

**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2012**

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WEDNESDAY, MARCH 2, 2011

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 2:10 p.m., in room SD-126, Dirksen Senate Office Building, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy, Mikulski, Lautenberg, Brown, Graham, Kirk, Blunt, Coats, Johnson, and Hoeven.

DEPARTMENT OF STATE

OFFICE OF THE SECRETARY

**STATEMENT OF HON. HILLARY RODHAM CLINTON, SECRETARY**

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you all. I welcome the Secretary who probably feels like she is back as a Member of Congress with the amount of time she's spent on the Hill recently, but Madam Secretary, we all appreciate it, and it's very helpful to us.

Each member sitting to my left is new to the subcommittee, so I want to welcome all of you publicly, and I am sure Senator Graham will want to recognize you as we go ahead.

Senator Graham and I work together on the Judiciary Committee—where his expertise has been indispensable. We run the Bipartisan National Guard Caucus and have traveled together to different parts of the world, some enjoyable and some about as miserable as you're ever going to see. He has unique knowledge as a former judge advocate general and I welcome him.

The chairmen and ranking members of this subcommittee have usually worked to produce a bipartisan, usually almost unanimous bill. Senator McConnell and I did—when I was either chairman or ranking member, and Senator Gregg and I have and others will.

I understand that Rich Verma is leaving and returning to practicing law. We'll miss you. We missed you when you left the Senate and went to the Department and we'll miss you now.

Madam Secretary, the Congress, which has not yet finished work on the fiscal year 2011 budget, received yesterday the justification for the fiscal year 2012 budget. So my questions will probably straddle both.

The House majority's proposed draft cuts your budget for the remainder of 2011. The impact of those cuts on the operations of our Embassies—which all Americans who travel, study, or work abroad depend on—will be severe. Every time there is a problem in a country, Americans in that country go first and foremost to the American Embassy. We saw that in Egypt and Libya. The impact of the House proposal on our national security programs from Afghanistan to Mexico will also be severe.

The development of foreign markets for U.S. exports, which creates thousands of jobs here in the United States, and our influence in international organizations, are going to be affected by these cuts.

We've all been fascinated by recent popular uprisings in Tunisia, Egypt, Libya, Iran, Yemen, and elsewhere. I think that the courage and determination of the people in these countries in overcoming generations of fear and apathy is extraordinary. It's inspiring, but it also raises the question: What comes next?

In fact, in many ways, it's hard to see how the Government of Iran doesn't come out stronger as a result of the upheaval, and that concerns everybody here.

The United States should be a strong voice for people living under repressive, corrupt regimes who are demanding the freedoms we often take for granted, and whose support we need in countering terrorism around the world.

We've seen the power of the Internet, Facebook, Twitter, and other social media. We saw how the Mubarak regime tried to silence it and failed. We know how Iran rulers are cracking down on it.

This subcommittee, since 2008—I mention this especially for our new members—has appropriated \$50 million for programs to promote Internet access and circumvent government censorship around the world. It's one of the reasons why people have their voices heard now, and so I want to talk about how the State Department is using these funds.

I think that your budget request is a far more responsible approach to the national security challenges we face than what we've seen in the other body's fiscal year 2011 proposal.

We face multiple threats. We have important interests in the Middle East and South Asia and on every continent. China, our biggest competitor, is expanding its influence around the world, and we've got to be engaged if we're going to combat that. There's a global food crisis some seem oblivious to. We can't punt these challenges to the next generation.

There are issues like human rights, transparent, accountable government, and the rule of law which is why I wrote the Leahy amendment a decade-and-a-half ago, and it was passed with bipartisan support.

#### PREPARED STATEMENT

I'm going to put the rest of my statement in the record, turn it over to Senator Graham, and then to you, Madam Secretary, and we'll go to questions.

[The statement follows:]

## PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Welcome, Madam Secretary.

Madam Secretary, the Congress has yet to finish work on the fiscal year 2011 budget and we only received yesterday the justification materials for part of your fiscal year 2012 budget request, so I suspect today's questions will straddle both.

The House majority has proposed drastic cuts in your budget for the remainder of 2011. The impact of those cuts on the operations of our Embassies, which all Americans who travel, study, or work abroad depend on as we have been reminded of in Egypt and Libya; on national security programs from Afghanistan to Mexico; on the development of foreign markets for United States exports; and on our influence at the United Nations and other international organizations, would be dramatic.

I hope, in addition to discussing your fiscal year 2012 budget request, that you will give us your reactions to the House continuing resolution.

We have all been fascinated by recent popular uprisings in Tunisia, Egypt, Libya, Iran, Yemen, and elsewhere. The courage and determination of the people of these countries in overcoming generations of fear and apathy is as extraordinary as it is inspiring.

At the same time, it is hard to see how the Government of Iran does not come out stronger as a result of all this upheaval, which deeply concerns all of us.

The United States should be a strong voice for people living under repressive, corrupt regimes who are demanding the freedoms we often take for granted, and whose support we need in countering terrorism. We have seen the power of the Internet, Facebook, Twitter, and other social media, and how the Mubarak regime tried, and failed, to silence it, and how Iran's rulers are cracking down.

Since 2008, this subcommittee has appropriated \$50 million for programs to promote Internet access and circumvent government censorship. You have spoken about this and I hope you will tell us how the State Department is using these funds.

Turning to fiscal year 2012, I believe your budget request is a far more responsible approach to the national security challenges we face than what the House has proposed in its fiscal year 2011 continuing resolution. While the mood in the Congress is to cut spending, the age old refrain "penny wise and pound foolish" could not be more applicable.

We face threats and have important interests, not only in the Middle East and South Asia, but on every continent. China, our biggest competitor, is expanding its influence in every hemisphere. There is a global food crisis that our friends in the House seem oblivious to, and their answer to climate change is to punt to the next generation. We face huge challenges in our own hemisphere.

Our priorities also must include promoting human rights and tolerance, transparent and accountable government, and the rule of law. That is why I wrote the Leahy amendment almost a decade and a half ago.

For those who question the need for the funds you are requesting, there are many other compelling examples.

We can begin with global health—preventing outbreaks of deadly viruses and other infectious diseases that can quickly become pandemics that kill millions of people including Americans.

Or international terrorism, organized crime and other trans-national crime, which are growing threats to Americans and the citizens and governments of other nations, especially democratic governments whose institutions are weak and prone to corruption.

There is the pressing need to respond to rising temperatures, melting glaciers, growing populations of hungry people who need energy and jobs, and whose access to land and safe water is shrinking. These are elements of a global train wreck in the making.

We know this budget will not solve every problem in the world, but it will at least ensure that the United States is equipped to play a leadership role—something that some of our friends in the House seem unconcerned about.

Today more than ever we recognize the need for fully staffed Embassies, effective diplomacy, and strong alliances. We greatly appreciate the work you are doing. And we again commend the dedicated men and women of the State Department and USAID who are serving America here at home and at posts around the world, often at great personal risk.

## OPENING STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Well, thank you, Mr. Chairman. I'm honored to be on the subcommittee. This is a change for me, and it's something I've been looking forward to for a very long time.

And we have worked together on the Judiciary Committee. We have good contests and we work together well, and that's what the Senate is supposed to do, sometimes fuss and sometimes fight, but sometimes get something done.

Now, on my side, Mr. Chairman, you mentioned the subcommittee members. We really have a rich resource for the Nation here.

Senator Kirk is a Naval reservist who is going to be in charge of piracy. He doesn't know that yet, but he has been involved in international security matters for a very long time and is a really unique guy to have in the Senate.

Roy was one of the leaders in the House and he's going to tell us how to deal with the House, when it comes to finding the difference between \$14 billion—

Senator MIKULSKI. That does require treaty negotiations.

Senator GRAHAM. Yes. Well, I think Roy's your man. He knows how to get things done.

And we've got a Governor. I really look forward to hearing your view of what it's like in the prairieland to talk about foreign operations and foreign aid.

We've got a businessman, who just got mad, very successfully, ran for the Senate and is here for all the right reasons, and that's Senator Johnson. I'd very much like your view of how this fits into the overall problems we have as a Nation, where we should be going in terms of foreign operations.

I mention Dan Coats last for a reason. He was an ambassador. He's actually lived in the world of which we're talking about, who represented our country in Germany. Just within a few days of arriving, 9/11 happened, and I think he can really share with the members of this subcommittee what it's like to represent America abroad, particularly when you're at war.

So we have a good team over here, and I'm very proud of my colleagues, and, Mr. Chairman, working together, we're going to defend America. And it's my view this account is as much of winning the war as any other account that we will deal with.

Secretary Clinton said something when we were meeting that just, I think, we have to come to grips with. She said that everybody in the world doesn't believe America can't do anything that needs to be done and we don't have money problems.

I've found that to be true. How many times have you traveled overseas where somebody in a foreign government will ask you for money, never believing that we can't provide the money or we can't provide the resources? Because, from their point of view, America is the group of people—even though they won't say this publicly, privately—that can fix anything.

Well, I like to think of ourselves in good terms, but we can't fix everything, and we have money problems. So part of the challenge is to educate our allies throughout the world that we're hurting here at home and we're going to have to do more with less, that

we still have a good heart and we want to be involved and not leave vacuums that would be filled in by bad people, but we've got to get our fiscal house in order.

And we, on our side particularly, have to go home and convince people who are hurting—who've lost their jobs and budgets have been cut and they don't know if they're going to get the next paycheck, and many of them are living on unemployment benefits—that spending money overseas really does matter.

And so that's the challenge, the tale of two people, the world at large, who believes America has an unlimited ability to help and we have no budget problems. People here at home have to be shown why it matters to be involved.

If we were not involved in Egypt for 30 years with their army, God knows what would have happened. And that is not popular to talk about on the stump, but it is a reality of the world in which we live in. How we help the Libyan people, the Tunisian people will matter, because if we don't help them, somebody else will.

So I'll look forward to working with you, Mr. Chairman, to try to articulate to the American taxpayer, who's under siege, that we have to stay involved in the world, and General Petraeus believes that the civilian side of the military-civilian partnership is more important than ever, that we cannot win in Iraq if we don't keep the civilian component strong, because you'll be in the lead. And the civilian surge in Afghanistan is as important as any brigade we're going to send.

So we have to convince the world that we have limited funds here on our own people to spend money wisely. I cannot stress enough, from my point of view, that the foreign operations account can make the difference between a safe America and an at-risk America.

Can it be reduced? Can it be reformed? Yes. But if you don't see it as a national security tool then I think we're missing the mark as a nation. So I look forward to working with you.

Senator LEAHY. Thank you very much, and, Secretary Clinton, please go ahead.

#### SUMMARY STATEMENT OF HON. HILLARY RODHAM CLINTON

Secretary CLINTON. Thank you very much, Chairman Leahy and Ranking Member Graham. It's wonderful being back here in the Senate and having this opportunity to discuss these important issues with you, and I welcome all the new Members to the Senate. I hope that they enjoy their time here as much as I enjoyed my 8 years. I'm looking forward to working with this subcommittee because there is an enormous amount that we have to do together.

I recently took part, on Monday, in emergency meetings in Geneva to discuss the unfolding events in Libya, and I'd like to begin by offering you a brief update.

We have joined the Libyan people in demanding that Colonel Gaddafi must go now without further violence or delay, and we are working to translate the world's outrage into actions and results.

Marathon diplomacy at the United Nations and with our allies has yielded quick, aggressive steps to pressure and isolate Libya's leaders. We welcomed yesterday's decision to suspend Libya from the Human Rights Council, as I had urged a day earlier.

USAID is focused on Libya's food and medical supplies and is dispatching two expert humanitarian teams to help those fleeing the violence into Tunisia and Egypt. Our combatant commands are positioning assets to prepare to support these critical civilian missions, and we are taking no option off the table, so long as the Libyan Government continues to turn its guns on its own people.

The entire region is changing, and a strong, strategic American response will be essential. In the years ahead, Libya could become a peaceful democracy or it could face a protracted civil war or it could fall into chaos. The stakes are high.

This is an unfolding example of using the combined assets of diplomacy, development and defense to protect our interests and advance our values. This integrated approach is not just how we respond to the crisis of the moment. It is the most effective and most cost-effective way to sustain and advance our security interests across the world, and it is only possible with a budget that supports all the tools in our national security arsenal.

Now, I agree that the American people today are justifiably concerned about our national debt, but I also believe that we have an opportunity, as well as an obligation, to make decisions today that will keep us safer and more secure and more prosperous into the future.

In Iraq, almost 100,000 troops have come home and civilians are poised to keep the peace. In Afghanistan, integrated military and civilian surges have set the stage for our diplomatic surge to support an Afghan-led reconciliation that could end the conflict and put al Qaeda on the run. We have imposed the toughest sanctions yet to rein in Iran's nuclear ambitions. We have re-engaged as a leader in the Pacific and in our own hemisphere. We have signed trade deals to promote American jobs and nuclear weapons treaties to protect our people. We worked with northern and southern Sudanese to achieve a peaceful resolution and prevent a return to civil war.

And we are working to open political systems, economies, and societies at this remarkable moment in history in the Middle East, where we are trying to support orderly, peaceful, irreversible democratic transitions.

Our progress is significant, but our work is ongoing. We believe, obviously, that these missions are vital to our national security and now would be the wrong time to pull back.

The fiscal year 2012 budget we discuss today will allow us to keep pressing ahead. It is a lean budget for lean times. I launched the first ever Quadrennial Diplomacy and Development Review (QDDR) following on my experience when I served with Senator Graham on the Armed Services Committee, what the Pentagon had done with its QDDR. So this QDDR helped us maximize the impact of every \$1 we spend. We scrubbed the budget. We made painful, but responsible cuts.

We cut economic assistance to Central and Eastern Europe, the Caucasus and Central Asia by 15 percent. We cut development assistance to more than 20 countries by more than one-half.

And this year, for the first time, our request is divided into two parts. Our core budget request is for \$47 billion, which supports

programs and partnerships in every country, but North Korea. It is essentially flat from 2010 levels.

The second part of our request funds the extraordinary, temporary portion of our war effort that we are responsible for in the same way the Pentagon's request is funded, in a separate Overseas Contingency Operations account, known as OCO.

Instead of covering our war expenses through supplemental appropriations, we are now taking a more transparent approach that reflects our fully integrated civilian military effort on the ground. Our share of the President's \$126 billion request for these exceptional wartime costs is \$8.7 billion.

Let me walk you through a few of these key investments. First, this budget funds vital civilian missions in Afghanistan, Pakistan, and Iraq.

In Afghanistan and Pakistan, al Qaeda is under pressure as never before. Alongside our military offensive, we are engaged in a major civilian effort to help build up the governments, economies, and civil societies of those countries in order to undercut the insurgency.

These two surges set the stage for a third, a diplomatic push in support of an Afghan process to split the Taliban from al Qaeda, bringing the conflict to an end and help stabilize the entire region.

Our military commanders, as you just heard, including General Petraeus, are emphatic that they cannot succeed without a strong civilian partner. Retreating from our civilian surge in Afghanistan with our troops still in the field would be a grave mistake.

Equally important is our assistance to Pakistan, a nuclear-armed nation with strong ties and interests in Afghanistan. We are working to deepen our partnership and keep it focused on addressing Pakistan's political and economic challenges as well as our shared threats.

And after so much sacrifice in Iraq, we have a chance to help the Iraqi people build a stable, democratic county in the heart of the Middle East. As troops come home, our civilians are taking the lead helping Iraqis resolve conflicts peacefully and training police.

Shifting responsibilities from our soldiers to our civilians actually saves taxpayers a great deal of money. The military's total OCO request worldwide will drop by \$45 billion from 2010, while our costs for the Department of State and USAID will increase by less than \$4 billion. Every business owner I know would gladly invest \$4 to save \$45.

Second, even as our civilians help bring today's war to a close, we are working to prevent tomorrow's. This budget devotes more than \$4 billion to sustaining a strong U.S. presence in volatile places. In Yemen, it is helping to provide security, development and humanitarian assistance to deny al Qaeda a safe haven. It focuses on those same goals in Somalia. It is helping northern and southern Sudanese chart a peaceful future, helping Haiti to rebuild. And it proposes a new global security contingency fund that would pool resources and expertise with the Defense Department to quickly respond to challenges as they emerge.

This budget also strengthens our allies and partners. It trains Mexican police to take on violent cartels and secure our Southern Border. It provides nearly \$3.1 billion for Israel and supports Jor-

dan and the Palestinians. It does help Egypt and Tunisia build stable and credible democratic systems. And it supports security assistance to more than 130 nations.

As Senator Graham said, over the years, we've seen great ties created because of that funding. We did help to train a generation of Egyptian officers who refused to fire on their own people.

Third, we are making targeted investments in human security. We have focused on hunger, disease, climate change and humanitarian emergencies, because they threaten not only the security of individuals, but they are the seeds of future conflict.

Our largest investment is in global health programs, including those launched by President George W. Bush. These programs stabilize entire societies that have been devastated by HIV/AIDS, malaria and other illnesses. They save the lives of mothers and children and halt the spread of deadly diseases.

And, yes, global food prices are approaching an all-time high, and 3 years ago, this led to protests and riots in dozens of countries. Food security is a cornerstone of global stability, and we, under our policy, are helping farmers grow more food, drive economic growth, and turn aid recipients into trading partners.

And climate change threatens food security, human security and national security. So our budget builds resilience against droughts, floods and other weather disasters, promotes clean energy, and preserves tropical forests.

Fourth, we're committed to making our foreign policy a force for domestic economic renewal. We are working aggressively to promote sustained economic growth, level the playing field and open markets to create jobs here at home.

To give you just one example, our economic officers in Vietnam helped Boeing secure a \$1.5 billion contract for eight 787 aircraft to be assembled in North Charleston, South Carolina. And I personally lobbied for that, Senator.

Fifth and finally, this budget funds the people and the platforms that make everything possible that I've described. It allows us to sustain diplomatic relations with 190 countries. It funds political officers defusing crises, development offices spreading opportunity, economic officers who wake up every day thinking about how to put Americans back to work.

Several of you have asked the Department about the safety of your constituents in the Middle East. Well, this budget helps fund the consular officers who evacuated more than 2,600 people from Egypt and Libya and nearly 17,000 from Haiti. They issued 14 million passports last year and served as our first line of defense against would-be terrorists seeking visas to enter our country.

At the same time, I'd like to say just a few words about funding for the rest of 2011. As I told Speaker Boehner and Chairman Rogers and many others, the 16 percent cut for State and USAID that passed the House last month would be devastating to our national security.

It is no longer possible in the 21st century to say that you are walling off national security by going after non-defense discretionary spending. We are so much more integrated and interdependent, and it would force us to scale back dramatically on crit-



ical missions that are absolutely supported by Secretary Gates, Admiral Mullen, General Petraeus, and others.

Now, there have always been moments of temptation in our country to resist obligations beyond our borders, but each time we shrink from global leadership events summon us back to reality. Now, we saved money in the short term when we walked away from Afghanistan after the cold war, but those savings came at an unspeakable cost, one we are still paying 10 years later in money and lives.

We have, over generations, enabled Americans to grow up successful and safe because we've led the world, we've invested resources to build democratic allies and vibrant trading partners, and we did not shy away from defending our values, promoting our interests and seizing opportunities.

Having now traveled more than any Secretary of State in our history, I know that the world has never been in greater need of the qualities that distinguish us, our openness and innovation, our determination, our devotion to universal values. Everywhere I travel, I see people looking to us for leadership. This is a source of strength, a point of pride and an opportunity for the American people. But it is an achievement, not a birthright. It requires resolve, and it requires resources. And I look forward to working closely with you as we try to keep our country safe and maintain American leadership in the world.

#### LEAHY AMENDMENT

Senator LEAHY. Thank you very much, Madam Secretary. Senator Graham and I kind of whispered to each other that we don't know how you handle the jet lag with the amount you travel, but I feel fortunate this country has you representing us in the parts of the world where you go.

