

THE PRESIDENT'S FOREIGN AFFAIRS BUDGET

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

—————
FEBRUARY 8, 2007
—————

Printed for the use of the Committee on Foreign Relations



Available via the World Wide Web: <http://www.gpoaccess.gov/congress/index.html>

U.S. GOVERNMENT PRINTING OFFICE

42-473 PDF

WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON FOREIGN RELATIONS

JOSEPH R. BIDEN, JR., Delaware, *Chairman*

CHRISTOPHER J. DODD, Connecticut	RICHARD G. LUGAR, Indiana
JOHN F. KERRY, Massachusetts	CHUCK HAGEL, Nebraska
RUSSELL D. FEINGOLD, Wisconsin	NORM COLEMAN, Minnesota
BARBARA BOXER, California	BOB CORKER, Tennessee
BILL NELSON, Florida	JOHN E. SUNUNU, New Hampshire
BARACK OBAMA, Illinois	GEORGE V. VOINOVICH, Ohio
ROBERT MENENDEZ, New Jersey	LISA MURKOWSKI, Alaska
BENJAMIN L. CARDIN, Maryland	JIM DEMINT, South Carolina
ROBERT P. CASEY, JR., Pennsylvania	JOHNNY ISAKSON, Georgia
JIM WEBB, Virginia	DAVID VITTER, Louisiana

ANTONY J. BLINKEN, *Staff Director*

KENNETH A. MYERS, JR., *Republican Staff Director*

CONTENTS

	Page
Biden, Hon. Joseph R., Jr., U.S. Senator from Delaware, opening statement ...	1
Lugar, Hon. Richard G., U.S. Senator from Indiana, opening statement	3
Rice, Hon. Condoleezza, Secretary of State, Washington, D.C.	5
Prepared statement	9

APPENDIX

Responses to additional questions submitted for the record by members of the committee	
Responses to additional questions submitted by Chairman Biden to Secretary Rice	63
Responses to additional questions submitted by Senator Lugar to Secretary Rice	86
Responses to additional questions submitted by Senator Boxer to Secretary Rice	114

THE PRESIDENT'S FOREIGN AFFAIRS BUDGET

THURSDAY, FEBRUARY 8, 2007

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 9:19 a.m., in room SD-106, Dirksen Senate Office Building, Hon. Joseph R. Biden, Jr. (chairman of the committee) presiding.

Present: Senators Biden, Dodd, Kerry, Feingold, Boxer, Bill Nelson, Obama, Menendez, Cardin, Casey, Webb, Lugar, Hagel, Coleman, Corker, Voinovich, and Isakson.

OPENING STATEMENT OF HON. JOSEPH R. BIDEN, JR., U.S. SENATOR FROM DELAWARE

The CHAIRMAN. The hearing will come to order.

Madam Secretary, welcome. It's an honor to have you back here today.

Today, the Foreign Relations Committee meets to hear the Secretary of State on the budget for foreign affairs for fiscal year 2008. A month ago, the Secretary testified before us on the President's plan to surge additional United States forces into Iraq, and she heard a varying number of opinions from this committee. I continue to believe the President's making a tragic mistake by inserting thousands of additional troops in the middle of a civil war. We need a political solution, and I think the better way to get breathing room, as we all are talking about, is through that solution, and begin to drawdown troops, not escalate them. But that's not the purpose of today's hearing.

Today's hearing is to talk about the State Department budget. The budget presented to the Congress this week requests \$36.2 billion for international affairs for fiscal year 2008. It also seeks nearly \$6 billion in emergency spending for fiscal year 2007, primarily for Iraq, Afghanistan, and the war against Islamic extremists, and it requests another \$3.3 billion in emergency spending for fiscal year 2008.

In seeking these supplemental funds as so-called emergency spending, spending not within the normal budget limitations, the President continues to be intellectually dishonest in that calling on Congress to exercise budget discipline while exhibiting not very much discipline at the administration level. We've been in Afghanistan for over 5 years, in Iraq for nearly 4; spending in either country can hardly be called an emergency. Madam Secretary, you have said that we face an existential threat to our security since 9/11, and the President says the war in Iraq is a central front on ter-

rorism. If the very survival of our country is at stake, I'm still confused as to why the administration doesn't come out and ask the American people to pay for those wars today rather than burden the taxpayers of tomorrow.

Iraq dominates the time, attention, and the resources of our national government, and I would like to know how you're budgeting your own time, Ms. Secretary, in dealing with Iraq and how much time that leaves for you to address the many other challenges we confront, specifically the ongoing struggle for Afghanistan, the genocide in Darfur, the Middle East peace process, the crisis in Lebanon, the nuclear weapons program in North Korea, and the nuclear ambitions of Iran. You have your hands full.

I'm particularly interested in our strategy with regard to Iran. In recent weeks, we have deployed an additional carrier group to the Persian Gulf, we let it be known that Iranian agents in Iraq could be targeting U.S. militaries, and, in general, we have escalated our rhetoric. The threat posed by Iran and its nuclear ambitions is real, and, of course, we should use any means necessary to protect our soldiers. But if there's a coherent strategy in place to deal with Iran, I'd like to hear more about it. Perhaps the strategy is this, by increasing pressure on Iran from across the board, we put Tehran on the defensive and strengthen our hands in any future negotiation. That makes sense, provided we are serious about talking. If we are, I would urge you to make it clear to the Iranians, our allies, and to the American people, that we intend to talk.

The subject to start with would be Iraq, where we have shared interest in preventing a total breakdown. It should go beyond Iraq and encompass a full range of issues that divide us—the nuclear program, Iran's support for terrorism, and its opposition to an Arab-Israeli peace.

I do not agree with your statement, Madam Secretary, that negotiations with Iran and Syria would be extortion, nor did most of the witnesses we heard in this committee during the last month. The proper term, I believe, and they believe, is "diplomacy," which is not about paying a price, but finding a way to protect our interests without engaging in a military conflict. It is, I might add, the fundamental responsibility of the Department of State to engage in such diplomacy, as you well know.

As Lee Hamilton said, "Do we have so little confidence in our diplomats that we are not willing to let them talk to somebody we disagree with?" The rhetoric coming from the administration about Iran is starting to sound a little like a runup that we heard in the fall of 2002. If the President believes that the threat posed by Iran requires military action, he should come to the Congress, and, by extension, the American people, and seek legal authority from Congress to undertake it. He has, in my view, no such authority to wage war against Iran today.

Before I turn to Senator Lugar, let me note, for the rest of the committee, that if we're able to get a quorum of 11 Senators present, we will briefly interrupt the hearing and vote on the nomination of Ambassador Negroponte to be the Deputy Secretary. I'm confident the Secretary will not object to such an interruption, if we could do that.

I yield now to my colleague Senator Lugar.

**STATEMENT OF HON. RICHARD G. LUGAR,
U.S. SENATOR FROM INDIANA**

Senator LUGAR. Thank you very much, Mr. Chairman. I join you in welcoming Secretary Rice.

We understand the magnitude of the task that confronts the State Department. We look forward to this opportunity to engage you in dialog on the administration's foreign policy activities and budget priorities.

In January, you undertook an important trip to the Middle East. I believe that your efforts and the changing circumstances of the region are opening new opportunities to advance stability. The United States is attempting to organize regional players—Saudi Arabia, Jordan, Egypt, Turkey, the Gulf States, and others—for a discussion of how to address Iran's stated aspirations and how to make progress on stalled negotiations, including the Arab-Israeli conflict. Such an agenda has relevance for stabilizing Iraq and bringing security to other areas of conflict in the region, such as Lebanon and the Palestinian territories.

Many states in the Middle East are concerned by Iran's apparent program and by the possibility of sectarian conflict beyond Iraq's borders. They recognize the United States is an indispensable counterweight to Iran and a source of stability in the region. The United States has leverage to enlist greater support for our objectives inside Iraq and throughout the region. It's important that Congress and the public fully understand any strategic shift in our policy. The President should be reaching out to the Congress in an effort to construct a consensus on how we will protect our broader strategic interests, regardless of what happens in Baghdad during the next several months. The worst outcome would be a wholesale exit from vital areas and missions in the Middle East precipitated by U.S. domestic political conflict and fatigue over an unsustainable Iraq policy.

As we think with you on how to achieve our goals in the Middle East and elsewhere, we also must consider how to strengthen our diplomatic instruments. The Bush administration deserves praise for its international affairs budget submissions, which have attempted to reverse the downward spiral in U.S. foreign policy capabilities imposed during the 1990s. In that decade, both Congress and the executive branch rushed to cash in on the peace dividend. But by the time we confronted the tragedy of September 11, 2001, many of our foreign policy capabilities were in disrepair. In 2001, the share of the U.S. budget devoted to the international affairs account was barely above its post- World War II low, and only about half of its share in the mid-1980s. Embassy security upgrades were behind schedule. We lacked adequate numbers of diplomats with key language skills. Many important overseas posts were filled by junior Foreign Service officers. And our public diplomacy was completely inadequate for the mission and era of global terrorism.

Our diplomatic capabilities have made progress under President Bush, but much work is left to be done. Unfortunately, despite two wars and multiple diplomatic crises, Congress has routinely cut the President's request for the 150 account. In 2005 and 2006, Congress reduced the President's regular request by about \$2 billion each year. In the current fiscal year, we are still awaiting a final

outcome, but the President's fiscal year 2007 request may suffer what amounts to a \$2.5 billion reduction. We seemed barely to notice that, in a time of war, we are telling the Commander in Chief we will not fund his regular request for the civilian side of our national security budget. And we also barely noticed that the foreign affairs account is a relative bargain, at one-fourteenth the size of the defense budget. In fact, the budget for fiscal year 2008 seeks an increase in defense spending over 2006 appropriated levels of approximately \$71 billion. This 2-year increase alone is roughly twice the size of the entire foreign affairs 150 account.

Though the State Department has numerous underfunded priorities, I would mention several that are especially critical. First, there is still no rapidly deployable civilian corps that is trained to work with the military on stabilization and reconstruction missions in hostile environments. The President's call for such a corps in his State of the Union Address was a breakthrough for a concept that was developed by this committee 3 years ago. Presidential interest must be accompanied by robust funding requests that, so far, have not appeared.

On Tuesday, Secretary Gates and General Pace testified before the Senate Armed Services Committee about the urgent need for civilian expertise in the Iraq stabilization effort. The New York Times reported that, "Mr. Gates said Ms. Rice has told him that her department needed 6 months to locate and prepare civil servants and contractors to send abroad." The paper also reported that Secretary Rice's office has made a request of the Defense Department that, "military personnel temporarily fill more than one-third of the new 350 new State Department jobs in Iraq that are to be created under the new strategy."

General Pace asserted that civilians were needed, "to be able to help with judiciary systems, to be able to help with engineering, be able to help with electricity and the like before a country dissolves—or, rather, devolves—into a state where the terrorists can find a home."

But creating and sustaining this civilian capacity is precisely the intent of Lugar-Biden-Hagel legislation that passed the Senate last year. The State Department's creation of an Office of Reconstruction and Stabilization was a step forward, but much more is required if the Department is to play its proper role in stabilization efforts that are increasingly critical to our national security. We want to help the State Department make this happen as soon as possible. In addition to meeting contingencies in Iraq and Afghanistan, we must be ready for the next post-conflict mission.

Second, State Department positions in key countries are still going unfilled or are being filled by junior officers without adequate language skills. Our public diplomacy, in particular, is encumbered by a lack of experience and resources. We cannot afford second-tier embassies when we are in the midst of a worldwide campaign against terror. Defense agencies increasingly have been granted authority to fill gaps in foreign assistance and public information programs, but the military is ill-suited to run such programs. A far more rational approach would be to give the State Department the resources it should have to achieve what clearly are civilian missions.

Third, the much-needed training rotation that Secretary Powell attempted to organize in the Department has not been implemented, as personnel and resources have been devoted to Iraq and Afghanistan. Congress should grant your request for 104 more positions to enhance language training and regional expertise.

And finally, I would note that Senator Obama and I have offered legislation last year to improve counterproliferation assistance and U.S. capabilities to eliminate conventional weapons, including MANPADS. The Lugar-Obama bill was passed overwhelmingly and signed into law. The State Department's budget request proposes a \$36 million increase for conventional weapons dismantlement. This represents a dramatic step forward. I visited a number of weapons facilities in Eastern Europe and the former Soviet Union in dire need of dismantlement assistance. This funding increase will allow the United States to get to work destroying those weapons.

Unfortunately, the request for counterproliferation efforts through the export control and related Border Security Program is \$4 million less than the request from a year ago. Senator Obama and I look forward to working with you to enhance U.S. counterproliferation efforts, including increasing funding for proliferation interdiction assistance.

Foreign Service officers and USAID professionals who are risking their lives to pursue U.S. objectives must have the tools they need to succeed. We must continue our investments in diplomats, embassy security, foreign assistance, and other tools of foreign policy. If a greater commitment of resources can prevent the bombing of one of our embassies, enhance alliance participation and peacekeeping efforts, secure vulnerable weapons stockpiles, prevent a failed state, or improve detection of terrorists seeking visas, the investment will have yielded dividends far beyond its cost.

Madam Secretary, it is always a pleasure to have you with us, and we are honored by your presence today, and we look forward to your insights on these matters.

I thank the Chair.

The CHAIRMAN. Thank you, Senator.

We have a quorum, and if the Secretary wouldn't mind, we have 11 Senators, I'd like to interrupt.

[Recess.]

The CHAIRMAN. The floor is yours, Madam Secretary.

STATEMENT OF HON. CONDOLEEZZA RICE, SECRETARY OF STATE, WASHINGTON, DC

Secretary RICE. Thank you very much, Mr. Chairman. Thank you, Senator Lugar. Thank you, members of the committee. And, very much, thank you for that vote. It is going to be very good, should he be confirmed by the full Senate, to have John Negroponte return to his home at the State Department after many years of service to our Government. So, thank you for that.

I appreciate the opportunity to address the committee about the challenges and opportunities that we face today and the budgetary resources that are necessary to meet those challenges. I want to assure you that I look forward to continuing to work with you across party lines to make certain that our men and women who are serv-

ing so admirably abroad are able to carry out the task of U.S. foreign policy in this critical time.

Mr. Chairman, I have a longer statement, but I would suggest that if you—if the committee will allow, I will just make a few comments and then enter the full statement into the record.

The CHAIRMAN. Your entire statement will be entered into the record as if read.

Secretary RICE. Thank you.

President Bush's fiscal year 2008 international affairs budget for the Department of State, USAID, and other foreign affairs agencies totals \$36.2 billion. The President's budget also requests \$6 billion in supplemental funding for FY 2007 to support urgent requirements that are not funded in the annual budget. The supplemental request includes \$1.18 billion for additional operating costs of the Department of State and other agencies, and \$4.8 billion to meet urgent new foreign assistance needs in Afghanistan, Iraq, and Lebanon, as well as peacekeeping and humanitarian needs in Sudan, Somalia, and other countries in need.

In addition, the administration is requesting \$3.3 billion in war supplemental funding for fiscal year 2008, \$1.37 for foreign assistance, and \$1.93 for State Department operations to support emergency requirements in Iraq and Afghanistan. And this is to try and be responsive to the Congress's wish to know how we project costs for those two wars into fiscal year 2008.

I just want to underscore that this is money—these are resources that are fundamental to our national security. Over the 5 years since the attacks of September 11, we remain engaged in a global war on terror. We are engaged in wars that are different kinds of wars. And to be successful, the force of arms is necessary, but not sufficient. We must mobilize our democratic principles, our development assistance, our compassion, and our multilateral diplomacy, as well as the power of our ideas. This means, members of the committee, that the Department of State is playing, in many ways, a different role, a transforming role during this period of national crisis that is, in some ways, unaccustomed, but a role that we believe is critical to success in our policies.

President Bush has recognized this and has designated the State Department, this year, as a national security agency alongside the Department of Defense and the Department of Homeland Security. We have most—the lead on most of the tasks, as well, under the National Counterterrorism Strategy.

What I would submit to you today is that this has caused us to relook at, and rethink, a lot of the ways that the Department does its work. We are very actively redeploying our diplomats out of posts, for instance, in Europe, to posts in places like India and places in Latin America, places that, frankly, have been understaffed by American diplomatic personnel. At one point, we had as many people in Germany as we had in India. We're trying to right some of those balances.

We are restructured. We have restructured our foreign assistance efforts so that our foreign assistance dollars are going to high-priority tasks and are matched up with the objectives that we are trying to achieve. We have put a great effort into restructuring public diplomacy. And, of course, as Senator Lugar mentioned, we are

putting a great effort into language development for our diplomats. I might just note that this is something that takes a while to remedy. The truth of the matter is that this country has been underinvested in the study of critical languages, like Arabic, Farsi, even Chinese, for a very long time. When I was a young student, growing up—graduate student—it was the patriotic thing to do to learn to speak Russian. And I picked up a little Czech along the way, because those were considered critical languages. The National Defense Languages Act funded people to take on those critical languages. But we're trying catch up. And two things that would help very much that are in this budget is, one, that we do need a training float—it was mentioned by Senator Lugar—so that we can keep people in language training to get true proficiency; and, second, we have quadrupled the number of people that are taking, for instance, Arabic, but we are looking for more language specialists, and, indeed, will look at some of our Foreign Service hiring practices to see if we can even hire, at mid-career, people who may have those language skills.

We also are asking our diplomats to go to more and more unaccompanied posts. I think it's sometimes not recognized that when we ask diplomats to serve in Baghdad or Kabul or Riyadh or Islamabad or Beirut, they, like the military, go without their families. They go for unaccompanied posts. And it's difficult on families. It is also the case that they are going to evermore dangerous places.

And here, Mr. Chairman, I really want to say a word about the people who are serving in some of these most dangerous places. I know that the President really appreciates the fact that we do have diplomats serving in places like Anbar province, we do have people serving in the neighborhoods of Baghdad, in the Provincial Reconstruction Teams. These Reconstruction Teams were the idea of the State Department to get our diplomats out of the center of the city and into contact with local officials, with provincial officials. And they, too, are serving in places where they take mortar attack. They are, too, serving in places where convoys are attacked as they go from place to place. We're doing everything that we can to secure them. But I want it to be understood, civilians are taking tremendous risks in these places, and their service needs to be honored, and it needs to be recognized by everyone, just as the service of our men and women in uniform is recognized.

We, indeed, are looking for ways to improve our ability to deploy civilians, but it is—it's interesting, when we look at posts like Baghdad or posts like Kabul, I was concerned, at one point, that in order to get the right mix of people, to get Foreign Service officers to go to these difficult posts, that we might have to direct service. We have not had to do that. In fact, we've had volunteers for those posts. We are at 98 percent filled right now, and we are at 87 percent subscribed for assignments that do not come into being until this summer. And so, the State Department, in Baghdad and Kabul and Islamabad and Riyadh, we are getting our people to those posts.

I'd like to note, too, that we are doing so with people who are appropriate to the task, in terms of training and experience. It is

true, as I said, that language is a problem, but that's a national problem that we're trying to deal with.

And if I may, I will just speak to a couple of questions that the Chairman and Senator Lugar asked in their opening statements.

On the question of the Civilian Response Corps, Senator Lugar, I could not agree more, this is something that we very much favor. We have filled, for instance, in—for the President's surge of civilian personnel, we have filled the State Department positions. We know who's going to go. They will be ready to go. The problem is, the State Department doesn't have agronomists and engineers and city planners. No foreign service in the world has those people. And so, we have to find that talent elsewhere. We don't have much of that talent, frankly, in the U.S. Government as a whole, although the President has asked other departments, including domestic agencies, to make people available.

What we need is the ability to mobilize civilians, from the population as a whole, who could take those tasks. Three things would be very helpful in being able to do that, and they are submitted in various parts of the budget.

One is that we need the ability to reimburse domestic agencies if they send people out to places like Baghdad and Kabul for extended periods of time. We have asked for a fund, to be held at the State Department, to be able to reimburse those agencies, because that kind of money simply does not appear in their budgets.

Second, it would be helpful to have full funding this time for the personnel for the SCRS, the stabilization group that reports to me and that works now in places like Lebanon and Sudan and Afghanistan and Haiti. We need full funding of that. We've also requested money in the peacekeeping account for emergency deployment, emergency response, because when something happens, as happened in Lebanon, what we have to do is to search around, try to reprogram funding, and then try to come to you in a supplemental to make up the money that we've taken someplace else.

So, those elements would help a great deal in helping us to be able to be responsive to these rebuilding tasks, and we want to work with you on the Civilian Response Corps. That would be very, very good work to do.

If I may, I would like to respond also to a question that Senator Biden asked in his opening remarks, and it's about how we are managing the myriad tasks that we have these days. Indeed, it is an international system that is remaking itself and has a lot going on. But I'll tell you, Senator, while Iraq obviously is a major focus for me, it is not, by any means, my only focus. Just a couple of weeks ago, I was at NATO to—in a meeting that we called—to talk to our allies about contributions to Afghanistan and also to engage, through the transatlantic dialog that we have there, the Europeans on the matter of Kosovo, because I'm watching, very closely, the developments in Kosovo. I've had the opportunity to talk to Senator Voinovich about this. But this is an issue that we are trying to work from start to finish.

I also, this morning, spoke with the Ambassador to Lebanon. I have a weekly SVTS, weekly teleconference, with my team in Lebanon to follow, very closely, events there, because progress in Lebanon is very important to us.

We have been using the talent of the country to help us on some of these matters help on us some of these matters. I want to thank ambassadors-at-large, so to speak—Ambassador—General Ralston, who is working for us on the PKK Iraq-Turkey issue; Frank Wisner, who is our envoy for Kosovo; and, of course, Andrew Natsios, who is working on Sudan. I met with him a couple of days ago, and with the group that is working on Sudan.

So, yes; we're keeping very busy. Oh, and I forgot to mention, of course, I'm leaving on Friday, a week from today, to go back to the Middle East to try and launch the trilateral with Prime Minister Olmert and with President Abbas. So, yes; it's a busy schedule, but I have to say I think we see these all as extremely important, and I feel quite capable of spending a lot of time on a lot of these issues.

So, thank you very much for the question, but thank you also for the vote on John Negroponte, which will certainly give us a lot more horsepower on these issues.

Thank you.

[The prepared statement of Secretary Rice follows:]

PREPARED STATEMENT OF HON. CONDOLEEZZA RICE, SECRETARY OF STATE,
WASHINGTON, DC

Mr. Chairman, members of the committee, thank you for this opportunity to address the committee about the many challenges and opportunities of our world today. I look forward to continue working with Congress, closely and across party lines, to ensure that America's diplomacy, and the courageous individuals who undertake it, have the necessary resources to protect our national security, advance our democratic ideals, and improve people's lives throughout the world. With these duties we also reaffirm our responsibility to the American people: To be the best possible stewards of their hard-earned dollars.

President Bush's FY 2008 International Affairs Budget for the Department of State, USAID, and other foreign affairs agencies totals \$36.2 billion. The President's budget also requests \$6 billion in supplemental funding for FY 2007 to support urgent requirements that are not funded in the annual budget. This supplemental request includes \$1.18 billion for additional operating costs of the Department of State and other agencies. It also includes \$4.81 billion to meet urgent new foreign assistance needs in Afghanistan, Iraq, and Lebanon, as well as peacekeeping and humanitarian assistance in Sudan, Somalia, and other countries in need. In addition, the administration is requesting \$3.3 billion in war supplemental funding in FY 2008—\$1.37 for foreign assistance and \$1.93 billion for State Department operations—to support emergency requirements in Iraq and Afghanistan.

This money is a fundamental investment in our national security. More than 5 years after the September 11 attacks, America remains engaged in a global war on terrorism, but it is a war of a totally new and different kind. We face a long confrontation, in which military strength is important to our success, but is not sufficient. The defining feature of our world today is its interdependence. The security of the American people depends on the stability and the success of foreign societies. If governments cannot, or choose not, to meet their responsibilities as sovereign states, then every country in the world is threatened. The President believes that, in today's world, the defense of our country depends on the close integration of our multilateral diplomacy, our development efforts, and our support for human rights and democratic institutions. That is why President Bush, in his budget, designates the State Department as a national security agency.

We must recognize that our Foreign Service, our Civil Service, and our Foreign Service Nationals are performing a vital national security role—often in difficult and dangerous posts, far away from their friends and families, and in many cases, shoulder to shoulder with our men and women in uniform. We are asking our civilians to do far more than just manage an existing international order; we are charging them with helping foreign citizens and their governments to transform their countries—to move them toward peace, freedom, prosperity, and social justice.

This is the national security mission of our State Department today, which we have referred to as transformational diplomacy. To succeed in this critical work for

the American people, we are making important changes to our Department's organization—both in terms of the roles our people are playing and how we are revolutionizing our approach to foreign assistance. This is the foundation of our budget, and I would like to briefly review these important changes.

TRANSFORMING THE STATE DEPARTMENT

Faced with new challenges to our country, President Bush has initiated major reforms to bring our institutions of national security into the 21st century. Now it is the State Department's turn. With the support of Congress, we are moving our people off the front lines of the last century, in the capitals of Europe and here in Washington, and into the critical posts of this new century—in Asia and Africa and the Middle East, and here in the Americas. Last year, we reprogrammed 200 positions for this purpose; we are set to reposition 80 more. At the same time, we are moving more of our people out of our embassies and into the field, so they can engage and work not only with governments but with the people of the nations in which they serve. We are making every necessary change—giving our diplomatic corps better training, better tools and technology, and more language skills—to empower them to meet this challenge.

We realize that resources are tight, so in all that we do, we seek to be good stewards of the taxpayers' money. That is why, last year, I created the position of Director of United States Foreign Assistance, which Randy Tobias now occupies. He serves concurrently as the Administrator of the United States Agency for International Development, and in these dual roles, helps to bring unified leadership to our foreign assistance resources. Our goal for this budget was unprecedented: The strategic alignment of our foreign assistance with our foreign policy goals.

The budget that you have in front of you represents the first joint effort of the State Department and USAID, working together, to align resources strategically in order to accomplish key national security and development goals with maximum efficiency and fiscal responsibility. To that end, we allocated our resources on the basis of shared goals, established common definitions for our foreign assistance programs, and common indicators to evaluate their performance. Six strategic principles guided our efforts:

- To integrate our planning based on the totality of our government's resources, so we can make the smartest investments possible, without duplicative efforts or wasteful spending;
- To assess where each country stands in its course of development, so we can tailor our assistance to the unique demands of each individual country and support its own efforts to combat poverty;
- To invest in states critical to regional stability and prosperity, which are often those key to the global war on terror;
- To focus our assistance on the most critical impediments to, and catalysts for, long-term country progress;
- To empower our ambassadors and missions directors to oversee the complete range of foreign assistance programs in the countries in which they work;
- And finally, to align our account structure with the country conditions and goals that they are designed to address.

The main idea that I want to stress is this: Our new approach to foreign assistance ensures an efficient, effective, and strategic use of the American taxpayer's money. The adjustments you may see in one program are justified by what we have determined is an even greater need elsewhere, and for the first time, we are starting to measure the tradeoffs in order to make the best use of our limited resources. With the performance and accountability measures we are putting in place, we will better ensure that we are providing both the necessary tools and the right incentives for host governments to secure the conditions necessary for their citizens to reach their full human potential. This furthers our goal of helping developing nations to "graduate" from our assistance, not to grow dependent on it.

EMPOWERING OUR PEOPLE

We are moving ahead on these actions with our existing authority. They are steps that need to be taken, and we are taking them. But we must do more, and to do it, we need more resources. We need the continued, indeed the increased, support of the Congress. That is why we are requesting \$7.2 billion for State Department administration.

As we transform our existing positions to serve new purposes, we must also create new positions that advance our strategic objective of getting more Americans onto the diplomatic front lines of the 21st century. This year, we are requesting \$125 million to create 254 new positions in critical spots like India, China, Indonesia, Ven-

ezuela, Nigeria, South Africa, and Lebanon. This funding will also enable us to establish new American Presence Posts, reflecting our goal of moving more of our diplomats into the regions and provinces of our host countries. In addition, we request 57 positions and \$23 million for the Office of the Coordinator for Reconstruction and Stabilization and our Active Response Corps. This will strengthen our ability to develop a deployable cadre of civilian staff able to respond quickly to crises and stabilization missions overseas.

Our Department's new and evolving mission, which is vital to our national security, requires an increased investment in our people. They need the latest technology and the best training, both leadership and language skills. This budget meets those demands, including \$905 million for information technology. We must also continue to improve our security in a dangerous world. This budget allocates \$965 million to strengthen overall security for our posts, our people, and our information systems worldwide, including through the creation of 52 additional positions for security professionals.

At the same time, we must continue to modernize and improve our buildings across the world. We seek \$1.6 billion to address the major physical security and rehabilitation needs of our embassies and consulates worldwide so we can protect the men and women serving in our posts. In the fourth year of Capital Security Cost Sharing, other U.S. Government agencies with personnel abroad will contribute \$362 million for the construction of new, secure diplomatic facilities.

To continue filling the ranks of the Foreign Service with our Nation's best talent, we will continue our efforts to revamp the pay scale for our diplomatic corps. State Department personnel are increasingly expected to serve in what we call "hardship posts," which now comprise nearly 20 percent of all Department positions. We must fairly compensate our men and women serving abroad in difficult locations, often far away from their families, and we must rectify a growing disparity between basic salary levels for employees in the United States and overseas. Our budget request includes \$35 million to begin transition to a performance-based pay system and a global rate of pay.

The State Department mission also extends to defending our borders and protecting our homeland. We must strive to remain a welcoming nation for tourists, students, and businesspeople, while at the same time increasing our security against terrorists and criminals who would exploit our open society to do us harm. For this purpose, our budget includes \$1.3 billion for the Border Security Program, and we seek to add 122 consular positions to address rising passport and visa demands. As good stewards of taxpayer dollars, we are using revenues from visa, passport surcharge, and visa fraud fees to fund improvements in our border security. In coordination with the Department of Homeland Security, we seek to fulfill the President's vision of secure borders and open doors.

Finally, we are requesting \$1.35 billion to meet our commitments to international organizations such as the United Nations. Over the past year, in particular, we have seen how important it is for the United States to provide principled leadership in institutions of multilateral diplomacy. Through the United Nations, we helped to negotiate a key resolution that ended a month of war in Lebanon and Israel, which was launched by the leaders of Hezbollah. We rallied the international community to oppose Iran and North Korea's nuclear weapons ambitions with tough chapter 7 Security Council resolutions. And we worked to ease the suffering of the people of Darfur. International organizations are essential to our Nation's key foreign policy goals, and we must continue to support them.

SECURING PEACE, SUPPORTING DEMOCRACY

I have discussed the steps we are taking to support our people. Let me turn now to the purposes of our foreign assistance.

Our highest priority is to defend the American people and homeland by doing our part in the global war on terrorism. To succeed, we need the continued support of key partners—our historic allies in places like Europe, Asia, and the Americas, but also key developing countries, many of which have the will to fight terrorism but need help with the means. The FY 2008 request includes, among others, \$186 million for Indonesia, \$2.4 billion for Israel, \$540 million for Kenya, and \$513 million for Jordan. Our assistance helps those countries, and many others, to enforce their laws, secure their borders, gather and share intelligence, and take action against terrorists on their own or with us. This request also devotes \$90 million to Pakistan, supporting President Musharraf's 5-year development plan to lead the country in a moderate and modern direction, to gain control of the border areas, and to advance prosperity there.

Across the Broader Middle East, we also look to new partners in embattled young democracies, who are working courageously to turn the tide against violent extremism in their countries. In the past several years, the efforts of reformers and responsible leaders have changed the strategic context of the region. Through programs like the Middle East Partnership Initiative, we have offered critical support for civil society groups seeking political openness, economic opportunity, education reform, and the empowerment of women. We will continue to support these important reform initiatives.

Democratic institutions now offer new hope for positive change in places like Iraq, Afghanistan, Lebanon, and the Palestinian territories. Yet these structures remain weak and fragile. And in many cases, they are under siege from violent extremists and their state supporters in the region. The Taliban in Afghanistan, Hamas in the Palestinian territories, Hezbollah in Lebanon, violent extremists in Iraq—both Sunni and Shia—all of these groups struck damaging blows last year to the cause of peace and freedom in the Broader Middle East. This year we must turn the tide, and we aim to do just that with a comprehensive strategy to help reformers and responsible leaders show their people that democracy can deliver the security, prosperity, opportunity, and dignity that they seek.

