

THE SECRETARY OF STATE
WASHINGTON

February 11, 2013

The Honorable Barbara A. Mikulski
Chairwoman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

Thank you for your letter regarding the impact of sequestration on the Department of State and the U.S. Agency for International Development (USAID). We share your deep concern that sequestration would disrupt delivery of essential services to the American people, including critical national security programs.

Sequestration would force the Department and USAID to make across-the-board reductions of \$2.6 billion to fiscal year 2013 funding levels under the continuing resolution. Cuts of this magnitude would seriously impair our ability to execute our vital missions of national security, diplomacy, and development. Our ability to influence and shape world events, protect U.S. interests, increase job-creating opportunities for American businesses, prevent conflict, protect our citizens overseas, and defeat terrorism before it reaches our shores depends on day-to-day diplomatic engagement and increased prosperity worldwide. These cuts would severely impair our efforts to enhance the security of U.S. government facilities overseas and ensure the safety of the thousands of U.S. diplomats serving the American people abroad.

Sequestration would force us to cut approximately \$200 million from our humanitarian assistance accounts at a time when we face growing needs in Syria, the Horn of Africa, and the Sahel. Such a reduction would hinder our ability to provide life saving food assistance to two million people and USAID would have to cease, reduce, or not initiate assistance to millions of disaster-affected people. Similarly, sequestration would cut global health funding by over \$400 million, gravely impeding our efforts to create an AIDS-free generation and to end preventable child deaths. Such cuts undermine our efforts to shape the broader international efforts to fight disease and hunger, invest in global health, and foster more stable societies and regions.

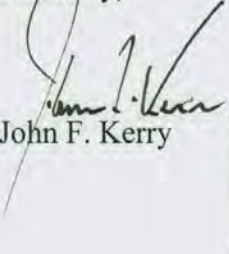
Under sequestration, our security assistance accounts would face an approximately \$500 million reduction, undermining our efforts around the world to prevent conflict and protect our national security. An over \$300 million cut to our Foreign Military Financing account could lead to reductions in military assistance to Israel, Jordan, and Egypt, undermining our commitment to their security at such a volatile time. This cut will be felt at home, resulting in a loss of sales to U.S. industry and a potential loss of U.S. jobs. Furthermore, the Department would have to cut contributions to international peacekeeping operations, efforts to counter terrorism and prevent loose and dangerous weapons from falling into the wrong hands, and support for law enforcement and counternarcotics efforts, including efforts to dismantle drug trafficking networks in Mexico, Central America, and the Caribbean.

In addition, this proposed across-the-board cut to the State Department budget would limit our ability to provide ongoing and emergency assistance to U.S. citizens abroad and curtail our efforts to facilitate foreign travel to the United States. Cuts at the contemplated level would constrain our ability to assist U.S. citizens overseas, often at their darkest times. Reductions in funding would jeopardize the Department's efforts to provide secure, error-free travel documents to those eligible to receive them, while denying them to those not eligible. Reduced funding would also undermine progress made in ensuring that visa requests are processed in a timely fashion. Visa processing times directly impact job creation in the United States. The Department of Commerce estimates that one job is created in America's travel and tourism industry for every 65 visas issued.

Sequestration would also force dramatic cuts to the platform which supports the State Department, USAID, and other U.S. government agencies operating abroad, including efforts to enhance the security of U.S. government facilities, the platform for safe and secure diplomatic operations, both domestically and overseas. It would also force reductions in USAID's operating budget of nearly \$70 million, reversing the progress made to better equip the agency to achieve the Administration's objectives in an accountable, transparent manner.

The enclosed document describes in more detail the impact sequestration would have on the Department's and USAID's operating budgets and foreign assistance programs. This list is illustrative, but far from exhaustive. I hope that Congress can act to avoid these severe, across-the-board cuts to programs that further U.S. national security, advance America's economic interests, protect Americans at home and abroad, and deliver real results for the American people.

Sincerely,



John F. Kerry

Enclosure:

As stated.

Impact of Sequestration on Department of State and the U.S. Agency for International Development

Sequestration would cut **State Operations** by roughly \$850 million and **Foreign Assistance** by approximately \$1.7 billion. Cuts of this magnitude would severely impair our ability to ensure America's leadership in global affairs, build relationships with host governments, and promote peaceful democracies. They would limit our ability to advance peace, security, and stability around the world, and to prevent wars, contain conflicts, reduce the threat of nuclear weapons, expand global markets, counter extremism, secure our borders, and protect Americans abroad.

This across-the-board cut to the State Department budget would limit our ability to provide ongoing and emergency assistance to U.S. citizens abroad and curtail our efforts to facilitate foreign travel to the United States. Cuts would:

- Constrain our ability to assist U.S. citizens overseas, often at their darkest times;
- Jeopardize efforts to provide secure, error-free travel documents to those eligible to receive them, while denying them to those not eligible; and
- Undermine progress made to ensure that visa requests are processed in a timely fashion. Visa processing times directly impact job creation in the United States; the Department of Commerce estimates that one job is created in America's travel and tourism industry for every 65 visas issued.