I'm going to ask a question mostly for the record about the use of the Leahy amendment. It's been the law for more than 13 years. It says if a Secretary of State has credible evidence that a unit of a foreign security force has committed a gross violation of human rights, U.S. aid to that unit stops unless the foreign government brings the responsible individuals to justice. We want to make sure that they are held accountable and that U.S. assistance is not used to commit a crime.

Recently, we have seen on the news the use of tear gas, clubs, rubber bullets and live ammunition against peaceful protestors in different parts of the world. I'm not going to go into all the countries where this would apply, but just look at the Middle East and South Asia—countries where aid is contingent upon the Leahy Amendment in, among others, Afghanistan, Bahrain, Egypt, Israel, Jordan, Iraq, Tunisia, Morocco, Lebanon, and Pakistan.

So I ask—you can provide this information later, but I'd like it within a week—have any military or police units in those countries I listed been deemed ineligible for U.S. assistance under the Leahy amendment?

Secretary CLINTON. Yes, Sir. We will do that.

Senator LEAHY. In Libya, the issue is not whether Muammar Gaddafi's regime will end, but when and how it ends and how many people are going to die needlessly before then.

Some Members of Congress have urged the administration to provide weapons to the Libyan opposition. I understand the sentiment, but I'm not quite sure who the Libyan opposition is. They have a number of different factions and tribes. Some seem loyal to Gaddafi. Some are opposed. Some seem to be trying to save their own necks and some seem opportunistic.

How do we go about arming these people, and know who to arm? Also, what's the administration's position on a NATO-enforced, no-fly zone over Libya?

Secretary CLINTON. Well, Senator, I think that all of these matters are under active consideration, but no decisions have been made, and for good reason, because it's not at all clear yet what the situation demands.

We are actively reaching out, for example, to Libyans who are working to bring down the Gaddafi regime. We only set up our Embassy in 2009. We did not have relations, as you know, for many years with Libya. We are working to understand who is legitimate, who is not.

But it is premature, in our opinion, to recognize one group or another. We have to keep our focus, at this point, on helping the Libyan people.

And I think it's important to recognize that there is a great deal of uncertainty about the motives, the opportunism, if you will, of people who are claiming to be leaders right now. I think we have to be focusing on the humanitarian mission and then gathering information as we can.

With respect to the no-fly zone, we have been discussing that with a lot of our allies and are looking at it, but there are many, many challenges associated with it.

So, at this time, we're focusing on how we can get medical supplies and food in to the people who are in safe enough zones that it can be delivered to assist them as they try to rid themselves of this regime.

#### INTERNATIONAL CRIMINAL COURT (ICC)

Senator LEAHY. The United Nations Security Council, in a unanimous vote, imposed sanctions against Libya, which I applaud. The ICC will conduct an investigation for possible prosecution of the Gaddafi regime for crimes against humanity.

The United States is not a member of the ICC. There's actually a prohibition in law, which I did not support, I might say, on U.S. support for the International Criminal Court.

If they were to ask the United States for information during an investigation so they could prosecute Gaddafi, his family or those around him, would we be able to provide that information?

Secretary CLINTON. We believe so, Senator. In fact, the ICC announced today they would be opening up an investigation file on Colonel Gaddafi and those around him.

We also have our own interest in pursuing an American investigation regarding Pan Am 103. Some of the comments that have been made by some of the Libyan officials that they know that Gaddafi personally ordered the bombing of Pan Am 103, and, as a Senator from New York, I represented many of the families of victims because there were many from Syracuse University.

So in addition to supporting the ICC where we can, we are reaching out through the FBI and the Department of Justice to see what else we can do to pursue justice for the victims of Pan Am 103.

OPEN AND FREE INTERNET

Senator LEAHY. I don't want to go beyond my time, but you recently gave a speech at George Washington University. You talked about the importance of protecting access to an open and free Internet. Again, I agree with you. And you also spoke about that a year ago.

Congress has provided \$50 million for efforts to keep it open. Twenty-two-million dollars of that has been spent. Is there a clear strategy for supporting Internet freedom and should we continue to fund that through State or other relevant agencies, including the Broadcasting Board of Governors?

Secretary CLINTON. Well, Senator, we are very committed to this. I've given two speeches on it. I've made it a high priority within the Department. We have awarded more than \$20 million in competitive grants through an open process, including evaluation by technical and policy experts.

This year, we will award more than \$25 million in additional funding, and we're taking what you might call a venture-capital-style approach. We're supporting a portfolio of technologies, tools and training, because, frankly, we don't know what will work best. This is a pretty new field.

Senator LEAHY. Fast-changing field, too.

Secretary CLINTON. Yes, and we, I have all these young tech experts who are doing this. So I'm just repeating what they tell me, but we are moving as fast as we can to deal with situations that are totally unprecedented.

When Egypt shut down the Internet, nobody had ever done that before. And then, you know, some bright young people figured out how to get around that with voicemail on cell phones. So we are in a real race on behalf of openness for the Internet versus those who wish to control it and limit its openness.

So I think we have moved as fast as we responsibly could and are funding what we think of as the best bets that will actually produce the best results.

Senator LEAHY. Thank you. Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

Madam Secretary, I think what you've done is going to become legendary, and the person who follows you should not try to duplicate this. It's not good for your health to constantly be in the air. I cannot tell you how I am impressed with your personal energy and the engagement you've offered on behalf of our country, and I really do appreciate it. I think we all are amazed at your work ethic.

IRAN

A couple of years ago, the young people took to the streets in Iran. They were met with a very brutal response, and they were upset about the election, which I think most of us would agree was probably not free, fair, and transparent. Looking back, do you think we missed an opportunity there?

Secretary CLINTON. You know, Senator, we spoke out at the time, and we were also not only conscious of but advised by people from within and outside of Iran that it was very important for them not to be seen as though they were in any way directed by, or affiliated with the United States and that this needed to be viewed as an indigenous Iranian movement.

So I think we struck the right balance, but, obviously, what we have seen in the year-and-a-half or so since is the brutality of the Iranian regime, its absolute commitment to repressing any kind of opposition.

And I have been upping, certainly, my rhetoric. We have, under the legislation passed by the Congress, the ability to designate human-rights abusers. We've been using that very dramatically.

Senator GRAHAM. Have we designated anybody in Iran as being a human-rights abuser?

Secretary CLINTON. Yes, Sir, we have. We have designated a number of them. I just designated some more of them a few days ago.

Senator GRAHAM. What is the highest official who's been designated?

Secretary CLINTON. I think—I don't remember—I'll get you all of that. The prosecutor general was somebody we just designated.

Senator GRAHAM. Would you consider Gaddafi a human-rights abuser?

Secretary CLINTON. I would consider Gaddafi a human-rights abuser, and I would consider the leadership of Iran as abusing human rights.

Senator GRAHAM. Including President Ahmadinejad?

Secretary CLINTON. I think that there is certainly evidence of that, yes, Sir.

Senator GRAHAM. Well, let's drill down to this. The idea of a no-fly zone probably is complicated, but it makes sense to me to make sure that the Libyan people will not have to face air power and that we have the ability to do that.

I understand the concerns about just passing out weapons to the Libyan opposition. You don't know who you're passing them out to.

Would it be smart if there was another uprising in Iran where the people took to the streets that we stand behind the people in the streets and impose a no-fly zone in Iran, if they used air power to oppress their own people or is that a different situation?

Secretary CLINTON. Well, Senator I think that I'm not going to speculate on a hypothetical.

Senator GRAHAM. Okay. Fair enough.

#### OIL FROM CANADA

Let's talk about oil. Gas prices are going to go up to \$4 a gallon. I think we're well on our way. Are you familiar with the oil sands in Canada?

Secretary CLINTON. Yes, Sir.

Senator GRAHAM. And the pipeline that's being proposed to be built from Canada to Texas, I think, Louisiana?

Secretary CLINTON. Yes, Sir.

Senator GRAHAM. I've been told that the second-largest-known deposit of oil is the oil sands in Canada and that it is equal to or

greater than Saudi Arabia and Iran, and there's some problem with the pipeline.

What's your view of the pipeline? Should America be trying to receive this oil from Canada?

Secretary CLINTON. Well, Senator, since my Department bears the ultimate responsibility for making a recommendation on the pipeline, I am not able, at this time, to express an opinion.

Senator GRAHAM. Are you generally supportive of receiving more oil from Canada and less from the Middle East?

Secretary CLINTON. I am generally supportive of receiving more oil from Canada. I am absolutely supportive of us doing more in energy efficiency and renewables and looking for clean ways to use our own resources as well.

#### TROOP WITHDRAWAL AND STATE'S ROLE

Senator GRAHAM. Well, let's go to war zones. Now, in Iraq, by the end of the year, according to the agreement negotiated by the Bush administration, all American troops are supposed to withdraw by 2011. Is that correct?

Secretary CLINTON. That's correct.

Senator GRAHAM. Now, come 2012, there's a lot still to be done in Iraq, and you will be the lead organization. Is that correct?

Secretary CLINTON. That's right, Sir.

Senator GRAHAM. That is a major obligation.

Secretary CLINTON. Yes, it is.

Senator GRAHAM. Probably never undertaken in the history of the State Department. What would it take for you to safely and effectively do your job? Are you going to have to build a State Department army to provide security? How do you get around? And if the Iraqis ask for some American troops, at their request, to stay behind to provide force protection, training, intelligence gathering, and logistical support, would you believe it would be wise for us to agree to some level of troop presence in 2012?

Secretary CLINTON. Well, Senator, first let me say it is unprecedented. We have been planning, as a State Department, since the Bush administration. There was not only a Status of Forces Agreement signed, but also a strategic framework agreement signed, and, in that, in the Bush administration, we agreed with the Iraqi Government that we would provide a significant presence, we would continue to provide support for police training and other functions.

Senator GRAHAM. Are you worried about the safety of your people—

Secretary CLINTON. Yes, Sir. Yes, Sir, we are worried.

Senator GRAHAM. I am, too.

Secretary CLINTON. We are worried.

Senator GRAHAM. How many people would you envision being in Iraq to do the jobs that you'll be tasked to do?

Secretary CLINTON. I think we're looking at thousands.

Senator GRAHAM. I mean like more than 10,000?

Secretary CLINTON. More than 10,000, yes.

Senator GRAHAM. And we've got to realize, as a subcommittee, we're going to have 10,000 American citizens, all civilians, trying to do business in Iraq, all over the place, with no troops.

Secretary CLINTON. Well, in fact, we have a total of about 17,000 civilians and the great proportion of those will be private security contractors.

Senator GRAHAM. And that is basically a private army replacing the American military. So I'd like us to think long and hard as a Nation whether that make sense. You being in the lead makes perfect sense.

Now, let's move quickly to Afghanistan in 42 seconds. You're negotiating a strategic framework agreement with the Afghan Government. Is that correct?

Secretary CLINTON. We call it a strategic partnership dialogue, but that's what it is.

Senator GRAHAM. Okay. And the surge of military forces has an equivalent civilian surge, is that correct?

Secretary CLINTON. Yes, Sir.

Senator GRAHAM. General Petraeus has told me, you, and everyone else he cannot win the fight in Afghanistan without you, USAID, Department of Agriculture, and Department of Justice. Is that correct?

Secretary CLINTON. That's right.

#### JOINT BASING

Senator GRAHAM. Now, do you think it would be wise for this country if the Afghans made a request, as part of this negotiation, to have joint basing past 2014, where they request our presence, where there would be a joint basing arrangement with American air power and special forces capability to ensure that we maintain the gains that we've fought so hard, as a signal to the region that America is not leaving this place in a helpless situation? What would be your view of such a request?

Secretary CLINTON. Well, Senator, it's not only the United States, but NATO—

Senator GRAHAM. Absolutely.

Secretary CLINTON [continuing]. At the Lisbon Summit made a commitment that we will be supportive of the Afghans after 2014 when our combat mission ends.

There are many ways to achieve that. We have ruled out permanent American bases, but there can be other ways where we provide support for the Afghans.

Just as you referenced with the Iraqis, they have not asked us for anything, but they have huge gaps in their capacity and they are in a very dangerous neighborhood, so they may well come to ask.

But that's a very different situation, because, then, we have fulfilled our obligations. Our combat troops have done their duty, some to the greatest possible sacrifice. And, now, it is a nation asking for the United States' continuing support, and that will be up to this Congress and this administration to evaluate.

Senator LEAHY. Senator Brown.

Senator BROWN. Thank you, Mr. Chairman—

Senator LEAHY. And then we'll go to Senator Kirk. I'm going back and forth in the order that Senators arrived.

Senator BROWN. Thank you, Mr. Chairman. And, Madam Secretary, welcome. It's nice to see you.

## LABOR RIGHTS

Want to talk about labor rights. The Obama administration announced that the United States would use the labor chapter of the Central American Free Trade Agreement, which, as you remember, passed the House in a late-night vote by only one or two votes, and passed the Senate a bit more comfortably.

Many were concerned about already violations of labor laws and other reasons, other reservations some had about the Central American Free Trade Agreement.

To its credit, the Obama administration set the State Department working with the Labor Department; have approached Guatemala on enforcement of this.

It has been 6 months since the formal consultations with Guatemala began. The Government of Guatemala has not taken steps to remedy its failures to enforce labor laws. The complaint remains unresolved. Is the administration proceeding to some kind of arbitration with Guatemala?

Secretary CLINTON. Well, I informed the foreign minister in our last meeting last month that we were going to have to pursue our remedies because they have failed to respond in a satisfactory way.

Senator BROWN. Putting aside Guatemala for a moment, does that mean that our trade agreements, labor laws are not as—either as strong or as enforceable as they might be?

Secretary CLINTON. No. I think that that may be true in some cases, not in other cases. But, certainly, we have been trying to work with the Government of Guatemala to resolve this matter, short of mediation, short of trying to use the remedies that are available to us, and we have not been satisfied. So we are looking at going to the next step.

Senator BROWN. Again, putting aside Guatemala, are there efforts, in conjunction with the Department of Labor, for those two arms of the U.S. Government to look at all of these trade laws that we have passed here, understanding that the reluctance of many of us to vote for trade agreements is based on environmental issues, in some cases, shift of power to private corporations away from democratically elected governments, but also labor law itself? Are there sort of ongoing efforts by State and by Labor to look at potential labor-law violations with whether it's a bilateral or multi-lateral trading partner through free trade agreements?

Secretary CLINTON. Yes, and I think this is a very important issue that often doesn't get enough attention in a strategic context. And by that I mean, in and of itself, the abuse of human beings in labor situations, child labor, other kinds of conditions that are just not acceptable, need to be addressed, and we have to get smarter about that, not only in what we do, but internationally.

But, also, if you looked at what happened in Tunisia and, to some extent, what happened in Egypt, the secular opposition is coming out of the trade-union movement.

In Tunisia, the best organized group, other than what is clearly going to be a well-organized Islamic political presence, will be trade unions.

In Egypt, the best organized group; other than the Muslim Brotherhood, are trade unions.

We supported trade unions in Poland. That's how we got Solidarity. We have supported trade unions in other areas, but then we stopped doing it as a country. And I think we've got to be smart strategically about what are the levers that can best be employed to help create indigenous, organized centers of power and influence that are not going to be prey to ideology and radicalism.

And I think that going back to what we did in the 1970s and the 1980s in supporting trade unions in a lot of these emerging democracies is very much in our interests.

Senator BROWN. You might say it's also happening in Madison and Columbus and Trenton, but that would be a whole other issue.

Let me shift to—

Secretary CLINTON. Politics.

#### INFECTIOUS DISEASE

Senator BROWN. Yes. Let me shift to something else, something that Chairman Leahy has been so very involved in and that is—and Senator Durbin—and that is infectious disease in the developing world.

There's a new diagnostic tool called GeneXpert, X-P-E-R-T, which can detect drug resistance, identifying tuberculosis in people living with HIV/AIDS. Most people that die of HIV/AIDS—I believe, most people, well more than 50 percent—in the developing world are actually dying from something like tuberculosis, often drug-resistant tuberculosis.

This GeneXpert can deliver results in about 90 minutes, all clear advantages over the standard microscope method which was developed literally 100 years ago. I mean, we haven't had that much—except for some of the antibiotics—haven't had that much progress in tuberculosis (TB).

Fulfilling the administration's \$4 billion pledge, the Global Fund will be critical to financing the rollout of this diagnostic.

Talk to us, just for a moment, if you would, how the administration will use its resources to capitalize on the opportunities for this new diagnostic for TB.

Secretary CLINTON. Well, that's the kind of opportunity that we need to be seizing, but, unfortunately, Senator, under the fiscal year 2011 spending bill moving through the House, critical global health programs are going to be cut dramatically, and it's going to jeopardize the progress we are making all kinds of ways.

For example, 5 million children and family members are going to be denied treatment for malaria, and 3,500 mothers and more than 400,000 children under 5 are going to be losing the opportunity for child-survival interventions.

And when you talk about infectious disease, more than 16 million people are going to be denied treatment for tropical diseases, 43,000 children and families will die from tuberculosis, because they'll be denied treatment, and 18.8 million fewer polio vaccinations and 26.3 million fewer measles vaccinations would occur. And that's just on our best estimate about what will happen if the 16 percent cut to our budget that's in the House proposal goes forward.

So when you talk about what we should be doing to get ahead of disease, we're going to be so far behind instead of what we've



done over the last 2 years to establish a strong platform that is really going to strengthen our response. And investing in the GeneXpert program, investing in some of the breakthroughs and stopping the transmission of HIV/AIDS, all of that is going to be very difficult for us to fund.

Senator BROWN. On a similar health issue—and I understand my time has expired—cuts to international family planning I assume will result in more maternal deaths, more abortions, more unintended pregnancies, more all kinds of afflictions in the developing world. Correct?

Secretary CLINTON. That is certainly my belief, and I think that is backed up by significant experience and evidence.

Senator BROWN. Thank you. Thank you, Mr. Chairman.

Senator LEAHY. Thank you. I know Senator Graham talked about the Keystone oil sands project, and you also have a letter from several Senators which I also signed.

Senator Kirk.

Senator KIRK. Thank you, Mr. Chairman. Mr. Chairman, I'm just 60 days new to the Senate and to this subcommittee, but I first worked on my first foreign ops bill 27 years ago as a staffer, and I think I've known Tim Rieser for 20 of those years now. So I feel very happy to be here finally on the other side after having been on the House Foreign Ops Committee.

I wanted to raise two issues with you. First, with regard to Iran, under your husband's administration, we passed the Iran Sanctions Act. That was way back in 1996. The Congress then enhanced that in July 2010.

The Government Accountability Office has identified 41 companies that are potentially in violation of one or both of those statutes. CRS reports 29 such companies in probable violation.

In December, Under Secretary Burns told the House that we have launched a formal investigation of these companies, but, as yet, the State Department has only designated one entity, a Swiss-Iranian entity called NICO, as in violation of the Iran Sanctions Act, and then the 2010 legislation.

How many companies do you have currently under investigation now at the State Department for violating one or both of these statutes?

#### IRAN SANCTIONS

Secretary CLINTON. Well, Senator, first, let me say that I was the first Secretary of State to impose sanctions. You're right. They were passed in the 1990s and nobody imposed sanctions until I did. And we are actively considering a number of other companies.

I think we've commenced investigation across the board. I will provide you with that information. Some of it is classified. Some of it is not, but I'd rather give you a full answer in a classified setting or classified document.

Senator KIRK. I appreciate that very much.

A second topic in the news recently, great concern to me for a long time, is expanding piracy in the Indian Ocean. This is a map showing their range in 2008, in 2009, and 2010. Obviously, with the murder of four Americans now, it's a front page in the news.

We have deployed significant naval forces there under a Task Force 151, but it would appear—and my read of the administration is you and others think that we may have crossed a dividing line or a turning point. I would say that if we can't be tough on pirates on the open seas we can't be tough on almost anything.

The second Washington administration committed upwards of 10 percent of all revenue to paying off the Barbary Pirates. President Jefferson finally decided it was too expensive and too dangerous and authorized the very small U.S. Navy in its first mission to take on the Barbary Pirates, which required close-quarter action and led to a hero named Stephen Decatur, which Decatur, Illinois, is named after.