In Afghanistan, we support the efforts of the new democratic government in Kabul to lead the nation toward freedom and prosperity. To achieve that goal, we have taken a hard look at our overall policy and adopted a true counterinsurgency strategy—a complete approach that integrates military efforts with political support, counternarcotics programs, development priorities, and regional diplomacy. If there is to be an “offensive” this spring, it will be our offensive, and it will be comprehensive.

Our goal is to help the Afghan Government improve the quality of life for its people by extending security, providing good governance, and opening up new economic opportunity. Along with these goals, President Karzai has demonstrated his determination to lead a serious counternarcotics effort, but he needs our assistance. We are increasing our funding in this key area, along with additional funding for reconstruction, local economic development, and law and order. The budget request is \$698 million in the FY 2007 supplemental and \$1.4 billion for FY 2008 to stimulate economic growth, establish peace and security, create jobs, help provide essential education and health care, and extend the reach of the democratic state.

To achieve these broad objectives, we will build roads and electricity grids, and support agricultural development. Working through Provincial Reconstruction Teams, or PRTs, and in concert with the Afghan Government, we will build government and justice centers at the provincial level. We will train government personnel, and we will help meet local needs for markets, schools, clinics, and other vital services. Most importantly, we will integrate all of these efforts to advance our overall strategic objective of empowering Afghanistan’s democratic government.

In Iraq, President Bush adopted a new strategy, in recognition that the situation was unacceptable. There is a military component to that strategy, but success in Iraq depends on more than military efforts alone; it also requires robust political, economic, and diplomatic progress. Our military operations must be fully integrated with our civilian and diplomatic efforts, across the entire U.S. Government, to advance the strategy of “clear, hold, and build.” The State Department is prepared to play its role in this mission. We are ready to strengthen, indeed to “surge,” our civilian efforts. To do so, we are requesting \$2.3 billion in the FY 2007 supplemental and \$1.4 billion in FY 2008 to fund our assistance efforts in Iraq.

The main focus of our support will continue to shift toward helping the Iraqi Government expand its reach, its relevance, and its resources beyond the International Zone. We will help local leaders improve their capacity to govern and deliver public services. Our economic efforts will be targeted on local needs with proven strategies of success, like microcredit programs. And we will engage with leading private sector enterprises and other local businesses, including the more promising state-owned firms, to break the obstacles to growth.

We must continue to get civilians and diplomats out of our Embassy, out of the capital, and into the field, all across the country. The mechanism to do this is the Provincial Reconstruction Team, or PRT. We currently have 10 PRTs deployed across Iraq, 7 American and 3 coalition. Building on this existing presence, we plan to expand from 10 to 20 teams. For example, we will have seven PRTs in Baghdad, not just one. We will go from one team in Anbar province to four with PRTs in Fallujah, Ramadi, and Al Qaim. These PRTs will closely share responsibilities and reflect an unprecedented unity of civilian and military effort.

Expanding our PRT presence will also enable us to diversify our assistance across Iraq. Iraq has a federal government. Much of the street-level authority, and much of the opportunity for positive change in Iraq, lies outside Baghdad, in local and pro-

vincial governments, with party leaders and tribal chiefs. By actively supporting these provincial groups and structures, we diversify our chances of success in Iraq. Our PRTs have had success working at the local level in towns like Mosul, Tikrit, and Tal Afar. Now we will invest in other parts of Iraq, like Anbar province, where local leaders are showing their desire and building their capacity to confront violent extremists and build new sources of hope for their people.

The importance of these joint teams in Afghanistan and Iraq is clear, as is the need to increase our capacity to deploy civilians. The President has called on us to work together to develop a "civilian reserve" to provide the government with outside experts to augment our government teams. I look forward to working with you to address this challenge.

In Lebanon, we are requesting \$770 million in the FY 2007 supplemental for a new comprehensive package to support the Lebanese people's aspirations for peace, stability, and economic development. I made this pledge last month at the Lebanon Donor's Conference, which raised \$7.6 billion to support the Lebanese people and the democratic government of Prime Minister Siniora. Our new package includes both economic and security assistance. And let me add, most importantly: Our assistance will support the Lebanese Government's own ambitious reform program, which demonstrates its commitment to reducing its debt and achieving economic and financial stability. In November 2006, we also signed a Trade and Investment Framework Agreement to help support Lebanon's development through enhanced bilateral economic ties.

As we take steps forward in the reconstruction and development effort, we must not lose sight of the need to continue to implement fully all U.N. Security Council resolutions related to Lebanon, in particular Resolution 1701. We commend the Lebanese Government for its efforts to deploy the Lebanese Armed Forces to the south of its country, and we applaud the international community for its successful deployment of the enhanced UNIFIL forces to help Lebanon secure its sovereignty. Much more work remains to be done, however, and I look forward to the report of the U.N. Secretary General on what further steps must be taken to continue implementing Resolution 1701, so that we can move forward vigorously.

In the Palestinian territories, President Abbas's desire to support a better life for his people and to make peace with Israel is being blocked by the radical leaders of Hamas. One year after this group's legitimate election, the international community continues to stand together in our insistence that Hamas must meet the conditions set out by the Quartet: Recognize Israel, renounce violence, and recognize all previous agreements between Israel and the Palestinian Authority. The leaders of Hamas now find themselves increasingly isolated and unable to govern.

Our goal with the Palestinians this year, working with Israel and responsible Arab governments, is to empower President Abbas—to help him reform Fatah, provide security in the Palestinian territories, provide essential services to his people, and strengthen the political and economic institutions of his state. We are requesting \$77 million for these objectives. At the same time, we seek to facilitate discussions between Prime Minister Olmert and President Abbas to meet the conditions of the roadmap and to discuss the possible political horizon for our ultimate goal: Two democratic states, Israel and Palestine, living side by side in peace and security. This purpose will take me to the Middle East next week.

Our support for freedom and democratic reform is critical to our efforts in the war on terrorism, and it remains a central pillar of our foreign policy worldwide. President Bush remains fully committed to the goal he outlined 2 years ago in his Second Inaugural Address: Supporting democratic movements and institutions with the goal of ending tyranny in the world.

The hard work of democracy does not end with one free election; that is only the beginning. Lasting democratic reform must also encompass an independent media, pluralist political parties, legal limits on state authority, and protections for human rights. We are funding programs in all of these fields of democratic reform, and thanks to our new budget process, we are improving the transparency of how our democracy funding is spent. To support democratic transitions, the budget provides \$460 million for programs that foster independent media sources, pluralist political parties, voter education, election monitoring, and human rights in nondemocratic countries. We also request \$988 million to promote good governance and the rule of law in countries committed to reform.

As we work to expand freedom and prosperity, we must champion these ideals in our public diplomacy, for which we are requesting funding of \$359 million. Public diplomacy is a vital component of our national security strategy. We seek to reach out to the peoples of the world in respect and partnership, to explain our policies, and just as importantly, to express the power of our ideals—freedom and equality, prosperity and justice. That is how we build new partnerships with foreign citizens

and counter ideological support for terrorism. Public diplomacy is no longer the job of our experts alone; it is the responsibility of every member of the State Department family, and we are mobilizing the private sector and the American people to help. In addition, we seek \$668 million for the Broadcasting Board of Governors, to support radio, television, and Internet broadcasting worldwide, including in countries like North Korea, Iran, and Cuba.

In turn, we recognize that public diplomacy is and must be a conversation, not a monologue, and we are eager to welcome foreign citizens here to America. People-to-people exchanges are a vital component of our national security strategy. Many exchange participants report that they are “forever changed” by their direct involvement with the American people. Last year, the total number of student and exchange visas reached an all-time high of 591,000, and we want to expand on this progress, working in partnership whenever and however possible with the private sector.

One audience with whom we are particularly eager to continuing building relationships is the Iranian people. The President has called for expanded people-to-people exchanges with Iran, and our Bureau of Educational and Cultural Affairs is assisting in setting up a broad range of exchange programs with the Iranian people. The State Department is now supporting academic and professional exchange programs for Iranians for the first time since 1979. Last year, we welcomed to America groups of Iranian teachers, doctors, and wrestlers. These visits, like all of our exchanges, help to further understanding and foster goodwill among foreign and domestic audiences alike. We are eager to do much more this year. So we are requesting \$486 million for educational and cultural exchanges.

MEETING GLOBAL CHALLENGES

Combating violent extremism and supporting democracy are examples of the new challenges that we face in today’s world: They are global. They are transnational. They cannot be resolved by any one nation acting alone; they are global responsibilities, requiring global partnerships.

Another such challenge is the proliferation of weapons of mass destruction and the materials to produce them. The FY 2008 budget supports our key multilateral counterproliferation activities—including the Proliferation Security Initiative, the G-8 Global Partnership, the Global Initiative to Combat Nuclear Terror, and U.N. Security Council Resolution 1540. The budget also supports our efforts to strengthen the global nonproliferation regime, by rallying the international community to hold accountable all who violate their responsibilities—governments like that of Iran and North Korea, both of which are now under chapter 7 U.N. Security Council sanctions. At the same time, we continue to keep open a path to a diplomatic solution. With regard to North Korea, the six-party talks will reconvene this week. With Iran, if the leaders in Tehran fulfill their international obligation to suspend their enrichment and reprocessing activities, I have offered to reverse 28 years of U.S. foreign policy and meet with my Iranian counterpart anytime, anywhere.

We are also committed to confronting, as the President said in his State of the Union Address, “the serious challenge of global climate change.” Our approach is rooted both in pragmatism and partnership. One of our main initiatives is the Asia-Pacific Partnership on Clean Development and Climate, which we launched in concert with Australia, South Korea, Japan, India, and China. Together, our countries represent more than half of the world’s economy, much of the world’s emissions, and a growing demand for energy that is vital to our economic development. The partnership is accelerating investment and opening markets for cleaner, more efficient technologies, goods, and services, while fostering sustainable economic growth and poverty reduction.

The FY 2008 budget sustains our effort to combat the illicit narcotics trade, particularly in Afghanistan and here in our own hemisphere. The Andean Counterdrug Initiative remains a key priority, as does our strategic partnership with Colombia. We have had tremendous success in helping President Uribe to expand the reach of Colombia’s democratic state and to confront the country’s drug traffickers and terrorists. President Uribe has now unveiled his government’s strategy to build on the achievements thus far, while adjusting to Colombia’s new realities. This is a crucial time, and we need to help Colombia finish the job. At the same time, this budget recognizes key opportunities to nationalize eradication efforts, working in partnership with Colombia, Bolivia, and Peru.

Another global challenge is posed by pandemic disease. The FY 2008 budget request and FY 2007 supplemental supports our global strategy and partnership to rapidly address avian influenza outbreaks and support prevention strategies worldwide. The FY 2008 budget also advances the goals of the President’s historic Emer-

gency Plan for AIDS Relief. Thanks to the overwhelming support that this program has received from Congress, the Emergency Plan has now supported treatment for more than 822,000 people in the 15 countries that are home to over half of the world's infected population. This year we are requesting a total of \$5.4 billion for the Emergency Plan, including funds requested by the Department of Health and Human Services. This includes \$4.2 billion for prevention, treatment, and care in the 15 focus countries. We are also seeking an additional \$1.2 billion for bilateral programs in other countries: HIV/AIDS research, multilateral programs worldwide, and funding for tuberculosis programs.

No less historic than the Emergency Plan is the President's Malaria Initiative, which has supported prevention and treatment for millions of people in Angola, Tanzania, and Uganda. Last year, President Bush added a total of 12 other sub-Saharan African countries. The FY 2008 budget dedicates \$388 million to fund our commitments under this initiative, as well as funding for other ongoing global efforts to fight malaria.

HELPING DEVELOPING COUNTRIES AND THE MOST VULNERABLE POPULATIONS

Global partnerships are essential to meeting the global challenges that I have just described. But many weak and poorly governed states do not have the capacity to fulfill their responsibilities as sovereign states—their responsibilities both to the international community and to their own people. Our experience on September 11 showed us that, in today's world, weak and poorly governed states can pose not just humanitarian challenges, but national security threats. Hopelessness and oppression contribute to extremism and instability. Thus, helping developing states to transform themselves—to govern justly, to advance economic freedom, to combat poverty, and to invest in their people—is now a strategic imperative.

This has sparked a revolution in how we think about our foreign assistance, which we now view as one of our primary tools for helping countries to transform themselves. As a result, President Bush has made giant strides to increase our levels of foreign assistance. Since the administration took office, we have doubled our assistance to countries in the Western Hemisphere. We have tripled our assistance to Africa, and if our FY 2008 request for assistance to Africa is enacted, we will nearly quadruple it.

With new money we have also taken new steps to use that money more effectively. We created the Office of the Director of Foreign Assistance to align our foreign assistance programs and our foreign policy goals. We are now approaching foreign assistance with the goal of helping to build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty, and conduct themselves responsibly in the international system. A new Strategic Framework for United States Foreign Assistance ensures that resources are targeted to that shared goal. To allocate our assistance most effectively, we have grouped every country to which we provide assistance by means of its internal characteristics. We have identified five main country categories:

- *Restricted states* are those countries with significant freedom and human rights issues, for which our assistance is geared to promote democratic reform and support for civil society.
- *Rebuilding states* are countries in or emerging from conflict, in which establishing security and the foundations for effective governance and economic growth are the highest priorities.
- *Developing states* are low or lower middle-income countries, in which poverty, governance, and investment in people are the greatest barriers to progress.
- *Transforming states* are low or lower middle income, relatively stable and well governed, but for which poverty, disease, and human development remain impediments to progress.
- *Sustaining partnership states* are countries with upper middle levels of income or greater, for which our support is strategically targeted to sustain peace, prosperity, and partnership.

If a country's characteristics describe its overall demand for assistance, we now think of our foreign assistance in terms of supply—the programs and resources we can supply to help countries advance along the path of their own development. In order to allocate our resources more strategically, we identified five broad purposes for our foreign aid programs.

First is humanitarian assistance. The United States is a compassionate nation, and we will always be moved to action when tragedy strikes, and when innocent people are in desperate need. The FY 2008 budget provides more than \$2 billion for the protection of refugees and for basic needs like food, water, and medicine for vulnerable populations. One of the major recipients is Sudan, for which we are re-

questing a total of \$359 million for humanitarian assistance, excluding funding for Sudanese refugees in neighboring countries. This year we are continuing our support for victims of war and genocide, especially the internally displaced people in Darfur and the refugees in eastern Chad.

The second purpose of our foreign assistance is to promote peace and security. In addition to humanitarian assistance, this is the other major form of support that we are providing in Sudan, because it is a major need right now. The same is true in other countries that are struggling to emerge from the shadow of conflict: Democratic Republic of the Congo, Liberia, Somalia; Haiti, Colombia, and Lebanon. In some of these countries, and in many others, U.N. peacekeeping missions are playing a vital role, so for FY 2008, \$1.1 billion of our peace and security assistance will support America's share of the costs of those deployments.

A third purpose is governing justly and democratically. For FY 2008, we are requesting a significant increase over last year's funding level. These resources will go to support programs, in every region of the world, to strengthen the rule of law, fight corruption, monitor elections, and other such demands. One region in which we are increasing our support for governing justly and democratically is here in our own hemisphere. The democracies of Latin America are now more capable of providing social services to their citizens on their own. As a result, we are reducing our direct provision of services and using our limited resources to strengthen the institutional capacity of Latin American democracies to deliver the benefits of development to their people.

Fourth is investing in people. Human capacity must be strengthened and poverty and disease addressed in order to promote and sustain development success. Our request for resources to combat disease and mitigate its impacts on vulnerable populations, to improve access to quality education, and to provide social services and protection to vulnerable populations represents a 40-percent increase over FY 2006 enacted levels. The President's Emergency Plan for AIDS Relief and Malaria Initiative are core components of this increase, as these diseases claim over 5 million lives annually in the developing world; and dramatically impact a country's workforce and development trajectory. Poor nations cannot hope to devote necessary resources to address the magnitude of these diseases, and development progress is, therefore, severely handicapped. Basic education is also necessary for progress and establishing a foundation for prosperity. The FY 2008 request for resources to support basic education programs is \$535 million, the largest request this administration has ever made.

The final goal of our foreign assistance is alleviating poverty through economic growth. On this front, our flagship initiative is the Millennium Challenge Corporation, or MCC. Since 2004, the MCC has signed development compacts with 11 countries worth a total of \$3 billion. MCC works with transforming countries that meet objective standards of progress for governing justly, advancing economic liberty, and investing in their people. This money is given in the form of grants, not loans, and the compacts are designed and managed by recipient countries themselves, reinforcing their ownership of their fight against poverty. These resources complement and amplify the impact of our investments in other foreign assistance accounts and provide a clear trajectory and incentive for countries to continue institutional improvement.

Ultimately, there are limits to what development assistance can achieve. For a country to unlock the potential of its people to increase economic productivity, create jobs, and combat poverty, it must integrate its economy into regional and global networks of free trade. The President remains committed to achieving a successful outcome to the World Trade Organization's Doha Development Agenda—one that opens markets, creates new trade, and strengthens the rules-based system. As a part of the President's robust trade agenda, we have negotiated 10 free trade agreements (FTAs) with 15 countries worldwide, and Congress has already approved agreements with 12 of these countries. Most recently, we signed FTAs with Colombia and Peru, and we completed negotiations with Panama. We look to Congress to support these important agreements.

Mr. Chairman, members of the committee, the State Department has assumed substantial new responsibilities as a national security agency in the war on terrorism. We are the lead agency on many of the tasks in the administration's National Counterterrorism Strategy. Using our existing authority, we are taking dramatic steps to make our foreign assistance more effective and to enhance our ability to serve as responsible stewards of the American taxpayers' money.

Our role in advancing peace and security is growing. We need increased funding to push this agenda forward, but in recent years Congress has significantly reduced the administration's requests for International Affairs. Without greater support for

our request, we will fall short of our goal of protecting America and advancing our vision of a better world.

In this challenging time, the men and women of American diplomacy are doing all that we are asking of them—and much more. They are nobly answering the call to service and shouldering their national security mission. I ask you to provide the resources we need to play our part.

The CHAIRMAN. Thank you, Madam Secretary.

We'll do 7-minute rounds, if that's OK with my colleagues. And there is a vote at, I'm told, at 11:30, or thereabouts.

I will try to be succinct, and, to the extent you can be as precise, would be helpful, in terms of getting through the—our short rounds here, if I may, Madam Secretary.

One thing I'd like to state at the outset, this Civilian Response Corps that we've been talking about—I want to make it clear that we're not talking, nor are you talking about, a military Civilian Response Corps. We're talking about nonmilitary expertise to be able to be brought to bear in these crises circumstances.

I give credit to my colleague, the chairman, who has pushed this. I've joined him. I think it's very important, and—but I want to make it clear, because sometimes when we raise that, the press confuses that, understandably, and others do, with Blackwater and other contracts for military.

At a later date, Madam Secretary, I would like very much to talk with you and/or the responsible personnel at State to explore the area relating to quasimilitary—paramilitary help. When we go to Baghdad, when I go to—throughout Iraq or Afghanistan, I have, guarding me, as others do, in addition to the young marines, usually, who are flying me in their helicopters, or Army personnel, there is a group, hired by the State Department, who are designed to protect—there to protect civilian personnel and to protect our Ambassadors in various places. That has grown significantly in the last 10 years. It has mushroomed. I'm not taking issue whether it should have or shouldn't have, but it does require us to have, in my view, more precise oversight as to whether we should be beefing up our permanent diplomatic security force instead of relying so heavily on contractors. I happen to think we should be beefing it up permanently, as opposed to relying on contractors. But that'll be another—that's an area I just would say to the Secretary, I, as chairman, am going to ask my subcommittees to spend some time going into. I haven't had a chance to speak with Senator Nelson, but I hope that he will pursue that through his subcommittee.

Madam Secretary, let me move to Iraq. You indicated, in—and the President mentioned in his speech last month, signs of progress in Iraq that he would look to would be the oil law, de-Baathification, provincial elections, and amendments to the constitution. Can you give us a status report on the oil law, if it's finalized, and the progress toward de-Baathification?

Secretary RICE. Certainly. On the oil law, the Ambassador reports that they have done the subcabinet work on this. They are looking to submit it to the Cabinet. Zal himself has been helping with a few details about the oil law, but we expect that they are going to be able to pass an oil law, the draft of which, as I understand it, looks like one that will truly show that this is going to be a national oil law. I can't give you an exact date, but I can tell

you that the process is moving forward and that they are making last arrangements to try and submit it to the Cabinet.

The CHAIRMAN. Well, if you could keep us contemporaneously informed—the information I'm getting is, the Kurds have a very different view on this than the Sunnis, at this point. And—

Secretary RICE. I think the Ambassador has been working on exactly that issue.

The CHAIRMAN. Let me move to Iran, if I may. If Iran suspends enrichment of uranium, if it were to do that tomorrow, are we prepared to sit down and discuss all issues that divide us, or do we want to limit the discussion just to their nuclear program?

Secretary RICE. Let me repeat that I have said that if they suspend, verifiably, as is demanded by the U.N. Security Council Resolution, I'm prepared to meet a counterpart at any time, anyplace, to talk about all issues.

The CHAIRMAN. Do you support the Saudi Arabian dialog with Iran over Lebanon?

Secretary RICE. We have been supportive of anything that would help bring about a conclusion to the crisis in Lebanon on the basis of principles that can be accepted by its democratically elected government, and that includes respect for the need for an international tribunal and respect for the legislative outcome from the election.

The CHAIRMAN. But do you support the Saudi's dialog? I mean—

Secretary RICE. Yes.

The CHAIRMAN [continuing]. Is that—

Secretary RICE. We—

The CHAIRMAN. That's not—they're not being extorted—

Secretary RICE. As long—

The CHAIRMAN [continuing]. The Saudis.

Secretary RICE. As long as the Lebanese Government is supportive of it, we are certainly supportive of it.

The CHAIRMAN. Do you support the Saudi effort to forge a national unity government between Hamas and Fatah?

Secretary RICE. There have been several regional efforts. We've made clear what we believe the international requirements are for any Palestinian Government. But I think it's perfectly natural for regional states to try and help with the Palestinian crisis.

The CHAIRMAN. If they pull together—the Saudis—a unity government between Hamas and Fatah, but Hamas still refuses to recognize Israel as part of that government, is that a good outcome?

Secretary RICE. Well, I don't want to speak hypothetically, but I do want to say that we've been very clear, and we've been clear to all parties, that, as Abu Mazen has called it, an internationally acceptable government would have to accept the quartet principle, and Abu Mazen put forward a political program on that basis, some time ago.

The CHAIRMAN. Secretary Gates testified, along with the Chairman of the Joint Chiefs, indicating that they—characterizing it, summarizing it—they thought that the civilian side of this effort in Iraq was behind the curve, and they needed more help. I recall speaking with you and others when the Blair government suggested, a couple of years ago, that each of the NATO countries, or

the European countries, adopt an agency. I went to see the President about that, and your successor, Stephen Hadley, if I'm not mistaken. And I was told that the Defense Department was not at all interested in having any European government, "adopt an agency," meaning Britain would take the Department of Education, France would take the Department of Energy, or whatever the combination would be. Why is that still not a good idea?

Secretary RICE. Well, we have encouraged other countries to be involved in reconstruction and ministry support efforts in any way that they can. Part of the problem has been that the security situation has made it difficult for some to be involved in that way. We do think it's best to have a kind of unified ministry plan rather than what, frankly, had a mixed result in Afghanistan, where you had a kind of adopt-an-agency approach. I will tell you, it had very mixed results. But getting technical assistance to these ministries, there are international—there are other countries who are involved in these ministry assistance teams and can lend help to the ministries.

The CHAIRMAN. But, as you know, Madam Secretary, they are woefully understaffed with competent bureaucrats in all of these ministries. I mean, they're—

Secretary RICE. You mean the Iraqis.

The CHAIRMAN. The Iraqis. The Iraqis.

Secretary RICE. It is true that building up the civil service in Iraq is a challenge. It's variable. There are some ministries in which the civil service is actually pretty good—

The CHAIRMAN. Well, your—

Secretary RICE [continuing]. And there are some—

The CHAIRMAN [continuing]. Your State Department—

Secretary RICE [continuing]. In which the civil service is not—

The CHAIRMAN [continuing]. Your Embassy there gave us—my last trip—gave us a bar chart as to the capacity of each of them, and there wasn't any—there weren't any of them—

Secretary RICE. Well, I—

The CHAIRMAN [continuing]. None of them were even close.

Secretary RICE. None of them are where we would want them to be, but, for instance, I think the Ministry of Finance has even impressed some of the international financial institutions with what they're able to do. So, yes; building up the civil service, we have a couple of training academies with the Iraqis, rebuilding their national training academies and their regional training academies. I might just say, Senator, that, while it is true that, for this next surge, we need to recruit civilian talent, I really don't want it to be thought that civilians are not out there risking their lives—

The CHAIRMAN. Oh, they are.

Secretary RICE [continuing]. And in—

The CHAIRMAN. They are out there risking their lives.

Secretary RICE [continuing]. In Provincial Reconstruction Teams, going out and—going to some of the most dangerous places. So, there is a major civilian effort out there. But for this next surge, we do need more civilian talent.

The CHAIRMAN. Well, we really do. I know, from my personal experience with a family member, that—in Kosovo—was sent, as a member of the Federal Government from the Justice Department—

how far out there they are, and that was a much less dangerous situation. So, no; they're out there.

At any rate, I—my time is up. Let me yield to Senator Lugar.

Senator LUGAR. Madam Secretary, you have established a Task Force on Iraq Refugee and Internally Displaced Persons, headed by Paula Dobriansky. And so, you are sensitive, I am certain, to this issue. But it appears to me that we're going to have to try to rethink how many Iraqi refugees our country is prepared to accept. I note that we've discovered that the administration may be considering bringing 7,000 the United States during this coming year.

Now, approximately 2 million people have already left the country and Jordan and Syria and other countries have absorbed them, some with great reluctance. But it seems to me that whatever may be our quotas currently, under law, for how many refugees we accept, we'd better begin trying to think through how we're going to have to amend that law. I think we have an obligation, and I think you share the view, to those who have risked their lives on behalf of our troops and our diplomatic personnel in Iraq. They may face death themselves because of their affiliation with us and their assistance to our people. And the numbers right now are totally inadequate, I believe, to accommodate what I believe are going to be a number of desperate cases. Do you have any further comment on the refugee issue?

Secretary RICE. Senator, the—thank you very much—the reason that I put together the task force was that I really think that we need a comprehensive policy look at what we're doing. We—I've talked, myself, with some of the involved countries here. I'm going to see the U.N. High Commissioner for Refugees, because we need a better effort with the United Nations, and we really do need to look at people who may be in danger because of past association with us. And so, that's why I've gone to a task force, is to try to get a comprehensive recommendation. And I have asked Paula to have that to me in a matter of weeks.

Senator LUGAR. Great. Let me raise another issue. Pakistan has, this year, elections in November for a Parliament and for the Presidency. I mention that because at the Aspen congressional meetings, I've heard recommendations from those with the crisis group working in Islamabad that it is very, very important that the United States take a position for free and fair elections in Pakistan.

Secretary RICE. Yes.

Senator LUGAR. They recommend that we, in fact, begin to deal with the military, whom we are supporting very, very substantially with millions of dollars on the basis that Pakistan will support free and fair elections. I mention this because it's clearly unacceptable the amount of difficulty being created for our troops and for NATO in Afghanistan by the lack of Pakistani resolve with the Taliban. As a matter of fact, some in the crisis group believe that the Taliban, a very small force in Pakistan now, will have abnormal political influence if, in fact, the more democratically elected people do not come to the fore.

Now, I simply put that as a benchmark for thought, because clearly in the past we have said it has to be President Musharraf. That's the only hope for the side. I would say he's not the only hope for the side. And I take this hearing to say that publicly. I don't

ask you to say it, but I think it is a crucial year with regard to the Pakistan-Afghanistan situation, even while we are abnormally distracted in Iraq. And I would just like some initial comment from you.

Secretary RICE. Well, thank you, Senator. Actually, more than a year ago, when I was in Pakistan, I said, standing there with the Foreign Minister, they need to have free and fair elections. We believe it, and that's what we will stand for.

Senator LUGAR. Great. Let me just ask this question. The New York Times, this morning, said that State Department sources are quoted as saying that only junior-level officers are signing up for Iraq. What is your view on that situation?

Secretary RICE. Well, Senator, the numbers are as follows. We have 57 generalist Foreign Service officers—that's a sort of general Foreign Service category: 16 are entry-level officers, 6 are senior Foreign Service, and the remaining 35 are mid-level. So, I just—it's just not correct. And that, by the way, is about the average distribution in other large posts. So, we've worked very hard to recruit people who have appropriate experience for the jobs that they are taking on. Language is our big problem. But, beyond that, we do recruit people who have appropriate experience. Yes; there are a lot of young Foreign Service officers, entry-level people—not really entry-level, but perhaps have done one tour someplace else. It's a big Embassy. That's the case in a lot of places. Very often, they're very enthusiastic. But if you look at, for instance, the PRT leaders, they are overwhelmingly—or the PRTs themselves are skewed toward midlevel and senior Foreign Service officers. And so, we've been, I think—the Foreign Service has been responsive. We have done a couple of things. We have made incentives for people to go—I'll just give you an example. If you were going to Baghdad, and your family was currently in the Middle East someplace, or in Europe, you had to move them back to the United States. We've said: Let the families stay in a position in Europe or in the Middle East, because it's hard for midlevel people to keep moving children back and forth. We have done those sorts of things.

We've also—this year, we were only allowing bidding on remaining posts—on other posts after the hardship posts are filled. So, we've done some things. But I think the response of the Service has been very good.

Senator LUGAR. Thank you for that comment.

Let me just conclude by saying I appreciate your discussion today of the Civilian Reserve Corps. The legislation that Senators Biden, Hagel, and I put forward, passed the Senate last year. This is a tough thing to do, but our policy advisory group members, who included your Department, the Department of Defense, and others, indicated that we need a host of civilians to work on stabilization and reconstruction. This country has people who are professionals out there in America whom we can call upon. Now, we've all talked about that, but it just hasn't happened. And the need for it to happen swiftly is apparent. So, we really look forward to helping you flesh that out. You've made some excellent suggestions of things we might do and authorizations you need to pursue this capability, and we will work with you to make sure you have what you need.

Secretary RICE. Thank you.

Senator LUGAR. I thank you.

I thank the Chair.

The CHAIRMAN. Madam Secretary, one point, in clarification, because it was raised. I meant to ask it. Initially, as I understood it, speaking to State Department personnel on site at missions, was that diverting to a hotspot like Iraq, volunteering, was not viewed as a plus in the career path. Is it clear that those who are willing to do that now get the little extra star next to their name that it actually is an asset in their career path? And could you explain that, very briefly. I apologize for the interruption.

Secretary RICE. No; I'm glad you asked. Without trying to change the promotion system or to do something to really throw it completely off track, yes; though, we have made clear that we expect service in these unaccompanied posts to be considered a plus. And it's not just Baghdad and Kabul, it's also places like Islamabad. Yes.

The CHAIRMAN. I think that's very important, and I hope your staff knows that clearly.

Senator Dodd.

Senator DODD. Thank you very much, Mr. Chairman.

Thank you, Madam Secretary, once again. Appreciate your being with us.

In your opening statement today, you mentioned that the President has designated the State Department as a national security agency. What are the legal ramifications of that?

Secretary RICE. I think it's just a budget categorization that OMB controls, Senator, and it's simply to send the message that, alongside DOD and Homeland Security, we are playing a central role in the fight against terrorism.

Senator DODD. So, it shouldn't—we shouldn't read anything more into that.

Secretary RICE. No; it's a signal.

Senator DODD. All right, great.

