to handle 1,000 vehicles per day, it offers a new era of trade in the region. The United States, therefore, will continue to cooperate with countries in the region to build the infrastructure that is so critical to regional integration and prosperity.

But in the 21st Century, infrastructure no longer means just roads or bridges. It also means telecommunications and the Internet, and air travel. These are areas where my bureau at the State Department plays a leading role. And moving ideas and information between all peoples of the region with speed and efficiency should be an important goal.

We are also working with regional partners to stimulate expanded and improved air service within the region and between Central Asia and the world. An important part of this is welcoming outsiders. It is difficult for foreigners to get visas to Turkmenistan and we believe economic growth will be hampered without easy business travel.

4) A fourth area that I wanted to mention today is increased foreign direct investment opportunities. We are encouraging American companies to invest in Turkmenistan, bringing with them world-class financial, technology, and technical capabilities, as well as project management skills that will help your country grow economically. One advantage U.S. companies bring, beyond their expertise, is their willingness and desire to train local residents to become professionals and managers in their own countries. The U.S. private sector has trained thousands of people around the world, and exchanges of knowledge have been one of the key ingredients of successful economic growth.

One illustrative example is Norway. A small country with abundant natural resources, Norway turned to American and other Western companies to help develop its offshore oil and gas industry. Several decades later, with thousands of Norwegians trained in the United States and European universities and institutes, Norway has achieved perhaps the highest standard of living and quality of life of any country in the world. Cooperation with responsible foreign partners and outreach to global markets unlocked that country's potential and we believe that is how prosperity and economic development can take root.

But to attract private businesses, Turkmenistan needs to do its part to establish an economic environment that can attract world-class American companies by undertaking reforms that increase transparency, rule of law and protection of property. Corruption – which is simply a tax on the poor, excessive tax burdens, ambiguous regulations, dual exchange rates, all have negative impacts on the investment climate and can discourage foreign investment. We are willing to work with the Turkmenistan government to address these kinds of business climate issues.

#### **The U.S. and Other Partners**

These are big goals that I've laid out: these four different areas of increased cooperation in the economic side. And we certainly know that to make progress in these areas others need to be involved. So, we want to be a partner with Turkmenistan on these goals and know the importance of cooperating with responsible governments in the region, as well as the regional institutions. So, for example, we support the important role that the international financial institutions—such as the World Bank, the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD)—are already playing in the region.

And so we want to continue to emphasize the ties that the nations of Central Asia have developed with others, such as with Turkey, the European Union, with NATO, and with the Organization for Security and Cooperation in Europe (OSCE). And in particular, we applaud the new Government of Turkmenistan's constructive work to re-establish good relations with Azerbaijan. All of these relationships are important and they support and complement one another.

#### **Conclusion**

So, in conclusion, I would like to say through my visit to Turkmenistan – one by the way made by many senior U.S. officials in the past six months – I want to convey America's interest in working with Turkmenistan and with Turkmenistan's neighbors to advance development and prosperity through democratic and economic reforms, and security cooperation. Being more connected economically to its neighbors and the world will benefit Turkmenistan and its people. But these benefits will flow both ways – which brings me back to the beautiful Turkmenistan-made carpet in my house in Washington, DC. Every time my wife and I have guests over to our house, the first thing they do is comment on the beauty of this rug in the entryway. So, we have benefited greatly from the work and craftsmanship of the Turkmen people. But I don't think that this should be just an opportunity that belongs to me and my wife. So creating more links to the outside world will ensure that others too, can benefit from the abundance of talent, creativity and beautiful products that can come from this country. I want to thank you very much. You've been a very patient and attentive audience and I look forward to a few minutes of questions and answers. Thank you.

Thank you again. I very much appreciate the time and attention and as I mentioned, we look forward to increasing our cooperation on the economic front as well, there is a lot of opportunity there.

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