It would appear that up close and personal combat on the high seas is necessary by the United States to suppress this. I would just point out the main ports, especially of Agarside and Hobyo; seem to be where they're operating. It would make sense for us to station a U.S. naval vessel, say, 12.1 miles off the coast of Hobyo and basically attack and sink anything coming out farther than that.

How are we on crossing this divide and now basically recovering our Jeffersonian tradition of getting active with the private trade?

#### PIRATES VS. TRADE

Secretary CLINTON. Well, Senator, I look forward to working with you on this, because I share your outrage, and it is a matter of great concern to me with the deaths of the four Americans on the *Quest*.

We have put together an international coalition, but, frankly, we're just not, in my view, getting enough out of it. So we're looking at a lot of different options. I've tasked the State Department to come up with a much more comprehensive approach. We're working with the Department of Defense.

And I would make three points. One, one of our big problems is that a lot of the major shipping companies in the world think it's the price of doing business, and they're not pressuring their governments. They're not particularly concerned. They pay a ransom and they just go on their merry way. That has been a huge problem.

Second, naval ships that have been involved from, I think now, something like more than 20 nations just have not been willing to really put themselves out. They're happy to patrol and they're happy to say they are and then kind of count themselves as part of the coalition against piracy, but when push comes to shove, they're not really producing.

And, third, it's hard to imagine that we're going to be able to resolve this until we go after their land-based ports.

So I will be happy to get back to you with the results of our efforts, but you're right. I mean, from the shores of Tripoli, I mean, we were talking about this at the dawn of the American Government, and here we are back with 21st century piracy, and I'm just fed up with it and we need to do more and we need to make it clearer that the entire world had better get behind whatever we do and get this scourge resolved.

Senator KIRK. I read from the tea leaves. I think you are very forward leaning in the administration on this, and I want to encourage you. I think that's great. And I do think military action, not necessarily boots on the ground, but military action——

Secretary CLINTON. No, not boots on the ground.

Senator KIRK. Right, but military action. Once they come on the high seas, they're on our territory. We have overwhelming military advantage. Since Somalia doesn't have much of any kind of maritime trade, anybody more than 12 miles off the coast moving out into the Indian Ocean, basically, I think, is subject to attack and sinking by international——

Secretary CLINTON. Well, they also have these mother ships.

Senator KIRK. Right.

Secretary CLINTON. So even if they are small fishing vessels, that's one thing, but they're now launching their attacks off of these so-called mother ships. So I think there's ways to make distinctions.

Senator KIRK. Yes. And a standard procedure would be just to put a round into the rudder of the ship. At that point, they run out of food and water, but it's too bad that they made this——

One last thing then, since I have time. I'm concerned about, in the age of budgetary constraint, to continue your momentum in expanding the United States diplomatic footprint in China.

We don't have a domestic terrorism threat in China, and so expanding a United States diplomat in a nonclassified environment with basically an office key and a door lock, I think is entirely appropriate.

And what U.S. exporters tell me is they follow the flag. So, for example, we have a very expensive new consulate in Wuhan that was established, but all those—security standards, et cetera, generate extraordinary costs. And since we have more than 100 cities in China of very large size, just putting one or two diplomats behind a regular office door, I think, is an acceptable level of risk and has tremendous upside for exports of the United States.

In a way, too, have you kind of conquer the security god and move this forward, because I actually—I don't see we have kind of terrorism danger in Central China, but this would have a huge upside for United States exporters.

Secretary CLINTON. Senator, one of the major issues that I raised in the QDDR was risk management. We have gone so far onto the side of trying to think of every possible risk and then protect against it that I do think it can hobble us.

And so I will take a close look at what more we can do in China, because China is, as you know, very aggressive diplomatically all over the world.

Senator KIRK. Right.

Secretary CLINTON. And they are increasing their diplomatic footprint everywhere, and we've got to be competitive, including within China.

Senator KIRK. That's right. Mr. Chairman, I just think this is a possibility because it's one of the few countries where we don't have a domestic terror threat against U.S. diplomats, and so lower-cost office solutions may be the way to expand the footprint at low cost to this budget. Thank you, Mr. Chairman.

Senator LEAHY. Thank you. Something that I've been saying for years, so, obviously, I'm agreeing.

Senator Mikulski.

Senator MIKULSKI. Madam Secretary, it's just wonderful to see you back in the United States Senate, and like all of our colleagues, we welcome you.

My gosh, 79 countries, 465,000 miles, I mean, that's a lot of travel to advance America's interest, but it is not only the time you spent, the mileage you travel and the energy you put into it, but the results that you've demonstrated.

We're very proud of you as America's top diplomat in the way you've represented the United States of America, the great way you've negotiated very important breakthroughs, whether it's the help with the new NATO construct or continued momentum in the Middle East with the Palestinians and the Israelis, and not forgetting the poor and the dispossessed and the women and children. So we want to thank you.

But as the CEO of the State Department, I'd also like to salute the men and women who work for you and, therefore, work for the United States of America, our people in Foreign Service and our people who work for USAID, often not as valued, not as treasured, but out there in the front lines.

And in saluting them, I want to talk about the consequences of the continuing resolution, not only to our diplomatic issues, to the advancement of soft power that wins the results where we've expended hard power.

But could you tell me, as we look at this continuing resolution and the consequences of the continuing resolution and the consequences of H.R. 1, first of all, what is the impact on the morale of the State Department knowing that they face shutdowns, know that they face draconian cuts, and, yet, at the same time, they are serving in harm's way along with our most valued military? How is the morale there?

#### STATE DEPARTMENT MORALE

Secretary CLINTON. Well, Senator, thank you for your concern. You know, I think morale is very high. It's been high because we have worked to try to support our diplomats and our development experts, both in the Foreign Service and Civil Service as well as the thousands of locally engaged staff that we employ.

And I think that there is a great sense of mission about what people are doing. They know, you know, for example in Senator Coats' old stomping ground of the Embassy in Germany, we cut the public affairs budget in Germany and the ambassador there, Ambassador Murphy, worked with us, even though it meant that he wasn't going to have all the people and the resources, because we had to move that to the Middle East. We had to move that to other parts of the world where the need was so much greater.

And we've had a terrific sense of cooperation. We've had so many people who have served in Iraq and Afghanistan. When I took over, there were 300 civilians in Afghanistan and they were on 6-month rotations, and, now, there are 1,100, and they're there really doing the work that needs to be done.

But, at the end of the day, you know, budgets are about values. They're about priorities, and if it appears as though nondefense discretionary means that the Defense Department keeps getting what they need to fulfill their mission for America and we've been running as hard as we can to be the partners that our military wants from us and we don't get that kind of support, well, obviously, that's going to send a very loud message that, you know what? After all, we were just kidding. We're handing Iraq off to you. Just figure out how to do it. We don't have the money for you. Just get out there and make it work. I mean, it just doesn't add up. So, of course, there's going to be a lot of concerns, but this is a really motivated team we have right now.

Senator MIKULSKI. Well, I really appreciate the fact that they're motivated, but they also have to be compensated and that has to be recognized.

I would hope that those on this subcommittee and those in the United States Senate would recognize if we do fence off in our budget deliberations security people that we need to look at the State Department and as people who were particularly serving abroad.

But could you tell me the consequences of H.R. 1 on national imperatives? On page 5 of your testimony, I was indeed struck by the fact, as you shared with House colleagues, the concern that this could dramatically impact on Iraq, Afghan, and Pakistan. Could you share with us what that would mean?

Secretary CLINTON. Yes, Senator. Thank you.

Senator MIKULSKI. You talked about the impact on the Global Health Initiatives—

Secretary CLINTON. Right.

Senator MIKULSKI [continuing]. With Senator Sherrod Brown's questions.

#### BUDGET ISSUES

Secretary CLINTON. Right. Well, one-half of the State, USAID budget increase from fiscal year 2008 base appropriations has funded the military-to-civilian transition in Iraq, the civilian surge in Afghanistan and the expanded support of our efforts to fight terrorism in Pakistan. Significant cuts to the budget could profoundly compromise ongoing and critical efforts in those front-line states.

In the Middle East, proposed cuts would force us to scale back help and undercut our influence at a particularly crucial time. We would be also cutting back on what I think is an important part of our economic efforts to create jobs with the people that literally are out there every day trying to fight the Chinese or fight the Europeans to make the sale for an American business located back here at home.

Peacekeeping in critical areas where we help to fund what is done in Darfur, Congo, and many other places.

We have so many issues that we now see as directly related to our national security that would be severely impacted, and, I would argue, derailed by the size of the cut in the House-passed budget.

Senator MIKULSKI. That's pretty powerful, and we've also heard—in fact, it's very powerful.

Baltimore is the home to iconic international agencies that serve the world, from Catholic Relief Agency, serving the poor and the dispossessed all over the world, but particularly in Central and Latin America; the Johns Hopkins School of Public Health, delivering global health services and training leaders to be there, and they, too, express concern about this.

But I'd like to shift gears a minute to the Twitter revolution that's going on in the world and to places like Egypt, et cetera.

The role of social media has been indeed stunning from a fruit grower setting himself on fire in Tunisia to the possible fall of Gaddafi that's imminent on the kinds of questions that Senator Graham was raising is so powerful, and we would have never predicted it.

Now, tell me, the State Department has a role in winning hearts and minds, being up on the latest and greatest media and so on. What role do you see where, one, you knew what was going on? And, second, how do you see staying in touch with the young people of these regions that obviously are yearning, have aspirations that are not Shahada aspirations? They're economic and democratic—small—aspirations.

Secretary CLINTON. You're absolutely right, Senator. The evidence is overwhelming that it is economic concerns that are driving so much of what we're seeing. You know, a university graduate who had to work as a vegetable seller and then was harassed by corrupt police looking for a bribe, a Google employee who was fed up because a young blogger was pulled out of a café and beaten to death by security forces in Alexandria.

So time and time again we see how security and economic opportunity really collide, and it's being played out in real time in Twitter, Facebook and other social media.

I started shortly after becoming Secretary of State a kind of little mini-think tank inside the State Department to see how we were going to play, and going back to Senator Graham's question, one of the first things we actually were able to do was during the demonstrations after the Iranian election when the Iranian Government tried to shut down social media, these young people were able to help keep it open, even including calling and trying to make sure that the companies doing it understood the importance of that communication network.

So fast forward, we now have a Twitter site in Arabic, a Twitter site in Farsi. I am putting a lot of our young diplomats who speak Arabic out on every media you can think. I did a Web chat with an Egyptian Web site. On 2 days' notice, they went out into Tahrir Square, they gathered 7,000 questions for me. We are really trying to play in that arena as best we can.

And I would only add this, because I'm passionate about it: The United States did an amazing job during the cold war. We sent our values, our culture, our inspiration across the Iron Curtain through Voice of America, Radio Free Europe. I mean, we were on the front lines.

The Berlin Wall falls, you know, we kind of said, okay, fine. We're done with that.

We are in an information war, and we cannot assume that this huge youth bulge that exists, not just in the Middle East, but in

so many parts of the world, really knows much about us. I mean, we think they know us and reject us. I would argue they really don't know very much about who we are. They don't have the memory of World War II and the cold war and Jack Kennedy and all. They don't have any of that context.

And what we send out through our commercial media is often not very helpful to America's story. I said this morning before the Senate Foreign Relations Committee that I remember early in—right after the Afghan war started—meeting an Afghan general who said he was so surprised because all he knew about America was that men were wrestlers and women wore bikinis, because all he ever saw from American television was World Wide Wrestling and Bay Watch. That was it.

So we have a great cultural export, but we're not competing in the way we need to compete in the information-values arena. Al Jazeera is. The Chinese have opened up a global English network and a network in other languages. Russia has opened up a global English network. We are missing in action.

You know, we kind of figure, okay. Well, you know, our private sector we spend gazillions of dollars and we pump out all of our networks around into hotel rooms around the world. The fact is most people still get their news from TV and radio. So while we're being active in on-line new media, we have to be active in the old media as well.

And I talked with Senator Lugar this morning about our Broadcasting Board of Governors. Walter Isaacson is the new chair. He's really committed to this. But I would really welcome this subcommittee's attention because why are Americans watching Al Jazeera? Because we don't have anything to compete with it so they're turning to Al Jazeera. And so let's try to figure out how we're going to win the information war.

Senator LEAHY. Thank you. We'll go next to Senator Coats and then to Senator Lautenberg.

Senator COATS. Thank you, Mr. Chairman. Madam Secretary, I just want to associate with what my colleagues have said about your extraordinary commitment to a world which has wildfires all over the place. It's not just one or two things you have to stay engaged in, and your commitment to that and perseverance is remarkable. I'm not sure how one person can possibly do all that you've done and are doing, but we commend you for it.

What's happening in the Middle East, I think, has all of us raising questions about something I guess we didn't think we would see in our lifetime. I remember growing up thinking, well, the wall will never come down. We'll always be dealing with a cold war. We've seen the extraordinary change that took place then.

In that regard, we, I think in some cases, saw it coming, and anticipated not the wall collapse necessarily, but a change taking place, where we could help foster the growth of democracy. And there were bumps in the road and it was not easy, but we engaged there.

Now, we have a whole new situation in the Middle East that is not dissimilar to the fact that countries under despotic leadership are suddenly given the opportunity or trying to seize the oppor-

tunity of providing for a more democratic situation in terms of governance, so forth.

But the question is back then we were not in the financial situation domestically that we are in now, and so the question is how do we engage in doing the things that we've been talking about here, now, with what potentially could be a tremendous opportunity?

Secretary CLINTON. Right.

Senator COATS. I mean, it's easy to look at the negative side of this—what's happening and say woe is us, and what's going to happen? There's also potentially a great upside to all this.

So the question is, at a time of limited resources, how do we begin to address some of the kinds of engagement that can help promote a more peaceful, stable democratic type of Middle East?

The question I have relates to the amount of flexibility that you have or might need to have and also the ability to say move funds from certain buckets in a sort of a surge capacity?

And as I look at the various programs that we have in place, all of which provide important support, I'm just wondering if it wouldn't be possible—because I think the budget was developed before much of what's happened in the Middle East took place—if it wouldn't be possible to try to steal from Peter to pay Paul, I guess, in some of the programs that are currently in the budget—for instance, the educational exchange, the Millennium Challenge account, the Assistance for Europe, Eurasia and Central Asia account, the U.S. Agency for International Development development and so forth.

Would it make some sense to look to see where we might be able to ratchet down or get some savings out of that to transfer into some type of coordinated effort now in the Middle East? And if that's the case, what would it take from us to help you be able to do that?

Secretary CLINTON. Well, Senator, I appreciate that, because we have started that. We have tried to cut back in areas, particularly in Europe and Eurasia, where we think we have the ability to do so.

I'm always a little reluctant, because I'll say this today and then tomorrow there'll be some crisis in the Caucasus and people will say, well, why weren't you paying attention to that? So it's a dilemma.

We have tried to keep our base budget as flat as possible, and in it is the way we run all of the departments.

Now, some of what we generate in the Department—about \$700 million on passport fees—goes right into the Treasury.

So we perform the services. We keep having higher demand in areas that we have to meet for the American people because your constituents won't like it if we say, well, wait a minute. You have to wait on your passport, because we're shifting money into the Middle East.

So we've got to be constantly asking ourselves those questions, but I think we'll have the opportunity to really engage in this over the next weeks, because I know that the Senate is facing a difficult set of decisions.



My only plea is let's not take a cleaver to it. Let's try to be as surgical as possible in figuring out what is really in America's national security interests, how we prioritize.

And I agree with you that the region from Morocco to Bahrain is in a transformational period of change. We have a lot at stake in what happens there, and we particularly want to be influential in whatever transition occurs in Tunisia and Egypt. But we've got to keep our eye on all the other moving parts, too, because we have energy needs, for example. We have Iran trying to fill the void with their narrative.

So I think this is an area of great peril, but great potential, and I will certainly try to work with the subcommittee to figure out how we can meet the needs there.

But I also have a responsibility to make sure that while we're focused there we're not leaving Sudan to crumble into becoming a huge Somalia. So, I mean, it's a constant evaluation, but we'll certainly work closely with this subcommittee to try to get to the best possible outcome.

Senator COATS. I assume some of our allies have come to the same conclusion, that it's in their interest, both from an energy standpoint, immigration standpoint, social-economic standpoint, political standpoint to be engaged. What kind of communications have you had with our friends in Germany, Italy, France, and other countries that will want to, hopefully, in some kind of coordinated effort engage in this kind of thing?

Secretary CLINTON. That's exactly what we're trying to do. On Monday, I met with the four foreign ministers from Great Britain, France, Germany and Italy. I met with the high representative for the European Union. I met with the Russians, the Turks, just a lot of people, but particularly with our European allies to talk about how we're going to coordinate so we don't duplicate, so that we have a much better sense of how we're going to deliver on what the people of these countries are seeking.

I would point out—because I thought it was very significant—the conservatives in Great Britain have gone through a very brutal budget-cutting effort, as you know. However, they increased their commitment to foreign aid, and they did so because Prime Minister Cameron said, this is how we demonstrate we're involved, we're leading, we're out there. And I thought it was an interesting decision on his part, because he said he thought it was a way of making sure Britain still had the ability to lead.

So while we coordinate, they're all facing their own challenges. Some of them are making the decision that this is a high enough priority that it should go ahead of even domestic priorities.

Senator COATS. Thank you, Mr. Chairman. Thank you, Madam Secretary.

Senator LEAHY. Thank you, Senator Coats, Ambassador Coats, and welcome to the subcommittee too.

Senator LAUTENBERG. Thanks very much, Mr. Chairman.

Greetings, Madam Secretary, and I must tell you that, as we listen to your response to the multiplicity of questions that you have to deal with, that you're as good up front as you are all of the fronts of the world. And it's been terrific to see your energy and

your vitality taking you to places, and, as I said when you were here for a moment, you don't even look tired, which is amazing.

And I don't know whether or not you will outrank all preceding Secretaries of State for frequent-flyer mileage, but I think you're quickly approaching that point. And we're so grateful for the excellent, excellent service that you've rendered the country and the world, and we want you to continue.

Madam Secretary, thank you for the reminder that things done through diplomatic channels might substitute for, in some cases, military action, and that's a very important reminder, that we can save lots of lives, lots of grief and lots of money in the process if we can do that. So we thank you for that.

Now, we've seen that there may be new evidence that Gaddafi himself ordered the Pan Am 103 bombing, and you mentioned the number of people that perished, and we had a large number also in New Jersey. And the former justice minister for Libya told a newspaper last week, and he said, "I have proof that Gaddafi gave the order about Lockerbie." And I am pleased that you said yesterday that the Justice Department would look into this matter.

Now, is it possible that Muammar Gaddafi could be tried for murder if captured, and would that be something that we could pursue? We said that al-Megrahi was the perpetrator, but he got instructions from the top.

#### GADDAFI CONNECTION TO PAN AM 103

Secretary CLINTON. Well, Senator, I share your deep feelings about the bombing of Pan Am 103, because we both shared constituents who were so deeply and tragically affected by that, and I think justice must be served.

The United States was very adamantly opposed to the release of al-Megrahi, and we have a pending investigation in the United States District Court in the District of Columbia of the bombing of Pan Am Flight 103.

So we have reached out to our colleagues in the FBI and the Department of Justice because they have the lead, as you know, in this, but urging them to evaluate any and all information for its potential use as evidence in the further investigation of this case.

Now, I think that anyone who might have been connected—because I don't think it would have been just him, I think there are others around him who might also have knowledge or even participated in the order—should be pursued.

And in the Security Council resolution, we made a referral to the International Criminal Court, but this is a separate American investigation. So I think that both should go on simultaneously.

Senator LAUTENBERG. I wonder whether there is a point in time or a point in action when the debate over the no-fly zone and its complications might be accelerated, if they continue with their murderous attack on civilians using aircraft. Would there be any acceleration of pace that might say, hey, enough of that, and we're going to stop it in its tracks?