The other day, at a Senate hearing this week, Secretary Gates expressed some concerns about a request from your office that military personnel temporarily fill more than one-third of the 350 new State Department jobs in Iraq under the President's strategy. Secretary Gates told Senators—and I'm quoting here—he said, "If you were troubled by the memo, that was mild compared to my reaction." You may have heard—I'm sure you got word back. When I was in Iraq last year, I heard similar complaints about military personnel having to assume State Department responsibilities. And, again, I'm—I just wonder if you could respond to this and respond to Secretary Gates's concern about it, maybe put some light on all of this.

Secretary RICE. Well, I wish the New York Times had quoted the rest of his statement, which said that he called me personally, and we talked about it, and he recognized why we needed this bridging talent. They are not State Department positions, they are positions that the State Department took the responsibility for organizing a civilian response, but they include, for instance, Senators, positions like agronomists and engineers and city planners. I don't have those people in the Foreign Service. The State Department positions have been filled. The State Department is then charged with

going out and finding civilian personnel to fill the additional positions in these rather technical areas. And we are looking within the rest of the U.S. Government to see where we can get them. We need to be able, if possible, to reimburse domestic agencies that might send those people out there. For instance, the Department of Justice has had 200 people in Iraq during this period of time. So, these are people we would either recruit from within the U.S. Government, where we don't think we have very many of these people, or we will have to contract to bring civilians from the general population; and we need money to do that—that money is requested in the supplemental—and we need time, because these people will have to be vetted, they will have to be cleared. We asked the military, asked the—asked General Pace—and this was a conversation we had first at the end of November and at the beginning of December—If we went to this surge strategy on the civilian side, would DOD be able, on a temporary basis, to fill positions in these enhanced PRTs while we recruit civilian expertise to come in behind them? That has always been the plan. We have been working with DOD at the working levels to identify precisely, with the brigade commander, what positions are needed, and then to go out and let contracts to bring these people. But this would—the need for this would be obviated by a Civilian Response Corps—

Senator DODD. Yeah.

Secretary RICE [continuing]. Where you would already have people cleared, could call them up, they would have been trained, they would be ready to go. But the United States doesn't have any such civilian response at this point, and so, we have to go out and recruit these people. But I want it very clearly understood—

Senator DODD. Yeah.

Secretary RICE [continuing]. These are not positions that the State Department cannot fill. We have filled our positions. We are never going to be able fill positions for agronomists.

Secretary RICE. I thank you for the completeness of the answer.

Could you, just quickly, just share with us, as a practical matter—I was there in December, and again—these are anecdotal, so I'm not suggesting this is necessarily totally the case—but the concerns just on safety issues—in other words, getting people out of the Green Zone into these areas—as—at least as it was raised to us, the small group—I was with Senator Kerry—they talked about the problems associated with that. Do you want to share any thoughts on that?

Secretary RICE. Oh, yes. I'm very concerned about it. And I keep—I try to make certain that our diplomatic security chief is always looking at the issue of the safety of our people. One thing that we've done with the PRTs is, we are going to a model by which, in effect, we embed with brigade command teams, which we think is a better way to secure our people than the kind of security details of large contracts that we've used in the past. We still have to rely on a lot of contract personnel for security.

Senator DODD. Yeah.

Secretary RICE. But, yes, Senator; there is a risk here.

Senator DODD. Yeah.

Secretary RICE. And I think—I've tried to be clear with people that it—that there are risks.

Senator DODD. Let me raise an issue. You and I have talked about this in the past, on Syria. And you and I have talked on the phone and back and forth on—prior to my trip to the region. Secretary Baker testified before the committee the other day. When asked about the importance of beginning a negotiation or a conversation with Syria, he says, “We’ve missed the boat on Syria.” You’ve heard the line, as well, I know, in—in terms of this conversation. ABC did an interview recently in which Assad said he was willing to play a role here, has the leverage in Iraq to do so, he’s already dealing with border security and influx of refugees and the like. Again, I—as I said to you, I’m not suggesting what Assad says in English in the privacy of his palace is—ought to be taken as absolute truth in all of this, but I raise the issue again. And I realize Lebanon is an issue. And I realize the stability of the Siniora government is an issue. And I’m not minimizing that. But, given the fact that Syria can play such an important role here, would you mind explaining why there is still a reluctance to engage Syria, at least on these issues, where they’ve offered to be of help?

Secretary RICE. I would hope, Senator, that they would, first of all, go ahead and play a constructive role.

Senator DODD. Are they doing that, in some regards? I mean—

Secretary RICE. Well, I—we don’t see it. But I would hope that they would play a constructive role. I would hope that the work that they’ve done with the Iraqis to establish diplomatic relations would lead them to play a constructive role in Iraq.

I don’t have, Senator, an ideological problem with talking to people with whom we don’t agree. I have no problem with it. But I’d like to believe that it has results and that the downsides are not great. And, in this case, because we’ve been down this road with Syria before—and, I think, to little effect—I am concerned that, given the circumstances of Syrian behavior in Lebanon, which was the proximate cause, by the way, of our recalling our Ambassador, that discuss—talking with Syria now about Iraq would have downsides for us, in terms of Lebanon, in terms of what Syria would be looking for, in terms of how it would be perceived.

But I want to be very clear, I don’t have a problem talking to people that we don’t agree with.

Senator DODD. Well, I hear you on that. I—again, I just politely disagree with that conclusion, but I appreciate your answer. I just hope at some point we don’t look back and regret that we didn’t take advantage of it.

Let me ask you one quick question, if I can, as well. There have been some reports that in 2003 the Iranian Government proposed direct talks with the United States, and on the table was recognition of the State of Israel. I know you were raised—this issue was raised in the last day or so. Would you be willing to share—obviously, under closed-door circumstances with members of the committee—the cable traffic on this issue—

Secretary RICE. I—

Senator DODD [continuing]. That was raised?

Secretary RICE. I would be happy, in closed-door session, to—

Senator DODD. I understand.

Secretary RICE [continuing]. Talk about whatever we have. I'll just tell you, Senator, I don't personally remember reading this fax that has been talked about.

Senator DODD. Yeah.

Secretary RICE. I can't say categorically that I didn't, but I don't remember reading it. I would have to say I think if it had offered to recognize Israel—the Iranian Government had said, "We will recognize Israel." I would have probably taken note of that.

There were, in 2003, lots of people who said, "The Iranians want to talk to you. You should talk to them. You should try to do a grand bargain." But this proposal from Iran for comprehensive talks, leading, for instance, to the recognition of Israel, is just something I don't—

Senator DODD. Well, I appreciate that.

Mr. Chairman, I suggest maybe—under the appropriate circumstance—I'd be interested in looking to see to what extent that may have been the case.

The CHAIRMAN. I agree, and we will follow up on that.

Senator DODD. Thanks.

Thanks, Madam Secretary.

The CHAIRMAN. Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you. Secretary Rice, welcome.

We are all encouraged by your continued efforts into the Middle East, and you, as was noted, will be leaving, next week, to, I think, in your words, try and launch the trilateral with the Palestinians and the Israelis. And there's no one here on this panel, as you know, who believes that this is not a worthy and critical focus for you. And I would, once again, say—and we've had this discussion—that what's particularly important here is followup and follow-through. And I don't believe we've had that the last 6 years. And I don't assign all that responsibility onto you or the President of the United States. But if there is not follow-through—and I don't know if that would mean the President and you decide to appoint a special envoy or something that continues to bolt this together so that we don't lose momentum—we've—not only have we lost momentum, but there's now a vacuum of leadership, of very dangerous leadership that's spread throughout the Middle East. You all know this. And you know it better than most.

So, I, again, applaud your efforts. They are important. With Negroponte over there, that should give you a little more flexibility to have his experience in management and knowledge with you on this, as well. But I think we have to stay very, very focused on this. And, again, the follow-through is going to be critical.

I want to go back to a question that Senator Lugar asked you about this dangerous displacement issue, this disastrous refugee problem that is occurring now and could really be of immense proportions. And you noted that—and I think the figures, at least that I've seen from intelligence reports and others, that there's general agreement that around 2 million Iraqis have left that country, a third of the doctors, at least, have left that country. And we could go through an entire agenda—inventory of demographics on this. But we also have to factor in, as you do, that the realities of the

security issue in Baghdad and other areas, which we now know that ethnic cleansing is occurring.

Now, I want to get to a point that you made. And your comment was that you've talked to involved countries in the area. As we know, Iraq shares two major borders with two countries—Iran and Syria—as well as other countries. My question—the first question is, Have you included in those conversations, whether second- or third-party conversations, Iran and Syria? Because I don't know how we could come up with any kind of a plan or focus, working with the United Nations or anyone else, if Iran and Syria are not included in that. So, that's my first question.

Secretary RICE. Senator, the pressure is really Syria and Jordan, at this point. And I have authorized the United States charge in Syria to discuss this with the Syrians. We obviously discuss it with the Jordanians.

Senator HAGEL. So, we are talking to the Syrians.

Secretary RICE. I have authorized our charge to talk with the Syrians. We have a charge there who does have discussions with the Syrians about a variety of things. But I have authorized him explicitly to talk to the Syrians about the issue of refugees.

Senator HAGEL. I would assume—

Secretary RICE. And, of course, Jordan is—Jordan, we have very close contacts with. And the big problems really are Jordan and Syria, not Iran, at this point.

Senator HAGEL. Well, I would assume, then, that's considered an issue of common interest for both Syria and Iraq and the United States, that we're—that we—you can define it any way you want, but I—my definition of that is that we're working together on something.

Secretary RICE. I think it's an issue that is a humanitarian issue. It's one that we're very concerned about. And we've never ruled out—I've said, many times, we have diplomatic relations with Syria. And so, when it is—when we have something that we wish to talk about, we have a charge who is there. And I thought this was a—something that was, to me, quite obvious, that he ought to, in fact, go in and talk to the Syrians about it.

Senator HAGEL. Thank you. You, of course, have read the National Intelligence Estimate, and, obviously, the classified as well as the unclassified. I want to read, just briefly, one portion of the summary in the NIE. One of the conclusions of the recent NIE was that—National Intelligence Estimate—that, “Iraq has descended into a self-sustaining intersectarian struggle between Shias and Sunnis, including a hardening of ethnosectarian divisions.” It goes on to say that the term “civil war” accurately describes key elements of the Iraqi conflict, but the violence in Iraq is also more than a civil war and includes extensive Shia-on-Shia violence, al-Qaeda and Sunni insurgent attacks on coalition forces, and widespread criminality is motivating some of this violence. And one of the last points it makes is that, “even if violence is diminished”—and I'm quoting, by the way, from the NIE—“given the current winner-take-all attitude and sectarian animosities infecting the political scene, Iraqi leaders will be hard-pressed to achieve sustained political reconciliation.” Do you agree with that conclusion of the National Intelligence Estimate?

Secretary RICE. Well, if all of those things happen, then I suppose that would be the case. But, of course, there is an alternative path, and that alternative path is that the leaders of Iraq, as they have said they will do, work together to empower their security forces, with our help, to change the sectarian picture in Baghdad, to punish those who are fomenting this violence, and then to strike important accords on, for instance, the national oil law. And that's what we're working toward. And I think that's the alternative path. And, as I remember, that alternative path is also noted in the NIE.

Senator HAGEL. Well, I would note that this is not an "if," Madam Secretary. This report has—is saying that this is happening. They use—the NIE is using terms like "has descended," so on and so on. There's no "if" in what I have just read you. These are conclusions as to where they think it is now.

Secretary RICE. Senator, as I said, I think that if that remains the path, then the outcomes that are there would probably obtain. But they also say that there are other things that would lead to an alternative outcome.

Senator HAGEL. Do you agree with their summary?

Secretary RICE. Well, I don't disagree that there is sectarian violence in Iraq. I don't disagree that there is a particular problem in Baghdad. I don't disagree that the government needs to deal with that problem. And I certainly don't disagree that they need national reconciliation. But I don't think that there is anything fore-ordained that they cannot still achieve those goals, which is why the President's plan is to help them control the sectarian violence, which is largely being carried out by people who want to foment that violence—death squads and—on both sides of the ledger—and national reconciliation. I—we've all said it's very tough in Iraq. The situation is not acceptable now. If we don't follow the plan that we've got to try and reverse the situation in Baghdad and to give them a chance for national reconciliation, then the outcomes could be quite dire. But there is an alternative, which is to pursue the path of controlling the violence in Baghdad and creating a—creating space for the government to have national reconciliation.

Senator HAGEL. Is there any major portion of the NIE that you disagree with?

The CHAIRMAN. Senator, I—would the police please clear the woman in the second row who's speaking up here? The committee is going to stand in recess until we have restored order.

Thank you.

[Recess.]

The CHAIRMAN. Thank you very much. I would appreciate it if the audience—I understand the intensity of feelings—but if they would not interrupt the testimony of the witnesses, I'd appreciate it.

I'm sorry. Senator, if you've—finish? I mean, if you're—

Senator HAGEL. Just one—

The CHAIRMAN [continuing]. You were finishing—

Senator HAGEL. I am finished, and one last—and I am over my time, so I apologize, but—

Secretary RICE. I'm sorry, Senator. But you asked for—you asked—

Senator HAGEL. My question was, Madam Secretary, Is there any major portion of the NIE that you disagree with?

Secretary RICE. Senator, I can't sit here and go through my head and what I agreed with and what I disagreed with. I don't disagree with the general thrust of the analysis, but it's not a policy document. And the role of policy is to take circumstances and have policies that make those circumstances move the best. So, that's—

Senator HAGEL. Well, it is a statement of reality.

Thank you.

The CHAIRMAN. Senator Feingold.

Senator FEINGOLD. Thank you, Mr. Chairman.

Madam Secretary, thank you for coming today to talk about the—this important budget request. There are a lot of things in the budget request that please me. I'm glad that the fiscal year 2008 budget request includes a 41-percent increase from 2006. I'm pleased that more money is being requested to help bring about an end to the ongoing humanitarian tragedy in Sudan and to help deploy a stabilization force for Somalia. There are other positive trends, too. I applaud, as I have many times, this administration's efforts to combat HIV/AIDS, and I support efforts to strengthen security for our diplomatic personnel overseas.

But I can't help but also view this budget in the tragic light of the ongoing failed policy in Iraq. Madam Secretary, you and I had a brief debate a few weeks ago, when you testified in front of this committee on the subject of Iraq. You denied that our ongoing operations in Iraq have had a negative impact on our efforts to defeat al-Qaeda or on our efforts in Afghanistan. But I think if you look at this budget request—and the accompanying supplemental or emergency request—that they really show how imbalanced and disproportionate our Iraq efforts are in the context of our broader national security needs.

Let me just highlight a few areas that show how off balance this administration's foreign policy has become. If we use even the most conservative numbers provided by the Congressional Research Service or the Congressional Budget Office, we are spending between \$6 and \$8 billion per month in Iraq. So, in 1 month we are spending more in Iraq than on HIV/AIDS programming for the entire continent of Africa. We are spending more per month in Iraq right now than this administration requested for development assistance, \$104 billion; economic support funds, \$3.319 billion; disaster assistance, \$297 million; migration assistance, \$773 million; food aid, \$1.2 billion; and peacekeeping money, \$221 million; and other accounts worldwide—worldwide, for all of 2008.

But the troubling statistics don't stop here. If you do the math even further, you can see that we're spending more in Iraq per day than we are spending in places like Chad, Niger, Mali, or Somalia in an entire year. You can easily find the impact that tours in Iraq are having on our military, on our diplomats, and on other posts worldwide.

Madam Secretary, with the massive level of resources being devoted to Iraq, do you still maintain that this war is not having an impact on our ability to pursue policies and programs around the world that will contribute to our national interest? And since the hundreds of billions of dollars that have been spend in Iraq to date

apparently haven't increased stability, or brought about a political solution in Iraq, does it really make sense, Madam Secretary, to keep pouring those resources into a single country instead of using them to wage a truly global fight against a global enemy, al-Qaeda, or further address other challenges, such as Iran or HIV/AIDS?

Madam Secretary.

Secretary RICE. Well, Senator, of course, the war in Iraq is, in fact, a war, and we are supporting military operations there with our civilian presence and with our aid programs. And we believe that an Iraq that is stable and ultimately democratic will be a tremendous benefit for our policies in the Middle East.

But let me just say, Senator, I don't think that we would put together a budget on the basis of what we're spending in Iraq, and where could we spend it elsewhere. Let me just give you some examples. We are the largest food-aid donor in the world. More than 62 percent of all food aid comes from the United States. So, we're not slighting food aid. We are spending 14—we have spent, since 2001, \$14 billion on reconstruction in Afghanistan. And the President is poised to spend another \$2 billion on reconstruction, and another \$8.6 billion on Afghan security forces. We are launching a major new initiative to eradicate 50 percent of the malaria cases in the world. And you've already mentioned the substantial money that we've spent on HIV/AIDS.

Foreign assistance under this administration has doubled; for Africa, tripled; and quadrupled in certain parts of the world. So, yes; we are spending the resources necessary, because we believe that Iraq is important to our national interests. But I think—

Senator FEINGOLD. No; I think—

Secretary RICE [continuing]. I think it would be a mistake to think that we are not spending large amounts of money where they're—

Senator FEINGOLD. And I—

Secretary RICE [continuing]. Needed.

Senator FEINGOLD. And I have conceded that there are significant amounts being spent in those areas. I think you'd be the first to admit they're not adequate. And the question is the balance. And I would say, with regard to your first statement, to sort of somehow distinguish Iraq because it's a war—well, so is the fight against al-Qaeda—

Secretary RICE. Well, and—

Senator FEINGOLD [continuing]. So is Afghanistan—

Secretary RICE [continuing]. Afghanistan.

Senator FEINGOLD [continuing]. And they do not have adequate resources, according to many experts, in part, because of the enormous drain of the Iraqi war. I mean, that's just, sort of, obvious.

But let me ask you this general question. Given the troubling statistics about security and political conditions in Iraq—sectarian violence, the number of displaced persons, the strength of the insurgency, strength of the militias, the attack on coalition forces—are you confident that the funding contained in the three requests we've received in the last few days would improve any of these critical indicators? And, if so, and because the indicators suggest that the conditions in Iraq continue to deteriorate, what are we going to do differently with this money than was done in the past?

Secretary RICE. Well, thank you, Senator. I do think that the moneys, particularly in the way that we are planning now to support the Iraqis as they move to a new phase, that there is a considerable difference. If I could do one thing differently, I think the decentralization—from the past—the decentralization of efforts and the diversification of efforts out of Baghdad and into the provinces and into the localities, I think, has proven to be a very effective strategy. And so, you will see that there is far further diversification and decentralization of our efforts. For instance, rather than the rather large-scale centralized reconstruction projects that characterized the IRF over the last couple of years, these are projects that are much closer to the people, much closer to local governments, intended to help leverage Iraqi resources. They have about \$10 billion that they have allocated to reconstruction, to infrastructure development, to jobs development. And I think it's a model that is likely to help us have multiple places for—

Senator FEINGOLD. Thank you—

Secretary RICE [continuing]. Success.

Senator FEINGOLD [continuing]. Madam Secretary. In my remaining seconds, I wanted to talk a little bit about the special inspector general for Iraq. Let me just ask you—how many State Department auditors are currently stationed in Iraq?

Secretary RICE. I'll have to get you the number, but I'm supportive of SIGIR continuing.

Senator FEINGOLD. Yeah, because I'm concerned that there aren't—

Secretary RICE. I—

Senator FEINGOLD [continuing]. Any State Department—

Secretary RICE. I met—

Senator FEINGOLD [continuing]. People. And I'm very pleased that you are—

Secretary RICE. Yeah, met with—

Senator FEINGOLD [continuing]. Supportive, because I think SIGIR—

Secretary RICE [continuing]. Stuart Bowen 2 days ago. I'm very supportive of it.

Senator FEINGOLD. Thank you, Madam Secretary.

The CHAIRMAN. Thank you.

Madam Secretary, I would argue that decentralization of local Iraqi control is equally as compelling.

But—Senator—

Senator COLEMAN. Thank you, Mr. Chairman.

Let me just start off with a brief statement/comment about Iran before I get on to my question, because there was some discussion here as to whether, before this committee, we heard some hue and cry for negotiation. I didn't hear that. I heard that if we talked to Iran—and, by the way, I think we should be having discussion with Iran within the context of others within the region. But I think what we heard clearly is—be realistic as to your expectations that Iran plays a major role in fomenting instability in the region, they're funding Hezbollah in Lebanon, and pressuring us there, supplying them with weaponry, funding Hamas in the Gaza, that they're funding the Shia extreme elements in Iraq, that they are supplying high-tech weaponry to the most extreme elements, that

are killing coalition forces, that there are late—more recent reports that they perhaps are supplying not just the Shias, but also Sunni elements in Iraq, to, again, foment instability. So, I would hope that we would have discussion with the Iranians, but first start by telling them that we're not abandoning the region, that we're concerned—and we do that with others in the region who have an interest, the other neighbors in the region who have an interest in stability. And the Iranians have not been a constructive element. And so, tell them that we'll work with the neighbors to deal with their attempts at supporting extremists.

And the last comment was Dr. Kissinger's comment, who I think made it very, very clear that perhaps the worst thing that could happen in the Middle East right now would be for Iran to get a nuclear weapon. And he was very, very clear about the consequences of that.

So, as we talk about negotiation, let us be realistic as to what the expectation of—but I do hope we have discussion. I do hope we are discussing things through—either directly, with, perhaps, others at the table. But I do think we have to be very clear about that.

Let me turn to North Korea for a second. There have been reports that say this six-party talks may be at their final stage. If we don't get progress right now, that perhaps they've run their course. Would you comment on that? And, if those reports are true, is there a plan B?

Secretary RICE. Well, the six-party talks have reconvened in Beijing, just—as we speak. And I think we are cautiously optimistic that there may be some movement forward. A lot has happened since the last six-party talks. But, most importantly, because the coalition that represents the other five came together after the missile test and then especially after the nuclear test, we have a chapter 7 resolution in place, 1718. We have cooperation on making that resolution work. There have been some fairly tough measures taken by other parties concerning North Korea. And I—we had good talks with each of the parties, including talks that Chris Hill held in Berlin with the North Koreans. And so, I think there may be—I have—I'm cautiously optimistic that we may be able to begin again to implement the joint statement of 2005 toward the denuclearization of the Korean Peninsula.

Senator COLEMAN. Is there a plan B, or do we have all our eggs in that six-party talks? And, again, if we're still hopeful, then—

Secretary RICE. Yeah.

Senator COLEMAN [continuing]. Obviously, we stick with that, but—

Secretary RICE. Well—

Senator COLEMAN [continuing]. Are there other options?

Secretary RICE. I think the way to think about the six-party talks is, it's not just the talks, but it actually is a coalition of states that's managing the North Korean nuclear problem. And so, even when there are not talks, you have the possibility of getting a 15-0 vote on a chapter 7 resolution. You have the possibility of working groups that we are conducting with other parties about how to have sensor technology at ports of entry to deal with potential proliferation of nuclear material out of North Korea.

So, the—in a sense, when—even when they're not talks, it has provided a kind of coalition to manage the problem. And I think that's what you would see if the talks are not active. But I—I'm, as I said, cautiously optimistic, but I don't count my chickens until they hatch.

Senator COLEMAN. I appreciate that, in your statement, you recognize the importance of the humanitarian assistance, and you specifically say Sudan and Somalia. Sudan, we have a special envoy, Natsios, and he's doing important work. There are many of us concerned about Somalia. It—these are, kind of, very dangerous moments right now. Senator Feingold and I have introduced some legislation to push the concept of a special envoy. We—and we know that you are very, very busy with many things, and on top of many things, but the idea of putting the special effort into Somalia now is something that some of us think would be very critical. Would you comment on that?

Secretary RICE. I will. Let me say that the Assistant Secretary for Africa has spent an awful lot of time recently on Somalia.

Senator COLEMAN. She's doing an extraordinary job.

Secretary RICE. And she's been out for a contact group, she's been out in Kenya. Our Ambassador in Kenya is, in fact, our charge on the ground responsible—we also have, for the first time, in AU—a U.S. Ambassador to the AU who's been very involved in this area. So, I feel that we have the right level attention to Somalia. We've provided humanitarian assistance, we're providing back for our peacekeeping force, we're prepared to try to get the Ugandans in as the first force. So, I understand the desire for a special envoy, but I think we're spending the appropriate time on Somalia now to try to deal with what could be an opportunity.

Senator COLEMAN. I don't have time to delve deeply into the issue of U.N. reform. I appreciate, by the way, the efforts of Secretary General Ban. I think he's moving forward in the right direction, he's saying the right things, he's doing the right things—the food program with North Korea, he's put the auditors in there. I would hope, though, that we continue to push very hard for greater transparency, greater accountability. The failures of Oil-for-Food have not been corrected, and the concerns are out there. So, I would hope that that is still on our agenda.

Secretary RICE. Absolutely.

Senator COLEMAN. And, last comment, you talked about language. And it's interesting, it shifts. Russian was important when you were a student. Arabic today—when I was in Dubai, it was fascinating to—talking to the Embassy folks, that Farsi is becoming of greater importance. So, I would hope we would continue to put efforts in—I would just remind you that there is a wonderful program in Northern Minnesota. It's in Concordia Village, up in, I think, the Bemidji area. They're doing some great things with Arabic now. So, there are little gems around the country, and I do hope that they are part of our national effort to deal with this language deficiency that we have, which really does hamper our efforts to greater understand the challenges and the opportunities in the Middle East and other places.

Secretary RICE. Thank you. I—we'll try to use every asset out there, because we do have a—we do have a national deficit.

If I could just mention, I—we do have good language speakers in Baghdad. I don't want to leave that impression. If 2/2 is the grading for basic proficiency speaking and reading, but 3/3 is professional proficiency, we have eight people who have—in Baghdad—who have the basic skills; 11 in the PRTs, with the basic skills; four with 3/3 or above, which is considered professional; and five with 3/3 or—and above. But we've had to work awfully hard to get them there, and I still need language speakers of Arabic in Beirut and in Cairo and around the world. So, thank you for your—

Senator COLEMAN. We'll support—

Secretary RICE [continuing]. Interest in that.

Senator COLEMAN [continuing]. Those efforts.

Secretary RICE. Thank you.

Senator COLEMAN. Thank you, Mr. Chairman.

Senator LUGAR [presiding]. Well, thank you very much, Senator Coleman. The Chair is absent temporarily. He's asked me to recognize Senators in order.

Senator Kerry would be—

Senator KERRY. I'm going to let Senator Boxer go, because she was—

Senator LUGAR [continuing]. Next in order. Kerry yields to Senator Boxer.

Senator Boxer.

Senator BOXER. Thank you, Senator Kerry. Thank you, Senator Lugar.

Secretary Rice, it was just 4 weeks ago that you appeared before the committee to testify on the President's plan to escalate the war in Iraq. And, like then, I want to focus on our men and women in the military, those who are paying the price for this war.

Since the President announced his escalation plan, on January 10, 101 additional American military men and women have lost their lives in Iraq, 583 Americans have been wounded. That's just since January 10th. And maybe six—we know for sure five—helicopters, U.S. helicopters have been shot down—and another 1,648 Iraqis have been killed. In the 4 weeks, we have spent another \$7.8 billion in Iraq.

So, colleagues, I think it's important to see, since January 10, 101 additional dead.

So, I would ask unanimous consent to place in the record, Mr. Chairman, this article that appeared today in the Philadelphia Inquirer, "Combat Death Toll at a High, Worst 4 months for U.S. shift to urban fight cited" It says, "More American troops were killed in combat in Iraq over the last 4 months than in any comparable stretch since the war began," an Associated Press analysis shows.

Senator LUGAR. The article will be placed in the record.

Senator BOXER. Thank you.

[The information previously referred to follows:]

COMBAT DEATH TOLL AT A HIGH
 WORST 4 MONTHS FOR U.S.; SHIFT TO URBAN FIGHT CITED

by Robert Burns, Associated Press

WASHINGTON.—More American troops were killed in combat in Iraq over the last four months—at least 334 through Jan. 31—than in any comparable stretch since the war began, an Associated Press analysis of casualty records shows.

Not since the bloody battle for Fallujah in 2004 has the death toll spiked so high. The reason is that U.S. soldiers and Marines are fighting more battles in the streets of the Iraqi capital, Baghdad, and other cities. The top killer is the roadside bomb, but hostile forces also have had more success lately shooting down U.S. helicopters. Pentagon officials said initial indications from the crash of a Marine CH-46 helicopter yesterday, killing all seven aboard, were that it was caused by mechanical trouble, not hostile fire.

And with President Bush now sending thousands more U.S. troops to Baghdad and western Anbar province, the prospect looms of even higher casualties.

The shadowy insurgency has managed to counter or compensate for every new U.S. military technique for defeating roadside bombs, which over time have proliferated and grown increasingly powerful.

The United States has spent billions trying to counter that threat, and the Bush administration in its 2008 budget request to Congress this week asked for an additional \$6.4 billion to find more-effective defenses against it.

The increasingly urban nature of the war is reflected in the fact that a higher percentage of U.S. deaths lately has been in Baghdad. Over the course of the war, through Tuesday, at least 1,142 U.S. troops have died in Anbar province, the heart of the Sunni Arab insurgency, according to an AP count. That compares with 713 in Baghdad. but since Dec. 28, there were more in Baghdad than in Anbar—33 to 31.

The increase in combat deaths comes as the Pentagon begins adding 21,500 troops in Iraq as part of Bush's new strategy for stabilizing the country. Most are going to Baghdad.

With the buildup, U.S. forces will be operating more aggressively in the capital, a tactical shift that senior military officials say raises the prospect of even higher U.S. casualties.

"There's clearly going to be an increased risk in this area," Adm. William Fallon, Bush's choice to be the next commander of U.S. forces in the Middle East, told his Senate confirmation hearing last week.

The risk is already extraordinarily high from roadside bombs.

Here's one frustration: The Americans have improved their ability to find and disarm these bombs before they detonate, and they have outfitted troops in better body armor.

But the insurgents still manage to adjust; new tactics in planting the bombs; new, more powerful explosives; different means of detonating them; and a seemingly endless supply of materials.

Defense Secretary Robert Gates said Friday that 70 percent of U.S. casualties were caused by such bombs, he said that, lately, Iran—allegedly in league with renegade Shiite groups in southern Iraq—has supplied a more lethal version so powerful that it could destroy a U.S. Abrams battle tank, which is shielded with heavy armor.

On Jan. 22, Army National Guard Spec. Brandon L. Stout, 23, of Grand Rapids, Mich., was killed in Baghdad by one of those more powerful bombs known as an explosively formed projectile.

Hostile forces also have had more success lately shooting down U.S. helicopters, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowledged Tuesday. He said four U.S. helicopters in recent weeks have been shot down by small-arms fire, including a Black Hawk in which all 12 National Guard soldiers aboard were killed.

There have also been troubling new twists to some other attacks, including the sneak attack in Karbala that killed five U.S. soldiers; four of them were abducted and executed by unknown gunmen. U.S. officials say they are probing whether Iranian agents planned or executed that Jan. 20 attack.

Under a new approach announced Jan. 10 by Bush, U.S. troops will now be paired with Iraqi brigades in each of nine districts across Baghdad, rather than operating mainly from large U.S. bases.

"Our troops are going to be inserted into the most difficult areas imaginable—right into neighborhoods, right in the face of the Iraqis," said Sen. Carl Levin (D.,

Mich.), who chairs the Senate Armed Services Committee. "How are we going to avoid the inherent risks that are created?"

Senator BOXER. Our troops are brilliant. They've done everything asked of them. But nearly 4 years after the President proclaimed "mission accomplished," it's clear our military is faced with mission impossible. They are asked to police a civil war in which they are targeted by all sides.

As Secretary Albright told this committee last week, and I quote, "If I were a soldier on patrol in Baghdad, I wouldn't know whom to shoot at until I was shot at, which is untenable."

On Tuesday, Secretary of Defense Robert Gates said, no matter the level of troops, "we cannot succeed in Iraq without a political settlement." The Iraq Study Group reported that the key to a political solution in Iraq is a reinvigorated diplomatic effort in the region. In fact, the very first recommendation of the ISG was to launch a comprehensive new diplomatic offensive. They wanted it to happen in December. That day has obviously come and gone. More dead. More wounded. No diplomacy. No resolution.

