

A map of Central and South Asia showing the borders of Turkmenistan, Uzbekistan, Kyrgyzstan, Afghanistan, Pakistan, Nepal, Bhutan, and Bangladesh. Major cities like Ashgabat, Tashkent, Bishkek, Kabul, Islamabad, Lahore, New Delhi, Kathmandu, Thimphu, and Dhaka are marked. The Caspian Sea is visible to the west. The text 'CENTRAL & SOUTH ASIA ECONOMIC INTEGRATION' is overlaid in large purple letters.

CENTRAL & SOUTH ASIA ECONOMIC INTEGRATION

*Trade & Transport Facilitation
Infrastructure Integration*

January 24, 2006
14th OSCE Economic Forum
Vienna, Austria

U.S. Central & South Asia Economic Integration Initiative

Objectives:

- To connect Afghanistan with the rest of the world.
- To restore and build new infrastructure links between Central and South Asia.
- To increase stability of the entire region through greater people-to-people contacts.



U.S. Secretary of State Condoleezza Rice meets with President Emomali Rahmonov in Dushanbe, October 13, 2005

U.S. Infrastructure Integration initiative in Central Asia

U.S. Trade & Development Agency (USTDA)



Central Asian Infrastructure Integration Initiative:

- \$1 million program announced in October 2005.
- Includes Tajikistan, Kyrgyzstan, Kazakhstan, and Afghanistan. May be expanded.
- Focused on energy, transportation, and communications sectors.
- Goal is to facilitate the development of needed infrastructure to foster regional cooperation and economic development through trade in Central Asia
- Technical teams to visit Central Asia in early 2006. Will identify specific regional infrastructure projects and recommend follow-on activities.
- Regional electric power cooperation conference in Spring 2006.

U.S.- Central Asia Trade Facilitation Initiative

U.S. Agency for International Development (USAID)



Customs Reform Initiative:

- \$400,000 program to foster greater regional trade through reduced transaction costs for business by harmonizing, strengthening and streamlining customs functions.
- Builds on USAID's existing Trade Facilitation Initiative and ongoing efforts in Afghanistan.
- USAID will encourage coordination among international donors in the region in facilitating customs reform.
- Technical teams to review existing impediments to intra-regional trade in Central Asia related to customs and border procedures.
- U.S. and Kazakhstan will host a high-level meeting of Central Asian partners, Afghanistan, international donors and the private sector to review the results and develop an action plan that lists concrete steps that should be taken to further facilitate trade.

U.S. Central Asia Infrastructure Initiative

Energy Sector—Near-term export options

Current Status:

- Central Asia has large power resources and exportable capacity.
- The combination of Kazakhstan and Uzbekistan thermal power and Kyrgyzstan and Tajikistan hydro-power makes Central Asia a more dependable and diversified electricity exporting partner.
- Several natural-gas pipeline routes in the region have been proposed.

Current Projects:

- The World Bank and ADB, along with Russian and U.S. companies are looking at several hydro-energy projects in Tajikistan that can supply power to Afghanistan and Pakistan.
- Central Asia has several other attractive sites that can be developed to supply low-cost power.