Secretary CLINTON. Well, I think all of us want to see an end to the killing. There are a lot of complications. One of them is that in the Security Council resolution that was passed there was no authorization for military action. The Arab League put out a state-

ment this morning saying that they strongly opposed foreign military intervention. So in addition to the logistical challenges that are posed to our or any military, there are very strong political expressions of opposition.

And I think it's important that the United States not be seen as some radical that Web sites are trying to portray us, that whatever we did in a military capacity was not for the people of Libya, but for oil. I mean, we cannot afford for that to even be a narrative out there.

So this is complicated from every perspective, but NATO, under Secretary General Rasmussen, is looking into what might be done through NATO. Our Defense Department is looking into what might be done through the Defense Department.

My immediate concern right now is that we do everything possible to support the humanitarian mission. I want to see American planes and American ships that are bringing food and supplies and ferrying Egyptians back into Egypt. I want us to be seen as really actively supporting the humanitarian needs. And I think it's going to take a lot more consideration before there'll be any judgment about anything approaching military action.

You know, General Mattis, CENTCOM Commander, testified—I don't know if you were there, Senator—at the Armed Services Committee yesterday, and he basically said, first, you have to take out all the airfields. There were both pros and cons of our no-fly zone in Iraq for years.

So I don't want to substitute, certainly, my judgment for our professional military's assessment. I want to focus on what I can do, which is the humanitarian mission, and I think having military assets support us is a really strong message about who we are as a people.

Senator LAUTENBERG. I want to last ask one thing, and I applaud President Obama's rescission on the Mexico City policy, known as the Global Gag Rule, and the House's fiscal year 2011 continuing resolution would bring back this damaging policy.

What kind of an impact would that have on the reinstatement, if we did it, the Global Gag Rule, on the return of mortality and women's health across the world?

#### WOMEN'S HEALTH

Secretary CLINTON. Well, I believe strongly it would be detrimental to women's health around the world. I think that what we have tried to do is to follow the law, making clear that we do not support abortion, but that we do support family planning and we do support providing quality care to women.

You know, this is a passion of mine, Senator, because there are still too many places in this world where women are treated not just as second-class citizens, but hardly human beings. And we have to support women's health and women's empowerment and give women a voice in their own lives, which actually is one of the best tools we have to try to move societies to become more democratic.

So the administration is committed to ensuring that our agencies, international organizations and nongovernmental organiza-

tions have the ability to develop and deliver long-range women's health programs, including reproductive health programs.

Senator LAUTENBERG. Thank you very much, Madam Secretary. Thanks, Mr. Chairman.

Senator LEAHY. Thank you, Senator Lautenberg. Senator Johnson, another new member of the subcommittee. Welcome and please go ahead, Sir.

Senator JOHNSON. Thank you, Mr. Chairman. Thank you for your warm welcome and that of Senator Graham.

Madam Secretary, it is nice to meet you.

Secretary CLINTON. Thank you.

Senator JOHNSON. I'd also like to thank you for your hard work and efforts. I think it's obviously not gone unnoticed.

I'd like to start out just by asking your evaluation of the strength and the intentions of the Muslim Brotherhood in Egypt.

#### MUSLIM BROTHERHOOD IN EGYPT

Secretary CLINTON. Senator, this is a continuing assessment on our part, because there is no doubt that for years the organization was opposed to President Mubarak and was also promoting an effort to impose Islamic law on Egypt.

There are those who claim now that they are prepared to participate in a democratic system, which means that they would have to compromise, which means that they would have to respect the institutions, and, in particular, respect the rights of minorities and women, including the Coptic Christians.

I think that our perspective has been that we think, as Egypt moves toward constitutional amendments and the laws necessary to set up political parties, that they must make absolutely clear that no political party can be committed to the overthrow of the government, can be unwilling to support an inclusive society—including Christians, women and others—and it is going to be difficult to judge until we actually see what happens, but we have expressed a lot of cautions and we'll continue to do so.

Senator JOHNSON. On a scale of 1 to 10, what's your level of concern about their ability to take over that government and turn it into an Islamic republic?

Secretary CLINTON. Well, I think that the experience that the world remembers from Iran is a very sobering lesson. When that government came into being, it was claimed by the religious authorities that it would be a secular government. It proceeded to organize itself. It appointed ministers for finance and defense and everything else you have ministers for.

And then the Ayatollah Khomeini appointed clerics to shadow each of the ministers, and, within a year, it was a theological-based government. And, now, it's got this hybrid, where the real power lies with the clerics, but there's an elected—so-called elected—president. Everyone is very concerned, especially in the region, and especially the people who were part of the movement to bring democracy to Egypt and similarly, in Tunisia.

You know, Senator, we don't have control over a lot of what's going on, but I think we do have an obligation to work with those who we believe are committed to true democracy, which is not just having an election and then calling it quits, but supporting the in-

stitutions of democracy—an independent judiciary, a free media and everything else—and it’s not clear to me whether a religiously based party will commit to that, and we’re just going to have to wait and watch.

Senator JOHNSON. That’s fair enough.

I totally agree with you about the power of information, and we talked about the Internet initiatives. And I’d like to have your evaluation in terms of the priority of our information initiative. I mean, what are the components that you want to most emphasize in that region of the world?

#### INFORMATION INITIATIVE

Secretary CLINTON. You know, I’ve been consulting with the new chair of the board of the Broadcasting Board of Governors, which is our governmental entity that’s not in the State Department—it’s connected to the State Department—that runs our Voice of America, our Radio Free Europe, et cetera.

But I believe that we’ve got to take seriously recommendations that were made a year ago in an excellent report that Senator Lugar and his staff issued about where we’re falling short as a nation, that we’re not—really not up competing.

I’ll give you two quick examples, because I hope that you’d be interested in this. I’d love to work with you. When I became Secretary of State, I was appalled to learn that the Taliban owned the airwaves in Afghanistan and in the tribal areas in Pakistan. They had little FM radio-transmitters on the back of motorcycles and they were going around threatening everybody, and, you know, the governments of Afghanistan and Pakistan, and, frankly, the United States military and everybody else, just kind of threw up their hands, and they’d shut down broadcasting after dark, and it made no sense to me. I mean, we’re the most technologically advanced country in the world.

So slowly, but surely, we’ve been trying to take back the airwaves in Afghanistan against Taliban with the most primitive kind of communication equipment.

Now, take that as one example where I don’t think we were very competitive—and we have worked like crazy to change that—and then go to the most extreme where you’ve got a set of global networks that Al Jazeera has been the leader in that are literally changing people’s minds and attitudes, and like it or hate it, it is really effective.

And, in fact, viewership of Al Jazeera is going up in the United States because it’s real news. You may not agree with it, but you feel like you’re getting real news around the clock instead of a million commercials and arguments between talking heads and the kind of stuff that we do on our news, which is not particularly informative to us, let alone foreigners.

Well, that’s why I worry that the Chinese are starting a global network. The Russians are starting a global network, and we have not really kept up with the times.

So I would commend Senator Lugar’s report to you, and I am ready, able and willing to do anything I can to support us getting in and leading this communications battle.

Senator JOHNSON. It's also important what information we convey, and there's a pretty interesting article in The Wall Street Journal by Donald J. Kochan—I hope I'm pronouncing his name correctly—talking about the Arabic Book Program. And his complaint, if I can typify it as a complaint, is that we were translating books into Arabic such as “Who Pays the Price”, “The Sociocultural Context of the Environmental Crisis”, and “The Joy Luck Club”.

Are we going to concentrate on providing the types of information that will actually help them build democracies, actually help them build a strong economic system?

Secretary CLINTON. You know, Senator, I believe—and this may be—I'm a child of the cold war. I believe our cultural exports properly presented powerful incentives for democracy building, because what it does is free people's minds.

You know, there is that famous book, I think it's called “Reading Lolita in Teheran”, where it's really subversive to read fiction and literature.

I talked to a lot of the people who were behind the Iron Curtain. They told me our music kept their spirits up, our poetry. We used to do a lot in sending American artists around the world.

So I agree teaching democracy is important, but how do you teach democracy? I don't think if you just lecture at somebody that necessarily is the best way, but if you inculcate the aspiration of the human soul, where people want to be free, they want to think their own thoughts, as the young tech people in Tahrir Square did. You know they were living democracy by expressing themselves.

So I think we have to do both. I think we have to do a better job of getting America's message, our values, across, and we have to do a better job in the nuts and bolts about how do you put together a political party, how do you run an election, how do you put together a free and independent judiciary.

So I think it has to be both in order to be really breaking through to people in ways—especially young people today who are in our own country—sometimes hard to figure out how best to reach and touch and teach. I think it's true worldwide. We've got to be creative.

Senator JOHNSON. Thank you.

Senator LEAHY. Thank you. Senator Blunt, then Senator Hoeven and—

Senator BLUNT. Thank you, chairman. And, Secretary Clinton, thank you—

Senator LEAHY. I would note the Secretary has to leave by 4 p.m..

Senator BLUNT. I thought you were going to say by 3:45 p.m. I'm pleased that—

Senator LEAHY. Roy, I'd never do that to you.

Senator BLUNT. Well, Secretary, it's been an impressive hour-and-a-half. Thank you for your service. Thank you for your hard work all over the world for our country, and I thought—my view is that the State Department has been generally leading by some days and—at least by some hours and occasionally some days statements that need to be made about Egypt and Libya and other places, and I appreciate that.

This is probably not the right subcommittee for this and this is probably not the right question for you, so it's not a question as much, just go on the record. I really don't agree that the no-fly effort in Libya should be that difficult. I know what the military is saying at this point, but I do remember after the first Desert Storm what happened in Iraq when we let Saddam get his helicopters in the air and get his airplanes in the air, and it was a tragedy and a travesty then.

And whatever we could do out of the—you know, the near bases in the Mediterranean or other places, I frankly think the threat of a no-fly zone, if we could put any group together, so it wouldn't be solely an American effort, a United States effort is worth vigorously pursuing. And a tragedy is happening there now and you're speaking up on it and I appreciate that, but I would think we could do more.

The other thing I want to say, I thought the veto in the United Nations last week was a good thing to do and I'm glad to see that we're doing that.

At the same time, the United Nations, just a few weeks ago, said that the human-rights situation in Libya was pretty good. Fortunately, yesterday, they changed their minds and decided it wasn't so good.

A couple of appropriations questions here at an appropriations hearing. One is on your core budget request. How does the 2010 level compare with the 2008 level in the core budget?

#### 2008 VS. 2010 CORE BUDGET LEVEL

Secretary CLINTON. Let's see. Let me turn to my staff here and—

Senator BLUNT. Actual appropriating questions are really surprising.

Secretary CLINTON. Yes, I know.

Senator BLUNT. I get that.

Secretary CLINTON. This is amazing, Senator. I'll get that to you in a second. I promise.

Senator BLUNT. Well, the other question I'll ask, after you get that answer, is how does the 2008 core budget—I understand and am going to be pretty supportive of the extraordinary things that you're being asked to do now that would not normally be in the core, but the second question I'd have is how does the 2008 core compare to what the House did? Did they use your budget to get other budgets above 2008 or are you below 2008?

So the question is: How does this budget compare to the 2010 level—

Secretary CLINTON. Core to core.

Senator BLUNT. How does that compare to what the House did? Does anybody have that there behind you? Could you give me those answers?

Secretary CLINTON. They will. They're looking at that little tiny print. They'll get it.

Senator BLUNT. All right. Well, while they're looking—we'll come back to that. I think on the Iran Sanctions Act, which I actually negotiated in the House and have complained both to the State Department under your leadership and under Secretary Rice's that I

didn't think we were aggressive enough, but my last letter on this was 2009, and, hopefully, we're—I think we've had one company now that we have taken specific action against, and I will continue to think we should be more aggressively using the tools we have there.

There was another thing that we did in 2008 which was the Iran Freedom Support Act. I know we've designated human rights abusers, but under the other part of that, the Freedom Support Act, no funds have ever been requested under that particular title.

Do you have a sense of that, whether funds are coming from some other place in the State Department budget or maybe we're just not utilizing that because we don't think it's the time to do that, but—

Secretary CLINTON. Senator, there is a lot of efforts going on, but I would like to be able to get back to you, because some of those matters are not in my bailiwick. They are in other agencies, so I'd like to pull it together for you and then present it to you.

Senator BLUNT. Okay. So that question is, why has the administration—I think that would come through State, but it might not be exactly something you're looking at every day—not requested the use of funds pursuant to the Iran Freedom Support Act?

And the other would be has it allocated any funds under the Middle East Partnership Initiative (MEPI)?

#### MEPI

Secretary CLINTON. Yes. In fact, that's one of our strongest programs, so called MEPI, which, you know, started in the Bush administration, but we've continued it, and we think it's a very important tool. So we have quite a bit of funding coming out from MEPI.

Senator BLUNT. And is it used in Iran?

Secretary CLINTON. No.

Senator BLUNT. Okay. So then my question then would be what are we doing with Iran Freedom Support and why not?

And, now, do we have the answer to the other questions, the actual appropriating questions?

Secretary CLINTON. The fiscal year 2008 is a 36-percent reduction from the 2010 core budget, so 36 percent off of \$47 billion.

Senator BLUNT. So there was a 36-percent increase from 2008 to 2010.

Secretary CLINTON. Right.

Senator BLUNT. And how much of a decrease from 2010 was there then in the House-passed budget?

Secretary CLINTON. Sixteen percent.

Senator BLUNT. Sixteen?

Secretary CLINTON. Yes, Sir.

Senator BLUNT. So the House still has the Department quite higher than it was in 2008 in its core functions.

Secretary CLINTON. Well, they included the OCO functions as well. So it's 16 percent off of everything, and that's been hard for us to figure out, because some of this was very specific language. I mean, whatever finally comes out of the Congress I hope does give us some flexibility and not try to go account by account, be-



cause what we have found in looking at what the House did, it would severely impact what we were doing in the OCO budget.

And, you know, part of what we've been doing since 2008, which Dr. Condoleezza Rice started and which I then picked up, is to try to meet the needs that we saw around the world, because, from our perspective, the world is very different than it was in 2008. We have far more responsibilities.

But I think we owe you a kind of explanation of that, so that you can compare apples to apples, if you will.

Senator BLUNT. Well, I want to do that, and I want to compare apples to apples, because I really do want to be supportive of the extraordinary things you're being asked to do, particularly filling the gap as others leave Iraq. And it's easier for me to do that if I'm comfortable that we have really divided those in a way we all understand that some things are going to have to happen in this spending picture. And so core-to-core comparison would be helpful for me, and I will expect you to get that.

Secretary CLINTON. Yes.

Senator BLUNT. I'm glad you will, and, again, thank you for your work, and thank you for your ability to talk about so many issues so well for a good long period of time.

Secretary CLINTON. Thank you very much, Senator.

Senator LEAHY. Thank you, Senator Blunt. Senator Hoeven, former Governor, and welcome to our subcommittee.

Senator HOEVEN. Thank you, Mr. Chairman. I appreciate it.

Madam Secretary, thanks for being here. I know you've been on for almost 2 hours now.

Secretary CLINTON. That's all right.

Senator HOEVEN. And I know with the pace you've been going at—thanks so much for being here and for your work on behalf of our country.

I want to follow up on a couple of things that have been brought up. The first one is I think Senator Graham talked to you about the Keystone XL pipeline. We're very familiar with that. It goes through North Dakota. And, of course, we're a big oil-producing State now. We work a lot with Canada.

The Keystone pipeline actually comes down our Eastern Border and goes from the oil sands in Canada all the way down into Texas or Cushing, I'm not exactly sure, but the XL now is on our Western Border, actually just in the very eastern border of Montana.

I understand you declined to comment at this point, but I just want to tell you I think it is very good to be bringing down more oil from Canada for our country's needs.

Also, from North Dakota, we are building an on-ramp to that pipeline. So, in addition to the heavy crude that comes from Canada, from the oil sands in Canada, light sweet crude from North Dakota will be put on that pipeline as well, and we'll be producing more than 120 million barrels of oil this year. We're now the fourth-largest producer among the States. So that's a real opportunity and wanted to make sure you're aware of it, and, of course, appreciate your consideration.

On the siting, we will certainly work with you and be as helpful as we can in that process. And, again, we work a lot with our Canadian neighbors on energy issues.

On the no-fly zone, I want to add my support for that effort. I think a no-fly zone is something that we can and should do with our allies as expeditiously as we can, and being a Governor for 10 years and seeing not only our guard, but reserves and active forces, they're amazing, and I know that they can do the job.

I'd like you to comment, if you would, given the budget constraints that we have, how can we do the best job possible in terms of managing our foreign aid in a way where we influence the outcomes, for example, in the Middle East, not only in terms of providing foreign aid, but in terms of withholding foreign aid to get people's attention? How do we influence these events in the Middle East?

And what do you see resulting in terms of the kinds of governments that we're going to see in Egypt, Tunisia, Libya, and Yemen and all these places?

And I want to ask one more—because then I'm going to just let you go, so I don't use up a lot more of my time—talk a little bit about Iran's nuclear ambitions and how that plays into this equation, too, if you would.

#### FOREIGN AID

Secretary CLINTON. Well, Senator, first, I appreciate the contributions that North Dakota is going to make to our energy needs. I wasn't aware of that, so I appreciate being informed.

I think we are trying very hard to utilize our foreign aid in a positive behavior-influencing way, and every country is different, to be obvious about it.

The Tunisians are anxious for our help. I met with the Tunisian foreign affairs secretary when I was in Geneva. They remember that the United States stood for their independence back in the 1960s. They'd like to see us involved in helping them. Tunisia has never been a country that we've paid maybe enough attention to, but it's a small country. It has a chance to really make it as democracy if it gets the right help.

Egypt is very sensitive about getting foreign aid. They don't want foreign aid. They want economic aid, and they draw a distinction there. And so as we deal with our Egyptian counterparts, we have to be very sensitive to their belief that they've been around 7,000 years and they can do this pretty much on their own, and so part of what we have to do is figure out how best to work with them.

In a country like Yemen, it is a very unsettled situation. It is a country with many different forces at work and there are secessionist movements in both the north and the south. Al Qaeda in the Arabian Peninsula is headquartered there. It's a very poor country. You know, right now, it's not at all clear what's going to happen to President Saleh and his ruling party. So we are watching and trying to do as much as we can to influence what he does and what the opposition does in order to glide to a better outcome.

But I think it is also important to stress that one of the reasons why we're so adamant about Iran not getting nuclear weapons is because we don't want them to be able to intimidate their neighbors, to be able to influence their neighbors, to threaten their neighbors by their being a nuclear-armed country.

Imagine what we would be facing if Libya had not given up its nuclear weapons in 2003. That was a long negotiation. It was a successful negotiation. I personally worked to get the last highly enriched uranium out of Libya. But imagine where we'd be if this regime had nuclear weapons.

So, similarly, with North Korea, with Iran, we never take our eye off that ball, because that is so important to what we're trying to achieve. And Iran is—even though Iran has no relations with the opposition and, in some cases, are in adversary relationship with Sunni Muslim Brotherhood groups or other groups that are not of their choosing, they are doing everything they can to influence the outcomes in these places.

So this is a fast-moving, very difficult set of individual cases, but I think you're right to ask that we look at them across the region and factor in Iran, because Iran is going to do everything they can to influence the outcome, and we've got to be there, and we've got to do everything we can to prevent that from happening.

Senator HOEVEN. How are they working right now to influence these outcomes and affect the governments that result after these uprisings?

Secretary CLINTON. Well, for example, Senator, we know that through their proxy, Hezbollah, in Lebanon they are using Hezbollah, which is a political party with an armed wing, to communicate with counterparts in Egypt, in Hamas, who then, in turn, communicate with counterparts in Egypt. We know that they are reaching out to the opposition in Bahrain. We know that the Iranians are very much involved in the opposition movements in Yemen. So either directly or through proxies they are constantly trying to influence events there. They have a very active diplomatic foreign policy outreach.

Senator HOEVEN. And, Mr. Chairman, if you'd indulge me for just one more question, and we're working to counteract that how?

