



U.S. DEPARTMENT of STATE

Fact Sheet

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Third Meeting of the Central Asia Trade and Investment Framework Agreement (TIFA) Council

The Trade Ministers of the five Central Asian countries--Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan--attended the third annual meeting of the Central Asian Trade and Investment Framework Agreement (TIFA) Council in Washington, DC, July 17-19, 2007.

Background

The TIFA is a flexible structure that the United States Trade Representative (USTR) employs to build stronger commercial relations with other countries; the framework is particular to the member countries creating a mechanism for discussion on mutual issues related to trade, investment, development, regional cooperation, economics, and regulatory frameworks. The Central Asia TIFA, which includes the frequent participation of Afghanistan, is unique because it is the only regional as opposed to bilateral TIFA. The TIFA is a major component of the U.S. agenda to promote trade, investment, and development in the region; it is flexible enough to allow discussion and action on any pertinent issue.

The TIFA Council is part of the process Central Asian countries use to reach trade decisions cooperatively. Historically, these nations' economies were controlled centrally by the U.S.S.R., so trade issues, resource sharing, and transportation are new issues for Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan to work through. The TIFA is part of U.S. multilateral efforts to support the sovereignty and independence of Central Asian countries as well as to offer traditional support for trade. Regional trade and regional development offer more trade options and more options means stronger nations.

The capitals of the Central Asian countries are land-locked and in some cases thousands of miles from useable commercial seaports. Increased trade and economic links with neighboring countries can overcome these geographical obstacles and enhance independence and options for development. All the means necessary for supporting nations and trade--electricity, trade facilitation, transportation, aviation, and telecommunications--require a high level of regional cooperation.

Activities and Results of the Third TIFA Council Meetings

The third TIFA Council meetings opened with discussions among the Ministers and United States Trade Representative. The second day was sponsored jointly by the Chamber and the U.S. Department of Commerce for meetings with the private sector. The State Department hosted a broad and strategic conversation about regional cooperation in key sectors including electricity, trade facilitation, transportation, aviation and telecommunications.

The meeting lasted 3 days, allowing the group time to discuss expanded regional cooperation; move toward concrete joint actions; and include the private sector. Private sector cooperation and involvement is an important aspect in economic development to establish market economies. This interaction was so successful the group unanimously called for greater private sector involvement in future TIFA Council meetings.

TIFA Accomplishments

Success of the TIFA Process. The TIFA meetings have expanded from a solely USTR event to include the U.S. Chamber of Commerce, the Department of Commerce, and the Department of State. In addition, private sector involvement is increasing; these discussions involve concrete plans and most importantly common public/private interests on expanding trade.

Cooperation on Electricity Needs. In 2006, an intergovernmental Memorandum of Understanding on electricity was signed by Tajikistan, Kyrgyz Republic, Afghanistan, and Pakistan to develop a regional energy market that will include the export of electricity from Central Asian countries into the grid that serves Afghanistan and Pakistan. TIFA and other initiatives, including World Bank and private-sector initiatives, are moving the region toward a regional electricity market that will bring greater economic opportunities and help meet the huge energy demand in South Asia.

Telecommunication Agreements. The telecommunications sector has also been an area of discussion and movement toward agreements. In 2006, the U.S. Trade and Development Agency sponsored a Central Asian conference on telecommunications which will be followed up in 2007 with a conference on fiber optic connections.

Regional Water Planning. The U.S. Agency for International Development has had a number of trans-boundary water projects totaling nearly \$39 million. Regional cooperation can increase the effective use and availability of water resources.

Border and Customs Agreements. Regional cooperation complements bilateral programs such as border and customs Agreements that have broader regional implications. The U.S. has a series of bilateral programs with the countries of Central Asia designed to secure their borders and modernize procedures and facilities. These bilateral programs have regional implications for bordering countries. For example, commerce across boundaries is hindered by 13-14 hour waits for clearances, and the U.S. is assisting in finding ways to expedite this process.

Structural Reform. TIFA has also focused on structural reform [in?] macro- and micro-economic fundamentals to create an environment where people can start and grow businesses. Therefore, in parallel with closer economic integration, the U.S. fully supports WTO membership for all five Central Asian countries, should they decide to begin negotiations. Kyrgyz Republic is the only member right now, but Kazakhstan is currently in accession talks with the U.S. bilaterally and with others. The countries are very different in terms of the kinds of reforms that they have adopted and need to further adjust their current regulatory structures.

Next Steps

The fourth round of the TIFA will be held in 2008. The goals for this next Central Asia TIFA council meeting are to:

- Foster greater regional cooperation;
- Develop joint activities to expand trade and development; and
- Increase involvement of the private sector.

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