Secretary Rice, the—Time magazine recently described your diplomatic efforts in this way, "Rice has barely begun to address the damage to U.S. credibility wrought by Iraq or articulate a diplomatic strategy that might shore up U.S. influence and coax others to help contain Iraq's violence within its borders."

Secretary Kissinger was asked to articulate the administration's grand strategy to stabilize Iraq. He said, "I don't know anyplace where the administration has articulated this particular strategy."

Secretary Rice, what is your diplomatic strategy to end this war?

Secretary RICE. Well, Senator Boxer, first of all, diplomacy outside of Iraq is not going to solve their national reconciliation problem. The Iraqis—

Senator BOXER. Excuse me.

Secretary RICE [continuing]. Through their—

Senator BOXER. I'm sorry. I don't mean outside Iraq. I mean, what is your diplomatic plan to end the war—inside, outside? What is—

Secretary RICE. Well—

Senator BOXER [continuing]. Your strategy?

Secretary RICE. Well, I'll go through it.

First of all, diplomacy outside of Iraq is not going to end their problems with national reconciliation. And so, we spend a good deal of time—our Ambassador and others, as well as I, spend a good deal of time trying to help push the Iraqis toward acceptance of the national reconciliation strategy that they themselves have outlined: A national reconciliation strategy based on a national oil law, de-Baathification, provincial elections, and, ultimately, constitution reform. And so, the first place that our diplomats spend their time is inside.

Second, our diplomats spend a lot of time with provincial and local leaders, trying to make certain that they, too, are a part of the national reconciliation effort.

Third, we spend a good deal of time with the Sunni states with which we have close relations—Saudi Arabia, Jordan, the UAE—in getting them to support the reconciliation efforts to bring Sunnis into the process. That is bearing some fruit, as, for instance, in

Anbar province the sheikhs have turned against al-Qaeda and begun to train their “sons of Anbar” in Jordan to come back and fight al-Qaeda.

Finally, we do have an International Compact, which is a kind of bargain between the Iraqis and the international community, for support as they meet these national reconciliation goals. And that International Compact has met. It met first in New York. It will continue to meet.

I don’t rule out, Senator Boxer, that, in addition to the work that we’re doing with the gulf countries and with the Egyptians and the Jordanians, that there might be a broader neighbors conference when the Iraqis are ready for it.

Senator BOXER. I’m sorry, I’m——

Secretary RICE. So——

Senator BOXER [continuing]. Running——

Secretary RICE [continuing]. So, there’s a lot of——

Senator BOXER [continuing]. Out of time.

Secretary RICE [continuing]. Diplomatic—there’s a lot of——

Senator BOXER. I wish I had——

Secretary RICE [continuing]. Diplomatic activity. You asked, and I——

Senator BOXER. I wish I had more——

Secretary RICE [continuing]. Wanted to——

Senator BOXER [continuing]. Time, and I think this is an interesting answer. And I’m glad you’re open to doing something different, because, you know, we—everyone seems to agree that there’s no military solution, at the end of the day. And you are the one who should be bringing these great new ideas to the table.

I want to, in my closing minute, ask you about global warming. As a Senate delegate to the United Nations, I went to the United Nations on Monday to get briefed on the IPCC report on global warming by the IPCC chair, Pachauri. I don’t know if you know him. He’s pretty sharp. And we did a conference call from Paris, and he explained how important this report is. There’s a real need, I believe, for American leadership on global warming, and I think the world’s a bit perplexed at our very slow response to this threat. I’m glad the President finally mentioned it for the first time in a State of the Union Address, but he didn’t have much behind it.

Now, we do produce 25 percent of the world’s greenhouse gases, which is a huge amount. We’re actually the No. 1 emitter of carbon. But I believe it’s our Secretary of Energy who said we were a very small emitter. I don’t know where he gets—how he’s looking at this glass.

But as chair of the Senate Environment Committee, I have suggested to the President in a letter that he convene a 12-nation summit at the White House to take the largest emitters, the 12 largest emitters—nations—and really lead the way toward solutions here, because time is running out.

This idea actually came to me, and several other Senators, through Tony Blair, who had thought it would be an excellent way for us to move. Rather than with a huge community of nations, with the 12 largest emitters. So, I haven’t heard back from the President yet. And I want to ask you—because, again, this is a place where I think we could really reach out to the world—do you

believe global warming is an issue that America should lead on? And do you have any response to this idea of convening a summit in the White House?

Secretary RICE. Well, Senator, I can't respond to the idea of convening a summit. I—I'm sure the President will respond. But, yes, I believe that global warming is a problem. And I believe climate change is something the United States should be actively—we spend \$5.8 billion a year on this issue. We were the ones who partially funded that report, so we are very active. We have partnerships around the world that are trying to deal with carbon dependency, like the Asia-Pacific partnership that we have, which, by the way, includes India and China, soon-to-be major emitters of greenhouse gases. We are pursuing, with countries around the world, the ability for safe nuclear power that doesn't have proliferation risks associated with it. We are pursuing, with Brazil, a major biofuels initiative. We lead the world in technologies—

Senator BOXER. OK. I'm—

Secretary RICE. So, yes; I agree—

Senator BOXER. Good.

Secretary RICE [continuing]. It's a problem, and we ought to be very active—

Senator BOXER. Good, and I—

Secretary RICE [continuing]. And I think we are.

Senator BOXER. The reason I raise it—and I will finish here—is because I know we're doing some things, but I want—put it into perspective. There was a study done, showed the 56 largest emitters of carbon. We're No. 1. We're 53 on what we're doing about it. So, even though we're doing something about it, it is not on the scale—Senator Kerry and I were just discussing this—we need to move forward on this. And, you know, it's all tied—it's all tied to everything else we do. If we can't extricate ourselves from Iraq, and the billions of—billions of dollars that are being, in my view, thrown away on a strategy that is a military strategy without a political solution, we going to short our children and our grandchildren, and we're not going to be able to take care of business here at home and protect our people from threats such as global warming.

I hope you will discuss, maybe, with the President, this letter I sent. And I think it would be someplace where we can work together.

Thank you.

Senator LUGAR. Thank you, Senator Boxer.

Senator Voinovich.

Senator VOINOVICH. Thank you, Mr. Chairman.

First of all, I'd like to thank you, Secretary Rice, for the job that you're doing. I suspect that, in modern times, there's no Secretary of State that's had more on their plate than you have had. I've mentioned to you I appreciate your continuing to be interested in Southeast Europe, Kosovo, in Serbia, and your support of the democratic forces in Serbia. But that needs to be continued to—watched, because it could be another area where we'll get—we would get pinned down.

I've always felt that one's success has a lot to do with the management team that they have in place. And I'm very concerned

about this GAO report. In fact, we had a hearing on this in the—my Subcommittee on the Oversight of Government Management, where it says staffing in foreign language shortfalls persist, despite initiatives to address gaps, and it talked about the 2002 Diplomatic Readiness Initiative. And basically—I'm not going to read all of it—but it says that, “The states made progress in addressing staff shortages since implementing the DRI; however, the initiative did not fully meet its goals and mid-level vacancies remain a problem at many posts, including some critical to the war on terror. Mid-level positions at many posts are staffed by junior officers who lack experience, have minimal guidance, and are not as well equipped to handle crises as more seasoned officers.” And then, it goes in and says that, “We've made some progress in terms of the language gaps,” but there's some real problems there. One of them, for example, they said, “Several factors, including the perception that spending too much time in one region may hinder officers' and specialists' promotion potential, may discourage employees from bidding on positions where they could enhance and maintain their language skills over time, and limit states' ability to take advantage of those skills and the investment it makes in training.”

When Mr. Zoellick was nominated for the position, I shared with you that I was very concerned that he would not—did not have the management ability to bring management to the Department. You're running around all over the world. You need somebody in the Department that's going to spend the time and doing the management of the Department. And when John Negroponte came in to see me, I asked him what his portfolio was going to be. And he didn't mention management.

Now, one of the things that Secretary Powell did—and Dick Armitage—was, they paid attention to management in the State Department. And I'd like to know just what role—we've just approved John today—John Negroponte. I think that part of his job, a good part of it, has to be to get back in the Department and make sure that these management challenges are taken care of, or you're not going to be able to do all the other things that we're asking you to do.

Secretary RICE. Well, thank you, Senator.

First of all, I do think John recognizes that he will—obviously, as Deputy, he'll have a strong management role. Frankly, I think I have a management role, as well. I actually personally spend time on budget issues, on personnel issues. The Transformational Diplomacy Initiative is my initiative, to try to speak to some of concerns that are raised. The changes that we're making on how we recruit Foreign Service officers, how we train them, I think those are all issues that I should be involved in, the Deputy should be involved in, and, in fact, our Under Secretary for Management, Henrietta Fore, should be involved in. But I think you will find that the Department spends as much time on management as any Secretary in the past. I personally spend a great deal of time on that. I consider it extremely important, and I think you'll find that we're making some major changes. If we weren't spending time on management, we wouldn't be making the changes, for instance, to the way the Foreign Service exam is going to be given so that we

can recruit people who will not wait a full year to take the Foreign Service exam.

Senator VOINOVICH. But, Madam Secretary, you know, the role of the Deputy was open for several months. I'm just saying—I've been there. I've been a Governor, and I've been a mayor, and things come along and take your mind off a lot of things. You're—you've got so much on your mind, so much on your plate, you're probably putting in 14–16 hours a day. And you've got to have somebody that gets up early in the morning and stays late at night to work on the management problems that you have in the Department. And I know you're saying that you're spending the time on it. But the stuff I'm getting back, you know, from the Department is that there's a real problem there, and that—

Secretary RICE. Well, I'd like to know—

Senator VOINOVICH [continuing]. The esprit de corps is down, there are people who are leaving the agency. And I think, at this stage, someone's got to get back in there. And I would ask that—you know—and, as I said, when John came to see me, he didn't even mention management as part of the portfolio that you asked him to take on. Since that time, he said, "Yes, we've talked about it." But I think he needs to spend more time there and not be on a plane, flying all over the world trying to take care of some of the diplomatic stuff to take some of the heat off of you.

Secretary RICE. I'm certain, Senator, that he will spend the time on management that is needed. But I'd like to know what people think is not being managed, because I can tell you that, in terms of trying to improve—

Senator VOINOVICH. It's right here.

Secretary RICE. I'll—I'm happy—

Senator VOINOVICH. It's right here.

Secretary RICE. I'm happy—

Senator VOINOVICH. OK?

Secretary RICE. I'm happy—

Senator VOINOVICH. GAO. We had a hearing on it.

Secretary RICE. I—

Senator VOINOVICH. They say it's not getting done.

Secretary RICE. I'm happy to read it, Senator. But I think that you will find that questions about, for instance language competency, are not because we're not paying attention to them, it's because we are making an—are making, in this budget, funding requests to be able to train language—people who have language specialties, ability to recruit people at a mid-career level in order to bring them in. We're paying a lot of attention to these issues.

But I can assure you, John Negroponte will spend time—the time on management, Henrietta Fore spends the time on management, I spend the time on management. We care very deeply about the management of this Department, and I care very deeply that it's not just managed in the status quo, but that it's actually transformed. That's why I've personally overseen the transfer of diplomats out of Europe into posts where they're needed. That's something that this committee has been calling for, for a long time. We finally did it. And so, I think we're paying plenty of attention management, and we're paying attention to it in a transformative way, not a status-quo way.

Senator VOINOVICH. Well, I'd like to know, in the first 6 months, how much time, Mr. Chairman, Negroponte is going to spend on doing the job, because Colin Powell spent time on it, and Dick Armitage spent time on it, and it really helped the Department.

And I'm saying, in all fairness to you, you have so much on your plate, and you can tell me, "I'm spending time on management," but you really don't have the time, with other responsibilities that you have, to do that. And someone's got to do it.

Secretary RICE. Senator, I appreciate that. And I—we will—I will reiterate to John your comment. But, again, I would ask you to look at what we've done on the management side. This committee asked, for years, "Why do you have so many diplomats in Europe and not in places where they're needed?" This committee asked, for years, about the establishment of American-presence posts. This committee asked, for years, about public diplomacy. We're doing those things, Senator, not to mention launching language—critical language initiatives so that we can fill some of those posts. We're changing the way we recruit people in the Foreign Service. We're changing the way we administer the exam. I'm very focused on how this is going to be a Foreign Service for the future, not one that simply manages the status quo. So—but I will—

Senator VOINOVICH. I'd ask somebody—

Secretary RICE [continuing]. Pass your comments—

Senator VOINOVICH [continuing]. To read—

Secretary RICE [continuing]. On to John.

Senator VOINOVICH [continuing]. The GAO report, because the fact of the matter is that what you're telling me is not reflected in this report.

Secretary RICE. Perhaps I can get a report to you on all the things that we've done, Senator, because I think they've actually really mattered. And they're not status-quo changes, they're transformative changes. Those diplomats who are now serving in India instead of in Berlin are going to make a difference to our foreign policy, and I think the things we've done are going to make a much bigger difference than perhaps some of the things that are cited in the GAO report.

I'll be happy to get you a report on management, and I will pass on your comment to John.

Senator VOINOVICH. Thank you.

Senator LUGAR. Thank you very much, Senator Voinovich.

Senator Kerry.

Senator KERRY. Thank you very much, Senator.

Madam Secretary, welcome, glad to see you here today. I doubt—I'm sure you're putting in longer than 16 hours, so I think he short-changed you there.

I want to mention one issue, if I can, that Senator Boxer talked about, for a moment. It's a diversion from where I really want to spend a few moments, but I just think it is so important to underscore this issue, which, with all due respect, the administration simply has not stepped up on yet.

Twenty years ago, when I joined the Commerce Committee, Senator Gore and I held the first hearings on global climate change, in 1987. And after that, we held the first interparliamentary conference on it, sometime around 1989 or 1990, and then we at-

tended, together, as Members of the Senate delegation, with Senator Chafee, Senator Lautenberg, Senator Pressler, others who went to the Rio Conference, where President George Herbert Walker Bush signed on to the Voluntary Framework, back in 1992—1990. This is—since then, I—you know, I have attended the COP conferences in the Hague, in Buenos Aires. I was in Kyoto for the negotiations. I only mention that because this has been so much on the international agenda for years now, and the IPCC, 1,500 scientists strong, and others, have been, since, you know, 2001 report, were dramatic in their certitude about what is happening, and the human-induced components of it.

My wife and I have just been—just completed writing a book together on a number of environmental issues, and one chapter is about global climate change. The more research I did—I thought I knew a lot about it—the more research I did, the more I sat with Jim Hansen, at NASA, the more we got the briefings, the more we met with climatologists, scientists who are studying the ocean, truly the more frightening and dramatic this challenge became, and becomes.

And now, the scientists—the best scientists we have in our country—people like Dr. John Holdren, at Woods Hole, and Harvard, and so forth, Jim Hansen, and others—tell us that they have reduced the allowable warming that we think we can tolerate from 3 degrees Centigrade down to 2, and that the only way you can hold it at 2 is to hold the parts per million of greenhouse gas, carbon dioxide, in the atmosphere at 450 parts per million, not 550. To achieve the 450, Madam Secretary, it's going to take an unbelievable effort by a lot of countries. Texas is about to build 16—TXU is going to build 11 of them—coal-fired powerplants by the old standards, not the new ones. China is about to build one per week. We can't do that. We simply can't do that, because you blow any scientific curve or model that exists.

The administration, the President—we're all glad to hear him mention it in the State of the Union, but it just doesn't do it. We have to have a cap on carbon. We have to hold the carbon level. We have an allowance of about .4 degrees Centigrade between what's already preordained by what's in the atmosphere and where they say we get to catastrophe. Point-four degrees. And if these powerplants are built, it's "Katy, bar the door."

So, I just say to you, I think that this administration is avoiding a sort of confrontation with reality and with the future and with future generations that is of unbelievable consequences. And I urge you, in your role as Secretary of State, because there is so much on the international agenda that has to be accomplished here—with China, with India, with the developing world, with technology transfer, with technical assistance—that this has to become a top agenda for you, and I urge you to do that.

Now, I want to, obviously, turn to Iraq. You can comment on that, if you want, when we get there. But you've asked for an additional \$2 billion for Iraq. According to the GAO study that was presented to us a few months ago, in Iraq itself, Iraq has only spent 8 percent of the annual capital goods budget, and 14 percent of its annual capital projects budget. The report found that the Ministry of Oil had expended only \$4 million of a \$3.5 billion capital budget.

Now, if the Iraqis aren't spending the money that they have that's being banked here, why should the American taxpayer lay out an additional \$2 billion, particularly knowing that the last money spent went to, in many cases, swimming pools, VIP trailers, cars that aren't accounted for—it just—it's unaccounted—billions of dollars are unaccounted for—why, in view of the reluctance of Iraqis to spend the money themselves, should the American taxpayer?

Secretary RICE. Well, Senator, I want to be sure that we're talking about the same thing. I know that there were questions about the DFI, the Iraqi funds. I don't believe that there is a claim that there are billions of dollars misspent in the IRF. I do understand that there are some contractor cases that are being brought, but I just—I want to make sure that we're on the same page about that.

In terms of the \$2 billion additional—

Senator KERRY. Well, there are—I don't want to interrupt, but there are reports of literally billions of dollars that have been misspent, or misdirected—

Secretary RICE. Well, I think—

Senator KERRY [continuing]. And instances, for instances, like the hospital—the First Lady's hospital that was twice funded and still not built.

Secretary RICE. Well, I do think that the SIGIR has undertaken to look at some specific cases that mostly relate to contractual obligations that were not met. I fully agree with that. But I didn't want to leave the impression that SIGIR's accounting has said that there have just been billions and billions of misspent dollars. I don't think that's what SIGIR said, at least when I talked with the head of SIGIR. He talks about some specific contracts, yes—on healthcare, in particular—that have been very problematic, I agree completely.

Senator KERRY. But you do have two issues here, I agree.

Secretary RICE. Yes.

Senator KERRY. There is one issue of the expenditure, there is the other issue of the capital funds of the Iraqis.

Secretary RICE. Yes. And let me address that.

Senator KERRY. Sure.

Secretary RICE. The Iraqis have allocated \$10 billion that they now intend to spend on infrastructure, capital improvements, job creation, a number of other activities. The money that we are requesting is largely to support PRT development, to support community development projects that would go alongside the PRT, to support some democracy programs, and to support some small reconstruction projects at the local level. So, this is all a part of the effort to—to be more local and decentralized in what we're doing.

We're also requesting money to help make the Iraqis more capable of actually spending the funding that they are allocating—through budget execution, technical assistance, through help for the ministries, to be able to get the money from Baghdad down to the localities into the provinces.

But, Senator, if the underlying tone of the question here is that the Iraqis ought to start to spend their own money, I agree completely, and we're telling them exactly that.

Senator KERRY. And what—my time's almost up, but what is the status of the—really, the specific status of the reconciliation? Six

months ago, seven months ago, Ambassador Khalilzad and General Casey said, “The Iraqis have about 5 or 6 months to make critical decisions, or, you know, it’s going to be deep trouble.” They haven’t made those decisions. The reconciliation—I remember when I was there, I met with Prime Minister Maliki, who was about to meet with the reconciliation group. It didn’t meet. It had real problems. It just doesn’t seem to be gelling in any concrete or serious way. They seem to be waiting this out on both sides.

Secretary RICE. Well, they’re working very hard to close the oil law. And I can’t give you a date, Senator, but I hope that the oil law is going to close very soon. That is the piece that they’re working on. They also have put together a group to look at de-Baathification, and drafts are being passed around about the de-Baathification law. We agree that these are efforts that have to come to a conclusion, and need to come to a conclusion very quickly.

Senator KERRY. Would you put any timeframe on it?

Secretary RICE. I can’t put a timeframe on it, but soon. As soon as possible. And Zal is working on this every day with them.

Senator KERRY. Thank you. Thank you, Madam Secretary.

Thanks, Mr. Chairman.

The CHAIRMAN [presiding]. Thank you very much.

Senator Isakson.

Senator ISAKSON. Thank you, Mr. Chairman.

First, an observation. There have been a couple of comments about inadequacies in the budget in certain countries and places. I wanted to make an observation. From a proportionate standpoint, I want to commend your budget, because, by way of example, in the Economic Support Fund, which is critical in trying to bring about peace and understanding and negotiations in these countries, the appropriation in this budget to the Sudan is almost equal to Iraq. It’s \$250 million versus \$298, and I think that’s a significant contribution, and it should be noted. And, on the same token, the appropriations to Iraq and Afghanistan, this budget portends, are—portends an appropriation of \$2.8 billion for Iraq and \$2 billion for Afghanistan, which seem, proportionately, to be significant. And I want to commend you on both those, and the detail that’s in them.

Second, I want to go to the question that you addressed obliquely in addressing Senator Kerry. I think we’ve got a huge stake in this hydrocarbon deal, the oil deal in Iraq. And you didn’t want to put a date on it, and I’m not asking you to put a date on it. But can you tell us what is encumbering the finalization of that oil deal?

Secretary RICE. Yeah. What makes it difficult is that this is really—and I think everybody understands that this is really the critical piece—about how the regions are going to relate to the center, because two of the regions, the Shia regions of the south and particularly the Kurdish regions of the north, have disproportionate resources compared to the center of the country. And so, the unity of the country, in many ways, is very critically impacted by whether those who have the resources are willing to really share them, and share them proportionately, either by population or by need. There are also some parts of the country that have greater need, even though they don’t have the population, because they were

underinvested in by Saddam Hussein. And so, they've been working a very complex set of issues to get people who would own the resources in the region—because it is a decentralized federal system—

Senator ISAKSON. Right.

Secretary RICE. It's a little bit as if we were having this debate between the States and the center about who owns certain resources. That's really the—Washington and our States—about who owns certain resources. That's really what's going on here.

Now, I think, when you look at the draft oil law, it's a remarkable document, because it really is a national oil law that recognizes, for instance, that the center ought to disburse the resources, that recognizes that some places are going to have to have a kind of special status, because they need more resources, because they've been underfunded. But there are still questions about: Who will be able to let contracts, the regions or the center? That's the kind of issue that they've really been struggling with.

So, it's gone on longer than we would have liked, but it is really dealing with some very central issues about the relationship of the center to these regions.

Senator ISAKSON. Well—and correct me if I'm wrong, but I think the oil resources themselves are primarily in Kurdish and Sunni areas. Is that correct?

Secretary RICE. It's Kurdish and Shia.

Senator ISAKSON. Shia areas.

Secretary RICE. And Shia, in the south, yes. Right.

Senator ISAKSON. And that if the oil law can be completed and ratified and passed, it probably is the hardest reconciliation of all to complete, and would be the fundamental foundation for all these other decisions to become a lot easier.

Secretary RICE. I think that's absolutely true. And I think it's why, in some ways, the questions that are in the oil law are really more questions about how Iraq is going to operate and deal with the relations between its communities. That's really what's here. And I know it's taken a while, but I find it remarkable that they agreed, pretty early on, that the resources belong to the Iraqi people, or to the center, not to the regions. And then, you get into questions of how they're distributed. They agreed to that. The final frontier, in a sense, being: How are they going to contract for—with private entities?

Senator ISAKSON. Well, I hope you'll continue—

The CHAIRMAN. Will the officers please remove the party from the room so we can have order? We'll suspend.

[Recess.]

The CHAIRMAN. I thank the Capitol Police.

Senator Isakson.

Senator ISAKSON. Thank you, Mr. Chairman.

My last comment on that, to every extent, diplomatically within Iraq—and there is some diplomacy going on, I recognize it's a full-time job. Anything that—and everything—that can be done to encourage that resolution to come about, that in combination with some relative stability in Baghdad in a short period of time could do remarkable wonders for reconciliation.

My last comment is on the border security portion of the budget. I have a huge interest in that. I notice you've got a doubling of the request for passport operations, which I imagine is, in part, because of the—

Secretary RICE. Yes.

Senator ISAKSON [continuing]. New increased passport requirements between the United States and the Bahamas and Latin America, and places like that. But how are we doing on improving our security, vis-a-vis visas—verifiable visas, and nonforgeable, and the document problems we've had with forgeries? And how are we doing in terms of our access into this country, particularly on the southern border?

Secretary RICE. I think we're doing much better, Senator, and thank you very much for noting that we are requesting increases in the consular personnel that have to deal with visas. The Western Hemisphere Initiative puts an additional load on people. But we think—

Senator ISAKSON. I'm going to interrupt you for just one second—

Secretary RICE. Yes.

Senator ISAKSON [continuing]. Because I am one that makes calls on behalf of constituents, myself. And we need more people and less answering machines. So, I'm happy to support that.

Secretary RICE. Thank you very much. [Laughter.]

We appreciate it.

We're making a lot of progress on the southern border. Of course, Homeland Security has the lead on issues of physical security and the like, but we have really improved our capability to deal with border issues. We have also improved our capability to process applicants.

In terms of documents—I think it's a very important point—Mike Chertoff and I have worked very hard. As you know, we want a reliable document that is not forgeable. And I think we're making some progress on new technologies for passports, for a passport card, if we go that way, on the Western Hemisphere Initiative. So, it's very much on everybody's radar screen. And with—I will meet, on the 23rd of February, with my Mexican and Canadian counterparts, and also the Homeland Secretaries will be there. We do this regularly to review how we're doing on border issues, particularly border security issues.

Senator ISAKSON. Well, I commend you on your attention to the consular corps and the passport issue and the southern border, and I thank you very much for your service to our country.

Secretary RICE. Thank you.

If I may, Senator, I just wanted to comment. You—thank you very much for the comment, also, about the distribution of resources. I just want to note that one of the other major management changes that we've made is that we have completely revamped our system for allocation of foreign assistance. By bringing together the State Department and the USAID budget, for real this time, with one person responsible for both, I think we're getting a much truer allocation of resources than we've ever gotten, and we've been able to really move resources around to highly targeted interests and concerns.

And I just want to note that Randy Tobias, who oversees that effort as a deputy-level person, has done a very good job of starting to do that. So, thank you for noticing that we've been moving things around.

Senator ISAKSON. Thank you for the work you do.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator MENENDEZ.

Senator MENENDEZ. Thank you, Mr. Chairman.

Welcome, Madam Secretary, it's good to see you again.

I want to turn to another part of the world that I believe many of our domestic issues derive from, and that's Latin America and the Caribbean, where we have growing concerns and challenges. In your written testimony, you say that the administration has doubled our assistance to countries in the Western Hemisphere, but I think the testimony leaves out a key phrase from the end of the same sentence in your budget summary, which says that this could only be true when you count projected funds for the Millennium Challenge Corporation. Having looked at the budget, the truth is that the administration has actually cut core development funding by 26 percent, as compared to fiscal year 2006 enacted levels. And even if we look at other accounts you're still cutting funding to the western hemisphere. If we include Economic Support Funds, Andean Counterdrug Initiatives, and all the military and law enforcement money, you still cut funds to Latin America and the Caribbean. The only way you get to any kind of an increase, based upon your written testimony, is if you include MCC 2008 disbursements, which I find fascinating, since the President promised that MCC funding would be on top of, not instead of, regular funding.

Now, to put aside for a moment the fact that you're using already appropriated funds as part of a justification for a future budget, the truth is, we don't know from your budget what the MCC disbursements for 2008 will be. There are no numbers, so we don't know how you got those numbers or whether they're based on real facts. And even if we assume, for argument's sake, that the fiscal year 2008 MCC disbursements are real, those moneys only benefit, at most, 4 percent of Latin America's poor in three countries, leaving 96 percent, 213 million, of Latin America's poor facing a serious cut in U.S. development funding.

And let me just, in pursuit of that same line of thinking, talk briefly about the Economic Support Funds. I'm sure that the Department might argue that you didn't cut Development Assistance, you just moved Development Assistance to Economic Support Funds, where it will do exactly the same thing. I would argue quite differently. First of all, Economic Support Funds have always been political money to help those countries who we see a national interest in helping. Second, those funds have not been used in Latin America for Development Assistance; in fact, they have been used to promote the trade agenda and some other economic issues. And I might note they come with a lot less strings attached from the Congress as a result.

So, Madam Secretary, I just want to bring this to your attention, because, as a member of the Budget Committee and as the chair of the subcommittee that oversees both the Millennium Challenge

Corporation and Development Assistance, I plan to have a vigorous oversight of this. I believe it is this type of continuing policy, as it relates to Latin America and the Caribbean, that has given us a major challenge in the hemisphere, that lets the Chavezes of the hemisphere fill the vacuum and undermine our own national interests. It's a real concern to me because much of the issues we debate domestically are derived from within the hemisphere. If you want to stem the tide of undocumented immigration, you largely try to strengthen the economic opportunities in those countries and stop civil unrest. If you want to make sure that terrorism doesn't take hold within the hemisphere, you make sure that we don't have countries in chaos, which is where terrorism can create a firm seed. If you want to make sure we address the issue of global warming, as Senator Kerry was talking about, you want to ensure that we have initiatives that don't continue to destroy the rain forest. If you want to have more markets for U.S. goods and services, you strengthen the opportunities there.

We are headed all in the wrong direction in this part of the hemisphere. I know we have other challenges in the world, but we are headed in the wrong direction.

So, I urge the Department to look at these issues again. And certainly, I will be one of the voices here who will be looking to change the course of events of the budget process from where the present budget that's offered is to a different course.

And let me just finish with the MCC, which I'd like to ask you a couple of questions about. This is probably the administration's signature foreign aid initiative, I would say, considering the amount of money and the effort. When President Bush first talked about the MCA, one of the things he promoted was the fact that the program was taking a different approach to foreign aid by requiring that countries involved not only be in need of assistance, but also that specific guidelines be met: Ruling justly, investing in people, fostering economic freedom. Is that correct? Are those basically—

Secretary RICE. That's correct.

Senator MENENDEZ. And even after countries are designated as eligible for MCA assistance, they have to continue to fulfill those standards set by the MCC or they face consequences; specifically, suspension. And the case of the Gambia is an example of that. Is that not correct?

Secretary RICE. That's correct.

Senator MENENDEZ. And when Ambassador Danilovich testified before the House's appropriations subcommittee last year, he said, "At first, our partner countries must adopt and adhere to policies that promote growth, reduce poverty, make assistance more effective. If they don't, we say no. If they stop, we say no more." And he went on to explain that explicitly tying disbursements of money to the attainment of predetermined performance benchmarks allows us to ensure that our assistance delivers results for the expected beneficiaries and the American taxpayers, alike. Is that basically the Department's view?

Secretary RICE. Correct.

Senator MENENDEZ. So, my question is—the administration believes that by setting performance benchmarks with consequences,

we achieve results in benefiting not only the country who we're trying to help, but the American taxpayer. So, why is it that when, Madam Secretary, you came before the committee a few weeks ago—I asked you about performance benchmarks, beneficial and necessary, as it relates to Iraq—why is it OK for the MCC and not for Iraq? Why is our philosophy changed in that respect? Why—when the President requests only \$3 billion for MCC, but it requests \$245 billion for the war in Iraq, why can benchmarks without consequences be important enough to include in the MCC, but not to include as it relates to Iraq?

Secretary RICE. Well, Senator, I just see them as fundamentally different issues. I mean, in Iraq you're dealing with a country that is coming out of years of tyranny, you're in a war zone, American forces are fighting there. We're doing this as a part of a counterinsurgency strategy. We're pushing the Iraqis to meet certain benchmarks. But nobody would suggest that Iraq is in the circumstances that, for instance, that would have, at this point, even qualified for an MCC account. What we're doing—

Senator MENENDEZ. No; obviously—the question—the question, is, Madam Secretary, even the Iraq Study Group said that there should be benchmarks with consequences, because, if not benchmarks with consequences, they're merely aspirations.

Secretary RICE. There are benchmarks. And I don't think they're aspirations. I really do think that these are benchmarks the Iraqis themselves know that they have to meet.

Senator MENENDEZ. So, the administration continues to pursue a course in which benchmarks that it sets have no consequences, if not met.