U.S. Central Asia Infrastructure Initiative

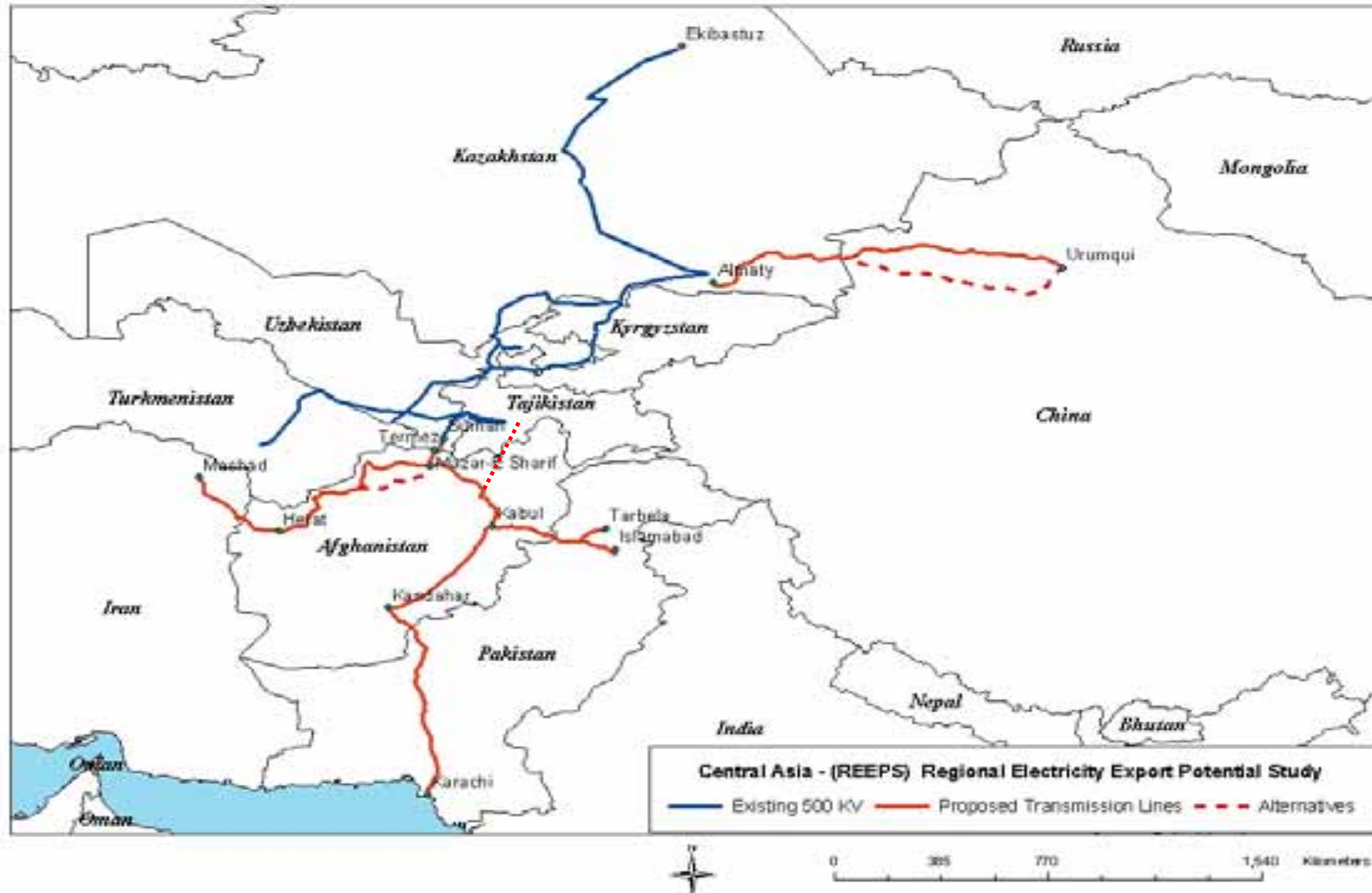
Energy Sector—Near-term export options

Benefits of regional electricity trade:

- Complementary seasonal demands between South and Central Asia.
- As a key transit country Afghanistan stands to benefit from the North-South energy trade by connecting large Central Asian energy resources with growing markets in South Asia.
- Interconnections with the Central Asian grids can accelerate development of the Afghan power systems.
- Regional integration of the power grids and trade will contribute to long term economic growth, stability, and attract investments in the whole region.

Central Asian Electricity Sector

Central Asia - (REEPS) Regional Electricity Export Potential Study



Proposed Regional Electricity Market Assistance Project (REMAP)

- **USAID regional project to help create regional electricity market**
- **REMAP Goals:**
 - establish transparent and competitive regional electricity market
 - increase electricity trade to support hydro developments and stimulate economic growth
 - market based solutions for regional disputes related to hydro facilities and reservoirs
 - build institutional capacity for regulation and forum for investor dialogue
- **REMAP Components**
 - Regional Market Design
 - Country-Level Power Sector Reforms
 - Electricity Market Policy Assistance

U.S. Central Asia Infrastructure Initiative

Transportation Sector

- The goal should be a reliable year-round route between Almaty (Central Asia's commercial hub) and Karachi.
- This route can become a new North-South Silk Road traveled by tourists and traders going both ways.
- Can enhance economic and commercial opportunities in both regions, allowing goods and people to move across more easily.
- Improved border crossing points can improve security and counter narcotics cooperation and effectiveness.