Secretary CLINTON. Well, in every way we can. That's why we are in these countries with our teams of experts, our aid experts, our diplomats. I sent Under Secretary Bill Burns, a former ambassador to Jordan, into the region to do a full survey. I've got Assistant Secretary Jeff Feltman in Bahrain as we speak working with the government there to try to help them understand what it's going to take to resolve this political standoff.

Our ambassadors in Yemen, Egypt, you name it, are working hard. Our former ambassador or still our ambassador to Libya, but who was out of the country because of a dispute with the Gaddafi regime is working hard to reach out to everybody going on in the opposition in Libya.

So, I mean, we have diplomats. We have development experts. We have military. We have an enormous outreach that is working right now. Because what I have found, Senator, is that most people want us to be helpful, but they don't want us to be taking a leading role. And so how we deliver on the aid they're seeking without looking as though we're trying to take over their revolution is our challenge.

But it's also the challenge for the Iranians. You know, they don't have a lot of friends, but they're trying to curry more friends. So it's a constant effort on our part, and I have to have the resources

and the flexibility to be able to move people around and try to figure out the best way for us to be successful.

Senator LEAHY. Thank you.

Senator HOEVEN. Thank you, Madam Secretary.

Senator GRAHAM. Very briefly, Mr. Chairman, this has been an outstanding hearing. You've done a great job. We've all learned a lot.

I think Rich is going to provide us some pipelines, what would the \$14 billion difference between the House continuing resolution and the 2012 request, what would that mean to operations throughout the world, and that way we can make a good decision.

I doubt if either number holds, the House number or the President's number. Somewhere in the middle is probably where we're going to be, but if the House number makes sense, I'm all for it. I just want to know how it's affected.

And one last question about Iran, because that was very fascinating to listen to. I don't believe it's possible to contain a nuclear-armed Iran. I think the ripple effect would be devastating. What's your thought on that? Could you contain a nuclear-armed Iran?

Secretary CLINTON. Well, I hope we never reach that question, Senator, because I think it would be very destabilizing in the region. I think it would prompt other countries, particularly those with the means, to seek their own nuclear weapons program.

We saw what happened when India got its program. Pakistan immediately had to get its program. And when the genie is out of the bottle, it is really hard to know what's going to happen next. So I think we have to be as vigorous as possible in trying to prevent that from happening.

Senator LEAHY. Thank you.

Madam Secretary, I think we've heard this from both sides of the aisle; you've given us an amazing tour of the world. You and I also often talk privately in other venues and I know it's not just in these hearings, and we are very fortunate to have you representing the United States.

I think the bottom line, though, for so many of the things you pointed out that you do and that the United States has to do for its own national security, is that it's hard to do if the resources are cut off. We either pay now or we pay later. If the resources are cut off, we don't have much that we can do.

#### ADDITIONAL COMMITTEE QUESTIONS

One last thing that comes to mind, of course, is our assistance for refugees. Both Republican and Democratic Senators have expressed concern about the plight of refugees, but the House just cut U.S. assistance for refugees by 40 percent. Yet, there are continuing the problems in Darfur, Burma.

There are also Iraqi, Afghan, Palestinian, refugees, and more have been displaced in the past few weeks in areas where we have an enormous interest. We have assisted refugees for years and this has resulted in good will and helps America's interests greatly including in our fight against terrorism.

But the cold reality is the other body has just cut the refugee budget by 40 percent. At some point, we have to pay attention to

reality more than rhetoric. So I appreciate what you've been saying here today.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

*Question.* Tom Friedman of the New York Times recently described our relations with the Arab world this way:

“Keep your oil prices low, don't bother the Israelis too much and, as far as we're concerned, you can do whatever you want out back. You can deprive your people of whatever civil rights you like. You can engage in however much corruption you like. You can preach whatever intolerance from your mosques that you like. You can print whatever conspiracy theories about us in your newspapers that you like. You can keep women as illiterate as you like. You can under-educate your youth as much as you like.”

Friedman says it was that attitude that enabled the Arab world to be insulated from history for the last 50 years—to be ruled for decades by the same kings and dictators.

Those days are changing in ways few predicted, and our relations with Tunisia, Egypt, Bahrain, and Libya will change because of it. Another Middle East expert quoted in the New York Times said this: “There has to be a major rethinking of how the United States engages with that part of the world. We have to make clear that our security no longer comes at the expense of poor governance and not rights of the people.” Do you agree, and if so, how do you see our relations changing with any of the other countries in that region whose governments remain in power?

*Answer.* The United States has always had to make difficult calculations as it balances its interests. In the case of Egypt, for example, it was indeed in our interest to support Egypt following the Camp David Accords. The 30 years of peace that followed allowed for both Israel and Egypt to develop and strengthen in a particularly challenging region. Moreover, our closeness to certain governments enables us to have conversations with them about things like democracy and human rights—conversations that we would not be able to have otherwise. It is probably not a coincidence that the same Egyptian military that we have supported for the last 30 years chose not to fire on protesters.

In fact, we talk about these things with other governments because it is in our strategic national interest to do so—to promote good-governance and openness in Middle Eastern societies. I said at the Forum for the Future in Doha last January that “in too many places, in too many ways, the region's foundations are sinking into the sand . . . If leaders don't offer a positive vision and give young people meaningful ways to contribute, others will fill the vacuum.” By helping Middle Eastern societies transition toward more democratic systems of government, we will definitively repudiate the extremist narrative that feeds on repression and isolation.

The United States maintains an active agenda promoting reform in the region. Our Ambassadors and Embassies across the region are fully engaged in these issues, whether through public statements, private diplomatic conversations, or targeted programming. Recent events only reaffirm the importance of our assistance efforts in the region, particularly those that support the development of economic opportunities and civil society.

We are committed to enduring partnerships with our regional allies. As events in the region have unfolded, we have maintained close contact with them, engaging leaders by phone and in person, as my recent trip to Egypt and Tunisia illustrates.

In our interactions with our partners, we have explained the core principles guiding us in the region, emphasized our conviction that stability in the Middle East will be enhanced by respecting the rights and aspirations of the people of the region, and reiterated our strong commitment to supporting a more peaceful and prosperous Middle East in close consultation with all our regional partners. We will continue to engage our colleagues along these lines in an effort to secure greater participation and prosperity for all.

*Question.* As corrupt dictators are being deposed in North Africa and the Middle East, and Great Britain, Switzerland, France, and the United States are seizing property and freezing bank accounts, as they should. But it was long suspected, and could have been readily verified, that those corrupt officials had foreign bank accounts, as well as extravagant estates, private jets and yachts—paid for with money stolen from their people. By amassing vast fortunes, they are that much more deter-

mined to hold onto power even if it means using violence. Do you agree that we should go after these ill-gotten gains long before things get to this point, and if so, what changes in law or policy would that require?

Answer. Foreign corruption adversely affects the United States; including our pursuit of U.S. national security interests, foreign assistance goals, and the security of the United States from transnational crime and terrorism. High-level corruption, or kleptocracy, perpetuates the cycle of poverty, instability, and crime that denies the most vulnerable nations and people prosperity. Addressing corruption, including kleptocracy, is an important foreign policy objective of the Department of State.

With respect to specific legislative and/or policy recommendations for strengthening U.S. law to guard against corrupt officials hiding assets in the United States or abusing our financial system, the Department of State defers to the Justice Department (DOJ). The Criminal Division's Asset Forfeiture and Money Laundering section (DOJ/AFMLS) leads DOJ's Kleptocracy Asset Recovery Initiative, which is designed to target and recover the proceeds of kleptocracy that find their way into our banking and financial systems. DOJ/AFMLS is currently litigating civil forfeiture cases involving assets stolen from countries victimized by high-level corruption and is developing legislative proposals to strengthen U.S. law in this area.

While operational authority to pursue proceeds of corruption (so-called "stolen assets") resides with other agencies of the U.S. Government, the State Department promotes a wide variety of diplomatic and programmatic initiatives to prevent proceeds of corruption from being stowed abroad in the first place.

Since 2003, the United States has worked with the international community to deny kleptocrats and their assets any safe haven in the territories and financial systems of other countries. In 2003, at the G8 Summit in Evian, France, the United States strongly promoted adoption of the No Safe Haven policy, aimed specifically at senior corrupt public officials. We successfully advocated for adoption of similar principles in the Summit of the Americas and Asia-Pacific Economic Cooperation fora. Most recently, the United States was able to secure adherence to the No Safe Haven principle in meetings of the G-20 leaders. The United States is working assiduously to promote implementation of this commitment. The United States implements No Safe Haven for corrupt officials through Presidential Proclamation 7750 and section 7084 of the 2010 appropriations act and its predecessors.

The U.S. Government also supports the development and implementation of standards to prevent money laundering, including of proceeds of corruption. The Departments of State, the Treasury, and Justice act as leaders in the Financial Action Task Force (FATF) and provide support to many of the FATF-Style Regional Bodies. The United States supports the FATF's current work to clarify and strengthen, where appropriate, relevant standards, including for beneficial ownership related to customer due diligence and legal persons, and the identification and application of enhanced due diligence for "politically exposed persons" (PEPs). The United States was a pioneer in providing due diligence requirements in the PATRIOT Act to assure that transactions for private banking accounts of senior foreign political figures, close family, and associates did not involve the proceeds of corruption.

Additionally, the United States led the development of, participates in, and strongly supports many global instruments that target issues such as corruption and kleptocracy, including the UN Convention against Corruption (UNCAC), the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and other regional treaties and initiatives such as the Inter-American Convention against Corruption and the Council of Europe's Group of States against Corruption. These legal instruments lead parties to take measures to prohibit bribes to foreign public officials in the conduct of international business, and they require governments to adopt the strong preventive measures and robust criminal justice tools that are necessary to prevent, deter, and prosecute corruption domestically. In some cases, these treaties also require parties to establish anti-money laundering regimes including measures requiring enhanced scrutiny of PEPs.

Further to the 2006 Strategy to Internationalize Efforts against Kleptocracy: Combating High-Level Public Corruption, Denying Safe Haven, and Recovering Assets, the United States has sought to encourage other countries to adopt and apply tools against kleptocracy, including tools for the recovery of stolen assets. The United States led negotiation of the novel Asset Recovery chapter of UNCAC, which provides tools for intergovernmental cooperation to trace, freeze, seize, and return proceeds of corruption. The United States continues to work with partners to raise and discuss approaches for further concrete implementation of the UNCAC asset recovery provisions. The Departments of State and Justice worked together in the last UNCAC Conference of States Parties to secure agreement by the 143 parties to recommit to action on asset recovery and to set the road map for further cooperation. The United States also collaborates with other leading organizations and initiatives

that are promoting best practices and facilitating asset recovery capacity building, such as the Camden Asset Recovery Information Network, INTERPOL, and the Stolen Asset Recovery (StAR) Initiative.

To recover stolen assets, countries need capacity to investigate and substantiate requests for international legal cooperation. A range of ongoing U.S.-sponsored technical assistance is targeted to build capacity to recover corruption proceeds. The United States has posted asset recovery country advisors in pilot countries to build capacity related to mutual legal assistance. The United States has also provided financial and expert support to asset recovery workshops in various regions.

U.S. law enforcement and prosecutorial authorities work closely with counterparts in other governments on investigations and mutual legal assistance to support recovery of assets, with the support of the State Department where appropriate. The United States has repatriated corruption proceeds in several significant cases in recent years. For example, the United States has confiscated and repatriated to Peru corruption proceeds worth more than \$20.2 million connected to the criminal conduct of former Peruvian intelligence chief Vladimiro Montesinos and his associates. Similarly, as a result of close investigatory cooperation, the United States was able to forfeit and repatriate to Nicaragua more than \$2.7 million connected to the criminal conduct of former Nicaraguan Tax and Customs Minister Byron Jerez.

*Question.* From everything I read and hear, the Middle East peace process—as it has traditionally been called—is going nowhere. Last week The Wall Street Journal quoted a member of the Palestinian Liberation Organization’s Executive Committee saying: “If negotiations are not an effective tool of peacemaking, what do we need them for?” Other accounts describe U.S. officials declaring the Roadmap dead. Meanwhile, the Palestinian Liberation Organization disbanded the cabinet and there is talk of creating a unity government with Hamas. Iran is becoming more threatening, Israel is more isolated than ever, and settlement construction and the demolition of Palestinian homes in the West Bank continue.

Does the Roadmap still reflect the administration’s policy? Does a two-state solution still have viability, or is it just a talking point? What is the alternative?

*Answer.* Our goal is to pursue and achieve comprehensive peace in the Middle East, central to which is a resolution of the Israeli-Palestinian conflict based on the two-state solution. Ending the conflict through the two-state solution is the only way to achieve long term security, preserve Israel as a Jewish and democratic state, and realize the legitimate aspirations of the Palestinian people to a viable, contiguous, and democratic state of their own.

The Obama administration has joined the Quartet in underscoring the need of both parties to adhere to previous agreements and obligations, including adherence to the Roadmap. We have reaffirmed that unilateral actions taken by either party cannot prejudice the outcome of negotiations and will not be recognized by the international community. The tough issues between Israelis and Palestinians can only be solved through a negotiated agreement.

That is why we continue to pursue a dual track approach, both elements of which are key to peace and stability for Israel and the region: serious and substantive negotiations on permanent status issues and an equally vigorous institution building track that supports Palestinian Authority efforts to build, reform, and sustain critical institutions so that they are prepared for statehood.

*Question.* What is the State Department doing to control the cost of Embassy construction and operations and maintenance, and what are you doing to be sure you are achieving the right balance between security and public access to our Embassies?

*Answer.* Embassies and consulates are more costly to design and build as compared to traditional office buildings because the Department must comply with very strict security standards. The Department is working to develop and use every possible mechanism to control costs while building to comply with statutory requirements and respond to the realities of a dangerous world. Our new diplomatic facilities are designed and constructed in accordance with U.S. building codes, using American-made materials and industry best practices to the greatest extent possible.

Going forward, our Bureau of Overseas Buildings Operations (OBO) is undertaking a Design Excellence program to ensure that the next generation of facilities will incorporate best-value practices through the use of systems and materials that are easier to maintain and operate in the long term. In addition, all new construction projects are designed and constructed to achieve a minimum LEED Silver certification from the U.S. Green Building Council. Given the added sophistication of these modern platforms, we have also undertaken several initiatives to improve the cost-effectiveness of operation and maintenance at these facilities.

The Department, and other overseers of major construction work, is subject to the vagaries of the market, especially the rising costs for petroleum, steel, and concrete. The Department works to control construction, operations, and maintenance costs through:

*Value Engineering.*—Use of construction industry best practice review of each project to ensure optimum function of each building component.

*Constructability Reviews.*—A review of the project to identify planning modifications that will make it less expensive/easier to construct.

*Preventative Maintenance.*—Use of a significant portion of limited maintenance funding to perform preventive maintenance, thus avoiding larger repair costs in the future.

*Competitive Bids.*—Construction projects are awarded through a competitive bidding process which ensures fair market value.

*Management Reviews.*—Monthly project performance reviews with senior managers to ensure that project budgets and schedules are maintained.

*Sustainability.*—Green building initiatives hold down operation, maintenance and utility costs, including exploiting renewable energy sources such as photovoltaics, geothermal heating and cooling, natural daylighting, LED lamps, solar hot water heating, and automated controls. Water conservation is addressed through rainwater harvesting, waterless urinals, dual flush toilets, and other low-flow fixtures.

*Maintainability Reviews.*—Reviews of all construction designs prior to contract award to identify inefficient operational features.

Unfettered public access to our Embassies is, unfortunately, impossible in today's security environment. Nonetheless, the Department designs facilities to separate public areas such as consular and public diplomacy from more sensitive functions. The Department also works to integrate protective security features into the general architecture of our buildings and use unobtrusive surveillance and detection equipment throughout. Going forward, through our OBO Design Excellence initiative, we are working to improve the design of our overseas facilities in a number of different ways to ensure that they are welcoming and physically represent the U.S. Government to the host nation in a positive way.

In addition, in some locations the Department is working to enhance U.S. Government outreach to foreign publics through American Centers that are physically separated from our Embassy or consulate, as well as maintaining existing centers. This past year, we successfully established a new center in Jakarta, with another American Center in the works for Rangoon.

*Question.* Your fiscal year 2012 request includes \$3.7 billion for Department of State operations in Iraq, including buildings, personnel, security, and helicopters. This does not include the cost of the State Department's programs there, which are also rising sharply.

While we understand that the United States military costs in Iraq are going down, this is a 72 percent increase more than the State Department's fiscal year 2010 operations in Iraq, and represents almost one-third of the fiscal year 2012 budget request for Department of State operations worldwide. I am concerned that the civilian transition envisioned by the administration may be financially unsustainable.

What steps has the Department of State taken to prioritize the goals of the transition from a United States military to a civilian presence in Iraq, and what are the goals?

The Department of State has identified \$3.2 billion of its fiscal year 2012 Iraq operations costs as "temporary and extraordinary." What does temporary mean in this context? Two years? Five years? Ten years?

*Answer.* The fiscal year 2012 budget request for programs in Iraq will continue to help the Government of Iraq, and the Iraqi people, bridge economic and security gaps. Our consulates in Basrah and Erbil, though located in temporary facilities, are permanent. We expect our consulate in Kirkuk, which is along the Arab-Kurd faultline, as well as our significant Iraq-wide security assistance programs and our Police Development Program (PDP), to last approximately 3–5 years. We will continue to reduce our presence as our programs are transferred to other U.S. Government entities, Government of Iraq ministries, or participating international organizations.

*Planning.*—The magnitude of this transition is unprecedented, and the security environment is very challenging. In anticipation of the planned U.S. military drawdown, we have sustained an intensive, 2-year effort both within the Department of State and with our partners across the U.S. Government. This process has included daily involvement of both Deputy Secretaries of State and close coordination with United States Forces-Iraq and the Department of Defense (DOD). In addition, DOD and the Department of State have created Iraq Transition Coordinator positions, in



order to lead our respective departments in the final planning and implementation of the transition. We continue to work daily with DOD and other agencies to implement and, as necessary, adjust our planning, and resolve any issues that may arise. We are on track to complete the transition successfully.

In planning for continued engagement following the withdrawal of U.S. forces, the Department of State has worked hard to include only essential elements. There are currently 14 planned sites:

- the Embassy;
- two permanent consulates in Erbil and Basrah;
- a temporary consulate in Kirkuk;
- air hubs at Sather Air Base, Basrah, and Erbil;
- police training centers at Contingency Operating Station (COS) Erbil and Joint Security Station (JSS) Shield (the third International Narcotics and Law Enforcement [INL] site is collocated with consulate Basrah); and
- four OSC-I sites at Forward Operating Base (FOB) Union III, Besmaya, Taji, and Um Qasr.

We need secure, centrally placed locations to conduct the broad engagement required to achieve our policy goals.

*Baghdad.*—In Baghdad, JSS Shield will serve as the main hub for INL's PDP. This site is located adjacent to the Ministry of Interior and Baghdad Police College, where INL will conduct substantial mentoring, training, and advising.

*Erbil.*—Erbil will serve as a platform for United States economic programs in the Kurdistan region of Iraq. Erbil will also be our focal point for engagement with the Kurdistan Regional Government (KRG). KRG participation in the coalition government is critical to foster national unity, political reconciliation, and stability. Consulate Erbil will also provide a platform for engagement by U.S. Agency for International Development (USAID), DOJ, INL, and other government agencies.

Not all personnel and operations can be housed at the existing consulate site in Erbil. Therefore, INL's PDP hub in the north, a small number of DOJ personnel, all Embassy air aviation personnel, and logistics and management personnel will be housed at COS Erbil.

*Basrah.*—Development of Iraq's hydrocarbon industry is essential to providing revenues to improve basic services like power, water, security, and education. Our consulate in Basrah will continue to assist development efforts of reserves in Southern Iraq. Consulate Basrah will also house DOS, USAID, DOJ, INL (including the PDP), and Department of Homeland Security personnel.