Secretary RICE. I think the Iraqis know that the consequence of not meeting their benchmarks is that, first of all, they're not going to be able to govern their own country; second, they're not going to have the endless commitment of the United States to a plan that isn't going to work if they don't meet the benchmarks. That's quite different, I think, Senator, than saying to, for instance, a Ghana or a Georgia, which has been determined to be governing in particular way, now this money needs to be used in a way that is measurable against certain benchmarks. I think the situations are very different.

But if I may respond on Latin America, just very briefly?

Senator MENENDEZ. Sure.

Secretary RICE. The non-MCC foreign assistance for Latin America has risen, since this administration came in, from \$862 million to \$1.4 billion. So, there's a significant increase in non-MCC funding.

Then, if you add the MCC compacts, you are talking about large compacts in places like Central America. Some of the cuts, Senator, have come in places like Brazil, not for environmental issues, but because we believe Brazil is now more capable, in terms of its own delivery systems; in Mexico, where we believe the same is the case. You have countries that are really graduating from foreign assistance. And we have continued, by the way, to have active programs in development assistance in some of the poorest countries. But, for some countries, we believe that ESF is better funding for the kinds of challenges that they face, so what we've try to do is to match

up the funding with the actual challenges that countries face, and to be fairly rigorous about whether or not we think development assistance or ESF is actually the kind of funding—

Senator MENENDEZ. Well—

Secretary RICE [continuing]. That is needed by—

Senator MENENDEZ. Let me just—my time is over—let me just end by saying we had the Congressional Research Service, when I was in the House as the ranking Democrat on the Western Hemisphere, look at this, and the reality is, they came, did an analysis of every one of the Department's programs as it related to Latin America and Caribbean, and clearly the direction we are headed is to cut funds overall in that part of the world for several consecutive years. It is not in the national interests of the United States to do so. I urge you to reconsider it. But I appreciate your answers.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Cardin.

Senator CARDIN. Thank you, Mr. Chairman.

Madam Secretary, it's a pleasure to have you again before our committee.

Earlier this week, in the Budget Committee, we were going over the cost of the Iraq war, and there was disagreement with the Congressional Budget Office and the administration's submission on the budget in the Department of Defense as it related to the war in Iraq. The surge, I think, was submitted by the administration at a little over \$5 billion; whereas, the Congressional Budget Office has estimated it at five times that amount. And I'm trying to get a handle, in your budget, how much is involved with Iraq.

Your 2008 submission has, I believe, \$2.8 billion, but yet, we're going to be asked to approve a supplemental budget that has money in it for money in it for the Iraq mission. And I understand that's—about \$1.9 billion of the supplemental budget deals with the Iraq diplomatic mission. And I'm concerned as to whether the \$2.8 billion is a realistic number, or whether we're going to be coming back, looking at another supplemental to supplement that amount. And then, we have emergency funds that are not subject to that cap, in addition to the funds that are being submitted in the 2008 request, as I understand it. So, I think it would be helpful to us if we had, on one page or one sheet of paper, all the funds that are being requested through your agency as it relates to Iraq, both the supplemental, the 2008 submission, including the emergency categories of funds.

Secretary RICE. I can provide that to you, Senator.

Senator CARDIN. I appreciate that.

I had three concerns I would like you to address as it relates to the funds you're requesting. Some have already been touched upon by my colleagues. And that is, What impact is this having on the other missions? Your Department has critical missions in—around the globe as it relates to economic and environmental and security issues and human rights issues. And when I visit your representatives in other countries—who do a superb job for our country—they're stressed, and it seems to me that they're going to be—one of the effects of our concentration in Iraq is that it's going to have an impact on the other missions.

Two, this is a major burden to U.S. taxpayers, and I would like to know what our coalition partners are contributing and what other countries are contributing, outside of Iraq, to these efforts. And if we could have some comparable numbers, I think that would be helpful to us to have that.

And then, the last point, which has been mentioned by several of my colleagues, none of us are satisfied on the accountability on the use of these funds, and we need to have much stricter accountability on the use of taxpayer dollars. And I welcome you either submitting this to us or telling us, on all three of these points, the impact that it's having.

Secretary RICE. Thank you, Senator. I can respond briefly, and then I'm happy to respond in greater detail.

Obviously, Iraq, Afghanistan, are big efforts. But so, too, are efforts that we're undertaking, for instance, in Lebanon. We are requesting \$770 million for Lebanon in the supplement. So, yes; we are requesting a lot that we see as critical to the war on terror. These are frontline states in the war on terror.

I don't think that it is having a negative impact on our missions around the world, although, obviously, we have had to try to reallocate—sometimes funding and sometimes personnel. I've mentioned, a couple of times, that I've moved 200 diplomats out of Europe. It's not because I don't think Europe is important, but because as American interests grow other places, it's important to reallocate people.

Senator CARDIN. Those 200 diplomats that you're referring to have been redeployed to—

Secretary RICE. To places like India, China. They're—it's not just to Iraq or—to places in the Middle East, other than Iraq and Lebanon.

Senator CARDIN. If you could just supply to us specifically where those redeployments have been done.

Secretary RICE. I'm happy to do that.

In terms of the moneys that we're spending, though, I just gave a kind of recitation—of course, we're still the largest supplier of food aid. More than 62 percent is American. We are the largest supplier in health, in terms of large health initiatives, of any country in the world, both the HIV/AIDS program and the malaria initiative that the President has announced. Girls' education and women's education, has been an enormous—we've had enormous impact on those. We've been working very hard to increase our foreign assistance, overall. In Africa, our foreign assistance has actually trebled.

So, I think you can see that we have a program, diplomatic and foreign assistance, that is really quite broad. It's not all being taken up in Iraq and Afghanistan, although, admittedly, Iraq and Afghanistan are very large and major efforts.

Senator CARDIN. And could you comment as to what the other major powers in the world—

Secretary RICE. Oh, certainly,

Senator CARDIN [continuing]. Contributing—

Secretary RICE. Let me give you the numbers—

Senator CARDIN [continuing]. Comparable to—

Secretary RICE. Yes.

Senator CARDIN [continuing]. In these comparable areas? I know—they all have diplomatic—most have diplomatic efforts—
Secretary RICE. Yes.

Senator CARDIN [continuing]. But comparable to the dollars that are asking our taxpayers to contribute on reconstruction and—
Secretary RICE. Yes.

Senator CARDIN [continuing]. Different—

Secretary RICE. I can—I will give you—I will send you, Senator, the numbers on Afghanistan and Iraq for our partners.

But they are considerable, when you look at Canada, when you look at the EU, when you look at Great Britain, for both Iraq and Afghanistan; and a country like Germany, for Afghanistan. They're considerable.

The biggest problem with some of this has been disbursement. And pledges are considerable. In some cases, we've had problems with disbursement; in part, related to the security situation. We had a situation, for instance, with Japan and Afghanistan, where Japan had allocated moneys to be spent on the road that we were building, together with Saudi Arabia and the United States and Japan, but where the security situation was such that Japan did not wish to participate, with its own workers. We have been working with them to make that money available, to have the United States, then, oversee that.

So, we do have considerable pledges. Sometimes the security situation gets in the way of disbursement, but I'll get you the full numbers on what people are contributing.

Senator CARDIN. It would be useful, if it's comparable, as far as its characterization, to the funds that you're seeking here, so that we can compare apples to apples.

Secretary RICE. Yes. There are, for instance, PRTs that are manned in Iraq by other countries. They—we are expanding the number of PRTs that other countries will man—for instance, with Korea—and the PRTs in Afghanistan are almost—there are more foreign PRTs than American ones.

Senator CARDIN. If I could stick to Iraq on the PRTs, it would be—again, it would be interesting to see the exact numbers as it compares to the U.S.-financed efforts there.

Secretary RICE. Uh-huh.

Senator CARDIN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Casey.

Senator CASEY. Thank you, Mr. Chairman.

And, Madam Secretary, thank you for your testimony and your presence here today.

I have about three questions. Two of them will center on the Middle East, and the first one is a—I guess, a longer term budget question, which I'd ask you to respond to. And some of it may require that you amplify it for the record.

But one of the things that struck me about one of our hearings was the testimony by former Speaker Gingrich when it came to the question of the State Department itself. He—this is—I'm reading from page 8 of his testimony, number 14—he had a series of recommendations with regard to Iraq and national security, I believe, but also—here's what he said with regard to the State Department.

I'd ask you to respond to this. Some of this, I'm sure you'll agree with, some you won't.

He said, and I quote, "The State Department is too small, too undercapitalized, too untrained for the demands of the 21st century. There should be a 50-percent increase in the State Department budget"—you may agree with that—

[Laughter.]

Senator CASEY [continuing]. And a profound rethinking of the culture and systems of the State Department, so that it can be an operationally effective system," unquote.

And I asked him for examples of that, and I—I'd ask you to look at the record to—for his response to that. But I know he focused, in a particular way, on technology, that, in his judgment, the Defense Department was far ahead of the State Department, in terms of technology, ability to communicate around the world. And he pointed at some other examples. But I wanted to get your reaction to that, and then go to some Middle East questions.

Secretary RICE. I do think that we need to modernize the State Department. We're in the process of trying to do that. And Speaker Gingrich serves on my Transformational Advisory Board. I've got them in working groups, trying to look at, for instance, the Embassy of 2020—What would it look like, and how can we get there now? We've made a lot of changes. I've mentioned the repositioning of diplomats. We also have changed the way that we are going to deliver the Foreign Service exam.

One of the problems we had, Senator, was, we believed that if we made people wait a year to take the Foreign Service exam, they'd sit around and wait, and then they'd wait another year to get a job. And, of course, we were losing some of the best talent to any number of places that can recruit those people. And so, we're going to give it probably five times a year now. We're going to include, in the way that we hire people, not just the exam, although the exam remains important, but, believe it or not, a full resume of what they're done, which is something we haven't been doing in the past. I think that will also improve our diversity. One of the problems that—I hate to say this, but I think Stanford University was more diverse than what I encounter at the State Department. And I think we need to improve that. We need to diversify not just in terms of ethnicity, but also hiring mid-level people. Some of the skills that we need are not going to come in somebody just out of college or just out of graduate school. And so, we're looking to improve our midcareer hiring, as well, because some of these more on-the-ground—the kinds of things people are doing in Afghanistan or Iraq require people with different skill sets.

On technology, Colin Powell made very important changes in technology, but it really, frankly, moved the Department from Wang to the modern PC, believe it or not, and we're trying to increase our activities to improve our IT, to make our people really connected. I've had a special task force working on issues as—what may seem mundane—our ability to share information. Believe it or not, the State Department doesn't have a data warehouse system to be able to share information between bureaus.

So, we're very aware that we have a number of challenges to modernize the Department. But I think the place that we need to

make the biggest different is in the people we hire, how we train them, what we expect that they're going to do, how they are capable of working, for instance, with the military in these conflict areas. I just addressed, the other day, the first national security executive seminar, where we had people from all of the national security agencies.

So, we have a lot of work to do. We really do. But it's something that I'm personally very interested in, because I do think we have to transform the Department. What we're doing now is going to look more like what we're doing—going to do in the future, getting out, working with people to transform their lives. Whether it's the kind of thing we're doing in Iraq or Afghanistan, or whether we're out working with HIV clinics in Mozambique or in Uganda, our diplomats are going to have to have different skills and they do different things, and I'm fully committed to modernizing the Department.

Senator CASEY. Thank you. And anything you could provide the committee so that we can fully and adequately discharge our oversight responsibility with regard to this question—in particular, I think, on technology, which I think—

Secretary RICE. Thank you.

Senator CASEY [continuing]. A lot of people are very concerned about.

Let me move, in the remaining 2 minutes I have, to the Middle East. I know you've been there recently, and are spending a good deal of time on the Middle East. I wanted to ask you, in particular—there was a part of the budget that the administration recently announced, an \$86 million assistance package to strengthen the authority of the Palestinian President, Mr. Abbas. And I just wanted to get an answer to that, in terms of how those funds will be used. And then, I have a—

Secretary RICE. Yes.

Senator CASEY [continuing]. One more question I hope we can squeeze in.

Secretary RICE. Most of that funding is for security-sector reform. It was anticipated, in the roadmap, as well as other documents. They have to reform their security services, make them more professional. They have had—they need to be trained. We have an American three-star, General Dayton, who is out, running that program. He works very closely, not just with the Palestinians, but with the Israelis, on how to make those forces capable of not contributing to the violence, but actually helping to prevent it. And I think it's one of the more important programs that we're going to have.

Senator CASEY. And, last question, under—well under a minute—and some of this, of course, if you could amplify this, as well, for the record, I'd appreciate it.

Former Secretary Baker was here before this committee recently, and he and Congressman Hamilton spoke directly about the Iraq Study Group recommendations. But one part of his testimony, I think, was particularly striking, with regard to Syria and the role that he believed that Syria can play in the Middle East generally, but, in particular, with regard to Iraq. He spoke about Syria in the context—and I want—I won't do justice to it by quickly summa-

rizing it—he described Syria as a—as having a marriage of convenience with Iran, when it comes to Iraq. I'd ask you to speak to that—and you may or may not have seen his comments on Syria—but if you can speak to that question directly with regard to his comments, and if you can't, and if you're able to review those comments and then respond to the committee in writing—

Secretary RICE. I've—

Senator CASEY [continuing]. I'd appreciate it.

Secretary RICE. I've read them. I've also spoken with him about it. And we talk—he's a good friend and a—an important colleague and advisor.

I think the question of Iran and Syria may be more of a—perhaps it's a marriage of convenience, but it's one that is severely undermining our interests around the world. Whether it's a marriage of convenience or a marriage of love, I don't know. I just know that it's undermining our interests. And it shows up most dramatically in Lebanon, where Iranian support for Hezbollah and Syrian, really, I think, insistence that they get back in the game in Lebanon—they had to leave after the March 14th revolution—they had to leave, because there was an international resolution demanding that they leave. But they've never really reconciled to losing their power in Lebanon. They're doing everything they can to prevent the international tribunal, which would try the perpetrators of the assassination of Rafik Hariri. That's really their fundamental issue right now. And it makes it difficult to have a way to deal with Syria on more discrete issues, like Iraq, because it's very clear where Syrian interests lie.

That said, we have diplomatic relations with Syria. I need to remind—keep reminding people—we don't have diplomatic relations with Iran, of course, going back 27 years. But with Syria, we do. And if there were any evidence, any hint that Syria were—was changing its course—and it should just change its course—we don't have an ideological problem with talking to Syria, we've talked with them in this administration, we could do it again—but the problem is, they are not engaging in constructive behavior, and we don't see how that would change, currently, by talking to them.

Senator CASEY. I know I'm out of time. Thank you.

Secretary RICE. Thank you.

The CHAIRMAN. Last, but not least, the thing we—

Senator WEBB. Thank you, Mr. Chairman. Again, we reach the end. [Laughter.]

Secretary Rice, I thank you for your testimony. I would like to make two quick statements that I'm not going to ask you to respond to, in the interest of time. I'm going to talk fast. I want to get into a couple of other questions with respect to the issues before us here directly today.

But the first regards the continuing exchange of correspondence that we've been having with respect to the administration's view of Presidential authority to conduct unilateral military actions against other countries, and particularly with Iran. I'm still concerned about the—this issue and the responses that I have received. And, again, I'm going to read a—just a phrase from the Presidential signing statement that was given in October 2002, after the congressional authorization to go into Iraq. This is a—I

think this is potentially the most volatile issue in American foreign policy today, when the President asserted that he has, “the constitutional authority to use force to deter, prevent, or respond to aggression or other threats United States interests.” That’s a very vague and troubling phrase, and I just want you to know I’m going to continue to try to get some clarification as to what that means, for the record.

The second comment—I want to quote—this is a direct quote of something that you said this morning, talking about the situation of when it’s appropriate to have diplomacy in the region to assist us in resolving the situation in Iraq. Your quote was that “diplomacy outside Iraq is not going to solve the problem of national reconciliation inside Iraq.” And I would respectfully disagree, to this extent, that I really don’t see, in the situation that we’re facing right now, how we’re going to solve the problem inside Iraq without some sort of diplomacy outside Iraq. This is, sort of, I think, the fundamental divide here. And, you know, the—somewhere, there has to be a—

The CHAIRMAN. Please.

Senator WEBB [continuing]. Stabilizing pressure point, and it’s just not going to come from a—right now, a weak central government or from the military victories. And God bless our troops.

I just—that needed to be said, from my perspective on this, and from the perspective of people who have been expressing their concerns with the administration policy.

The question that—I have two questions for you. The first regards the way that these requests for funding are coming over. The administration has required \$9 billion in so-called emergency spending in the supplementals for 2007 and 2008, most of that for Iraq and Afghanistan. That’s 25 percent of the regular foreign affairs budget request that came over for 2008. And my concern, and the concern of a lot of people over here, is that the consideration of these supplemental appropriations bypasses the regular budget process and the scrutiny of the authorizing committees. And so, I’m just—I have a question about how, at this point, we can still justify these expenditures as emergencies rather than folding them into a true budget request.

Secretary RICE. Senator, I don’t think that we would want to put into base budget things that we expect over time to diminish significantly or to go away. I’ll give you an example, on the PRTs. We’ve said that we believe that this major effort on PRTs is a kind of 2-year effort to support a counterinsurgency strategy. I don’t particularly want to put into base budget, so that I then get into a fight with even people in my building about, “Well, that was once part of my base budget, why isn’t it, now?” I think it makes much more sense to put into the base budget those funds that you think are actually going to remain in base when this war, in its intensive stage, concludes. So, for instance, we have begun to put into the base budget foreign military financing for Iraq, which would be a more normal way of dealing with Iraqi security forces. But we don’t expect to be building Iraqi security forces at the rate and the intensity that we’re doing now. So, that’s—

Senator WEBB. Right. Well—

Secretary RICE [continuing]. Just an example of the difference.

Senator WEBB [continuing]. The difficulty that I have—I asked staff to look at the money that's going to—that has been appropriated already for reconstruction, and it's basically bypassed the committee. They've been into these—in these supplementals. So—

Secretary RICE. Well, there—

Senator WEBB [continuing]. That there hasn't been the ability to examine them, like there are other—

Secretary RICE. Well, there was a large—

Senator WEBB [continuing]. Programs.

Secretary RICE [continuing]. Reconstruction package at the beginning.

Senator WEBB. Right.

Secretary RICE. We are at the end, really, of that. One-hundred percent of that has been obligated, 80 percent of it has actually been spent. And we don't expect to continue that kind of—

Senator WEBB. Right. And we've—

Secretary RICE [continuing]. Reconstruction—

Senator WEBB [continuing]. We've asked, by the way, when Ambassador Satterfield was in front of the committee—we've asked to be able to start breaking that down to examine, you know, accountability for some of the past expenditures. And I have a whole list of questions for him on that.

To follow on what some other people were asking you, I met with the special inspector general yesterday. He indicated that there's \$12 billion in unspent Iraqi Government funds. And if that's an inaccurate figure—

Secretary RICE. Well—

Senator WEBB [continuing]. It could be correct.

Secretary RICE [continuing]. It's not—

Senator WEBB. And the difficulty that I'm having with that is, you know, given the infrastructure problems here in the United States, and the lamentable state of repair in—post-Katrina, along New Orleans and the gulf coast, and the fact that this money hasn't been spent and we have a \$2 billion request, again, to come from the American taxpayers, how do you justify this?

Secretary RICE. Well, first of all, Senator, let me agree with the underlying theme, which is, the Iraqis ought to be spending their own money. We agree. And we have pressed them on this matter. They have a \$10 billion, now—of that \$12 billion, \$10 billion that they are going to allocate to infrastructure, to jobs programs, to reconstruction efforts of their own, and we think that's appropriate. We've been pressing them, for instance, to do more on operation and maintenance of projects that we actually funded and have completed. So, this is an ongoing discussion with them.

The moneys that we're requesting are really not traditional reconstruction funding, these really relate much more to activities that would be carried on in the more decentralized PRT structures, ministry support to help them become more capable of putting in systems that allow them to take resources from Baghdad and actually spend them in the provinces, community support efforts that go alongside our counterinsurgency efforts with the military. That's really much more the character of this \$2 billion. I think we believe that we're at the end of the kind of large-scale reconstruction

projects that were funded by that initial IRF funding. And in talking with Stuart Bowen—he must have had a busy day, because I talked with him yesterday, also—I think that that is how he sees that, that this is really a new phase.

Senator WEBB. All right. And, for the record, there are other countries in the region who could be contributing, as well, and I'm—I won't take up any more time. I'm over.

The CHAIRMAN. No; go ahead—

Secretary RICE. But, may I—

The CHAIRMAN [continuing]. Senator. If you want to follow up—

Secretary RICE. Yeah.

The CHAIRMAN [continuing]. Please do.

Senator WEBB. Well, I mean, that's just—

Secretary RICE. Yeah, I—

Senator WEBB [continuing]. Another component of this.

Secretary RICE. I'd actually like to follow up, if I may, Mr. Chairman, on—

Senator WEBB. We should be—

Secretary RICE [continuing]. On that comment.

Senator WEBB. We should be encouraging investment from other countries in the region, rather than going back to the well of the American taxpayer.

Secretary RICE. We are, indeed, asking for further investment from other countries in the region. For instance, the best thing that Saudi Arabia could do would be to relieve the debt, and we've asked them to do that as a part of the International Compact.

And let me just say a word about the diplomacy, because I don't want to be misunderstood. I don't believe that it is—that we're going to solve the problems inside Iraq by outside powers solving those problems. But it didn't—it doesn't suggest that outside power can't be helpful. And that's why we've had very intense discussions, with, particularly, the Sunni states, about engaging the Sunnis in the national reconciliation process. That's why we have an International Compact, and that's why, Senator, I think, with some other regional powers and neighbors, we are looking at whether or not a neighbors group, augmented, perhaps, by certain international actors, might help. We've been listening. We listened to the Baker-Hamilton people, we've been listening to the comments, and we're exploring that.

Senator WEBB. All right, thank you.

The CHAIRMAN. Senator Obama.

Senator OBAMA. Thank you very much, Mr. Chairman.

Secretary Rice, it's good to see you again. I apologize that I wasn't here for your previous testimony. I had a conflicting committee.

I recognize that a lot of time has been spent, and understandably so, on the Middle East. But I want to, maybe, shift gears. I'm trying to figure out whose vibrator that is that's causing this havoc.

The CHAIRMAN. I think it's the microphone system.

Senator OBAMA. OK.

The CHAIRMAN. I don't think it's anyone's buzzing—

Senator OBAMA. I want to broaden the discussion, in the brief time that I have, to get a sense from you of how you are thinking

about the issue of nonproliferation and what we're doing to revamp our nonproliferation regime, which I think all observers would say is fraying around the edges. Obviously, North Korea and Iran are the most disturbing examples. But, you know, talks that had taken place earlier last year stalled. We haven't seen a clear and bold strategy to forge a new set of international agreements. So, I'm wondering, (a) What is your strategy, more broadly than just the situation in Iran and North Korea, so that we can get some more allies? and (b) Is that reflected in some of the budget requests that you've put forward?

Secretary RICE. Well, the nonproliferation side has been very important to us ever since the President gave, at the National Defense University in 2004, a major nonproliferation speech. And we've been pursuing a number of the elements of that outline. Obviously, you do have to deal with the bad actors, Iran—

Senator OBAMA. Right.

Secretary RICE [continuing]. Iran and North Korea. There's a counterproliferation element of that, of course, which means that you have to have effective means for detection, effective means for interdiction. We have created the Proliferation Security Initiative, which I think is one of the most interesting international organizations of modern times. It doesn't have a secretariat, it doesn't have a building, but nearly 80 countries are involved in it and regularly share information about dangerous cargos, when there's suspicious cargo.

One of the real successes of that led to a direct counterproliferation/nonproliferation success when a shipment was detected, on its way to Libya from North Korea, and, in fact, taken the—word of that, taken to the Libyans, which I think helped us to get the Libyans out of the weapons of mass destruction business. So, I think we have to remember we've had some nonproliferation successes. We've also taken down the A.Q. Khan network, because one of the things that the nonproliferation treaty would not have foreseen was black-market networks of that kind that are not state-based, but black-market entrepreneurs. And so, taking down that network has been an important goal—and important success.

But we also have a major effort that we're engaged in right now to try to deal with the central problem of fuel cycle. If you could give countries—there's a loophole in the NPT which says that countries can pursue civil nuclear power, and it doesn't say by what means. And the—most of the concern—most of the uncertainty, for instance, about an Iranian nuclear program, relates to the fuel cycle. That's why having the Iranians suspend enrichment and reprocessing would be so important. So, the President spoke to this problem and suggested that there should be some kind of international or fuel suppliers group that could provide fuel to countries that wish to pursue civil nuclear power without having the whole fuel cycle. We think that the Russian program, Bushehr, at—in Iran, is on exactly that model. When President Putin and President Bush were together, very recently, they—in Vietnam—they agreed to have talks about how Russia and the United States might move forward a strengthening of the nonproliferation regime based around issues of the fuel cycle. And Under Secretary Bob Joseph

has had a couple of discussions with his colleagues about that. So, we think that these are important issues.

You're also aware of some of the work that we've done out of the Nunn-Lugar initiative on securing dangerous materials, nuclear scientists, making sure that you don't have the minds out there to do these things. So, it's—

Senator OBAMA. All—

Secretary RICE [continuing]. A very broad agenda. But I think we want to focus our efforts on the fuel-cycle issue.

Senator OBAMA. Good. I think it's entirely legitimate for us to focus on the fuel cycle. The—I guess I would just make two points. One, given the deal that was reached with India, I think there is concern that the structure that had been in place may not sustain itself over the long term if we don't make sure that we're gathering up some sort of international consensus about what the rules of the road are.

Secretary RICE. We can do that.

Senator OBAMA. I appreciate the statements that you made, and the President's statements made. I know that the administration takes this seriously, but I don't think that there has been as systematic an approach as I would like to see.

The other point I would make would be that, as I understand, at least, this year's budget for counterproliferation cuts three programs center to some of the work that I did with Senator Lugar and that he mentioned in his opening statement. Modest; but cuts, nevertheless. Export control and related border security programs, it cuts \$4 million; nonproliferation disarmament fund cuts, \$8 million; global threat reduction program cuts, \$3 million. Now, I recognize that budgets are about priorities, but, given how important, potentially, interdiction and some of these other programs are, you know, I'd like to see us at least stay constant—

Secretary RICE. Well, we've been—

Senator OBAMA [continuing]. Not go backward.

Secretary RICE. Yeah, I think Senator Lugar would say we've been very supportive of these programs, going back to my time as National Security Advisor. I've personally paid attention to them. Some of these are simply that some of these programs have less demand now than they once did. It's—

Senator OBAMA. Right.

Secretary RICE [continuing]. Been a long—

Senator OBAMA. Which is—

Secretary RICE [continuing]. Time.

Senator OBAMA [continuing]. Good thing.

Secretary RICE. And it's a good thing.

Senator OBAMA. Absolutely.

Secretary RICE. But I don't think that we want to be complacent. And obviously, we'll keep examining it.

On—just on the India point, because I think it's a very important point, I think many people, including Mohamed ElBaradei, believed that by finally dealing with the India anomaly, if you will, that we've actually broadened the proliferation regime to deal—to put India inside the nonproliferation regime.

Senator OBAMA. Unless India becomes a model and other countries determine that, "Why should India be the anomaly?"

Secretary RICE. Well, I think that could be the case. But, of course, there's a very specific circumstance of the India/Pakistan/South-Asia context.

Senator OBAMA. I understand. I——

Secretary RICE. I think——

Senator OBAMA. I——

Secretary RICE. I think——

Senator OBAMA. I didn't want to relitigate——

Secretary RICE. Yeah.

Senator OBAMA [continuing]. This, because we had full——

Secretary RICE. Right.

Senator OBAMA [continuing]. Hearing, and——

Secretary RICE. I was just going to say, though, I think the most likely problem would come from an Iranian nuclear weapon, which I think——

Senator OBAMA. We agree.

Secretary RICE [continuing]. Would——

Senator OBAMA. We're obviously paying attention to that.

Secretary RICE. Yes.

Senator OBAMA. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

There's a vote that's been started. With your permission, I'd like to ask one concluding question, and maybe my colleague has one, as well.

I want to just—can you bring us up to date quickly on Darfur? You know, better than I do, in—last November, the Sudanese Government and the African Union reached an agreement, and—what's the administration's—plan if Khartoum refuses to allow deployment of AU troops?

Secretary RICE. Well, we have another—number of options, including—we have in place U.N. sanctions that could be used against leadership there. You would note that the Treasury Department has also begun to try and use some of that effort to bring pressure on the Sudanese Government. I think it goes without saying that we need to put a lot of effort into actually getting the Sudanese Government to accept this, because a nonpermissive environment to deal with this problem would not be one that would be very—probably be very fruitful. So, our special envoy, Andrew Natsios, went to China. We then did—know that the Chinese raised this issue with the Sudanese.

But I just want to mention that, you know, we have a phase 1, phase 2, phase 3 coming out of the Addas talks, which we helped to arrange by getting others involved. Phase 1 has gone pretty well. Phase two is underway. That's getting heavier enablers in with the force. The issue is really phase 3. And we have to work on two fronts. We have to keep pressing Khartoum, who—Khartoum accepted. So, we are going to take that they accepted it, and then move forward. But, frankly, we've also got to press the United Nations peacekeeping operation now to actually raise the forces so that there's actually a force to go in. And the initial read that we got of more than 400 days to do it was not acceptable to us, and we've gone back to the United Nations to try to get those forces raised more quickly.

The CHAIRMAN. Well, Madam Secretary, I realize this is born out of my Bosnia experience, and I had the initial similar resistance from the then-President. I really think—I've met with our NATO commanders—2,500 troops would do this. We should impose a no-fly zone. When I visited the region—we can fly out of Chad, we can take out the janjaweed overnight. I really think we should not wait on Khartoum. And I think they have yielded their sovereignty as a consequence of their participation in this genocide. I realize I'm a—maybe a—if not lone voice, I'm not the most popular voice on that, but—I know you know, and I know—and I mean this sincerely—I know how much it probably breaks your heart, but there are still tens of thousands of people at risk.

Anyway, I think we should use force, and we should impose it now. And we could, through a no-fly zone out of Chad, end it tomorrow, in my view.

Secretary RICE. Well, Senator, we've tried to keep the international community with us on this one. And I think that this is a place where unilateral action has considerable downsides. But we do have a lot of international friends who are trying to help us solve the problem.

The CHAIRMAN. Well, that's the same thing I was told about Bosnia. And we finally did move, and others followed.

At any rate, this is not—I appreciate your answer.

The committee is adjourned.

[Whereupon, at 12:03 p.m., the hearing was adjourned.]

APPENDIX

Responses to Additional Questions Submitted for the Record by Members of the Committee

RESPONSES TO ADDITIONAL QUESTIONS SUBMITTED BY CHAIRMAN BIDEN TO SECRETARY RICE

FOREIGN ASSISTANCE

Question. Why does the FY 2008 budget request reduce funding for child survival and health programs?

Answer. Investing in child survival and health programs for the developing world remains a high priority for this Administration. Our FY 2008 request for \$1.6 billion in child survival and health (CSH) funds is 9 percent above our request in FY 2007 and only 1.7 percent below the appropriated level of FY 2006. In addition, the Administration has requested supplemental CSH funds in FY 2007 for avian influenza. Health assistance is also supported by a request of \$4.1 billion in GHAI funds, more than double their actual level in 2006.

To ensure the optimal use of these funds, the foreign assistance reform process simultaneously considered a broad array of assistance needs in addition to health in preparing the FY 2008 request. This process was designed to maximize results for transformational development by focusing assistance on the countries with the most need and on issues where U.S. assistance can obtain the greatest measurable results. Within the health sector, the outcome of this process is an increase in assistance in HIV/AIDS, malaria and avian influenza.

Question. The 25% reduction for bilateral family planning in the budget request is justified by successes in family planning efforts in other regions except Africa; yet over 500,000 women die each year in childbirth and 40% of all married couples lack access to contraception. Would you characterize that as a success?