Almaty—Karachi

Approx. 3,000 km

Driving time:

+/- 100 hours

(not including border crossings)

Almaty—Bishkek

4-5 hours

Bishkek—Osh

12-14 hours

Osh—Tajik Border

5-10 hours

Kyrgyz Border—Dushanbe

10-15 hours

Dushanbe—Afghan Border

3-5 hours

Tajik Border--Kabul

12-15 hours

Kabul—Kandahar

5 hours

Kandahar—Pakistan Border

2 hours

Afghanistan Border—Karachi

30 hours

All Times Estimated

ALMATY—KARACHI



U.S. Central Asia Infrastructure Initiative

Transportation Sector

Current Status:

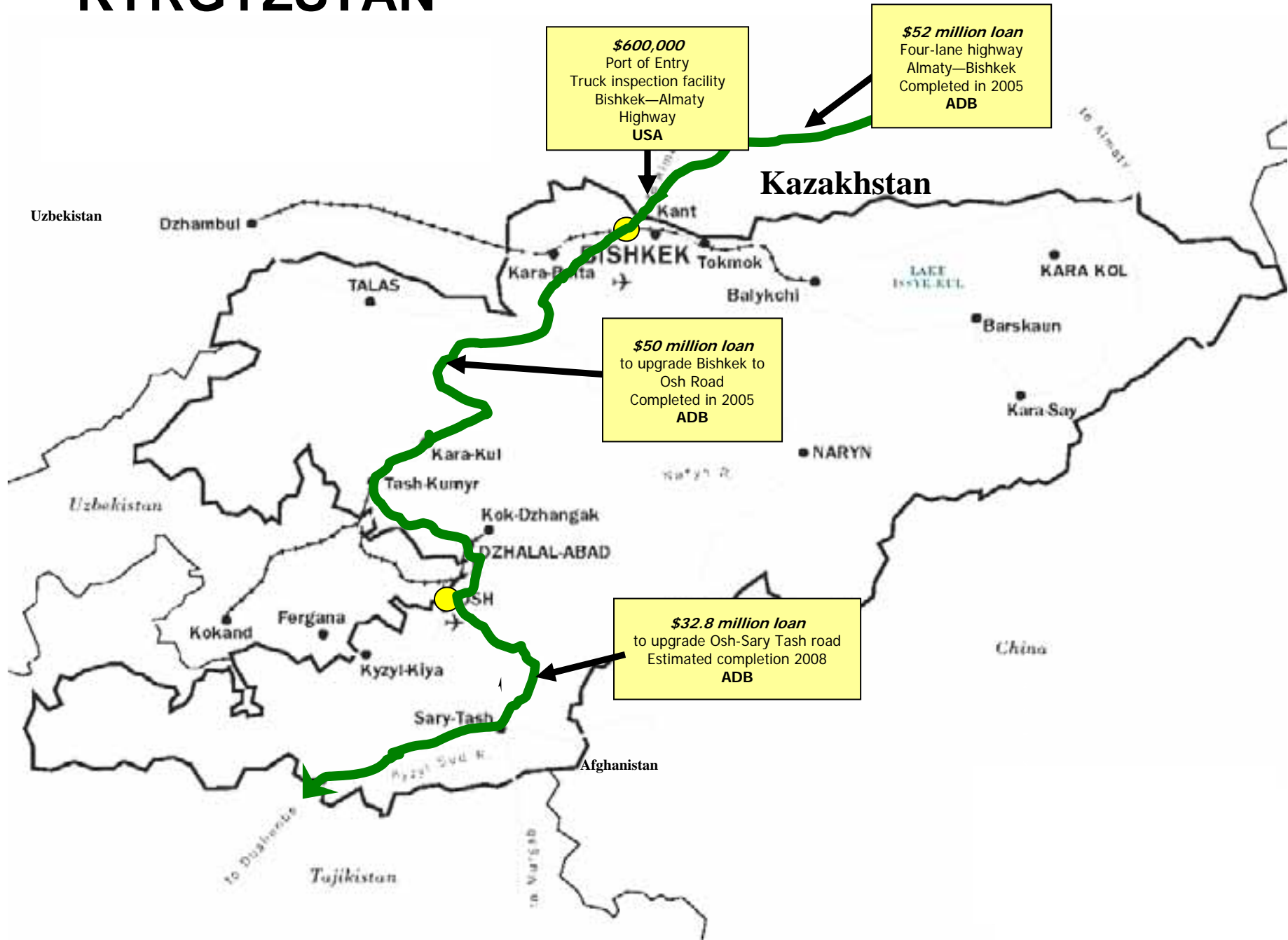
- U.S. and other donor-funded Afghan road projects are already making a difference in reducing travel time.
- Still very few crossing points between Central and South Asia.
- The ADB has been improving the Central Asian road network with major projects in Kyrgyzstan and Tajikistan.
- The U.S. has assisted with border crossing points and customs facilities.