*Kirkuk.*—The status of Kirkuk remains one of the most volatile issues in Arab-Kurd relations. Consulate Kirkuk, along with the United Nations, will continue to address political, economic, and governance issues designed to support a political agreement on the status of Kirkuk. Consulate Kirkuk will also provide a platform for engagement by INL, DOJ, and other agencies.

*OSC-I.*—The four OSC-I sites will provide engagement on critical security cooperation and security assistance programs at strategic centers where key FMS cases continue. The OSC-I headquarters is planned for FOB Union III across from the Embassy and close to the Ministry of Defense. It will manage security cooperation and assistance activities throughout Iraq. The Besmaya OSC-I site will be located within the Iraqi Army's Besmaya training complex—the primary center for Iraqi ground forces training and delivery location for several major FMS cases.

The OSC-I Taji site is at the Iraqi Army's logistics center, and will facilitate the development of the ISF's logistical and sustainment capability and manage rotary-wing FMS cases. Finally, the OSC-I site at Umm Qasr is in Iraq's only naval base, which is critical to protecting Iraq's oil infrastructure. The site will support security cooperation activities with the Iraqi Navy as well as manage FMS naval cases.

*Aviation.*—Three aviation hubs (Baghdad, Erbil, and Basrah) are being established to provide transportation of personnel to and from the sites listed above and to other sites (including PDP visits). Air operations will also provide security for Chief of Mission personnel, quick reaction capabilities, and medical evacuation. The three sites are required to provide coverage based on locations supported and range of aircraft, using a hub and spoke concept that employs fixed- and rotary-wing aircraft for maximum efficiency.

*Question.* Pakistan cannot feed or educate many of its people who live in poverty. Yet on February 1, the New York Times reported that Pakistan's nuclear weapons program has continued to grow, and that it now has about 100 nuclear weapons and enough nuclear material for 40–100 additional weapons, including plutonium bombs. It is on course to becoming the fourth-largest nuclear power, ahead of France. In the past decade American taxpayers have provided \$10 billion in aid to Pakistan, much of it for the military, but also for education, health, electric power, and other

needs that the Pakistani Government should be paying itself. Since money is fungible, are we, in effect, indirectly subsidizing their nuclear program?

You have indicated that the Department of State will press Pakistan on tax reform and corruption to ensure that American taxpayers are not footing the bill for Pakistan's poor when its own elite pay little or no taxes and widespread corruption may interfere with USAID goals. How has the State Department improved monitoring of United States aid to ensure it achieves the intended purposes? What reforms, if any, has Pakistan undertaken to improve the lives of its people?

The administration has vowed to channel most United States aid through Pakistani Government agencies and local contractors. What portion of all United States aid to Pakistan is distributed this way?

Answer. United States assistance to Pakistan is aimed at building partnership based on mutual goals and values, fostering long-term stability, and improving the daily lives of Pakistanis. As such, the funds we provide are used to improve the security, prosperity, and stability of Pakistan. We work together with the Government of Pakistan to identify and pursue initiatives that are aligned with our shared objectives, while ensuring accountability and oversight of United States funding. When we choose to provide assistance to a particular sector in Pakistan, we negotiate with the government to ensure that our funding is in addition to, rather than replacing, the Government of Pakistan's intended investment in that sector.

A robust set of accountability mechanisms is also an integral part of our civilian assistance program, to ensure the funds are used to improve the lives of Pakistanis, as the funds were intended. USAID conducts pre-award assessments to ensure systems are in place to ensure the proper and transparent use of funds, and INL uses extensive inspections and end-use monitoring. The State Department Office of the Inspector General and its USAID counterpart have been able to conduct audits on a number of Pakistani organizations. Also, Pakistan's Supreme Audit Agency, the equivalent of our General Accountability Office, has been cooperative in reviewing and auditing programs. All of our programs must have appropriate accountability and transparency measures in place before we release any funding.

We remain concerned about Pakistan's continued development of its nuclear arsenal, and this is a topic that we regularly discuss with them, including in the Security, Strategic Stability, and Nonproliferation Group, 1 of the 13 working groups that meet under the U.S.-Pakistan Strategic Dialogue framework.

The Government of Pakistan has recently taken steps to expand its revenue base and improve its ability to provide the services its people need. Three new tax ordinances and the rescission of several sales tax exemptions are expected to generate \$620 million in the fourth quarter of Pakistan's fiscal year 2011 (March–June). Pakistan has also taken steps to adjust fuel prices and electricity tariffs to reflect more accurately the costs of providing fuel and electricity. We must continue to work with Pakistan to encourage the adoption of permanent and more comprehensive reforms to help put Pakistan on a path to fiscal stability and economic prosperity.

We believe that implementing a portion of United States assistance through Pakistani institutions is critical to building capacity, strengthening our partnership, and fostering long-term development. This year, we expect that roughly one-half of the civilian assistance provided to Pakistan will be implemented through Pakistani Government agencies, whether Federal or provincial, and about 12 percent of USAID-managed funding is implemented through Pakistani non-governmental organizations. We are working to ensure that United States assistance is aligned with Pakistani priorities and has accountability mechanisms in place to ensure proper use of the funds.

*Question.* The U.S.-Colombia Free Trade Agreement was signed 6 years ago. From what I understand, U.S. exporters have a lot to gain from this agreement. One of the biggest problems for passage of the agreement is the history of assassinations and threats against Colombian trade unionists, which the former Colombian Government never treated as a priority. President Santos and Vice President Garzon—a trade unionist himself—say they are trying to investigate and punish those responsible for these crimes, but they have been in power less than 7 months so it is too soon to know if they will succeed. Is the Colombian Government doing all it can to investigate and prosecute these crimes? What more needs to happen before the administration sends the agreement to the Congress and fights for its passage?

Answer. President Santos has made great progress in improving the environment for labor rights in Colombia. The Santos administration has:

- denounced threats to labor and human rights leaders;
- increased penalties for violence against human rights defenders;
- made clear it respects the role of labor and human rights groups; and

—increased funding for its protection program, which now covers more than 11,000 at-risk individuals.

Additionally, Colombia's Prosecutor General's Office reports that it is investigating more than 1,300 labor-related cases, and has obtained 344 convictions.

Despite this progress, the Colombian Government realizes it must do more to address lingering concerns over labor violence. The Santos administration will continue to work closely with the Prosecutor General's Office to remedy the shortfalls that Office is currently facing and develop a strategy to resolve the backlog of labor homicide cases.

The U.S. Government has made clear to Colombia that three areas of concern must be addressed:

- the protection of internationally recognized labor rights;
- prevention of violence against labor leaders; and
- the prosecution of the perpetrators of such violence. We understand these concerns are shared by the Santos administration, and we are encouraged by their recent actions, but more needs to be done.

On February 9, U.S. Trade Representative Kirk announced the President had directed him to intensify our engagement with Colombia to resolve the outstanding issues as quickly as possible this year. As we work with Colombia to address remaining issues, we will reinforce the significant progress Colombia has made in addressing human rights and labor issues.

*Question.* It would be hard to think of any higher priority for our Embassies than protecting Americans abroad, and helping them when they are in trouble. Thousands of Americans are victims of crimes in foreign countries every year, including murder. We try to help the families get justice where investigations are cursory, the justice system is corrupt, and convictions are rare—cases like Bradley Will, a journalist who was killed in Mexico; Kate Puzey, a Peace Corps volunteer killed in Benin; and Rachel Corrie who was killed in Gaza. Years have passed and their families are still waiting for justice. What is the Department's policy when an American is killed, the investigation is flawed, and there is no justice? Shouldn't there be a consequence? At what point do we withhold aid?

*Answer.* The provision of services to U.S. citizens who have been victims of crimes overseas is one of the highest priorities of U.S. Embassies and consulates. When U.S. citizens are killed overseas, and specifically in the cases cited above, the U.S. Embassy requests on a regular and recurring basis that the host government provide status updates on the criminal investigation. We make these requests in the form of diplomatic notes, and in meetings between Embassy officials and foreign government contacts at all levels, which serve both to communicate our on-going interest in the case and push for thorough, credible, and transparent investigations.

Bilateral foreign aid is developed on the basis of overall good relations and our goals with a country and may or may not be influenced by a judicial failure—depending on the role and responsibility of the host government. Often our foreign assistance includes support to improve and strengthen the capacity of partner country law enforcement and judicial institutions as well as support for civil society and independent media to hold government institutions accountable to citizens.

Personnel at our posts overseas receive training on how to communicate effectively with victims of crime and understand their reactions to trauma. Embassy employees identify local resources available to victims of crime in their district, and keep friends and family back home informed of the situation in accordance with the victim's wishes. While we cannot provide legal services to the victims, we do assist victims of crime and their families in managing the practical consequences of overseas crime by providing information about the local criminal justice system, explaining how it might differ from our judicial system, and providing a list of local attorneys. We continue to provide assistance as appropriate during their time overseas and help identify resources available to them at home if they choose to return to the United States.

*Question.* In 2009, the administration made "Afghanization" of aid a major goal. Did the administration meet its goal of 40 percent of assistance delivered through the Afghan Government or local nongovernmental organizations by December 2010? What proportion was delivered through the government?

*Answer.* In fiscal year 2010, USAID provided 35 percent of its assistance on-budget through the Afghan Government. In fiscal year 2011, we estimate that between 37 and 45 percent of State and USAID development assistance—distinct from stabilization programs—will be on-budget, based on our fiscal year 2011 base appropriation request level.

In 2012, State and USAID aim to meet the London Conference goal of channeling at least 50 percent of development aid through the Afghan Government's core budget. The 50 percent goal is a shared responsibility, however, in that it requires the

Government of Afghanistan to take critical steps to ensure its ministries and agencies are prepared to effectively and accountably implement assistance.

*Question.* Corruption remains a real problem. How confident are you that United States assistance provided directly to the Afghan Government or contracted to Afghan businesses is being used effectively and not being diverted to illicit purposes?

*Answer.* A major ongoing focus of our anti-corruption efforts is safeguarding U.S. assistance funds. The United States Government has only provided funding directly to the Afghan Government in instances where the capacity for oversight and accountability at a Ministry has been determined to meet our standards or when the funds can be administered through trustworthy mechanisms, such as the Afghanistan Reconstruction Trust Fund. To further strengthen U.S. assistance against corruption, we have systems in place to examine civilian and military contracting practices and establish better oversight of our funds. The military Task Force Shafafiyat (“Transparency” in Dari), which includes within it Task Forces 2010, Spotlight, and Nexus, is working along with the Embassy to identify the scope of the corruption problem and develop solutions in the areas of U.S. contracting practices, personal security contracts, and counternarcotics. There are provisions built into our civilian and military contracts to counter opportunities for corruption, both high- and low-level. Civilian and military agencies are sharing information about contractors, improving contractor and sub-contractor vetting and supervision, and blacklisting companies which violate United States or Afghan laws.

*Question.* What success has the civilian aid effort had in establishing effective programs in areas being opened up by U.S. troops—for example, in Helmand and Kandahar provinces? How has insecurity in these areas affected the ability of aid workers to move about and deal directly with the Afghan people they are there to help?

*Answer.* Over the past year in Southern Afghanistan, the insurgency’s capability and scope in Kandahar and surrounding districts have been curbed and its momentum slowed. There is cause for cautious optimism. USAID has played a critical role as part of the United States Government strategy to help elevate civilian Afghan leadership, to hold security gains through the fighting season, and to lay the ground for longer-term development.

Some examples of successes:

- Under USAID’s RAMPUP project, a debris removal program in Kandahar City was rolled out in Districts 1, 2, 3, and 9 in February 2011. The program will eventually employ approximately 1,200 people each week to remove accumulated debris in 10 districts of the Kandahar municipality.

- Under the Afghanistan Stabilization Initiative (ASI), a pomegranate project benefited nearly 600 people, including farmers, traders and their assistants, who received training and quality-control monitors. Branded “Kandahar Star”, 25 metric tons of the fruit were shipped to Dubai and sold to upscale retailers such as Carrefour. An additional 16 metric tons were shipped to Canada, and more than 4 metric tons were shipped to India. From these shipments, Afghan farmers realized significantly higher payments for their fruit than they would have received on local markets. The ASI has also procured essential equipment for FM radio stations to be set up at several forward operating bases/PRTs in Southern Afghanistan. The new stations will serve as a vital communication tool for Afghan Government institutions to solicit community feedback and input regarding government performance, services desired, and other important issues for the population. Providing local citizens with improved access to information will counter the Taliban’s message of violence and allow for participation in the governance process.

Due to the security situation in these areas, prudent and judicious measures must be taken to ensure staff safety. Leaving compounds or private residences in high-threat environments requires a great deal of coordination with the local security contingent as well as approval from the regional security officer (RSO), who sets security practices for Chief of Mission personnel. Under Public Law 99-399 (Omnibus Diplomatic Security and Antiterrorism Act of 1986), Chiefs of Mission (COMs) and Embassy RSOs can be held personally accountable when there is serious injury or loss of life of COM personnel. Due to the nature of the security situation in areas of Afghanistan, USAID currently relies extensively on dedicated Quality Assessment/Quality Control (QA/QC) contractors, along with the military, implementing partners, and foreign service nationals to help monitor programs.

*Question.* Last year, in response to a request from this subcommittee, the State Department provided a preliminary report on crimes against humanity and war crimes in the final months of the internal conflict in Sri Lanka. I and other Senators would like to receive an updated report on this subject, including an assessment of investigations by the Sri Lankan Government and the United Nations, and whether

the people responsible for these crimes have been appropriately punished. Will you ask the Office of the Ambassador for War Crimes to provide us such a report?

Answer. In response to your request, the Department of State will provide an update of our previous reports of October 22, 2009, and August 11, 2010.

*Question.* The administration proposes to reduce the Assistance to Europe, Eurasia, and Central Asia account by more than 15 percent in fiscal year 2012. Given the number of important U.S. interests in the region—stability in the Balkans, preventing conflict in the Caucasus, supporting groups fighting for human rights and the rule of law in authoritarian societies from Russia to Azerbaijan to Uzbekistan—doesn't such a large cut signal that we are disengaging from a region where we need to continue working to solidify our relations?

Answer. The U.S. commitment to the region has not changed. Southeastern Europe, Eurasia (including the Caucasus) and Central Asia remain vitally important in terms of United States foreign policy interests. Reductions in assistance to the region have been driven by the difficult budget environment. Within that context, the President's request reflects a reallocation of resources to other global demands, weighing factors such as progress made, the work of other donors and U.S. assessments of the key remaining challenges in the region.

#### EGYPT

*Question.* ABC television reported on February 11 that the United States paid for executive jets for President Mubarak and top members of his government. I have tried to get more information about this. Do you know if this happened and what funds were used? Can you assure us that we are not buying planes like that for other governments?

Answer. Egypt has used Foreign Military Financing (FMF) to enhance airlift capability for its National Command Authority. The Egypt VIP Aircraft Program (Peace Lotus) has provided the Government of Egypt with Gulfstream (GIII and IV) executive jets via Foreign Military Sales and Direct Commercial Sales. The first of these aircraft was acquired in 1984 and the last was purchased in 2002. Some aircraft were acquired using solely national funds while others were acquired using a combination of national funds and FMF funds. Egypt partly covers the cost of maintenance of the aircraft with national funds. Egypt's FMF share of the acquisition and maintenance of these aircraft was approximately \$333 million, out of a total cost of approximately \$378 million.

In addition to Egypt, the Israeli Air and Space Command has acquired, via FMF a number of the Gulfstream aircraft.

*Questions.* Another report that triggered many concerns was that tear gas used against peaceful protesters by Egyptian police came from the United States. Are we providing this type of "crowd control" equipment to the security forces of other repressive governments that might use it against their citizens, and if so, can we be confident this will stop?

Answer. Tear gas and similar equipment are manufactured and sold to provide nonlethal options to disperse large crowds and prevent violence. There is currently no blanket restriction on the sale of nonlethal crowd-control items to countries that are otherwise not subject to United States or United Nations Security Council arms embargo. However, as a matter of policy we can deny export licenses for tear gas on a case-by-case basis if we believe the tear gas will be misused by the end user.

All recipients of U.S.-origin defense articles or services are required to comply with numerous end-use restrictions and conditions, as specified in the foreign military sales Letters of Offer and Acceptance and direct commercial sales licenses. Most importantly, these conditions require full U.S. access to equipment provided so that we may monitor how it is being used.

*Question.* Will you do a full Supplemental Environmental Impact Statement (SEIS) for the Keystone XL tar sands pipeline project, as requested by the Environmental Protection Agency and by many Members of Congress, which addresses in detail the issues I and other Senators wrote to you about in our letter to you on October 29, 2010?

Answer. The Department of State expects to release a Supplemental Draft Environmental Impact Statement (SDEIS) for the proposed Keystone XL pipeline project in mid-April. The SDEIS contains information that the State Department feels would benefit from further public input, including issues addressed in your letter such as life-cycle greenhouse gas emissions, pipeline safety, environmental justice, and petroleum market impacts. The public will have 45 days to comment on the SDEIS after a Federal Register notice is published. Following issuance of a Final EIS, the State Department will solicit public comment and host a public meeting

in Washington, DC, before it makes a determination under Executive Order 13337 on whether issuance of this permit is in the U.S. national interest.

*Question.* The Commission on Wartime Contracting released its second interim report on February 24, 2011. This report included a number of recommendations to address the underlying causes of poor outcomes of contracting and to institutionalize the changes to the Federal contracting processes in contingency operations such as Iraq, Pakistan, and Afghanistan. Two key findings are the lack of the agencies' internal capacity, including senior managers' ability, to oversee contracts, manage contractors, and control contract costs; and the over-reliance on contractors, particularly in contingency operations.

What specific steps is the Department of State taking to reform its procurement process and improve the managers' ability to manage contracts, particularly in areas of contingency operations? Also, it has been several years since the Department instituted the 1 percent procurement fee for all procurement awards. What improvements and changes have been instituted by the Department of State as a result of this fee? What evidence does the Department of State have that it is cost effective and meeting the procurement needs of the Department?

*Answer.* The Department experiences continuous contingencies in our daily operations around the world under challenging conditions. As needed, the Department creates task forces and working groups to deal with these situations. The Department of State continues to centralize procurement operations in the Bureau of Administration's Office of Logistics Management (ALM), and its branches, the Regional Procurement Support Offices (RPSO); we find this model to be most effective in supporting contingency situations during natural disasters such as the Haiti earthquake, as well as during ongoing stabilization and reconstruction as in Afghanistan and Iraq.

#### THE QUADRENNIAL DIPLOMACY AND DEVELOPMENT REVIEW (QDDR) AND CONTRACTING

*Question.* In December 2010, the Department of State issued its first ever QDDR, which provides a blueprint for elevating American "civilian power" to better advance our national interests and to be a better partner to the U.S. military. The QDDR sets out four key outcomes for the State Department and USAID, one of which is working smarter to deliver results for the American people, including managing contracting and procurement to achieve our mission effectively and efficiently.

We have begun implementing the QDDR to improve contracting oversight; some specific examples are as follows:

*Elevate the Status of Contract Oversight Personnel.*—As initial steps, this summer we plan to create a Contracting Officer Representative (COR) Award to highlight contract administration achievements by the COR, and publish an article in State Magazine highlighting the importance of contract administration and the valuable role of the COR.

*Link Oversight Duties to Performance Evaluation.*—In January 2011, we issued Department notices reminding staff of work elements for CORs and Government Technical Monitors (GTMs).

*Expand Training.*—Training will be expanded by launching a skills-based COR class, expected no later than May 2011. The Department also adopted the Federal Acquisition Certification—Contracting Officer Representative (FAC-COR) requirements for initial and continuous training in the business and technical skills of contract administration; additional information is presented below.

*Elevate Accountability for Planning and Oversight of Large Contracts.*—As part of the QDDR process, the Department of State instituted a requirement for the Assistant Secretary of a Bureau with a service contract with expenditures exceeding \$25 million per year to certify that adequate contract administration resources have been identified to manage the contract.