Answer. Family planning programs have been successful in increasing access to and use of modern contraception in all regions of the world. Family planning also contributes to reducing maternal mortality by helping women better space their pregnancies and avoid unintended pregnancy and recourse to abortion. We have successfully graduated numerous countries and others with mature programs are on the road towards graduation from USG family planning assistance. In addition to the overall measures of low fertility and high levels of contraceptive use across income groups, successful graduation from family planning assistance requires that a number of specific elements are in place, including national commitment to family planning, adequate financing for programs, contraceptive security, sustainable leadership and technical skills, availability of high quality information, appropriate engagement of the private sector, and attention to access of underserved populations.

In Asia, Indonesia, Thailand, and Turkey have graduated from family planning assistance. Egypt will graduate by 2010. In Latin America, Brazil, Mexico, Colombia, and Ecuador are no longer receiving family planning assistance. Family planning programs in the Dominican Republic, Jamaica, and Paraguay are on track to graduate from USAID family planning assistance in the next few years. In Europe and Eurasia, programs in Kazakhstan, Kyrgyzstan, Moldova, Romania, Russia, and Uzbekistan have successfully increased contraceptive use and thereby reduced abortion.

The remaining need for family planning is greatest in Africa, where nearly half of all maternal mortality occurs and only 15 percent, on average, of married women use contraceptive methods. We have responded to this need by strategically shifting family planning resources towards Africa in recent years. The FY 2008 budget request targets 43 percent of family planning resources to the region. Significant need continues to exist in low prevalence countries in Asia, such as Afghanistan, Cambodia, northern India, Pakistan, and Yemen, where contraceptive prevalence is below 25 percent. In Latin America, USAID is concentrating its family planning resources in Guatemala, Bolivia, and Haiti where contraceptive use ranges from 22 to 35 percent.

USAID's maternal health programs, valued at nearly \$70 million in FY 2006, are also helping to reduce maternal mortality. Skilled attendance at delivery, which is a central focus of USAID's maternal health program, is closely linked with reductions in maternal mortality.

Question. The Office of the Global AIDS Coordinator, the World Health Organization, and many African Ministers of Health have all recognized the severity of the global health workforce crisis, and the need for many new health workers, including nearly 1.5 million in sub-Saharan Africa alone. In the coming year, sub-Saharan Africa is estimated to need some \$2 billion in additional funds to strengthen its workforce. Where will U.S. funds come from to support these new investments while also increasing other essential health activities? If the budget does include funds for these purposes, from which accounts do the funds come?

Answer. The United States firmly supports efforts by African countries to improve and enhance the capacity of their health care workforce, in both the public and private sectors. At a summit in Abuja in 2001, African Union leaders committed to allocate 15 percent of their domestic budgets to health, but very few governments have reached their target. Recognizing that health systems in Africa will only be sustainable if African countries themselves do more to prioritize health as an investment in their own people; the United States continues to encourage African countries to make greater progress toward the Abuja target.

The United States provides significant resources and technical assistance through the President's Emergency Plan for AIDS Relief, the U.S. Agency for International Development (USAID), and the U.S. Department of Health and Human Services (HHS), and works in partnership with host nations as they build and strengthen their health workforces and associated systems.

With respect to HIV/AIDS, investments in the development of health workforces and systems in the public and private sectors are integral to the whole range of the Emergency Plan's program activities—prevention, treatment, and care. In nations with limited numbers of trained health workers and weak health care institutions, expansion of capacity is a prerequisite to meeting the President's ambitious goals of supporting and caring for ten million people (including orphans and vulnerable children). The Emergency Plan support for increasing the quantity and skills of health care workers and investing in health infrastructure thus comes from the entire range of budget accounts that support the Emergency Plan.

In the 15 Emergency Plan focus countries, the Office of the Global AIDS Coordinator estimates its investment in developing health workforces and systems in Fiscal Year 2006 alone (including training, capacity development for local organizations, and network development) at approximately \$350 million. Emergency Plan partners reported that approximately 25 percent of programmatic activities had components that supported efforts in these areas. These investments provide a base from which to further expand institutional and human resource capacity, in order to expand prevention, treatment, and care rapidly.

Emergency Plan supported programs include the following:

- Support for policy reform to promote task-shifting from physicians and nurses to lay community health workers;
- Development of information systems;
- Assessments of human resources;
- Training support for health workers, including lay community health workers;
- Training or re-training for health service providers;
- Retention strategies; and
- Twinning partnerships.

USAID supports African Governments to develop and implement policies that enable 'task shifting' of health service activities. Many health services tasks currently performed by highly trained doctors and nurses can be safely and efficiently per-

formed by health workers with lesser training, freeing the limited numbers of doctors and nurses to focus on the tasks that require their skills. As these changes are implemented, the current and future health workforce can provide much greater health services for their citizens. Training by USAID of the health workforce occurs in virtually all health programs, varying in proportion of funding depending on the specific health program.

The United States also provides significant additional programs and funding through HHS for the training of health care workers and the strengthening of the health care infrastructure within Africa. In addition the HHS/National Institutes of Health support the strengthening of African capacity to conduct biomedical and behavioral research through training of African researchers in their home countries and in the United States. There is substantial inter-agency collaboration in the training of health workers in Africa. For example, USAID supports HHS in building capacity in Africa for infectious disease laboratories, disease detection and response teams, and field epidemiology training programs.

Question. Will the Director of Foreign Assistance track the implementation and disbursement of foreign assistance to ensure that the poverty reduction continues to receive due emphasis and attention, in keeping with the decision of the Director to incorporate Congress's recommendation that poverty reduction serve as a top line strategic goal for foreign assistance?

Answer. Yes, we will continue to track the implementation and disbursement of foreign assistance to ensure that our programs contribute to poverty reduction. Poverty reduction has always been an explicit focus of our development activities. The New Strategic Framework for Foreign Assistance seeks to identify and link the interventions necessary to achieve sustainable poverty reduction, including both service delivery to alleviate the burdens and consequences of poverty, and interventions to address the underlying causes of poverty. Within the new Strategic Framework for Foreign Assistance, poverty reduction is tracked through such overall indicators such as declines in poverty rates, growth in per capita incomes, and the percentage of the population living on less than \$1 a day.

At the same time, recognizing that serious and sustained progress in reducing poverty depends on overall development progress, the new Strategic Framework for Foreign Assistance promotes and track progress across a range of programs that contribute to poverty reduction, such as broad-based economic growth through investments in such areas as agriculture, micro-enterprise development, and pro-private sector policies which are essential to create the opportunities needed to raise the living standards of poor households. We also support investments in people—especially in basic education and health—to ensure that all citizens are in a position to gain access to the opportunities created by growth. Within these interventions, we track progress to ensure that the poor are benefiting from these programs, including through such indicators as the percentage of the poor benefiting from social services or assistance.

Question. Would you support the inclusion of an authorization for \$100 million in Title II food aid as part of a reauthorization of the President's Emergency Plan for AIDS Relief to serve as a nutritional complement to ARV treatment for AIDS patients?

Answer. While addressing the broad issue of food insecurity generally is beyond the scope of the President's Emergency Plan for AIDS Relief (PEPFAR), we recognize that there are nutrition issues facing the communities in which we work. In terms of HIV-positive people on treatment, one of our strategies is to address their immediate food needs where there is evidence of clinical malnutrition, using a "food for prescription" approach, where HIV-positive patients who meet clearly defined clinical and nutritional criteria are provided with a prescription to receive a defined amount of food for a certain period of time. The Emergency Plan also prioritizes meeting the nutritional needs of malnourished HIV-positive pregnant and lactating women. In addition, PEPFAR supports food support to orphans and vulnerable children born to HIV-positive parents. This strategy also promotes linkages to food security and livelihood assistance activities maintained by host governments or other international partners.

One example of PEPFAR's support for limited food assistance for specific, highly vulnerable populations is in a pilot program in Kenya, where PEPFAR supports a local food manufacturing company in distributing nutrient-dense foods to orphans and vulnerable children, clinically malnourished people living with HIV/AIDS, and HIV-positive pregnant and lactating women in prevention of mother-to-child transmission (PMTCT) programs.

In order to remain focused on HIV/AIDS, PEPFAR leverages resources from other partners that provide food resources and depends on their expertise in the area of food security. In Ethiopia, for example, PEPFAR Ethiopia contributes to the World Food Program (WFP) and Food for Peace supports some HIV/AIDS programs. In fiscal year 2006, PEPFAR Ethiopia and the WFP collaborated to provide food resources to more than 20,000 beneficiaries, including orphans and vulnerable children, adult patients on antiretroviral treatment, and care givers.

Key partners in our Food and Nutrition Strategy include, among others, the USDA's Foreign Agriculture Service, USAID's Food for Peace office, and the World Food Program—a key international partner. In fiscal year 2006, PEPFAR allocated \$2.45 million to World Food Program initiatives, and that will increase to \$4.27 million in fiscal year 2007.

RECONSTRUCTION AND STABILIZATION

Question. Why is the request for the Office of Reconstruction and Stabilization so low, at \$14.5 million? With only a couple dozen staff on “active duty,” ready to deploy for stabilization emergencies, this office and its personnel capacity falls far short of the vision that Senator Lugar and I had in our legislation in the 109th Congress. Since the creation of this office in 2004, why hasn't the Administration given it—and the ability to “surge” our civilian efforts—the attention, fiscally and otherwise, that it direly needs?

Answer. The Administration appreciates your leadership, with Senator Lugar, to improve U.S. capacity for conflict management. The Administration shares your vision and is taking strong steps to realize it.

The President is requesting 57 positions, along with associated support and deployment costs, to regularize S/CRS' temporary staff, increase the Active Response Corps (ARC) to 33 members, further develop the internal surge capacity of civilian agencies and support deployed members with S/CRS interagency planning and operations reachback expertise. The \$14.5 million increase in FY08 would enable the Department to undertake additional deployments to conflict zones by S/CRS' Active Response Corps (ARC) and other staff—generally within 48 hours. S/CRS currently has experts deployed in Nepal, Chad, Sudan, Lebanon, Haiti, Afghanistan and Kosovo. In its largest deployment to date, the office fielded three consecutive ARC team deployments to Darfur, where they set up the U.S. Government platform in the region.

As a complement to the internal surge capacity the Department is building, the Administration looks forward to working with Congress on the development of the Civilian Reserve Corps, as the President mentioned in his State of the Union Address.

Question. What is the size of the Office of Reconstruction and Stabilization now? How many of the staff are State Department personnel, and how many staff are seconded from other federal agencies? What is the ultimate goal for the size of this office, both for core staff and a rapidly deployable corps?

Answer. The Office of the Coordinator for Reconstruction and Stabilization (S/CRS) is making progress towards building crisis response capacity for U.S. civilian agencies. S/CRS currently has 78 personnel, comprised as follows: 43 State Department Foreign and Civil Service officers, 8 non-State detailees, and 27 contractors and others on temporary arrangements. Since its creation in 2004, S/CRS personnel have been detailed from a wide range of State Department bureaus, USAID, Defense, Treasury, Justice, Labor, CIA, and Homeland Security.

Eleven of the 78 staff are full-time members of the Active Response Corps (ARC). ARC members and other S/CRS staff members have deployed to Afghanistan, Sudan, Chad, Haiti, Lebanon, Nepal, and Kosovo.

The President's FY 2008 budget request provides 57 new full time equivalent positions for S/CRS, including 33 positions for the Active Response Corps (ARC). The budget request also provides for regularizing 24 key positions, bringing the total core staff to 76. Development of a Civilian Reserve Corps (CRC) would require additional personnel beyond current core staffing levels.

	FY 07	FY 08 Request	Total FY 08
DOS Full-Time Employees (FTE)	19	24	43
Active Response Corps	0*	33	33
Sub-total Core Staff	19	57	76
Non-State Detailees	8	0	8
Contractors	27	-5	22
Other (PMF, Student Programs)	4	0	4
Total	58	52**	110

* For FY 07 all ARC are in temporary positions; No FTE authorized.

** The increase in FTE for S/CRS staffing will allow us to reduce the number of Contractors from 27 to 22.

Question. Last year, the 2007 budget request contained \$75 million for a Conflict Response Fund to allow the Secretary to respond quickly to conflict or crises. This year, the request was reduced to \$25 million. Why?

Answer. The FY 2007 budget requested \$75 million for a Conflict Response Fund, but that request was not approved by Congress. \$50 million was intended for use as contingency bridge funding and \$25 million to develop the Civilian Reserve Corps.

In FY 2008, the Administration is requesting \$25 million in the Peacekeeping Operations account for rapid reaction deployments, crisis response activities. These funds would be used for unanticipated reconstruction and stabilization activities, which we historically have had to fund by reprogramming resources from other critical programs when a crisis occurs. For example, \$25 million could support two small (e.g., Haiti) 90-day deployments of interagency staff to conflicts in permissive or semi-permissive environments, or a 45-day engagement in a medium-sized conflict (e.g., Kosovo). These funds would jumpstart U.S. Government ability to do assessments of needs for key transitional security programs such as policing and rule of law and/or help set the stage for rebuilding activities.

Question. The President, in the State of the Union address, proposed the creation of a "Civilian Reserve Corps" to allow "civilians with critical skills to serve on missions abroad when America needs them." Does the budget request contain funding for such a program? If not, why?

Answer. With the President's call for creation of the Civilian Reserve Corps (CRC) in this year's State of the Union Address, the Secretary's reiteration of the need for a CRC in her recent Congressional hearings, and our further estimate of the likely costs of starting up such a program, the State Department welcomes the inclusion of \$50 million in H.R. 1591, the House's version of the FY 2007 Supplemental.

Building civilian response capacity requires that we both expand the pool of rapidly deployable personnel within civilian agencies, as well as improve our ability to tap specialized expertise outside the U.S. government. To function properly, the two components must complement and reinforce one another. On behalf of the Secretary, the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) is leading a government-wide process to determine requirements for both a strengthened internal surge capacity and a Civilian Reserve Corps.

The FY 2008 request for S/CRS focuses on building the internal State Department surge capacity. If approved, it would expand S/CRS' Active Response Corps (ARC), whose members are available for immediate deployment to conflict zones, provide additional funds for deployments and support other S/CRS efforts.

AFRICAN AFFAIRS

Question. What is the Administration doing in response to the deteriorating situation in Guinea?

Answer. Throughout the January and February crises in Guinea, the United States actively sought a peaceful, negotiated resolution that would move Guinea toward improved democratic governance. We put the Guinea Chief of Defense Staff on notice that he and the men under his command would be held accountable for their actions during the crisis, including grave violations of human rights. In discussions with then-Prime Minister Eugene Camara, Foreign Minister Mamady Conde,

National Assembly President Aboubacar Sompore, Supreme Court President Lamine Sidime, Chief of Defense Staff Kerfalla Camara, and other generals of the military command, we urged these officials to use the constitutional means at their disposal to initiate a civilian-led democratic transition. We also strongly re-iterated U.S. policy against coups and other extra-constitutional changes of government.

During the crisis, we issued two strongly-worded public statements condemning the state of siege, the use of lethal force against the civilian population, and the roll-back of the democratic process. Our second statement on February 16th called on all Guineans to use dialogue and constitutional means to resolve the crisis and to establish effective, democratic governance. In the midst of the 12-day "state of siege," we successfully urged Guinea's military leadership to ensure the safety of the union leaders so that negotiations could recommence in a secure context. In the end, ECOWAS succeeded in mediating a settlement acceptable to the Government of Guinea, the unions and the people.

With the appointment of Lanasa Kouyate as the new consensus prime minister and head of government, we are cautiously optimistic that a further political crisis has been averted. The Director of Foreign Assistance is investigating whether we can supplement our planned assistance to Guinea within the parameters of the 2007 Continuing Resolution, so that we can support the efforts of the new Kouyate-led government. USAID is considering funding the International Committee for the Red Cross's new appeal to improve Guinea's trauma preparedness. USAID may also consider funding Terre des Hommes and UNICEF for child protection activities and assistance for victims of sexual gender-based violence. In the unfortunate event that there is a return to violence in Guinea, we will continue to work with ECOWAS and Guinea's other regional and international partners to support the legitimate aspirations of the Guinean people for democratic and transparent governance.

Question. What effect if any, will the African Union's plan to deploy to Somalia affect its ability to muster troops to participate in the proposed hybrid AU-UN mission to Sudan?

Answer. In our efforts to resolve conflicts in Darfur and now Somalia, the task of generating peacekeeping forces has become increasingly difficult because the global pool of readily trained and properly equipped African peacekeeping forces is starting to reach its limit. While some countries already involved in peacekeeping operations have said that they will not be able to provide troops for the African Union Mission in Somalia (AMISOM), we are hopeful that there will be enough troops for both Somalia and Darfur from other contributors. The United States continues to urge the AU to reach out to potential troop contributing countries and to galvanize international support for much needed external equipment, training assistance, and funding for operational sustainment. We are working with the AU and others to encourage some currently under-deployed, ACOTA-trained African militaries to participate in AMISOM. In this regard, the Africa Contingency Operations Training and Assistance (ACOTA) program, a part of the Global Peace Operations Initiative (GPOI), is a critical part of our strategy to expand the number and capabilities of African peacekeepers.

The deployment of a robust peacekeeping operation to Darfur remains a central policy priority for the Department. In Sudan, we continue to work with the UN, AU, and international partners to press for a transition from an AU mission to a hybrid AU/UN force. As part of a hybrid force, countries from outside of the African continent will be able to contribute troops, thereby alleviating somewhat the need for African troop contributions.

Question. Please explain the Administration's current strategy to support democratic movements and the restoration of the rule of law in Zimbabwe.

Answer. Our strategy for restoring democracy and the rule of law in Zimbabwe involves increasing pressure on the Mugabe regime by both the international community and the democratic forces within the country.

To support this, we are working with like-minded countries to isolate the Government of Zimbabwe from the international community. For example, this month we are working to block restoration of Zimbabwe's voting rights in the IMF and to defeat Zimbabwe's candidate for vice president of the WFP executive board. We have also been working behind the scenes with our allies and other like-minded governments to develop a common approach to Zimbabwe's post-Mugabe transition. We have broad agreement that any help will only be forthcoming provided the next government of Zimbabwe embraces deep and meaningful political and economic reforms.

To assist Zimbabwe's democratic forces, we have strongly condemned the Government of Zimbabwe's violent attacks on peaceful protests against Mugabe's misrule.

Ambassador Dell and the United States Embassy in Harare are providing direct support as observers at protest marches and court hearings. This presence is a tangible reminder to the Mugabe regime that the international community is deeply concerned by the tragedy that is unfolding in Zimbabwe. Our Embassy is taking other tangible steps to support those individuals and groups standing up for rule of law and democratic rights. Longer term, we are providing financial assistance to the Zimbabwe Electoral Support Network (ZESN), a non-governmental organization (NGO) that is laying the groundwork for credible elections in the country by building capacity to counter Mugabe's electoral fraud efforts. We are also sponsoring a program that is developing parliamentary independence, public debate, and transparency in government. This program has established the committee system in Parliament, which has been instrumental in the legislature's incremental but promising steps to check the executive, including exposure of government fraud and mismanagement. We are also providing financial assistance to NGOs that are conducting training programs in democratic activism and human rights protection for civil society and political party leaders. We have recently increased funding for the Voice of America's Zimbabwe program, which is the best source of objective news for the people of Zimbabwe about the Mugabe regime's abuses.

Finally, our approach to Zimbabwe also includes humanitarian assistance to shield the Zimbabwean people from the worst consequences of Mugabe's misrule, including hunger and disease.

Question. What efforts will the Administration undertake to help ensure the upcoming Presidential elections in Nigeria are credible and acceptable to the Nigerian people? What is the United States doing to help the government of Nigeria address ongoing violence in the Delta region?

Answer. The conduct of Nigeria's electoral process in April will be an important barometer to evaluate the country's state of good governance and transparency. The United States has provided \$15 million over the past three years to educate voters, professionalize political parties, train 350,000 other observers, and facilitate the ability of national and state electoral commissions to implement the elections.

Since autumn 2005, the United States, Nigeria, and its international partners have met quarterly to identify holistic strategies for overcoming obstacles to efficient and secure energy production in the Niger Delta. Our four focus areas are: community development (also involving the World Bank and the non-extractive private sector); financial crimes/transparency; coastal and maritime security; and small arms trafficking. The Government of Nigeria continues to review a number of our proposed collaborative projects.

Although Nigeria's federal government has an important role to play in addressing the challenges in the Delta, we believe that the support of the powerful and well-resourced state governors is the key to any durable solution. We have worked with the governors and legislatures of several states to improve coordination, accountability, and funding for development and poverty alleviation. If they are to have an impact, these initiatives must progress from the stage of mere planning to actual implementation and incorporation into a regional strategy.

The United States will press the incoming elected members of the federal and state governments to follow through on these efforts.

EAST ASIAN AFFAIRS

Question. Where will you find the funds for any U.S. activities required to implement an agreement that comes out of the Six-Party Talks? Do you need a contingency fund to deal with that possibility?

Answer. Under the February 13 Initial Actions agreement, the Democratic People's Republic of Korea's (DPRK) committed to undertake important steps toward denuclearization during a 60-day initial phase. If the DPRK fulfills those commitments, as a gesture of goodwill and humanitarian concern, the United States will consider providing electrical generators, related equipment, and technical assistance to civilian hospitals and/or other humanitarian institutions in the DPRK with a total value of up to \$2 million. The source of funding for this project would be the International Disaster and Famine Assistance account.

If the DPRK follows through with its "next phase" commitment to provide a complete declaration of all its nuclear programs and disable all existing nuclear facilities, the United States, along with the other parties, will contribute to the provision of economic, energy, and humanitarian assistance to the DPRK equivalent to up to 950,000 metric tons of heavy fuel oil (HFO), which at current market prices would total about \$300 million (not including transport costs). This burden would be shared among the other parties to the agreement, including China, South Korea and

Russia. Japan has said that it will not contribute until the issue of abductions of its citizens by the DPRK is resolved. The U.S. share could therefore be up to approximately \$75 million.

U.S. law prohibits most forms of assistance to the DPRK other than for humanitarian purposes, unless provided pursuant to a notwithstanding authority or other extraordinary waiver authority. Assistance other than food, including medical aid or energy assistance, could require Congressional authorization. We would expect to request such authorization if and when appropriate, based on progress made in the talks and the DPRK's compliance with requirements set forth in the February 13 agreement.

When the costs of denuclearization and other implementation activities are able to be determined more accurately, we will consult with Congress regarding any additional resource requirements.

Question. What is the Department's assessment of the food situation in North Korea? Is the Administration considering food aid to North Korea?

Answer. The food security situation in the DPRK remains precarious. Experts predict a significant shortfall this year due to a poor harvest in the wake of severe floods in 2006 and a 8-month suspension of assistance from the Republic of Korea in response to the DPRK's July 2006 missile tests. The ROK, which provides 400,000–500,000 tons of grain annually, announced in March that it would resume fertilizer aid to the North and restart flood-relief aid. The South Korean Red Cross official said that the one-time flood aid package includes rice, blankets, and construction material. The ROK may resume large-scale food aid, if the DPRK shuts down its Yongbyon reactor in April and allows IAEA inspectors back in.

Consistent with current U.S. policy on food aid, a decision on providing food aid to the DPRK would be contingent upon an evaluation of the DPRK's needs, an evaluation of competing needs elsewhere, and our ability to monitor delivery to ensure that food reaches the intended recipients.

Between 1996 and 2005, the United States contributed over two million metric tons of food aid to the DPRK, valued at \$714 million, mostly through the UN World Food Programme (WFP). The WFP is now operating in the DPRK on a greatly-reduced scale through a negotiated Protracted Relief and Recovery Operation. The United States has not contributed to this program.

Question. What activities would the requested \$2 million in Economic Support Fund monies for North Korea cover?

Answer. The request of \$2 million in the Economic Support Fund (ESF) for North Korea is to fund programs in the area of "Governing Justly and Democratically" and reflects the U.S. priority of promoting democracy and human rights in North Korea through programs that enhance information flows and human rights.

There are currently very few means for promoting democracy and human rights in North Korea, but the United States continues to seek human rights reform in the DPRK. The United States also continues to promote greater awareness in the international community about the North Korean human rights situation and to support efforts to document the North's abuses. While continuing existing advocacy programs, we hope to find and fund additional new innovative programs, including those aimed at empowering independent journalists, democracy activists and defectors.

EUROPEAN AFFAIRS

Question. What is the Administration's long-term strategy for dealing with the domestic situation in Russia (which faces one of the world's fastest growing rates of HIV-AIDS, crippling corruption, increasing authoritarianism, demographic collapse, and an active Muslim insurgency). Why is the \$50 million requested for Russia in Freedom Support Act funds sufficient, given all these problems in Russia?

Answer. The U.S. has a vital interest in helping Russia become an open, democratic, and stable geopolitical partner. To achieve this, we support Russian civil society, independent media, legal and health reforms, both through our assistance programs, but also through other diplomatic means.

Over half the Russia budget request of \$52.2 million will be devoted to supporting efforts to promote democracy and rule of law, which remain top USG priorities, with particular focus on helping to strengthen civil society, democratic institutions, independent media, and the rule of law.

While the request for Russia has been reduced in recent years, the reduction should be taken in the context of a policy decision to focus assistance in key areas and to phase out Economic Growth assistance given Russia's strengthening econ-

omy. In addition to the portion of the FY08 FSA assistance requested for democracy programs, support for democratic development will be bolstered by over \$180 million recovered from previous activities: The U.S.-Russia Investment Fund (TUSRIF) will transfer its profits into a new foundation that will give grants to support entrepreneurship, the rule of law, and the free flow of information in Russia. Funds recovered through the settlement of a civil lawsuit against a USAID contractor will be programmed to bolster Russian civil society groups.

Combating HIV/AIDS is also a priority. Funding in this area will increase slightly to \$11 million in FY08. Under Peace and Security, U.S. programs support joint efforts with Russia to combat transnational threats such as organized crime, drug smuggling, trafficking in persons, cyber-crime and terrorist financing. Finally, in the North Caucasus, funding will support conflict mitigation programs and Humanitarian Assistance (introduced in 2008) to help stem the spread of violence and promote health, sanitation, and community development.

Question. If the President's budget request is granted, foreign assistance funding for Europe will decrease by 26% compared to 2006 levels. This decline includes significant cuts to assistance in the "governing justly and democratically" category despite the fact that democratic forces in several important European countries are struggling (e.g. Russia, Ukraine, and Bosnia). Given the circumstances in the region, why do you believe these cuts are justified? What actions is the State Department planning to mitigate their impact?

Answer. The overall cuts in foreign assistance to Europe and Eurasia are due to critical needs in other regions of the world, the successful graduation of eleven countries from development assistance, and increased reliance on legacy institutions such as enterprise funds and foundations to support democracy and free markets. Within the region, FREEDOM Support Act (FSA) and SEED Act funding has been prioritized for securing the Balkans in the Euro-Atlantic community (Bosnia, Serbia, Kosovo), supporting countries at the forefront of reform (Georgia, Ukraine, Moldova, Kyrgyzstan), and confronting democratic backsliding (Russia, Belarus, Uzbekistan). Combined, over \$218 million is requested in FY08 in the FSA and SEED accounts for Governing Justly and Democratically, making it the largest of the five assistance objectives. In addition, other sources of assistance, such as legacy foundations and the Millennium Challenge Corporation (MCC)—which is funding Threshold Plans to combat corruption in Albania, Moldova, and Ukraine—will leverage the impact of other USG assistance in strengthening democracy and good governance.

The promotion of democracy and rule of law remains a top U.S. priority in Russia. Over half of the FY08 budget request for assistance to Russia continues to be devoted to this goal, with particular focus on helping to strengthen civil society, democratic institutions, independent media and the rule of law. While the request for Russia has been reduced, support for democratic development will be bolstered by over \$180 million recovered from two previous activities: The U.S.-Russia Investment Fund (TUSRIF) will transfer its profits into a new foundation that will give grants to support entrepreneurship, the rule of law and the free flow of information in Russia. Funds recovered through the settlement of a civil lawsuit against a USAID contractor will be programmed to bolster Russian civil society groups.

The United States is committed to supporting Ukraine's democratic transition through assistance to help consolidate and build upon the gains of the 2004 Orange Revolution. U.S. security and law enforcement programs support democratic reforms essential for Ukraine to meet performance-based criteria for Euro-Atlantic integration and build professionalism. Support for democratic reforms is also at the core of programs that enhance the business environment and promote economic growth. Other programs foster increased citizen participation and civil society's oversight of government. We will increase funding to support justice sector reform to help Ukraine fight corruption and organized crime and to improve the performance of its democratically elected government. In 2008, Ukraine will be in the second year of implementing a nearly \$45 million, two-year MCC anti-corruption Threshold Program with a focus on judicial reform, government standards, higher education, streamlining and enforcement of government regulations, and monitoring and advocacy by civil society and the media.

Our assistance to Bosnia and Herzegovina, of necessity, focuses on a range of issues critical to long-term stability and integration into Euro-Atlantic institutions. U.S. assistance has helped strengthen the rule of law, governance and civil society as well as advance the protection of human rights. Progress made on judicial and prosecutorial reform, NGO sustainability and public participation in political processes allows for a reduction in the overall budgetary request, while the U.S. remains committed to helping Bosnia undertake needed democratic reforms.

Question. When you were before us for confirmation in 2005, you said that the world should apply to countries the “town square test”—which you described as whether someone can walk into the middle of a town square and express their views “without fear of arrest, imprisonment, or physical harm? If they can’t they are living in a fear society, not a free society.” How is Russia doing on the “town square test?”

Answer. The Russian People are incomparably freer and more able to express their views, even critical ones, than they were in Soviet times.

Nevertheless, we are concerned about the ability of individuals and groups to freely express their opinions in Russia. We have seen increased official harassment of peaceful demonstrators like that faced by the opposition organization *Other Russia* during a peaceful rally in Moscow in December, a similar rally in St. Petersburg last month, and another rally in Nizhny Novgorod this past Saturday. There are also new limits on election campaigning, including making it a crime to criticize incumbent elected officials. These developments raise serious concerns about the trajectory of democracy in Russia, particularly in light of the Duma and Presidential elections that will be conducted over the next year.

We also continue to be concerned about the safety of journalists. It appears that the murders of a number of journalists are not being effectively investigated or prosecuted. Among these are the murders of investigative journalist Anna Politkovskaya and *Forbes* Russia journalist Paul Klebnikov.

LATIN AMERICA

Question. Initially, Plan Colombia (now the Andean Counterdrug Initiative, ACI) was intended to be a five-year initiative, yet it continues with large U.S. support. What is anticipated for the future of the program? What is the Colombian government doing to seek additional sources of funding from the international community? What is the Administration doing to support Colombia raise funds from other sources?

Answer. Colombia’s “Strategy to Strengthen Democracy and Promote Social Development” follows the now completed Plan Colombia and was announced by President Uribe in late January 2007. It reflects Colombia’s new realities, based in large part on the success of the original Plan Colombia, and seeks to continue those successful counter-terror, counter-drug, democracy, human rights, alternative development, and humanitarian policies.

At the same time, the new plan places increased emphasis on consolidating state presence and on development through sustainable growth and trade. The strategy recognizes the need to expand programs in remote rural areas, especially those emerging from conflict. It emphasizes increased security, social services, and assistance to especially vulnerable groups, such as the Afro-Colombian population on Colombia’s Pacific coast, indigenous groups, and displaced persons. It also places more attention on building the capacity of the Colombian government so it can sustain programs that were begun with U.S. support.

Although the United States is providing support with about the same mix of counter-narcotics/counter-terrorism and economic/social/human rights assistance, it is noteworthy that the Colombian government is greatly expanding its own spending on such economic and social programs. It can do this, in large measure, because of increased security and confidence in the country, a direct result of U.S. support. Over the next few years, we expect to increase the proportion of U.S. assistance that goes to social, economic, and human rights programs. However, Colombian government officials have clearly told us that continued U.S. support to counter-narcotics and counter-terrorism programs remains critical and that the Administration’s proposed mix of U.S. assistance reflects their needs.

House Committee Report 109–486 directed the Secretary of State, in consultation with the Secretary of Defense, to provide a report on all aspects of the future multi-year strategy for United States assistance to Colombia. We are in the process of preparing this report, which we intend to provide to the Congress before April 15. It will provide additional, more detailed information on plans for the future of this program.