Current projects:

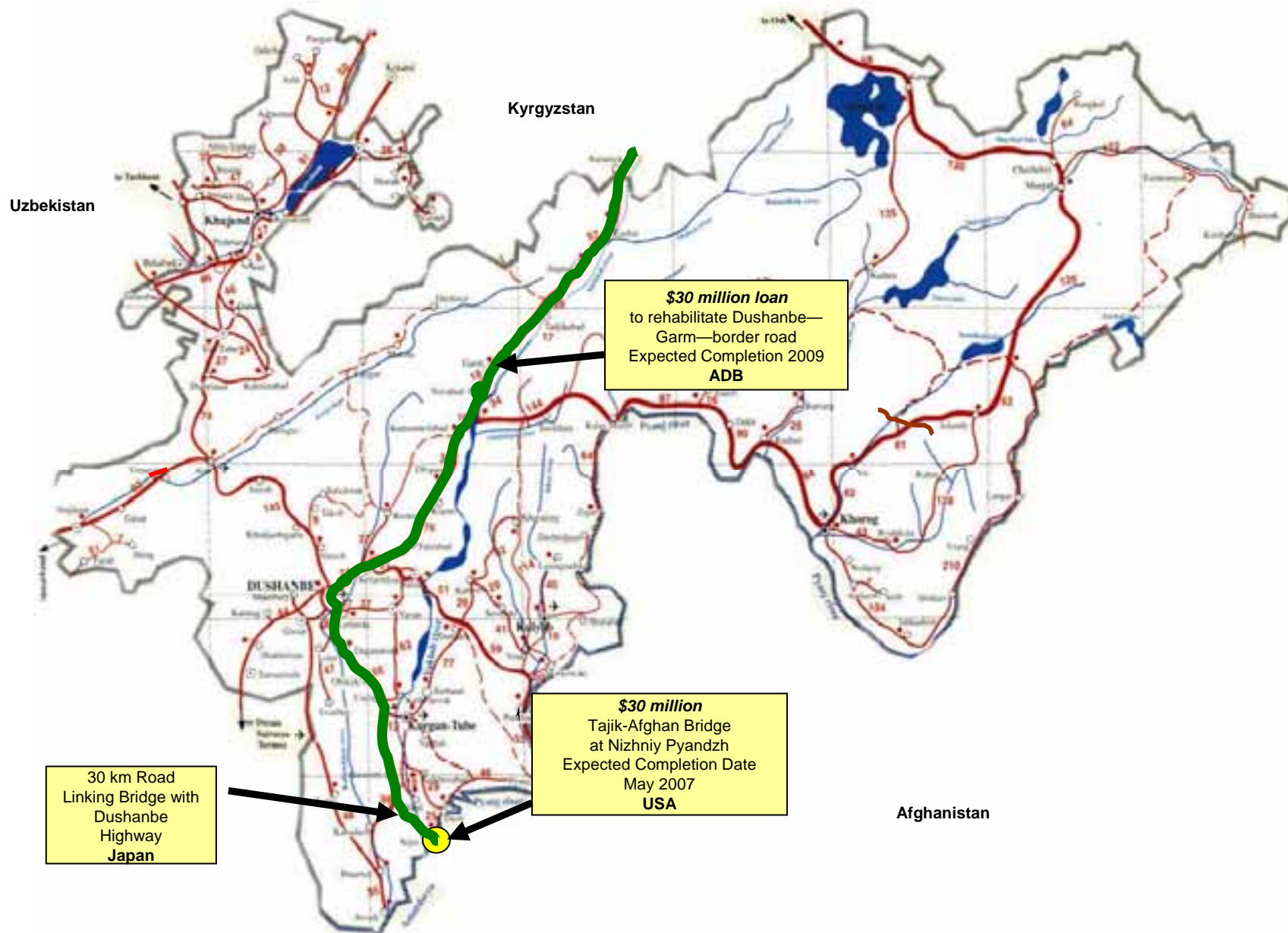
- *Tajik-Afghan Bridge:* The U.S. is constructing a \$30 million bridge that will connect Sher Khan, Afghanistan, with Nizhniy Pyanzh, Tajikistan. When completed in 2007, it is expected to facilitate the transport of more than 1,000 cars daily. On the Afghan side, the bridge road will connect to the Afghan Ring Road.



KYRGYZSTAN



TAJIKISTAN



U.S. Central Asia Infrastructure Initiative

Looking ahead

- The U.S. interest in the region is to help build economically strong and developed nations for regional stability.
- We want to work with other donors and complement the work they are already doing.
- In energy, we want to see a reliable and commercially oriented regional market that can export to South Asia.
- In roads, we need to identify the gaps that need to be improved in order to strengthen the North-South route.
- We will continue to explore other infrastructure areas.