As a fee-for-service organization, charging bureaus a 1 percent fee on all Department of State procurements, we have the resources to surge. Since the fee was implemented in 2008, we have hired 102 additional staff for contract administration.

The Department of State uses very few cost-reimbursement contracts. Embassy construction and most major programs are fixed price. The Department of State uses competition to drive cost conscious operations, as with our Worldwide Protective Services (WPS) contract, where task orders are competed among the eight contract holders.

## INCREASED CONTRACT MANAGEMENT AND OVERSIGHT

*Question.* The Department of State has increased contract management and oversight both by its professional acquisitions staff, and by program offices that utilize contract support.

*Acquisitions/Training.*—As noted above, we have increased our training to enhance the skills of our contracting personnel. The Office of Federal Procurement Policy (OFPP), Letter 05–01, Developing and Managing the Acquisition Workforce, requires that the Federal Acquisition Institute (FAI) develop a certification program for contracting professionals in civilian agencies that reflects common standards for education, experience, and training.

In general, for contracting officers series GS–1102, the Department of State requires each acquisition professional to complete FAI’s certification program, consistent with the OFPP letter, which reflects common standards of education, experience, and training among civilian agencies. These common standards serve to improve the workforce competencies and increase career opportunities. They are being implemented by the Office of the Procurement Executive and Head of Contracting Activity at the Department of State. The full training requirements for FAC–COR certifications for GS–1102 can be found at [www.dau.mil](http://www.dau.mil) or [www.fai.gov](http://www.fai.gov). For complex contracts such as the WPS, all CORs are required to be level II- or level III-certified.

*Program Offices.*—We agree with the Wartime Commission’s observation that the Department’s program offices need to plan effectively for COR support. INL and the Bureau of Diplomatic Security (DS), the two bureaus most heavily involved in overseas contingency contracting, are both significantly increasing resources to support contract administration.

In general, all Department of State CORs, per the Procurement Executive Bulletin No. 2010–20 are required to obtain FAC–COR certification, which entails completion of Foreign Service Institute Course No. PA 178 Contracting Officers Representative (40 hours); or PA 296 How to Be a Contracting Officers Representative (online version); or equivalent other agency commercial COR training as approved by the Office of the Procurement Executive.

*Diplomatic Security.*—The private security contractors (PSCs) who protect our diplomats in high-risk environments perform an essential function that enables the conduct of American diplomacy in the places where it is needed the most. The Department of State has worked hard to enhance oversight of PSCs, and DS has further developed its plan for oversight and operational control of PSC personnel. For the DS WPS contract issued in September 2010, DS has increased staffing to administer the contract and its task orders to ensure contract compliance. Key oversight elements for the WPS contract are listed in Attachment A.

*INL Improvements.*—INL has taken steps since 2006 to improve contract administration and program management, including for operations in conflict areas, in response to a variety of oversight community recommendations as well as INL’s own managerial initiatives. Among the improvements are enhanced financial management, contract administration and oversight standard operating procedures and additional education for our personnel that strengthen INL’s management and operations in those venues. Beginning in 2006, INL used the findings from three internal reviews of our Iraq and Afghanistan contract administration processes and controls to develop a new contract administration framework, with tougher contract oversight, invoice reviews, and reporting requirements. Key among the improvements was the establishment of an office that provides contract oversight and supports program management for Afghanistan and Iraq as well as increased staffing for contract administration and program management at headquarters and in the field. Specific INL improvements are listed in Attachment B.

In conclusion, the Department of State has implemented many improvements in its contract oversight and management, and will continue to do so as we execute the QDDR initiatives. The Department of State has taken very seriously the recommendations of the Wartime Commission as well as other oversight organizations to increase our contract oversight staff and elevate this function to the status that it deserves. We will continue our efforts to improve our contracting administration and oversight.

## ATTACHMENT A

## DIPLOMATIC SECURITY—OVERSIGHT FOR WPS CONTRACT

Key elements of oversight under WPS, currently deployed in Iraq include:

—Ensuring appropriate levels of professionalism and responsive operational responsibility through direct operational control and oversight of security contractor personnel:

- DS Special Agents at each post serve as managers for the Static Guard and Personal Protective Security programs;
- DS Special Agents at each post serve as CORs and Assistant CORs (ACORs) for the direct management and oversight of the WPS contract to assist the Contracting Officer;
- DS personnel at each post are assigned as GTMs to assist the COR and ACOR in the oversight of the WPS contract.
- Direct-hire DS personnel (DS Special Agents or Security Protective Specialists) provide operational control of protective motorcades.
- Collocation of contractor life-support areas on Embassy, Consulate, or Embassy branch office compounds will enhance after-hours oversight of contractor personnel;
- Revised mission firearms policies further strengthen post's rules on the use of force, and less-than-lethal equipment has been fielded as a means to minimize the need to employ deadly force;
- Video recording and tracking systems are installed in each motorcade;
- All incidents involving a weapons discharge or other serious incidents are thoroughly investigated by the Regional Security Officer (RSO); and
- The Office of Acquisitions Management has a dedicated, qualified team of contracting officers and contract specialists assigned to administer PSC contracts. They will make regular field visits to each post to conduct reviews of PSC contracts.
- Improving the image of the security footprint through enhanced cultural sensitivity:
  - Mandatory country-specific cultural awareness training for all security contractors prior to deployment to Iraq;
  - Revised standards of conduct, including a ban on alcohol; and
  - Interpreter support provided for protective security details.
- Achieving greater efficiencies through new contract terms:
  - One set of terms and conditions enhances the ability to provide uniform, appropriate, and consistent oversight;
  - Reduced acquisition timelines;
  - Larger number of qualified base-contract holders, thereby increasing competition for each task order while controlling costs;
  - Timely options in the event a company fails to perform;
  - More efficient program management compared to multiple, stand-alone contracts;
  - Computerized tracking of contractor personnel to aid in reviewing personnel rosters used to support labor invoices; and
  - Regional auditors from the Defense Contract Audit Agency (DCAA) will be assigned to each company receiving a WPS task order.

#### ATTACHMENT B

##### INL OVERSIGHT IMPROVEMENTS

Since 2006, INL has implemented a variety of contract oversight improvements:

- Instituted more precise Statements of Work (SOWs) and more specific inter-agency agreements;
- Employed the use of Quality Assurance Surveillance Plans (QASPs) to more closely monitor contract performance;
- Required the use of a credible inventory system for use by foreign assistance contractors, which meets Defense Contract Management Agency (DCMA) requirements; and instituted an annual inventory system for contractor purchased property to reinforce accountability measures already employed through INL's end-use monitoring procedures;
- Increased the number of program officers and contract administration personnel in the field and at headquarters;
- Defined specific roles and responsibilities for contract administration staff which includes greater specificity in defined standard operating procedures for invoice validation and review;
- Improved the accessibility of contract management staff to COR files by instituting remote electronic access from the field to headquarters;
- Engaged the Defense Contract Audit Agency (DCAA) to conduct incurred cost audits of our task orders for Iraq and Afghanistan; and
- Required contractors to provide more frequent and detailed cost reporting and detailed work plans prior to the commencement of work.



## CONFLICT STABILIZATION OPERATIONS

*Question.* The fiscal year 2012 request includes a proposal to change the name of this program from Civilian Stabilization Initiative (CSI) to Conflict Stabilization Operations (CSO). Besides a proposed name change, what substantive changes are proposed for this program? What evidence does the Department of State have that the CSO deployments to date have been successful in responding to countries in conflict or crisis? Why does the program require 200 active and 2,000 stand-by corps members?

*Answer.* CSO is more than a name change; it reflects the increased emphasis on conflict prevention as a core mission and as a distinct discipline within the Department of State and USAID. It builds on the accomplishments and experience of the CSI, which currently funds the Civilian Response Corps (CRC), the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) and their critical work in Afghanistan, Sudan, Kyrgyzstan, and many other fragile and conflict areas around the world. CSI was originally envisioned primarily as a means to support rapid response to countries already in conflict. CSO recognizes that preventing and mitigating conflict early is more cost effective and beneficial. Indeed, since most current conflicts are recurring, prevention and response cannot be treated separately.

For example, Sudan risked a return to civil war if key elements of the Comprehensive Peace Agreement were not implemented. We sent CRC members to Southern Sudan to help ensure the referendum on self-determination took place on time and in a credible fashion. CRC members have facilitated resolutions to local violent disputes that threatened to vastly complicate Southern Sudan's move to independence. At the request of Embassy Bishkek, S/CRS established a temporary assistance facility in the southern city of Osh after an outbreak of violence between the Uzbek and Kyrgyz communities. Not only did it give the Embassy a better understanding of the situation, but the platform put the United States in much better position to support Kyrgyz efforts to maintain stability and rebuild community relations. The value of these deployments—in lives and money saved—is immeasurable when compared with the alternative of violent conflict.

We are strengthening the CRC, using the recently completed force review, to ensure that we have the right skills and experience among responders, to include both generalists with skills in conflict assessment, mitigation and resolution and strategic planning, and specialists who bring sectoral expertise in such areas as rule of law, public health, and border controls. The CRC are deployed in Afghanistan, Sudan, Kyrgyzstan, Pakistan, Iraq, the Democratic Republic of the Congo, and the Central African Republic. In order to respond to these and other priorities of the United States, we need to have enough Active responders so that a portion are in the field, others are in training, and others are developing and disseminating lessons from the field and otherwise supporting deployments. The Standby Component provides needed depth and flexibility and, because they are already Federal employees, come at no cost to the CSO until they are deployed.

## QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

*Question.* In your congressional budget justification, Madam Secretary, I was pleased to see that your “strategic priority is to reinvigorate U.S. economic leadership” in the East Asia and Pacific area. You then describe this November’s Asian-Pacific Economic Conference (APEC) 2011 leader’s meeting as “an unmatched opportunity to demonstrate U.S. economic leadership in the region”. I am pleased to see that the State of Hawaii, which will be hosting the meeting, is putting considerable effort into showcasing such opportunities on the Islands. Could you elaborate on how, specifically, you intend to showcase U.S. business opportunities and how they might intersect with Hawaii’s economy?

*Answer.* As we strive to meet President Obama’s goal of doubling exports by 2015, we are looking to the growing Asia-Pacific region for greater export and investment opportunities for U.S. businesses. As host of APEC this year, we will exercise our leadership to deliver practical, concrete outcomes at the leaders’ meeting in Hawaii in November that will strengthen and deepen integration in the region by addressing barriers to trade and investment. Through this work in APEC, we will make it cheaper, easier, and faster to do business in the Asia-Pacific, putting America’s businesses, particularly its small and medium-sized enterprises, from Hawaii and the rest of the United States in a much better position to trade competitively and invest in the region.

APEC’s CEO summit will be held alongside the leaders’ meeting, providing an unparalleled opportunity for U.S. businesses by drawing thousands of economic and business leaders from around the region and the world. U.S. CEOs will be able to

engage with global leaders and other CEOs from around the region and the world, to showcase their own products and services and discover additional business opportunities through networking during the CEO summit.

The leaders' meeting will also provide the State of Hawaii with a significant opportunity to showcase itself as an investment destination, as well as for Hawaii's businesses and industries to highlight their products to the large number of leaders, ministers, officials, and business leaders gathered in Honolulu. Furthermore, Hawaii's economy will benefit from the large scale of the events, which will create a significant demand to supply the requirements for the meetings themselves and to meet the demands of the large number of officials, business leaders, and other visitors the meetings will bring to Honolulu.

*Question.* With as many as 21 world leaders attending the APEC 2011 leader's meeting, I remain concerned that ancillary or contingency security costs may fall on, and overly burden, State and local budgets in Hawaii. Are you comfortable with your Department's level of coordination with the White House and the Department of Homeland Security (DHS), and do you feel assured that the funding will be fully sufficient at all levels?

*Answer.* The Department is comfortable with our level of coordination with the White House and DHS, specifically the cooperation between the Department's Bureau of Diplomatic Security and the U.S. Secret Service, which has been productive.

As you are aware, the funding levels for fiscal year 2012 have not been set. At this time the Department of State estimates that the cost we will incur to support security for the APEC leaders meeting will be approximately \$4,525,000. As APEC approaches and the number of protective details becomes more certain, the costs will be adjusted accordingly.

Current law does not provide authority for the Department of State to reimburse State and local law enforcement entities in Hawaii for any costs they may incur as a result of the APEC leaders meeting.

*Question.* A good way to demonstrate U.S. economic leadership is by showcasing and promoting our leadership in education, if not also leadership training. The East-West Center now boasts of a worldwide network in excess of 57,000 alumni. Much like Department of Defense Regional Centers, the East-West Center has successfully introduced students to American values, built expertise and professionalism, and established a network that continues to bring together people from across a vast region to exchange views on issues of common concern. Just 2 weeks ago, more than 130 graduate students from 48 universities in 26 nations gathered to present their research at the East-West Center's 10th annual International Graduate Student Conference. How, do you think, could we build on the success of the East-West Center as a model for cost-effective public diplomacy that nurtures long-term partnerships between nations?

*Answer.* As the importance of United States relations with the Asia-Pacific region continues to grow—including with China as an emerging global power and Indonesia as the world's most populous Muslim nation—the relevance of the East-West Center's role in promoting better understanding among our nations and peoples is clear. Established by the U.S. Congress in 1960, the Center serves as a key national resource by fostering better relations and understanding among the peoples of the United States, Asia, and the Pacific Islands through education and dialogue on critical issues of common concern. Its success in bringing together people and institutions from multiple sectors—including government, academia, journalism, and the private sector—serves as a model for promoting regional collaboration, intellectual capacity building and the development of effective policy options.

The East-West Center serves as a forum for meetings between officials and leaders of Asia and the Pacific and their U.S. counterparts, offering a unique venue and expertise to foster cooperation and encourage the sharing of ideas. It continues to provide significant support to our efforts to prepare for the United States' hosting of APEC's economic leaders' meeting this coming November in Honolulu.

The Center's 58,000 alumni form a significant international network of influence in government, international organizations and educational institutions, and U.S. Embassies support and benefit from the efforts of these alumni overseas. Prime Minister Manmohan Singh of India and Prime Minister Najib Razak of Malaysia are among current Asia-Pacific leaders with East-West Center experience. Another Center alumnus, Chinese Vice Minister of Education Hao Ping, has a key role in promoting enhanced educational cooperation with the United States. The Center's biannual alumni conferences convene hundreds of alumni, testimony to the lasting value of the Center experience.

In terms of a cost-effective investment in public diplomacy, the East-West Center has been successful in its ability to leverage significant amounts of nonappropriated sources—40 percent in the fiscal year 2010 budget—for its national mission. And

the East-West Center continues to strengthen and diversify its sources of support, including from the private sector.

As an institution serving the U.S. national interest, the Center's programming also benefits from the unique ethnic and cultural diversity of the State of Hawaii. We encourage the Center to continue its efforts to strengthen its leadership programs for graduate students, young professionals and young women leaders. The Center also helps Americans improve their understanding of the Asia-Pacific region by working with high schools and colleges around the country, strengthening U.S. capacity to engage with this critical region in the future. As it builds on its legacy of long-term ties, the East-West Center will continue to be a vital part of the overall U.S. public diplomacy effort in Asia and the Pacific in the years ahead.

*Question.* The Asia-Pacific region continues to grow both in terms of opportunities as well as challenges. It appears that our imports from Asia are increasingly coming from China at the expense not only of United States domestic suppliers but perhaps also of our other trading partners in the region. As China's business capabilities grow, should we be concerned that our erstwhile trading partners in the region might be elbowed out of their own domestic and regional markets—if not also the United States market? If so, is it a consequence of less than fair trade?

*Answer.* The Asia Pacific is one of the most dynamic regions in the world today, and the growth and prosperity of the United States are strongly intertwined with the growth and prosperity of the region. As such, the President's National Export Initiative (NEI), which aims to help double United States exports within 5 years and support millions of American jobs, is focusing on China and other emerging high-growth markets. Our policy is to expand the opportunities provided to Americans from a growing China.

As the world's second-largest economy and largest developing country, China is an important contributor to global economic growth. In 2009, when global output declined for the first time in 60 years, China's aggressive stimulus measures supported not only Chinese economic growth but that of its trading partners, contributing to a fall in China's trade surplus that year from 8 percent to 5.1 percent of GDP.

Indeed, China has become the largest export market for many Asia-Pacific countries, including industrialized countries such as Japan and South Korea. Resource rich countries, such as Australia and Indonesia, have benefited from increases in commodity prices brought on by strong Chinese demand. Still other Asia-Pacific exporters have become part of a globalized supply chain in which products assembled in China are increasingly composed of parts produced elsewhere. Indeed, a substantial share of the value added in the goods we import from China comes from components manufactured in other Asian countries.

But our trade relations with China are not without problems. To ensure a level playing field, we need to address a range of issues, including market access, indigenous innovation, currency, and intellectual property protection and enforcement. This administration is addressing these trade concerns with Chinese authorities at the highest levels, including with President Hu Jintao during his recent visit to Washington. The United States has worked and will continue to work with China to create an open environment for trade with the United States and others.

*Question.* In your testimony, you claim that you have "re-engaged as a leader in the Pacific . . ." Could you please give examples of your re-engagement?

*Answer.* The United States has worked hard to renew its strong relationships with and commitment to the Pacific Islands. The region is of vital importance to Asia-Pacific regional stability and to our shared interests in maritime security, climate change, energy security, sustainable fisheries, and protecting biodiversity. Moreover, the Pacific nations play an important leadership role on global issues, particularly in the United Nations and in supporting international peacekeeping missions.

The United States is strengthening our ties with our Pacific Island partners in both multilateral and bilateral arenas, and we are constantly looking for ways to increase and better focus our cooperation in the Pacific region, particularly in the areas of capacity-building, training and technical assistance.

The new Embassy compound we are about to open in Suva, Fiji, will be the largest mission of any country in the Pacific. Embassy Suva's expanded regional offices will support better engagement in public diplomacy, the environment, science and technology, public health, defense, and labor throughout the region.

In August 2010, Assistant Secretary for East Asian Affairs Kurt Campbell attended the Pacific Islands Forum Post-Forum Dialogue in Vanuatu with the largest U.S. delegation ever, including key personnel from the Pentagon and Pacific Command (PACOM), the Department of the Interior, the U.S. Coast Guard, and the U.S. Agency for International Development (USAID). We plan to take an even larger del-

egation to the 2011 meeting this September in Auckland to demonstrate our whole-of-government approach to addressing shared concerns in the Pacific.

The annual meeting I established in 2009 with Pacific Island leaders on the margins of the United Nations General Assembly in New York demonstrates in a tangible way how much the United States values the relationships with the islands. The leaders very warmly embraced the effort. I plan to meet with Pacific leaders every year in New York.

Building on the urgent request for support from the Pacific Small Island States, we have committed \$12 million in fiscal year 2010 funds specifically for climate adaptation projects and related programs, and we requested an additional \$9.5 million in fiscal year 2011 and in fiscal year 2012. To help administer these new programs, USAID is finalizing plans for a new office in Port Moresby, Papua New Guinea this year. Funding for climate will be an essential component of our relationship—and a critical element in the regional effort to meet increasingly severe climate-related challenges. The State Department’s Regional Environmental Office in Embassy Suva, Fiji, is working closely with USAID as it increases its engagement in the region.

The first United States Ambassador to Palau assumed office in 2010. We concluded a \$215 million economic assistance agreement under the 15-year review of the Compact of Free Association with Palau.

The State Department is aggressively pursuing negotiations to extend the Multilateral Treaty on Fisheries (also known as the South Pacific Tuna Treaty) and the associated Economic Assistance Agreement through which we provide \$18 million annually in economic support funds to Pacific Island countries. We are also the single largest contributor to the voluntary Special Requirements Fund for Small Island Developing State members of the Western and Central Pacific Fisheries Commission.

We recently concluded an agreement with Kiribati establishing a “Sister Marine Sanctuary Arrangement” between the two largest marine-protected areas in the world. Kiribati supports a number of counter-terrorism and regional security objectives, and the arrangement is a model for bilateral cooperation on marine conservation issues.