The Colombian government has always made obtaining additional sources of funding a high priority. It co-sponsored three donors’ conferences with the Inter-American Development Bank during 2000 and 2001 in Madrid, Brussels, and Bogota. Additional meetings with the international community were held in London and Cartagena in 2003 and 2005. As a result of these meetings, an informal group known as the G-24 and including both donor countries and international financial institutions was established in Bogota to coordinate and encourage assistance to Colombia. Most recently, Colombia has undertaken what it calls a “shared responsi-

bility” campaign, with both Vice President Santos and then-Foreign Minister Maria Claudia Araujo traveling to Europe to seek additional European support, in view of growing consumption there.

The United States has strongly supported Colombia’s efforts to attract additional contributions. Our initiatives range from senior level demarches to working level approaches in Washington and European capitals, as well as in other donor countries such as Japan and Canada. Support for Colombia is also sought in direct talks with the European Commission (EC) in Brussels and at the Major Donors Meeting of the UN Office on Drugs and Crime (UNDOC) and the Inter-American Drug Abuse Commission (CICAD) of the Organization of American States.

The Department of State’s May 2005 report to Congress on this subject concluded that Europe is providing significant assistance and that our efforts to encourage this were increasingly successful. That report contained information on aid levels through 2003 from a variety of sources, including the Colombian Agency for International Cooperation (ACCI), which has perhaps the most complete figures for actual disbursements.

ACCI figures through 2005 are now available and show that this support has continued at similar levels. For 2005, Colombia received \$332.7 million in total official development assistance. This includes aid from the United States of \$126.9 million, but does not include assistance to the Colombian National Police for certain Rule of Law programs, and does not include our eradication, interdiction, and counter-terror programs. The European countries provided \$104.4 million; the EU \$31.6 million; and Canada and Japan \$20.2 million. The remaining \$49.6 million came from international organizations including the World Bank, the Inter-American Development Bank, the United Nations Development Program, the United Nations Office of Drug Control, UNICEF, and others.

European assistance, both bilateral and through the EU, is primarily designed to support alternative development, justice sector reform, human rights, humanitarian assistance, and good governance. As such, it is a welcome addition to our programs and those funded by Colombia, and reflecting all donors’ shared goals for these programs.

Question. In the 2008 request, \$139.5 million was shifted from alternative development program funding to the Economic Support Fund (ESF) account. What does this shift mean for the future of alternative development programs in Colombia? Why was the shift proposed? If the appropriations law for FY 2008 retains the Nethercutt amendment related to the International Criminal Court and Article 98 agreements, what alternative use will be made of these funds?

Answer. Following a recommendation in Conference Report 109–486 on the FY 2006 budget, OMB directed a shift in FY 2008 of \$192.5 million in alternative development programs in the Andes from the ACI account to ESF. While ESF funds do not have the flexibility of ACI funds, the shift of these funds will not affect the level of funding for alternative development programs in Colombia, and will make it easier to identify funding directed towards alternative development. As Colombia has signed an Article 98 agreement with us, the Nethercutt amendment will not impact any proposed use of ESF there.

Question. Prominent U.S. and international human rights groups continue to raise concerns about the effectiveness of President Uribe’s program to demobilize paramilitary groups. Do you believe the demobilization program is achieving its objective of reducing paramilitary violence, reducing drug trafficking by paramilitary leaders, and ensuring accountability for past crimes? What percentage of demobilized paramilitaries are still involved in drug trafficking or criminal activity?

Answer. Colombia’s demobilization process is an effort to bring peace and justice to the country by holding the leaders and members of an illegal armed group who have committed extortion, kidnapping, murders, massacres and human rights violations responsible for their violent crimes. Other conflicts in Latin America have generally ended either with a general amnesty or with only a small number of persons being brought before tribunals to answer for alleged crimes. Colombia is therefore attempting what is an exceptional process and one that is still underway, in the midst of continuing conflict with other illegal armed groups.

Unfortunately, not all paramilitary members demobilized with their organizations, and an indeterminate number are returning to crime, mostly in association with emerging criminal groups. The Organization of American States Mission to Assist the Peace Process, known by its Spanish acronym as OAS/MAPP, has identified 22 new criminal organizations, with some 3000 members, that are increasingly active in Colombia. The OAS/MAPP reports that they include persons formerly belong-

ing to the paramilitary forces, who either never demobilized or who have returned to criminal activity, as well as others who have not been members.

As the OAS/MAPP also notes, the Colombian government has reacted strongly against these new illegal organizations, establishing special units to pursue them. According to the Colombian National Police, 982 persons accused of belonging to these groups were captured between June 2006 and February 2007. Of these, 177 were reportedly demobilized paramilitary members.

It is clear that violence has been decreasing over the last several years as a result of Colombian government policies. Since 2002, violence indicators have been reduced to their lowest levels in decades. Homicides have decreased by 37 percent, kidnappings by 78 percent, and terrorist attacks by 63 percent. This improvement is attributable in part to the peace process with the paramilitary groups.

It is more difficult to determine the extent to which demobilization has reduced drug trafficking by paramilitary leaders. Some demobilized paramilitary leaders remain involved, while others have seemingly renounced their trafficking past. The United States has urged the Colombian government to monitor this situation carefully and to take action if there is sufficient evidence.

As for accountability for past crimes, prosecution under the Justice and Peace Law, which provides the legal framework for the demobilization process, after many legal, procedural and resource-related delays, is only just beginning with the taking of statements from paramilitary leaders.

The Eighth Quarterly Report of the OAS/MAPP, which was released February 14, 2007, provides additional information and detail on this complex demobilization process. It describes a very mixed picture. In some places, the OAS/MAPP reports that there has not been a true demobilization, with some paramilitary forces maintaining their influence. In other areas, it confirms that the process appears to be working as designed. The OAS/MAPP concludes that the process, "although imperfect and with foreseeable and considerable difficulty constitutes the possibility of building, step by step, new peace scenarios for Colombia; central and unavoidable issues exist in processes of this nature, especially reparations for the victims, truth and justice. Colombians face these challenges today and also have the tools that they built themselves to make progress meeting them." We would concur with that assessment.

We share the concerns expressed by U.S. and international human rights groups, as well as some Members of Congress, over the effectiveness of the demobilization process. Nevertheless, in our view, only vigorous implementation of the Justice and Peace Law will make the process successful.

To that end, the United States continues to support the process through assistance to a wide range of demobilization activities, including: training and equipping the Justice and Peace Unit of the Prosecutor General's Office in its investigation and prosecution of ex-militants (including training prosecutors, public defenders, police, forensic technicians and judges); monitoring and verification of the reintegration process by the OAS/MAPP; tracking and monitoring of the demobilized throughout the country; support to victims' civil society organizations and mechanisms that will facilitate reconciliation and reparations; and working with the private sector and Colombian government to provide the education and job training necessary to reintegrate former militants back into productive civilian society.

IRAQ

Question. You testified on January 11 that we'll know quickly if the escalation in Baghdad is effective: "We're going to know very early, because they have to act very quickly. Their forces will start to come in February 1."

How would you gauge the Iraqi's performance to this point? How successful have we been in reducing the level of violence?

Answer. It will take several more months to deploy all of the additional Iraqi and Coalition forces required to implement fully the President's "New Way Forward" strategy. As of February 8, over 2,000 Iraqi troops had arrived in Baghdad; and we anticipate that by the end of March, the last of nine additional Iraqi Battalions and the second of five U.S. surge brigades will be operating in Iraq. While deployments are beginning, the operation to secure Baghdad is going to take time, and the full effects will not be seen in days or weeks, but over the course of months. The additional security forces may produce some short term effects, but ultimate success is up to the people and government of Iraq. Therefore, we are pursuing a multi-pronged political, economic, military and diplomatic strategy to help the Iraqi people find political solutions and assume responsibility for their own security.

Question. You also said at that hearing: “The most important thing that the Iraqi government has to do right now is to reestablish the confidence of its population that it’s going to be even-handed in defending it.” Last week, Prime Minister Maliki, said this about the failure to implement the new security plan: “I feel that we are late. This delay is giving a negative impression and has led some people to say that we have already failed.”

- a. Do you agree with Prime Minister Maliki’s assessment?
- b. How much time do we have to turn around the situation in Baghdad?
- c. When will the surge be completed?

Answer. a. Prime Minister Maliki’s statement reflected a leader’s understandable concern about the levels of violence in his nation ahead of Operation Fardh al-Qanun (Operation Law Enforcement also known as the Baghdad Security Plan). His statement also indicated his level of motivation and understanding that, while it is very important to the United States to continue helping Iraq, our commitment is not open-ended. Unlike past security operations, Operation Fardh al-Qanun is Iraqi-created and Iraqi-led. Thus, responsibility for executing the plan in a timely fashion rests with the Iraqis themselves.

b. Iraqi and Coalition leaders have been careful not to place a deadline on security operations in Baghdad. Although plans already are being implemented, the operation to secure the city is going to take time. Its effects will not be seen in days or weeks, but over the course of months.

We will be closely monitoring Iraq’s progress. Factors to be assessed include trends in violence, whether Iraqi army units are showing up and performing in a non-sectarian manner, whether or not there is Iraqi political interference in military decisions, and whether or not Iraq is making progress on key political issues, such as passage of a national hydrocarbon law and reform of de-Ba’athification laws.

We also will examine the extent to which Iraq is investing its resources in its own economic future and taking the steps necessary to effectively execute its budget. As noted previously, we have made it clear to the Iraqi government that our commitment is not open-ended. That said, while we expect to see progress in the aforementioned areas, we are not setting deadlines. To do so would in some cases give a veto power to political forces in Iraq that are opposed to progress in some of these areas.

c. While some initial results from Operation Fardh al-Qanun have been favorable as of mid-March, it would not be prudent to assess or extrapolate a timeline to announce a completion of the surge. It will take several more months to deploy all of the additional Iraqi and Coalition forces required to fully implement the President’s “New Way Forward” strategy. As MNF-I Commanding General Petraeus noted, “It will take time for the additional forces to flow to Iraq, time for them to gain an understanding of the areas in which they will operate, time to plan with and get to know their Iraqi partners, time to set conditions for the successful conduct of security operations, and, of course, time to conduct those operations and build on what they achieve.”

Question. Several political benchmarks were specifically mentioned by the President in his presentation to the nation of the “New Way Forward in Iraq” on January 10, 2007—the new oil law, provincial elections, amendments to the Constitution, and De-Ba’athification reform. Please provide an update of progress in each of these areas.

Answer. *Hydrocarbon Law*

- The Council of Ministers (Iraqi Cabinet) approved the draft hydrocarbon framework law on February 26. When a draft revenue sharing law is also approved by the Council of Ministers, the two laws will be submitted as part of a package to the Council of Representatives (CoR) (the Iraqi Parliament).
- A cover letter accompanying the hydrocarbon framework law stipulates that the hydrocarbon framework law and the revenue sharing law must be passed by the parliament by May 31. If both laws are not passed by that time, the Kurdistan Regional Government will be allowed to sign new exploration and production contracts, consistent with the constitution. However, Kurdish and GOI leaders agreed to consider negotiating a new deadline before taking such actions.
- We understand the current version of the framework law contains the following elements:
 1. A framework for developing Iraq’s oil and gas sector, based upon free market principles and encouragement of private sector investment;
 2. A set of governing principles and broad organization of the sector;

3. Key principles for revenue sharing, including that after funding of its national responsibilities the central government will collect and distribute revenue to local authorities according to a specific formula.
- The law also stipulates that separate, complementary laws will follow the main hydrocarbon framework law that contain the following elements:
 1. Specific implementation details on revenue sharing (Revenue Sharing Law, as mentioned above).
 2. Definition of the roles of the Iraqi National Oil Company and the Ministry of Oil.
 3. There could also be subsequent legislation on a number of issues, including petroleum taxation and refining.

Provincial Elections

- On February 27, the CoR passed and President Talabani signed the law to establish the new Independent High Electoral Commission (IHEC). Based on this law, we understand that the CoR has 60 days to approve new commissioners, and the CoR is debating this issue.
- A law drafted to determine the authority of the provincial and regional governments in relation to the central government in Baghdad has gone through two (of three) readings in the CoR. The CoR has not yet passed a law that sets a date for provincial elections, but the provincial powers law gives this authority to the provincial councils. This may change before the law is finally approved, and the CoR may establish a different procedure to set a date for provincial elections.

Constitutional Review

- The Constitutional Review Committee, the parliamentary committee charged with reviewing Iraq's constitution, first convened on November 15, 2006. The Committee continues to meet and review possible amendments. Proposals transmitted to the Council of Representatives would then be voted on and, if approved, ultimately subjected to a referendum.
- It is too early in the process to speculate on likely proposals. That said, it is vital that any future Iraqi constitutional arrangement has broad support and that it promotes national unity.

De-Ba'thification Reform

- On March 26, Iraqi Prime Minister Maliki and President Talabani announced agreement on a draft law to for De-Ba'thification reform, called the Accountability and Reconciliation Law. Other Iraqis are now studying this law, as is the Administration.
- Most Iraqis recognize that a successful reform package would be a concrete step towards national reconciliation. A credible reform package would have the potential to allow tens of thousands of former members of the Baath party to return to government employment.

Question. Please describe efforts being made by the U.S. government to address the plight of Iraqi refugees. How much assistance is the United States providing to these refugees?

Answer. The USG is responding both diplomatically and financially to the needs of Iraqi refugees. First, the Secretary formed a high-level interagency Task Force on Iraqi refugees in early February to ensure a coordinated, government-wide response to the issue. At the Secretary's request, we have demarched the governments of Jordan and Syria to continue allowing Iraqis to enter and remain in these countries, to extend social services to Iraqis in need, to accept international assistance and facilitate the work of United Nations agencies and non-governmental organizations (NGOs) and to permit the United States to resettle the most vulnerable Iraqi refugees from their countries. A/S Sauerbrey visited Egypt, Syria and Jordan in mid-March to further assess the situation and to meet with hosting governments to ensure that humanitarian space for refugees is secured. Assistant Secretary Sauerbrey received assurances from the respective governments that they would continue to offer asylum and assistance to Iraqis and that they were open to facilitating and receiving international assistance to expand essential services to Iraqis.

We are also working with our partners and regional governments to better assess needs and target resources to the most vulnerable. The Revised Continuing Appropriations Resolution for FY 2007 (P.L. 110-5) includes \$20 million in the Migration and Refugee Assistance (MRA) account to support Iraq refugees and conflict victims. We have already pledged \$18 million of this amount which covers 30 percent of the

United Nations High Commissioner for Refugees' (UNHCR) \$60 million appeal and we intend to contribute generously to the appeal of the International Committee of the Red Cross (ICRC) as well as to significantly increase funding to NGOs assisting vulnerable Iraqis in the region. We are working closely with UNHCR to expand its ability to make resettlement referrals to the United States and to other countries' resettlement programs this fiscal year. UNHCR will refer at least 7,000 Iraqis to the U.S. Refugee Admissions Program (USRAP) this year and we are considering options for possible resettlement of more Iraqi refugees, including group designations.

The President's FY 2007 Supplemental request includes \$60 million to meet the needs of displaced Iraqis both inside and outside Iraq. Of the President's request, \$15 million would be for MRA to support the protection and assistance of Iraqi refugees in neighboring countries and conflict victims inside Iraq, while \$45 million would support the International Disaster and Famine Assistance (IDFA) account targeting internally displaced Iraqis. The FY 2007 Supplemental also includes \$30 million in Emergency Refugee and Migration Assistance (ERMA) funds which, if approved, could be drawn upon to meet unanticipated needs for Iraqis.

The President's FY 2008 budget request includes \$35 million in MRA funds for Iraq.

Question. You testified that you have authorized your charge d'affaires in Damascus to speak "explicitly to talk to the Syrians about the issue of refugees." A February 12 press release from the Syrian Embassy in Washington said there "had been no communication between any U.S. and Syrian officials regarding the Iraqi refugees' situation in Syria." Please describe the discussions the U.S. government has had with the Syrian and Jordanian governments to coordinate on the refugee issue.

Answer. Charge Corbin delivered demarches outlining our humanitarian concern for Iraqi refugees were delivered in Damascus on February 11th to the SARG MFA Director of Protocol while Ambassador David Hale delivered demarches in Amman between February 11 and 13th to King Abdullah, his Office Director and the Jordanian Director of Intelligence. Assistant Secretary for Population, Refugees, and Migration Ellen Sauerbrey also traveled to the region from March 10-15 during her visit she met with the SARG Deputy Foreign Minister Faisal Mikdaad in Damascus and with Jordanian government officials to discuss our concern regarding the need to provide protection and humanitarian assistance to Iraqi refugees until they could return home or a durable solution could be identified. Ambassador Hale regularly communicates with the Government of Jordan on Iraqi refugee matters and Under Secretary Paula Dobriansky and A/S Sauerbrey both met with the Jordanian representatives at the April 17-18 UNHCR Conference on the Humanitarian Needs of Displaced Iraqis to further convey our humanitarian concerns. At the request of the SARG, A/S Sauerbrey also met with the SARG Deputy Foreign Minister Mikdaad at the same conference to continue their discussion on meeting the needs of Iraqi refugee's needs in Syria.

During these discussions, we received assurances from both the Syrian and the Jordanian government officials that they will respect their humanitarian obligations towards Iraqis. This includes allowing Iraqis to continue to enter these countries and not to forcibly expel them. Both governments said they would welcome funding and assistance for Iraqis in their country. However, they acknowledged that the increasing number of Iraqi refugees entering Jordan and Syria is causing a growing strain on their resources and economies.

Question. How many Iraqis have worked directly for the United States in Iraq? What efforts are you making to provide asylum to those who are at risk because they have been or are currently employed by the United States? How many Iraqis have been admitted to the United States each year since Fiscal Year 2003? How many of these were either employed by the U.S. government or family members of employees? How many do you plan to admit this year and next?

Answer. Our Mission in Iraq currently employs approximately 160 Locally Employed staff country-wide. In addition, the Embassy estimates 5,000 Iraqi staff work for State and USAID contractors country-wide. The Department of Defense should be consulted for specific information on the number of its Iraqi employees and contractors.

The Department continues to focus on how best to identify vulnerable Iraqis needing access to the U. S. Refugee Admissions Program (USRAP), including those whose vulnerability is a result of their association with the U.S. Government. We are working closely with UNHCR, especially in the five neighboring countries that host significant populations of Iraqis, and we are already receiving referrals for

Iraqis in Jordan, Syria, Turkey, Lebanon, and Egypt. We continue to support the UNHCR referrals effort as the primary route of access to the USRAP for vulnerable Iraqi cases. However, we are also using Embassy and PRM referrals for those cases deemed most vulnerable due to their close association with the U.S. Government.

Since 1975, the United States has resettled over 37,500 Iraqis. We resettled 298 Iraqi refugees in FY03, 66 in FY04, 198 in FY05, 202 in FY06, and 60 as of 2/28/07 in FY07. During most of these years, our emphasis was on supporting the voluntary repatriation of Iraqi refugees who left during the Saddam Hussein era and wanted to return home.

We do not keep records based on previous employment of refugees admitted to the United States.

By late summer, we expect to have received a first tranche of UNHCR referrals of some 7,000 Iraqis in the region, and expect more as the year progresses. Of the number approved for U.S. resettlement during processing over the next few months, we anticipate that one-third to one-half will complete all security, medical and other checks and will arrive in the United States before the end of FY 2007. Though it is difficult to estimate numbers at this point, we fully expect that the number of Iraqi refugee admissions will increase significantly in FY08 as well.

IRAN

Question. You stated that you are prepared to discuss any issue with the Iranians once they suspend uranium enrichment activity. Are you prepared to meet with Iranian representatives bilaterally for such discussions or will you only do so in a multilateral setting with the EU-3 or the P-5 plus 1?

Answer. We made a historic offer on May 31, 2006, to join her P5+1 colleagues in direct discussions with Iran regarding the nuclear and other issues “at any place and at any time,” provided Iran fully and verifiably suspends its enrichment-related and reprocessing activities. We remain committed to pursuing a diplomatic solution to the challenges posed by Iran. But that cannot happen without a change in the Iranian regime’s policies.

Question. You indicated that reports suggesting an Iranian offer to the United States communicated in 2003 are incorrect. Could you elaborate? Are you aware of any proposal that was communicated in 2003 from Iran? Do you know the source of the purported proposal which has been recently reported in the Washington Post and other media outlets?

Answer. In early May 2003, the State Department met with the Swiss ambassador to Tehran, Tim Guldemann, who presented an independent proposal he had drafted with Sadeq Kharrazi, then Ambassador of Iran to France and a former Deputy Prime Minister. The document included a list of topics the two men expected the U.S. and Iran could discuss, including terrorism, Iraq, WMD, Israel, and sanctions.

The State Department reviewed the 2003 communication carefully and discussed it with Ambassador Guldemann, but Department officials were not confident Iran’s leadership had endorsed the plan. The Department did not at that time, and does not today, characterize the message as a serious offer from the Iranian government.

On May 31, 2006, however, I made a public offer to the Iranian regime: suspend uranium enrichment and reprocessing and the U.S.—along with the British, French, Germans, Russians and Chinese—will sit down with Iranian officials to discuss the nuclear and other issues.

I have stated numerous times since then that I would be pleased to discuss the range of issues confronting our two countries, at any time and at any place, but only after Iran suspends enrichment. The ball is in Tehran’s court. The Department remains confident that the nuclear issue will be resolved through diplomatic means.

Question. Did the Administration break off its dialogue with Iran in 2003 over the lack of Iranian cooperation on al-Qaeda suspects? Has any progress been made on the issue of al-Qaeda detainees in Iran after the dialogue was halted? How many detainees is Iran holding?

Answer. Over the past couple of years, the U.S. Government has authorized Ambassador Khalilzad in Baghdad to maintain an open channel to the Iranian Government to discuss Iraq-related security matters. During this period, Tehran neglected to take advantage of this channel.

Iran’s failure to comply with the terms of United Nations Security Council Resolution (UNSCR) 1267 and successor resolutions through its support of and failure to impose sanctions on al-Qaeda is but one of several grave concerns we have regarding the regime’s long-standing support for terrorism. The Iranian regime has also

violated the terms of UNSCR 1373 by supporting terrorism around the world and by affording safe-havens to al-Qaeda terrorists, rather than bringing them to justice or transferring them to countries where they would stand trial for their deadly deeds.

We cannot comment in this forum on the scope of Iran's support for al-Qaeda, the nature of discussions we may have had with Iran regarding this support, or the number of al Qaeda operatives who utilize Iran as a safe-haven. However, we are working closely with the international community to spotlight Iran's role as the leading state-sponsor of terrorism and increase the costs to the regime and its partners for their role in terrorist activities. Our goal is to shape a robust international consensus regarding the extent of Iran's state sponsorship of terrorism.

Question. Please provide an update on the status of Mujadeen-e-Khalq (MEK) members in Iraq. How many are in Iraq? Are any of them being employed by the United States or otherwise supported financially by the United States government or any other government? Please describe any diplomatic communications with Iran on the MEK. Is consideration being given to remove the MEK from the list of Foreign Terrorist Organizations (designated under Section 219 of the Immigration and Nationality Act)?

Answer. There are 3,364 MEK members living at Ashraf under the protection of Coalition forces. These individuals were consolidated at Ashraf in 2003 following the start of Operation Iraqi Freedom, when Coalition forces disarmed MEK of a significant quantity of military equipment, including: more than 2,000 tanks; armored personnel carriers; artillery pieces; miscellaneous vehicles; and thousands of tons of small arms and ammunition. In 2004, the Department of Defense designated individuals at Ashraf as "protected persons" under Article 27 of the Fourth Geneva Convention. This designation applies only to residents of Ashraf and does not affect the MEK's status as a designated Foreign Terrorist Organization (FTO) or as a specially designated global terrorist organization (SDGTO) pursuant to Executive Order 13224.

We have encouraged MEK members at Ashraf to make an informed decision regarding their personal future. In addition to the 3,364 residents at Ashraf, approximately 200 have voluntarily disassociated themselves from the MEK, disavowed violence, are now living in the Temporary Interview and Protection Facility (TIPF) adjoining Ashraf and have been granted refugee status by the UNHCR, which is seeking countries willing to accept them for resettlement. An additional 360 former residents of Ashraf disassociated themselves from the MEK, accepted an International Committee of the Red Cross (ICRC)-brokered amnesty offer from the Government of Iran and voluntarily returned there beginning in late 2004. We will continue to work closely with the Multi-National Forces-Iraq (MNF-I), the ICRC, UNHCR, and the Government of Iraq to determine the future status of residents at Ashraf.

The U.S. government does not employ or financially support members of the MEK, nor are we aware of other governments which do so. MNF-I provides protection for Ashraf, and we refer you to DOD for further details.

As you know, the MEK is not just a group of individuals in Iraq, but rather a terrorist organization-with cult-like tendencies-that has a global reach. We have every reason to believe that the MEK retains the intent to carry out terrorist actions and the capability to do so using personnel not currently in Iraq. Many of the MEK's leaders and operatives remain at large, and the number of at-large MEK operatives who received weapons and bomb-making instruction from Saddam Hussein's regime remains a concern. We have seen no credible evidence confirming that the MEK has disavowed violence; indeed, the MEK refuses to acknowledge that dozens of its deadly attacks-including attacks against U.S. military personnel in the 1970s-were acts of terrorism. In 2003, French authorities arrested 160 MEK members at operational bases they believe the MEK was using to coordinate financing and planning for future terrorist operations.

The Administration is not considering removing the MEK and its affiliates from the list of Foreign Terrorist Organizations.

Per the Department's standard FTO designation five-year review process, the MEK's status will undergo a regular review in 2008 to ensure that the circumstances that justified the original FTO designation of MEK and its affiliates still exist. The Iranian regime's views of the MEK are not a factor, under U.S. law, that is considered when evaluating the MEK's FTO status. Rather, the decision to designate MEK as an FTO is based on extensive, compelling evidence of the MEK's engagement in terrorist attacks and material support for terrorism, including support for the takeover of the U.S. Embassy in Tehran in 1979; terrorist attacks inside Iran during the 1970s that killed several U.S. military personnel and civilians; numerous terrorist attacks throughout the 1980s and 1990s; and the MEK's close financial and

operational relationship with Saddam Hussein's regime—a U.S. designated state-sponsor of terrorism. We continue to believe that MEK members responsible for terrorist or other criminal activity should face justice, along with those who provide material support to the MEK and its aliases.

Question. Given the President's authorization to use deadly force against Iranian agents in Iraq, what do you consider the most likely response from Shi'a Muslims worldwide? If Iranian agents are targeted and killed, will this increase or decrease the threat of retaliatory terrorism against U.S. citizens?

Answer. In Iraq, Iran continues to provide lethal support to select groups of militants who target and kill U.S. and British troops, as well as innocent Iraqis. We have made clear to Tehran that this is unacceptable. As President Bush announced in January, our troops on the ground in Iraq will act to disrupt networks in Iraq—regardless of nationality—which provide deadly weapons to Iraqi groups. These actions are consistent with the mandate granted to the Multi-National Forces in Iraq by both the United Nations Security Council and the Iraqi Government to take all necessary measures to contribute to the maintenance of Iraq's security and stability. Any action taken under this mandate is not aimed at any particular national, religious or ethnic group, but rather at a narrow category of militants based on their activities against coalition troops and Iraqi civilians.

We have an absolute and indisputable obligation to defend our soldiers from such attacks. While terrorists and their sponsors may seek to retaliate against us for doing so, they will not sway us from meeting this obligation.

LEBANON

Question. At last month's Donors' Meeting in Paris, the United States pledged \$770 million for the reconstruction of Lebanon.

- a. What do we expect to accomplish with these funds?
- b. What benchmarks for political reform is associated with them?

Answer. a. With Congress's approval, the \$769.5 million that the United States pledged at the donors' meeting in Paris would be divided as follows:

\$300 million—Economic Support Funds (ESF). Of this, \$250 million would be for budget support, helping to reduce Lebanon's most pressing economic problem—one of the world's highest debt-to-GDP ratios. We are examining possible disbursement mechanisms that would have maximum transparency for where the money goes and how it is used, while at the same time addressing the debt problem. We would also encourage progress on economic reform by tying payments to specific benchmarks. The remaining \$50 million of ESF would go towards project assistance, to contribute to Lebanon's recovery from last year's war and to improve the country's political and economic stability.

\$220 million—Foreign Military Financing (FMF). This will go for training and equipment to help the Lebanese Armed Forces (LAF) in their deployments of 8,600 troops to the Syrian border and 15,000 troops to south Lebanon, to secure the borders and to restore the Lebanese Government's sovereignty in areas which in recent decades had come under de facto control by a Hizballah state-within-a-state.

\$60 million—International Narcotics and Law Enforcement (INCLE) and 5.5 million Nonproliferation, Anti-terrorism, Demining and Related programs (NADR). For the Internal Security Forces (ISF), the U.S. assistance program provides urgently needed training and personal equipment to enable the ISF to carry out its responsibilities for guarding Lebanon's ports, airports, and borders as well as fulfilling traditional policing and anti-terrorism roles. Assistance will also go toward strengthening the customs service's monitoring and interdiction capabilities, especially at ports of entry and land border crossings.

\$184 million—Contributions for International Peacekeeping Activities (CIPA). This would enable UNIFIL to carry out its responsibilities under UN Security Council Resolution 1701, including its support to the LAF, maintaining peace and creating the conditions necessary for the Lebanese Government to exercise its sovereignty over its entire territory.

b. We are still in the process of determining the benchmarks to be used for the cash transfer, in consultation with the Government of Lebanon (GOL), the World Bank, and the International Monetary Fund (IMF). The benchmarks will be keyed to significant elements in the GOL's economic reform plan which will help ease the country's current economic problems as well as reduce or prevent the recurrence of its difficulties. The funding will be provided in tranches dependent upon the achievement of the benchmarks.

PALESTINIAN AUTHORITY

Question. Do you support Saudi Arabia's efforts to forge a national unity government between Hamas and Fatah? Why? If Hamas refuses to explicitly recognize Israel in such a government, what will be our policy toward that government? What do you expect the policy of the Arab states and the European Union would be toward that government?

Answer. We welcome Saudi Arabia's effort to end factional Palestinian violence. The goal of such efforts ultimately must be the creation of a responsible Palestinian government that is committed by word and deed to the Quartet principles: recognition of Israel, renunciation of violence and acceptance of all previous agreements, including the Roadmap.

We remain committed to the vision of two democratic states—Israel and Palestine—living side by side in peace and security. Progress towards the creation of a Palestinian state can only take place with a Palestinian government that governs its people responsibly and that is committed to the basic principles of peace—the Quartet principles. We urge the international community use caution in dealing with any Palestinian government and stress that the Quartet principles must be the measure of the new government.

EGYPT

Question. When you were before us for confirmation in 2005, you said that the world should apply to countries the “town square test”—which you described as whether someone can walk into the middle of a town square and express their views “without fear of arrest, imprisonment, or physical harm. If they can't, they are living in a fear society, not a free society.” How is Egypt doing on the “town square test”?

Answer. Freedom of expression is an issue of concern in Egypt, and the country does not yet pass the “town square test.” While we have seen members of the opposition, judges, journalists and others express their views on a wide range of political and social issues, including vigorous criticism of the government and direct criticism of the president, we have also seen Egyptians—including parliamentarian Talat Sadaat and blogger Abdel Karim Soliman—face prosecution and prison sentences for the things they write or say.

Again in 2006, authorities used force to disperse peaceful demonstrations and arrested and detained hundreds of peaceful demonstrators, including 500 activists in April and May for demonstrating in support of an independent judiciary. Many arrests in fact occurred in or near Cairo's “town square” of Midaan Tahreer (Freedom Square). Egypt has further to go on its reform path before it could be accurately described as a free society. The internal debate that surrounded the recent constitutional referendum, for instance, suggests a need for much greater progress in democratic reforms.

Question. The FY08 budget request for Egypt includes \$415 million to be used for, among other things, “the justice sector, civil society and independent media.”