Sequestration would reduce our ability to help U.S. companies compete for foreign government and private contracts; navigate foreign regulations and settle disputes; and negotiate international agreements and treaties to open new markets for American goods and services. Our day-to-day work of opening overseas markets, promoting U.S. exports, and helping poor countries grow into more developed economies would suffer, reducing long-term prospects for U.S. prosperity and job creation. Specifically, cuts of this magnitude would:

- Compromise our ability to help U.S. companies capture opportunities abroad in growing markets such as India, Brazil, and Mexico, with trade agreements, investment treaties, direct advocacy, and other diplomatic tools that open markets and ensure a level playing field;
- Reduce economic and development assistance accounts by more than \$400 million, setting back efforts to open markets overseas and create U.S. exports and jobs, while also lifting families from hunger and poverty;
- Cut Foreign Military Financing (FMF), potentially resulting in a loss of sales to U.S. companies and a loss of jobs across the United States. FMF dollars purchase U.S. goods and services and create skilled jobs across the United States, strengthening our industrial base, and often lowering the cost for the same military articles and services to our own armed forces; and
- Reduce export promotion programs that help U.S. businesses identify, pursue, and capture opportunities abroad and create jobs at home.

Cuts would eliminate resources needed to fight disease and hunger, invest in global health, provide humanitarian assistance, and reduce the threats of climate change, undermining efforts to foster more stable societies and regions. We would be forced to make the following cuts:

- More than \$200 million from our humanitarian accounts, hampering our ability to respond to humanitarian disasters at a time when the world faces growing needs in Syria and its neighboring countries, and ongoing crises in the Horn of Africa and the Sahel;
- Roughly \$70 million from Title II food aid, impairing our ability to provide lifesaving assistance to nearly two million people overseas; and
- More than \$400 million from our Global Health Program, including \$280 million from the President's Emergency Plan for AIDS Relief, hindering our ability to achieve global health objectives such as creating an AIDS-free generation, ending preventable mother and child deaths, and fulfilling our commitment to the Global Alliance for Vaccines and Immunizations and to the Global Fund.

In addition, we would be forced to:

- Scale back efforts to end preventable child deaths, eliminate polio globally, continue progress towards controlling malaria in Africa, and mitigate highly virulent viruses such as H5N1 from developing into a pandemic and directly threatening U.S. citizens;
- Make significant reductions to Feed the Future, the President's global hunger and food security initiative, which helps countries improve food security, generate opportunities for economic growth and trade, reduce poverty, and ultimately decrease their reliance on international assistance, including emergency food aid, by cultivating sustainable agricultural sectors; and
- Relinquish leadership on climate change, reducing our efforts to help countries invest in a clean environment and transition to a low-carbon future, and constraining the market for U.S. "green" firms.

Cuts would limit the ability of the State Department and USAID to bring nations together and forge partnerships to address these and other global problems. Every day, we support the spread of open and accountable democracy around the world to advance freedom, dignity, and development. Sequestration would:

- Compromise our ability to shape strategy in international fora (G-8, G-20, the United Nations, and the Organization for Economic Cooperation and Development) and to use these organizations to obtain worldwide cooperation on global challenges, such as safeguarding against nuclear threats, strengthening economic cooperation, and supporting development;
- Impede progress in Afghanistan by obstructing U.S. and international efforts in Afghanistan to sustain the economic and development gains made at great sacrifice over the past 10 years;
- Jeopardize our allies in the Middle East. Sequestration would force cuts to economic assistance to Jordan and Egypt, a particular risk given the vital role of these partners in managing the unfolding transitions in the Middle East; and
- Undercut our advances in creating a positive view of America and the American people by reducing our participation in international education and cultural programs that give foreign participants a real understanding of our country and its values.

Sequestration also would undermine our work with more than 150 nations and international organizations around the world to protect our national security with a roughly \$500 million cut to international security assistance. Sequestration would:

- Cut Foreign Military Financing by \$300 million, potentially reducing our military assistance to Israel, Jordan, and Egypt, and undermining our commitment to their security at an especially volatile time;
- Reduce contributions to international peacekeeping operations by almost \$20 million, hindering our efforts to stabilize the conflict in Mali and prevent the spread of extremism in the Sahel; and
- Jeopardize our efforts to counter terrorism by cutting roughly \$35 million for our efforts to counter terror, prevent loose and dangerous weapons from falling into the wrong hands, and supervise the safe destruction of conventional weapons.

Sequestration would force dramatic cuts to the platform which supports the State Department, USAID, and other U.S. government agencies operating abroad, and would:

- Erode efforts to enhance the security of U.S. government facilities, the platform for safe and secure diplomatic operations, both domestically and overseas; and
- Reduce USAID's operating budget by nearly \$70 million, reversing the progress made to better equip the agency to achieve the Administration's objectives in an accountable, transparent manner.