We have expanded our cooperative maritime law enforcement through “Shiprider” agreements with the Cook Islands, Kiribati, Marshall Islands, Micronesia, Tonga, and Palau, allowing local law enforcement officers to embark on select U.S. Coast Guard vessels and aircraft to patrol their national waters, looking for trafficking victims, contraband, illegal fishing, and weapons. The Coast Guard is looking to expand this program this year to other Pacific Island countries.

We have provided more than \$1.5 million in aid for cyclone- and tsunami-related disasters in the region since 2009, and we continue to build national capacity through ongoing disaster management training and disaster preparedness exercises provided by PACOM’s Center for Excellence and others. USAID has financed the pre-positioning of disaster response supplies in warehouses in Micronesia.

Pacific Island participation in the International Visitor Leadership Program rose by approximately 20 percent in 2010, while Fulbright scholarships are at the highest level in 10 years. These programs build relationships that span generations and target up-and-coming leaders.

The U.S. Navy’s Pacific Partnership program will deploy its 11th annual mission to the Pacific Islands region from March 2011–July 2011 to perform humanitarian and civic assistance activities in Micronesia, Papua New Guinea, Tonga, and Vanuatu. These activities build partnerships and strengthen relations.

The Department of State-led Energy Governance and Capacity Initiative embarked upon a wide range of technical assistance in 2010 to assist Papua New Guinea (PNG) in building institutional capacity and financial management capability in their energy sector while meeting U.S. foreign policy objectives. This program includes promoting energy security as well as furthering political and economic stability in PNG.

In partnership with the World Bank and the Government of Papua New Guinea, the United States will co-host in Port Moresby this May a first-ever meeting of Pacific Island regional leaders to discuss maternal health and economic empowerment. The United States is also supporting new efforts to increase political participation by women in the Solomon Islands and Papua New Guinea, particularly in the latter’s national elections in 2012.

Next year, pending congressional approval, and based both on need and the success of current programs, the United States will double its contribution to fight HIV and AIDS in Papua New Guinea, through the President’s Emergency Plan for AIDS Relief (PEPFAR), from \$2.5 million in 2010 and 2011 to \$5 million in 2012.

We recently completed a 3-month, \$1 million project to clear unexploded WW II ordnance on Bougainville, Papua New Guinea. We are developing plans for a similar project on Guadalcanal in the Solomon Islands this year.

The United States has increased law enforcement training in a number of areas, in collaboration with PACOM's Center for Excellence, the Asia Pacific Center for Security Studies, U.S. Immigration and Customs Enforcement, Federal Bureau of Investigation, and Drug Enforcement Agency. We are working with a number of the Pacific Island countries to focus greater efforts toward combating trafficking in persons.

In response to a request from the Department of State, the Department of Homeland Security has added all Pacific Island countries to the annual list of countries eligible for H-2B visas in order to help qualified citizens take advantage of opportunities for which they are eligible.

Our Regional Labor Office in Fiji promotes workers rights and vocational training, as well as anti-trafficking of forced laborers. This not only improves the lives of working men and women, but it increases labor mobility throughout the region.

As part of the Clinton-Okada agreement, Japan and the United States agreed to coordinate through the APEC forum a special climate change adaptation initiative focused on the Pacific Islands.

The United States already supports several regional organizations in the Pacific, and the Department of State is considering increasing funding this year for the Secretariat of the Pacific Community. We are encouraging the World Bank to renew its engagement, and we continue to support the Asian Development Bank.

We appreciate the consistent support we receive from Pacific Island countries at the United Nations and the ongoing contributions of many in the region to global security efforts. The United States, through its various agencies, will continue to support the development and welfare of our friends in the Pacific. Enhancing engagement and "stepping up our game" in the Pacific is a foreign policy priority for the United States.

*Question.* In your testimony, you describe how the State Department is leading a major civilian surge in Afghanistan which, alongside the military offensive, will set the stage for a diplomatic push by and with the Afghans to split the Taliban from al Qaeda. Is this the end state—or, for your agency, the performance measure—you seek? Are you currently negotiating to end Taliban support for and protection of al Qaeda? If the Taliban fully agree and honor such an agreement while still waging essentially a civil war against the central government, would the United States need to remain in the conflict?

*Answer.* As President Obama stated in his December 1, 2009 speech at West Point, our overarching goal is to disrupt, dismantle, and defeat al Qaeda in Afghanistan and Pakistan, and to prevent it from threatening America and our allies in the future. To achieve that goal, we must deny al Qaeda a safe haven, reverse the Taliban's momentum, and deny it the ability to overthrow the Afghan Government, and increase the capacity of the Afghan National Security Forces and government, so that they can handle internal and external threats. We must do this with the full recognition that our success in Afghanistan is inextricably linked to our partnership with Pakistan.

As articulated in Secretary Clinton's Asia Society speech on February 18, the Afghan Government has the lead on peace and reconciliation with the Taliban and the other elements of the insurgency in Afghanistan, and we strongly support that lead. At the same time, we have made clear our own red lines—that in order to reconcile and rejoin Afghan society, insurgents must agree to cease hostilities, break ties with al Qaeda and its extremist allies, and agree to abide by the Afghan constitution. If the Taliban were to agree to sever ties to al Qaeda and its allies but without ceasing hostilities with the Afghan Government, they would not meet all of these red lines.

*Question.* Is our new support for Yemen, if not also Somalia, essentially a consequence of our success in squeezing out al Qaeda from Afghanistan, Pakistan, and Iraq? If our new investments are successful in denying safe havens in Yemen and Somalia, could we find ourselves expending similar resources for more and more countries as al Qaeda pursues future safe havens? At what point do they run out of safe havens that we would need to deny?

*Answer.* We appreciate your question regarding safe havens and al Qaeda. Denying al Qaeda and its affiliates safe haven in some countries or regions will continue to be a challenge. We believe, however, it is possible to achieve the President's objective to disrupt, dismantle, and defeat al Qaeda. The recent success of the operation against Osama bin Laden and the Arab Spring both, in their own different ways, are signs of progress against the terrorist organization. While we continue to face

threats and risks, there is reason for hope and genuine opportunities for us to make progress against al Qaeda and terrorism going forward.

To provide some additional detail: in recent years, the United States and its partners have made progress against al Qaeda in Afghanistan, Pakistan, and Iraq. It is premature, however, to suggest al Qaeda has been squeezed out of those areas. In Iraq, United States and Iraqi security forces have had some success in combating al Qaeda in Iraq; however, al Qaeda in Iraq elements remain and networks continue to operate in Ninewa, Diyala, and eastern Anbar provinces and Baghdad. The same is true for Pakistan and Afghanistan. The Government of Afghanistan, in concert with the International Security Assistance Force and the international community, continues its efforts to eliminate terrorist safe havens and build security. However, many insurgent groups, including al Qaeda, continue to use territory across the border in Pakistan as a base from which to plot and launch attacks within Afghanistan and beyond. Despite the Government of Pakistan's increased efforts to combat al Qaeda, the federally Administered Tribal Areas (FATA), Baluchistan, Khyber-Pakhtunkhwa, southern Punjab, and other parts of Pakistan continue to be used as safe havens for al Qaeda terrorists.

While we have had some success against al Qaeda in Yemen, al Qaeda in the Arabian Peninsula remains a significant threat. We are providing training, technical assistance, and equipment to strengthen the capacity of Yemen's security forces. However, despite increased assistance and cooperation and heightened Yemeni operations against al Qaeda in the Arabian Peninsula, the group continues to find safe haven in Yemen and, given the current political unrest, this is likely to continue into the near future.

In Somalia as well, despite United States Government and African Union efforts, the fragile hold on power of Somalia's Transitional Federal Government (TFG), a protracted state of violent instability, long-unguarded coasts, porous borders, and proximity to the Arabian Peninsula, continues to make Somalia an attractive location for terrorists. Al-Shabaab, a designated Foreign Terrorist Organization whose leadership is supportive and connected to al Qaeda, controls most of Southern Somalia. The United States has been a strong supporter of the African Union Mission in Somalia (AMISOM). AMISOM plays a critical role in supporting the Djibouti Peace Process by protecting Transitional Federal Institutions and TFG personnel, and by securing critical infrastructure in Mogadishu, including the airport and the seaport. The United States has obligated more than \$258 million to provide equipment, logistical support, and training for AMISOM Ugandan and Burundian peacekeepers since the mission deployed in 2007.

Despite our efforts listed above terrorists enjoy safe haven in sparsely populated and ungoverned territories in Africa. Al Qaeda in the Islamic Maghreb is based primarily in Northeastern Algeria, but factions also operate from a safe haven in Northern Mali. We have and will continue to provide assistance and support to these governments in order to deny terrorists a safe havens in North Africa.

Denying safe havens plays a major role in undermining terrorists' capacity to operate effectively and forms a key element of U.S. counterterrorism strategy. Through technical assistance, training and the provision of equipment we aim to improve the capacities of partner nations so that they can effectively deny terrorists a safe haven in their countries. As this is not solely a law enforcement issue, we have also sought to help countries increase their provision of basic services, such as healthcare and education. In addition, we will need to continue to work to undermine al Qaeda's narrative to deny the group a continuing flow of recruits. The challenges we face are considerable, but we believe a blend of policies will allow us to achieve our counterterrorism objectives and, in particular, to increasingly close down safe havens for al Qaeda.

*Question.* I appreciate how you have split your "war expenses" from the Department's ongoing and longer-term needs. I believe it shows that you are requesting little more than the 2010 levels for your core budget, while putting in context the civilian agency contributions to our efforts in Afghanistan, Pakistan, and Iraq. Your example on Iraq is, I find, quite vivid. Was your Overseas Contingency Operations (OCO) budget developed in full coordination with DOD's OCO budget?

*Answer.* The State Department's OCO budget request was closely modeled on and informed by the DOD's OCO account. Our two agencies face similar types of extraordinary and temporary costs associated with Iraq, Afghanistan, and Pakistan. These include higher personnel expenses, enhanced security needed to operate in a high threat environment, new facilities to support expanded operations and the greater logistical demands such as fuel costs and transportation of personnel. This approach clearly identifies the additional demands these operations place on both agencies, and highlights that they are temporary and separate from our base budgets. The administration's overall OCO request also reflects coordination between the Depart-

ment and DOD as the frontline states transition from military- to civilian-led missions. For example, the Department is adopting roles previously taken on by the military in Iraq, while also taking over responsibility for funding some security forces training in Iraq. By presenting our OCO budgets in the same manner, the administration is able to provide a more complete picture of the overall costs of these operations. And finally, the OCO approach highlights lower costs that are achieved as the nature of these missions change. This is especially true in Iraq, where lower DOD spending far offsets a much smaller increase in the State Department budget in fiscal year 2012.

*Question.* Please give a couple of examples of how the leading recommendations of your Quadrennial Diplomacy and Defense Review (QDDR) will translate into significant savings by your Department and USAID.

*Answer.* The President's fiscal year 2012 budget for the Department of State and USAID are informed by the overarching direction and priorities set by the Presidential Policy Directive on Global Development and the QDDR. The budget recognizes that development progress is essential to promoting America's national security and economic interests, as well as our values. In particular, Secretary's Clinton's cover letter to the 2012 congressional budget justification highlighted priorities related to our support for diplomatic and military engagement in key frontline states (Iraq, Afghanistan, and Pakistan); Presidential initiatives in food security, climate change, and global health; as well as humanitarian assistance, conflict prevention, and crisis response. Within the State and USAID budget, and consistent with the QDDR and Presidential Policy Directive on Global Development, we are prioritizing these areas in our development agenda, as well as economic growth and democratic governance programming that are essential for reducing long-term dependence on foreign aid and increasing sustainability.

Efficiency, program evaluation, and fiscal responsibility are major components of the QDDR. At the release of the QDDR in December, the Secretary noted that "We are redefining success based on results achieved rather than dollars spent." We will minimize costs and maximize impacts, avoid duplication and overlap, and focus on delivering results.

The cost avoidance from this focus on efficiency and fiscal discipline are reflected in the President's fiscal year 2012 budget request for the Department and USAID. It is a budget for tight times, with core expenses growing just 1 percent more than comparable fiscal year 2010 levels. When the Department's \$8.7 billion Overseas Contingency Operations request is combined with the Pentagon's war costs in Iraq and Afghanistan, the total U.S. Government spending on these conflict zones drops by \$41 billion, highlighting the savings that can be reached through a whole-of-government approach to our Nation's most difficult challenges. Finally, the budget reflects tough choices, including slowing the expansion of the Foreign Service and reducing development assistance to more than 20 countries by at least 50 percent.

Fundamentally, the QDDR builds U.S. civilian power. This inherently creates lasting cost-effective benefits for American taxpayers and enhances our national security through preventative measures. It costs far less to deploy a diplomat to defuse a crisis than it does to field a military division if that conflict is allowed to grow. Civilian power is a wise investment for the United States, and through the reforms that the Department and USAID have laid out, it will pay dividends for years to come.

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QUESTION SUBMITTED BY SENATOR BARBARA A. MIKULSKI

*Question.* With respect to Cyprus, the United States' policy has been to support a Cyprus settlement, under the auspices of the United Nations, based on a bi-communal, bi-zonal federation with a single sovereignty and international personality and a single citizenship, with its independence and territorial integrity safeguarded, and comprising two politically equal communities as provided by the relevant United Nations Security Council Resolutions, and the High Level Agreements of 1977 and 1979.

As such, the fiscal year 2011 budget included the following language that recognized the reunification of Cyprus as an opportunity to advance United States interests in the region and requested \$11 million in Economic Support Funds (ESF):

"The fiscal year 2011 request for Europe and Eurasia is for Cyprus and is focused on encouraging the eventual reunification of the island by building support for the peace process, increasing the capacity of civil society to advocate for reconciliation and reunification, and furthering the economic integration of the island."

That request previously has been supported by the Congress through the appropriations process for years now. However, language on Cyprus is not included in the President's budget proposal for fiscal year 2012. Will you continue to illustrate U.S. promotion of reunification of the island through the Economic Support Fund?

Answer. The United States goal in Cyprus is to build regional stability through a comprehensive settlement of the Cyprus dispute. In fiscal year 2012, the administration is requesting \$3.5 million for Cyprus. This foreign assistance will allow the administration to continue to support programs focused on encouraging the eventual reunification of the island by building support for the peace process, increasing the capacity of civil society to advocate for reconciliation and reunification, and furthering economic integration.

Despite the administration's continued belief in the importance of a settlement and in the value of United States programs, the request for Cyprus has been reduced from previous levels in order to allow for the distribution of assistance resources to other global priorities. If the ongoing peace process yields results in 2011, the administration will reassess its approach to ensuring a smooth transition and demonstrate U.S. support for implementation of a sustainable settlement.

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QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

*Question.* Last year's supplemental appropriation included \$25 million specifically for reforestation in Haiti. However, it appears that such funds may instead be being used by United States Aid for International Development (USAID) for loosely defined reforestation programs that do not include the actual long-term replanting of sustainable trees.

Can you please elaborate on how USAID is using these specific supplemental Haiti reforestation funds, including how much of the \$25 million is being spent on the actual replanting of sustainable tree cover?

Answer. Thank you for your continued interest in Haiti. Like you, USAID is concerned about deforestation, and we are committed to an appropriate and sustainable natural resources management program. Through the use of funds provided in the fiscal year 2010 Supplemental Appropriation Act, we will be better able to address the underlying causes of deforestation:

- acute poverty;
- rapid population growth; and
- unplanned urbanization.

Your concern about deforestation in Haiti is well placed. USAID has learned from past experience working in Haiti that classic reforestation approaches, in which planting begins at the bottom of a hillside and continues until the entire hillside has been planted with seedlings, are not the best means of mitigation, especially when those trees planted have no value to the farmers. For successful reforestation to occur, it is critical to improve soil conservation by converting hillsides to tree-based perennial agriculture. Because of the heavy pressure on Haiti's hillsides, trees that have no value are typically replaced with a crop that does. In contrast, trees that have value are frequently managed like a crop.

While tree cover in three major Haitian forests stands at 1 percent, if trees that are grown for crop export (e.g., mango and cacao) are taken into account, the tree cover estimates increase to 10–15 percent. This is because the value of the tree grown for export is greater than the value of the trees that can be cut down for charcoal. Farmers will maintain these trees that provide sustained and higher economic value. This analysis indicates that a solution driven by changing the market dynamics that strengthens tree crop value chains is a more effective avenue to encourage reforestation in Haiti.

USAID-funded projects have in recent years increased tree crop cover by strengthening tree crop value chains (e.g. mango, cacao, coffee, and avocado). These include efforts by the Pan American Development Foundation (PADF) and the Haiti Hillside Agricultural Program, both now completed, and two ongoing projects, Economic Development for a Sustainable Environment (DEED) and Watershed Initiative for National Natural Environmental Resource (WINNER). For example, USAID's WINNER agro-forestry activities expand perennial cover on hillsides to reduce erosion and improve soil conservation, while promoting alternative energies to lower the demand for charcoal and fuel wood. WINNER strengthens value chains for tree crops and focuses on those crops with high-value yields (such as mango) that act as an effective incentive to hillside farmers to plant and manage perennial crops. During fiscal year 2010, the first full year of operations, WINNER helped 131 farmer associations to set up 133 tree nurseries and transplant a total of approximately 1 mil-



lion trees, of which 30 percent were fruit trees and 70 percent were multi-purpose trees. Please reference below chart for details.

Reforestation programs funded by the fiscal year 2010 Supplemental Appropriation Act will contribute over the long term to replanting sustainable trees for mango and cacao in Haiti by using a value-based approach that strengthens tree crop value chains and assists in producing seedling stock. USAID projects have provided the critical proof-of-concept for a market-led approach to reforestation, an approach that incentivizes farmers to take care of high-value trees, ensuring long-term impact. This is the approach that USAID has taken with its ongoing programs (WINNER and DEED) and will continue to apply in projects currently under design, including those to be funded by the supplemental appropriation.

NUMBER OF TREE PLANTS PRODUCED DURING WINNER'S TWO AGRO-FORESTRY CAMPAIGNS IN 2010

Region	Number of nurseries	Number of tree seedlings to produce (life of project)	Number of tree seedlings actually produced	Number of local organizations involved
<b>First agro-forestry campaign:</b>				
Cul-de-Sac plain .....	11	220,000	138,093	1
Kenscoff/Petion-ville .....	9	155,000	144,479	9
Gonaives .....	7	132,000	140,086	7
<b>Total campaign 1 .....</b>	<b>27</b>	<b>507,000</b>	<b>422,658</b>	<b>17</b>
<b>Second agro-forestry campaign:</b>				
Archaie/Cabaret .....	12	400,000	105,452	12
Gonaives .....	27	540,000	438,492	27
Kenscoff/Petion-ville .....	63	4,638,000	401,068	19
Mirebalais/Saut d'Eau .....	27	1,020,000	353,757	72
Cul-de-Sac plain .....	4	120,000	109,470	1
<b>Total, campaign 2 .....</b>	<b>133</b>	<b>3,718,000</b>	<b>1,408,239</b>	<b>131</b>
<b>Total, campaigns 1 and 2 .....</b>	<b>160</b>	<b>4,225,000</b>	<b>1,830,897</b>	<b>148</b>

USAID anticipates that a minimum of 50 percent, or \$12.5 million, of the \$25 million in natural resources management funds provided by the supplemental appropriation will support activities related to tree planting, including agro-forestry, reforestation, shade-grown cacao, and mango, and other related programs designed to increase forest cover in Haiti, in accordance with the intent of the Congress and as specified by legislation. The use of increased tree cover to reduce soil erosion will strategically protect agricultural investments made in targeted lowland plains, provide sustainable sources of income for rural households, and serve as incentive to expand area under tree cultivation in the future.

SUBCOMMITTEE RECESS

Senator LEAHY. Thank you, the subcommittee is recessed.  
[Whereupon, at 4:05 p.m., Wednesday, March 2, the subcommittee was recessed, to reconvene subject to the Chair.]