- a. How would you characterize Egypt's human rights record the past two years?
- b. Are there any benchmarks attached to these funds in terms of Egypt civil and human rights practices?
- c. What efforts are being made to procure the release of Egyptian political prisoners, such as Ayman Nour, Talat Sadat and Abdelkareem Nabil Soliman?
- d. To what extent was human rights in Egypt a part of the discussion during your meeting with Egyptian Foreign Minister Ahmed Aboul-Gheit last week?

Answer. Egypt has more work ahead of it to meet the reforms it has set for itself in the areas of the judiciary, civil society, and the media. We have characterized the Egyptian Government's respect for human rights as poor in 2005 and 2006. Significant abuses have continued in many areas, including executive branch limits on an independent judiciary; denial of fair public trials and lack of due process; restrictions on civil liberties—freedoms of speech and press, including Internet freedom; and restrictions on NGOs. The Economic Support Funds (ESF) and assistance we provide through the U.S. Agency for International Development (USAID) and the Middle East Partnership Initiative (MEPI) are aimed at encouraging and advancing political and economic reform in these and other areas. We closely follow Egypt's progress in these areas and have had numerous discussions with the GOE on this topic. At this point, our FY08 ESF request for \$415 million is not directly linked to formal benchmarks in these areas; however, we are discussing—both internally

and with the GOE—ways to leverage this assistance to most effectively promote political and economic freedom.

We are concerned over the detentions of Ayman Nour, Talat Sadat, and Abdel Karim Soliman and have raised those concerns publicly and privately with the Egyptian Government. We are pressing Egypt for their release. We routinely raise issues of human rights and democratic reform in our conversations with senior Egyptian leaders, including in my conversations with Foreign Minister Aboul Gheit.

SOUTH ASIAN AFFAIRS

Afghanistan

Question. The Administration has proposed \$2 billion in reconstruction funds and \$8.6 billion in security funds for Afghanistan. Given that Gen Karl Eikenberry and Gen James Jones have both requested significantly increased reconstruction funding (\$2 billion spread over two years would not represent a significant increase) and significantly improved use of security funding (according to the Inspectors General of State and DOD, current police training has already cost \$ 1.1 billion dollars, yet resulted in a non-functional police force), in what way does this proposal represent a true change of course?

Answer. Since 2001, the United States has provided over \$14.2 billion in aid: nearly \$9 billion in security assistance; \$5.2 billion in reconstruction, humanitarian, and governance assistance. Because this is such a critical year for Afghanistan, the President has requested from Congress an additional \$10.6 billion in assistance over the next two years. The Fiscal Year 2008 request and the Fiscal Year 2008 Global War on Terror Emergency request represent a 41% increase from the Fiscal Year 2006 budget and supplemental levels of \$1.01 billion. Not only does the \$2 billion in reconstruction funds represent a significant increase, but it represents a significant shift in strategy. The funding in the Fiscal Year 2007 Supplemental and the Fiscal Year 2008 Global War on Terror Emergency Fund reflects a shift in strategy by increasing funding for critical infrastructure requirements, enhancing rural development and providing alternative livelihoods, bolstering Provincial Reconstruction Teams, and strengthening governance in the southern and eastern regions. Accelerating reconstruction efforts in these key sectors is a critical component of the strategy to stabilize the country against the Taliban and other insurgents. Specifically, roads, electric power, and rural development are our top priorities for jump-starting the economy, extending the reach of the Afghan government, and knitting the country together.

The reconstruction portion of the preliminary Fiscal Year 2007 budget levels represents a 66% increase over 2006 for roads, especially at the district level; electricity grids and generating capacity; rural development, irrigation, and agriculture; government centers, training personnel, and meeting local needs through Provincial Reconstruction Teams; and strengthening all five pillars of the Afghan counter-narcotics strategy: public information, interdiction, eradication, law enforcement, and rural development. The Administration intends to sustain these efforts in 2008.

The \$8.6 billion requested for security assistance will be used to further train and equip the Afghan National Security Forces. Our plans for using these funds reflect an urgent need to augment our work to train effective and legitimate security forces that can protect the Afghan people from extremists and insurgents.

For the police, the course is well-charted regarding training, and we expect it to remain the same. We expect, however, to increase emphasis on police equipment and infrastructure. Training and equipping efforts augment and reinforce each other. We must look comprehensively at all the factors that will lead to success for the Afghan police. It will take a sustained effort over several years to institutionalize the police force and establish a self-sustaining program, let alone adequately assess the program.

We also intend to boost our efforts to train and equip the Afghan National Army. In Fiscal Year 2007, we plan to intensify our efforts to train this force so the Afghan Government can address security concerns. The Afghan army is currently fighting alongside NATO International Security Assistance Forces, and is an integral component of our efforts to take on the Taliban and extend the reach of the Government of Afghanistan's authority. At the moment, the army is in need of more soldiers and more equipment to meet the current security challenges. The \$8.6 billion in requested security assistance funds will help us reach our goal of a well-trained and effective Afghan army.

Nepal

Question. Although the Communist Party of Nepal—Maoist has reached a peace accord with the political parties, placed its weapons under international monitoring, and joined the transitional assembly, the U.S. Government has not yet taken the Maoists off the Specially Designated Nationals list. What specific benchmarks would the Maoists need to meet in order to be taken off the Specially Designated Nationals list? What restrictions on U.S. aid to Nepal are legally mandated by the inclusion of the Maoists in the transitional government?

Answer. The United States strongly supports the peace process in Nepal. We will do all we can to help this process succeed, so that the people of Nepal can choose their government through a democratic process. While the Maoists have cooperated to some extent, their cooperation is not yet full or complete. Despite commitments to abandon violent pursuit of a one-party authoritarian state in favor of peaceful participation in a multi-party democratic system, the Communist Party of Nepal—Maoist continues to use violence, extortion, and intimidation in pursuit of its political aims.

With specific regard to the submission of Maoist arms to international monitoring, Maoist leader Prachanda has boasted in recent weeks that many Maoists weapons and combatants remain outside the designated cantonment areas, in violation of the Comprehensive Peace Agreement.

The Maoists' persistent violations of commitments they have made in the peace process call into question the depth and seriousness of their commitment to peaceful, multi-party politics. At a minimum, the Communist Party of Nepal—Maoist must submit to the rule of law, participate in free and fair elections to a constituent assembly, and accept the results of those elections to prompt a review of the Communist Party of Nepal—Maoist's Specially Designated Global Terrorist status.

The designation of the Communist Party of Nepal—Maoist as a Specially Designated Global Terrorist organization, among other things, prohibits the provision of goods, funds, or services to the Maoists by U.S. persons, including the U.S. Government. The Department of State and USAID obtained a license from the Department of Treasury's Office of Foreign Assets Control to continue our assistance to the Government of Nepal even if the Maoists join the cabinet, which they are expected to do prior to constituent assembly elections. This action reflects our strong support for the peace process in Nepal and our dedication to do everything we can to help it succeed, despite our continued reservations about Maoist motives and intentions.

UN PEACEKEEPING

Question. The FY 2008 request to pay assessed dues to UN Peacekeeping, (the CIPA account) is slightly less than that of last year (\$1.11 billion, from \$1.14 billion in 2007). Why isn't the request higher, given that UN Peacekeeping Operations have grown markedly in the past few years, and that troop levels will likely increase this year with the anticipated large mission in Darfur? How will this amount fully cover our dues for these missions?

Answer. The President's budget includes a request for \$1.107 billion for contributions to UN peacekeeping activities in FY 2008. The exact requirements for UN peacekeeping funds for future years cannot be predicted, because the size and cost of UN peacekeeping missions depend on UN Security Council decisions based on conditions on the ground and UN General Assembly review of the financial implications associated with those decisions. Within the amount of the President's overall budget, our FY 2008 request is based on our estimate of the requirements that takes into account such relevant factors as uncertainties about the future size of missions as well as the UN assessment rate and the 25% rate cap consistent with current law. The request for FY 2008 reflects assumptions that we will be able to reduce costs of missions while maintaining the UN's essential role in peacekeeping activities.

We will constantly reassess and manage resources within the account for Contributions for International Peacekeeping Activities (CIPA) to ensure that UN peacekeeping operations are adequately funded.

Question. Did the United States pay its dues to the United Nations, the International Atomic Energy Association (IAEA), and the other 40-some international organizations to which we belong, in full and on time last year?

- a. Are we in arrears in any of these organizations right now (in addition to current arrears for peacekeeping)? Please be specific.
- b. Do we anticipate that we will be in arrears in 2007?

c. Does the FY 2008 budget request provide full funding to pay all of our bills in full and on time to these organizations? If not, why?

Answer. Since the 1980s, the Department's practice has been to defer payment of part or all of the dues owed the United Nations, many of its affiliated organizations, and several other large international organizations until the end of the calendar year, using subsequent fiscal year funds to pay assessed contributions that were due at the beginning of the calendar year. In each of the past three years, the Department was able to absorb funding shortfalls by extending the deferral of payments to additional organizations. However, the Department essentially exhausted the capacity to do this when addressing the FY 2006 funding shortfall. Thus, going into arrears became unavoidable in FY 2007.

While the Department has paid most of its calendar year 2006 assessed contributions to these organizations, part of the contributions remained unpaid after the end of the calendar year, resulting in U.S. arrears at the following organizations: the United Nations, the United Nations War Crimes Tribunals, the Food and Agriculture Organization, the International Atomic Energy Agency, the International Civil Aviation Organization, the International Labor Organization, the International Telecommunication Union, the United Nations Educational, Scientific, and Cultural Organization, the Universal Postal Union, the World Health Organization, the World Intellectual Property Organization, the World Meteorological Organization, the Pan American Health Organization, the Inter-American Institute for Cooperation on Agriculture, the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the Secretariat for the Pacific Community, the Organization for the Prohibition of Chemical Weapons, the World Trade Organization, the International Agency for Research on Cancer, and the International Bureau for Weights and Measures.

The U.S. will remain in arrears at these organizations throughout 2007, because under the continuing resolution the FY 2007 funding level for the Contributions to International Organizations (CIO) account is \$130 million less than that needed to avoid arrears at these organizations. The FY 2008 request of \$1.35 billion for the CIO account, plus \$53 million in the emergency supplemental request, is sufficient to pay FY 2008 assessments, but not to pay FY 2008 assessments plus accumulated arrears.

Question. A recent Organization for Economic Cooperation and Development (OECD) analysis of "official development assistance," showed that the share of multilateral funding within U.S. development assistance fell from 26 percent in 2000 to 8 percent in 2005. Given the benefits burden-sharing, and the expertise of many UN agencies in addressing development needs, can you explain this shift and the apparent preference for bilateral initiatives over of multilateral cooperation?

Answer. The apparent decrease in Official Development Assistance (ODA) to multilateral agencies reflects three factors: permitted changes in the reporting of ODA statistics by the United States to the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD); significantly larger debt forgiveness in 2005; and the unique needs for services in recent years that lie outside of the expertise of UN agencies. In addition, the USG can better track bilateral funding to ensure that each American taxpayer dollar is used as effectively and efficiently as possible. In fact, U.S. utilization of UN and other international organizations (i.e., channels of delivery "to" and "through" these entities) increased significantly, from \$2.6 billion in 2000 to \$4.2 billion in 2005.

Changes in ODA reporting caused much assistance provided to international organizations to be reported as bilateral rather than multilateral ODA. According to the DAC Statistical Reporting Directives, Members should report as bilateral aid any contributions they make through multilateral agencies that are earmarked for specific countries or purposes, and report as multilateral aid any contributions to core operations of multilateral organizations.

In 2004-2005, the DAC agreed to report donor contributions to UNHCR as bilateral aid when the donor's contribution is tied to a specific country/region and/or purpose. The United States agreed with this change in reporting for its 2004 data onward, and has assigned as bilateral aid all contributions from the Bureau of Population, Refugees, and Migration (PRM) involving multilateral organizations.

The other change in ODA presentation involved U.S. food aid through the UN's World Food Program (WFP). From 1960 through 2001, the United States reported food aid through WFP in DAC statistics as multilateral flow. Since commodity and related costs for U.S. food aid through WFP can be identified to the recipient country or region, this historical multilateral assignment conflicts with the bilateral certainty of these flows and the current emphasis on bilateral attribution of aid. Ac-

cordingly, the United States identified all food aid through WFP as bilateral flows and reported them to specific countries and regions from 2002 onward.

Bilateral debt forgiveness increased from \$21 million in 2000 to \$4.2 billion in 2005 which had a significant impact on lowering the multilateral portion of total ODA from the United States. The multilateral percentage was further lowered by large outlays of Economic Support Funds directly to aid recipient countries, and by the utilization of U.S., foreign, and indigenous entities to meet very large physical and political infrastructure needs in Iraq, Afghanistan, and other aid recipient countries that lie outside of the expertise and capabilities of UN and international organizations.

Question. The UN Secretariat building is unsafe and unhealthy—deficient in many municipal safety, fire, and building codes, energy efficiency, and security requirements. Since 2003, the UN Secretariat and many member states have been pursuing a “Capital Master Plan” renovation project to make the necessary health and safety projects. Although progress has been made on planning, the project is far behind schedule. What is the current status of the project? What is the anticipated timeline for groundbreaking and project completion? What is the U.S. doing to support the project, and its being completed in an efficient manner?

Answer. The UN headquarters renovation project, or Capital Master Plan (CMP), is currently in the final design phase, with construction documents being developed and designs underway for project swing space. Based on the current project schedule, the construction start is planned for early 2008 and project completion for 2014.

In June 2006, the U.S. joined other Member States in agreeing to a project scope, enabling the UN to proceed with project design activities. In December 2006, we joined agreement on project schedule, budget, and financing methodology, providing the UN with all decisions needed to continue executing the project as planned. In addition, through our Mission to the UN, the U.S. is offering host country support by working with the UN and the City of New York to ensure a clear way forward on how the UN renovation project will be treated in relation to the City’s established review and approval processes for construction projects. This will help keep the project progressing as planned.

CLIMATE CHANGE

Question. In a Federal Register notice dated April 8, 2005, the Department of State said that the Fourth U.S. Climate Action Report was due to the UNFCCC secretariat no later than January 1, 2006 and that a draft report would be made available for public comment in the summer of 2005. (70 Fed. Reg.18066–67) That report should provide information on steps being taken to implement the Convention, an inventory of emissions, vulnerability, climate change impacts, estimates of the effects of policies, and U.S. domestic and international efforts, among other things. Why has the report not been made available for public comment? When will the United States comply with its obligation to provide that report to the UNFCCC?

Answer. The submission of this report is important, and we are working diligently to complete the process as soon as possible. The January 1, 2006, deadline set by the Parties is not legally binding.

The report was developed and reviewed by a broad range of departments and agencies that have significant responsibilities for climate-related activities. Such a review can take a substantial amount of time. The report includes contributions from the Department of Energy, the Department of State, the National Aeronautics and Space Administration, the National Atmospheric and Oceanic Administration, the Agency for International Development and the Environmental Protection Agency, among others. We are finalizing a draft for public comment and we expect to be announcing the draft via a Federal Register Notice shortly.

The report focuses on actions the United States is taking to address climate change. As required by Framework Convention guidelines, it provides information about the impacts of our programs on overall U.S. greenhouse gas emission trends. It also identifies actions the U.S. is taking to better characterize and respond to these trends.

RESPONSES TO ADDITIONAL QUESTIONS SUBMITTED BY
SENATOR LUGAR TO SECRETARY RICE

Question. Meeting in Washington in February, the Quartet pledged to “support efforts to put in place a process with the goal of ending the occupation that began in 1967” and to “give active follow-up to these meetings and to remain closely engaged.” Please describe (1) the diplomatic strategy envisioned by the Quartet, (2) the role of the U.S. in its implementation, and (3) the strategy for countering any efforts by Iran and Syria to block progress.

Answer. The Quartet Principals—Russian Foreign Minister Sergei Lavrov, United Nations Secretary-General Ban Ki-moon, High Representative for European Foreign and Security Policy Javier Solana, German Foreign Minister Frank-Walter Steinmeier, European Commissioner for External Relations Benita Ferrero-Waldner, and I—have pledged to a process aimed at ending the occupation that began in 1967 and creating an independent, democratic and viable Palestinian state, living side-by-side in peace and security with Israel, and reaffirmed their commitment to a just, lasting, and comprehensive peace based on UNSCRs 242 and 338. The Quartet, in its most recent meeting on February 21, reaffirmed its support for a Palestinian government that renounces violence, recognizes Israel, and accepts previous peace agreements and obligations, including the Roadmap.

As for the role of the U.S. in its implementation, the Quartet has welcomed recent U.S. efforts to facilitate discussions between the parties and the trilateral summit meeting that was held on February 19 between Prime Minister Olmert, President Abbas and the U.S., that could begin to define more clearly the political horizon for the Palestinian people, and help engender a sense of partnership. The Quartet has affirmed the primacy of the Roadmap and welcomed U.S. efforts to accelerate progress in its implementation.

As for Iran and Syria, we continue to work, in consultation with our friends and allies, including our Quartet partners, to strengthen responsible parties and states in the Middle East to counter violent state-sponsored extremism. We view non-state actors such as Hizballah and HAMAS to be aligned with Iran and Syria in attempting to destabilize the region.

Question. The Baker-Hamilton Commission, as well as a number of former senior U.S. officials, has advocated opening a dialogue with Syria to address U.S. concerns regarding Iraq, Lebanon, and Arab-Israeli peace. The Commission specifically recommends re-starting talks between Syria and Israel on the Golan as a means of obtaining Syrian cooperation on these issues. Syrian leaders have publicly stated their readiness to engage with the U.S. and Israel. Recent reports in the Israeli press indicate that senior Israeli officials might also be interested in exploring talks with Syria, but have been dissuaded from doing so by Washington. Please explain the basis for the Administration’s position that isolation is preferable to dialogue as a means of achieving U.S. objectives in the region.

Answer. Syria’s on-going activities, which include destabilizing actions in Iraq and Lebanon, support for terrorism, and significant violations of the human rights of the Syrian people, have undermined the prospects for peace and stability throughout the region.

On numerous occasions U.S. officials have spoken candidly and firmly with the Syrian Government about U.S. concerns. Then-Secretary of State Powell met with Syrian President Bashar al-Asad in Damascus in May 2003. Then-Assistant Secretary of State for Near Eastern Affairs Burns met with Asad in Damascus in August 2003 and again in September 2004; Then-Assistant Secretary of Defense Rodman participated in the latter meeting. Powell met with Syria’s Foreign Minister, Farouk al Shara’a, in September 2004, and then again in November 2004. Then Deputy Secretary of State Richard Armitage also met with Asad in January 2005.

In each of these efforts, the Syrian Government promised to take action against the flow of foreign fighters into Iraq, to end their interference in Lebanon, to expel Palestinian terrorist leaders from Damascus, and to end Syrian state sponsorship of terrorism. The Syrian government has not yet taken any demonstrable action to address these longstanding concerns.

Israel officials, including Foreign Minister Livni, maintain that Israel is not seeking negotiations with Syria, as they do not believe the current climate would lead to negotiations towards a final peace settlement.

Question. The promotion of democracy has been the stated goal of the Administration in Iraq and in the Middle East at large. James Madison, in *The Federalist Papers*, famously warned against the “violence of faction” that occurs in democracies. What specific techniques are we employing in our democracy programs to contain,

control and channel the natural inclination toward destructive factionalization? What new lessons have we learned in this regard from Iraq and our work in other transitional nations?

Answer. Factional violence is best controlled and contained by strong democratic institutions that are developed over time with proper training and mentoring. Through our democracy programs, we are training Iraqis who represent various backgrounds to overcome their sectarian, ethnic, and religious divisions. These democracy programs are designed to promote the development of new multi-ethnic and multi-sectarian political parties, which can build effective governing coalitions.

We also support the creation of diverse civil society organizations and institutions of governance through leadership and advocacy training programs to both Iraqi men and women so they can fully participate in the political process.

Although increased violence in Baghdad has slowed our democracy building projects, our NGO partners remain critical elements of our strategy to assist Iraq's transition to self-reliance. Because of lessons learned in Iraq and other post-conflict countries, we are currently in the process of initiating new programs that will assist community leaders from local and provincial communities to reject violence and work to isolate extremists who are pursuing this "violence of faction."

Question. For the past 22 years, the Ronald Reagan-inspired National Endowment for Democracy, and its related four institutes, has been working to overcome divisions in society at the grass roots levels in many transitional nations, especially in the former Soviet Union and Warsaw Bloc. Do you think this model, using non-governmental organizations funded in part by the U.S. Government to foster leadership and inclusiveness across the full range of society, is the best approach in the Middle East and among predominantly Muslim countries? Or should the U.S. government actively support political leaders in these countries who, if successful, will be friendly toward the United States and rule within internationally accepted norms. The criticism of a more neutral approach is that it can lead to the election of extremists. The criticism of the selective approach is that it is not democracy promotion.

Answer. The U.S. government uses a variety of tools and tactics to promote democracy and human rights, and we tailor our approach to the unique situation in each country—in every region around the world. Non-governmental organizations such as the National Endowment for Democracy and its related institutes, funded in part by the United States Government, play an important role in strengthening the ability of civil society in countries around the world to educate the public about basic freedoms, to hold governments accountable to their people, and to advocate for democratic reforms. Through the Bureau of Democracy, Human Rights and Labor, and the Middle East Partnership Initiative, we also provide funds to U.S. non-governmental organizations that provide support to indigenous reformers and non-governmental organizations advocating for greater freedom and democracy, including in the Middle East and a broad range of Muslim countries.

Through technical assistance and voter education programs, we seek to help ensure free and fair elections in countries throughout the world. We do not take a position on individual candidates, but are consistent in our message that we will support leaders who govern democratically and behave within acceptable international norms.

Question. The State Department and USAID have been reviewing how funds are disbursed to non-governmental organizations (NGOs) that promote economic development, health, welfare, environmental protection and democracy in developing and transitional countries. NGOs that are non-profits under American tax laws are different from contractors or NGOs that are for-profit corporations, whether public or private in their legal standing. The difference between grant-making practices and contracting practices by the State Department and USAID create different financial and accountability challenges for non-profit and for-profit NGOs. How is the State Department and USAID reviewing this situation and engaging the various NGOs in the Department's rule-making process?

Answer. Both the Department of State and USAID follow standard, federal rule-making procedures in publicizing proposed changes to regulations. In developing proposed changes, USAID and State policy experts consult to ensure consistency in policies and practices.

The Office of the Director of Foreign Assistance, as well as officials from USAID and the State Department, have held numerous sessions with diverse members of the NGO community to discuss the foreign aid reforms underway. Preliminary consultation with the NGO community has been an important step in introducing effective and appropriate changes into the grant-making process.

USAID has put in place specific outreach initiatives to its partners. They include an Ombudsman Partners' Day whereby the Ombudsman hosts a quarterly forum for dialogue with the public. The Ombudsman then communicates industry concerns to the Office of Acquisition and Assistance. In addition, USAID has fully implemented the use of the Federal Document Management System and employs the regulations.gov website for formal rulemaking. This process includes OMB review and opportunities for public and government-wide comment on rulemaking.

Question. There has been a great deal of debate and discussion among various U.S. Government agencies and bureaus about public diplomacy (PD), strategic communications (SC), information operations (IO), and psychological operations (psyops). The Department of Defense is beginning to play a leading role in such discussions and is sending military information teams to a number of embassies. It is clear that American military and diplomatic representatives are at risk in many parts of the world because of disinformation, misinformation and propaganda efforts of various American enemies. Are efforts to counter these attacks best led by the State Department or the Department of Defense? How are you and ambassadors making certain that military information programs are integrated into a broader public diplomacy framework?

Answer. The Defense Department has significant communication resources and is a key player in our public diplomacy strategy and interagency team.

Under Secretary Hughes has made strengthening public diplomacy linkages between the State Department and Department of Defense a priority.

In particular, she has used the pilot country project to further integrate State-DOD efforts in missions overseas by making them full partners in the planning and executing of the public diplomacy country strategies. DOD representatives are key members of the team that oversees this initiative.

Under Secretary Hughes recognizes the value of the MIST (military support team) deployments and has encouraged missions to take advantage of this DOD support. MIST teams have made important contributions, and this year more than 25 MIST deployments will help our embassies communicate U.S. policy and publicize U.S. activities in foreign countries. MIST teams deploy at the request of ambassadors and work best when they are well integrated into the operations of the country team under the supervision of the embassy public affairs officers. We are in regular contact with the Joint Staff to coordinate MIST deployments, and ensure they support mission's overall public diplomacy goals and objectives.

Last year Karen Hughes assigned a former ambassador to serve as her senior public diplomacy representative at the Defense Department, including Under Secretary Edelman's policy office (USD/P), the Joint Staff, and OSD Public Affairs. We have identified a number of areas in Washington and the field where closer cooperation and coordination can amplify USG strategic communication and public diplomacy.

Key among these is the important role that DOD will play in the new Counterterrorism Communication Center (CCC), an important new initiative of Under Secretary Karen Hughes to fight terrorist ideology and propaganda. The center will provide strategic leadership and coordination of our efforts to win the war of ideas. She has proposed that a senior military officer serve as its deputy director.

Already State and Defense are exchanging and benefiting from cross-agency sharing of foreign media analysis, public opinion polling, and funded research. DOD is an major consumer of our daily media messaging produced by the Rapid Response Unit, and our Arabic media hub works in tandem with CentCom's Arab media outreach team in Dubai. We have established a Fusion Team that brings together State, DOD and other USG agencies to share information and discuss public diplomacy issues.

We have begun to share training resources between the Foreign Service Institute and DINFOS (Defense Information School at Ft. Meade). For example, the next Public Affairs Officer at our embassy in Kabul will be an April 2007 graduate of the DINFOS Joint Senior Public Affairs Course.

Under Secretary Hughes has also discussed with Deputy Secretary England a number of areas where we can tie DOD's strategic communication to our public diplomacy, including the development of a video and image database to document America's diplomacy of deeds, so much of which is done by our military colleagues. Our Departments' combined efforts, under the direction of ambassadors and in the context of the interagency country team, ensure that we are not only countering our adversaries' disinformation, misinformation and propaganda, but advancing America's bold vision for a peaceful, democratic future.

Question. In the war environments of Iraq and Afghanistan, under specific legislative direction, the Department of Defense has assumed responsibility for coordi-

nating the training of police forces. The Department of Defense has requested such authority worldwide. What would be the impact of transferring this authority from the Department of State to the Department of Defense in non-combat countries?

Answer. The assignment of civilian police and military training to DoD in both Iraq and Afghanistan was the result of the unique requirement for the military to provide force protection, transportation, and general logistics support for such activities under active combat conditions.

We appreciate the need for select new DOD authorities, coordinated closely with the Department of State, as an essential means of addressing rapidly evolving security challenges posed by, among other things, the GWOT. This is particularly true in environments where U.S. forces are present, and may include training and equipping forces that are performing traditional military functions.

The Secretary has expressed support for such authorities in many cases, contingent upon the explicit preservation of her statutory role with respect to foreign assistance, through their exercise “with the concurrence of the Secretary of State,” and in practice through joint development procedures.

In sum, any new authorities should be tailored toward the common goal of providing for closer integration of the Administration’s foreign assistance efforts, consistent with the Secretary’s responsibility for the overall supervision and general direction of U.S. foreign assistance.

Question. How do you intend to maintain your primacy in foreign policy if you lose control of foreign assistance, one of the most important tools that you have at your disposal to define and pursue U.S. interests?

Answer. I take my responsibility for the overall supervision and general direction of U.S. foreign assistance exceptionally seriously. Select new DOD authorities offer an essential means of addressing rapidly evolving security challenges posed by, among other things, the GWOT. This is particularly true in environments where U.S. forces are present. I support such authorities in many cases, contingent upon the explicit preservation of my aforementioned statutory role with respect to foreign assistance, through their exercise “with the concurrence of the Secretary of State,” and in some cases through joint development procedures. In sum, any new authorities should be tailored toward the common goal of providing for closer integration of the Administration’s foreign assistance efforts, consistent with my statutory responsibility regarding U.S. foreign assistance.

Question. How can the process designed by Randy Tobias, dual hatted as your foreign assistance director and Administrator of USAID, be made to include Defense Department foreign assistance?

Answer. The leadership role of the Director of U.S. Foreign Assistance is intended to provide coordination and guidance to all U.S. foreign assistance, including foreign assistance delivered through other agencies and entities of the USG such as the Millennium Challenge Corporation and the Office of the Global AIDS Coordinator. With specific respect to the Defense Department, we are working on putting the processes in place to ensure that foreign assistance provided under DOD authorities advances our foreign policy goals and is included in and coordinated with country strategic and operational planning.

Question. How does the President’s budget and your Transformational Diplomacy strategy sustain and encourage regional thinking and cooperation? Have specific programs, funding or equipment been identified for that purpose? Are you planning to regularly convene Regional Security Initiative meetings?

Answer. One of the strategic principles upon which the FY 2008 budget was built was to invest in states which can serve as anchors to long term regional stability and prosperity. Further, the Foreign Assistance Framework recognizes that not all foreign assistance is or should be implemented on a country basis, and that some issues (e.g. trade capacity) are best addressed as part of a global or regional strategy. The Framework includes a specific category for global and regional initiatives defined as those activities that advance the five objectives, transcend a single country’s borders and are addressed outside a country strategy, e.g. the Regional Security Initiative Program. The Department has convened five Regional Security Initiatives thus far—in Southeast Asia, the Neighbors of Iraq, the Eastern Mediterranean, Western Mediterranean, and East Africa—and has plans to convene additional RSIs during 2007. We anticipate that each of the RSIs will meet approximately once each quarter. In addition, the Department leads a Washington-based interagency process to support the RSIs and to ensure that program support for the initiatives generated by the RSIs is identified. As a result of this interagency process, the regional approach that the RSIs represent is also increasingly being re-

flected in the scope and format of the training and assistance programs that we have established. Thus, the RSIs identify regional challenges and propose the means for addressing those challenges and the interagency then uses training and assistance programs not only to build capacity but also to bring regional actors together, help them develop common policies and procedures and also, through their shared training, help promote regional institutional cooperation.

Question. Except for your position on the nine-member Broadcasting Board of Governors (BBG), there are two vacancies, and the terms of the other six Governors have expired. Under the statute, Governors whose terms have expired may remain in office until they quit. BBG Chairman Ken Tomlinson has announced he will quit when replaced. Given the importance of public diplomacy in advancing American interests abroad through communications of news and information, when will the Administration submit to the Senate the replacements of re-nominations to the BBG?

Answer. We agree with you on the importance of filling the Board vacancies and getting a new chairman in place. That is one reason that the Administration decided to fill one of the two vacancies you mention with the recess appointment of Mark McKinnon. Under Secretary Karen Hughes, who represents me on the board, has been working closely with the White House on these matters and we understand that the Office of White House Personnel is completing work on the nomination of a replacement for the outgoing Chairman of the BBG, as well as on candidates for the remaining vacant position on the board and the renomination of current members whose terms have expired.

Question. The goals of USG broadcasting services have evolved since World War II and the Cold War. Do you think these services should actively promote American interests in countries in which they are broadcast? Or should they be considered a "public good" provided by the USG?

Answer. We believe that U.S. Government international broadcasting should promote U.S. interests. In our view, this is consistent with BBG's statutory mandate, which states that U.S. international broadcasting shall "... be consistent with the broad foreign policy objectives of the United States." (22 USC 6202 (a) (1)). The statute also states that U.S. international broadcasting shall include:

. . . clear and effective presentation of the policies of the United States Government and responsible discussion and opinion on those policies, including editorials, broadcast by the Voice of America, which present the views of the United States Government. (22 USC Section 6202(b)(3))

In this regard, the statute makes clear that my role as an ex officio member of the Board of Governors is to help provide policy information and guidance: "Foreign policy guidance. To assist the Board in carrying out its functions, the Secretary of State shall provide information and guidance." (22 USC 6205 (a))

None of these provisions is inconsistent with the requirement that international broadcasting deliver to its audiences "news which is consistently reliable and authoritative, accurate, objective, and comprehensive," (22 USC 6202(b)(1)). Indeed, we think that by maintaining its credibility with its audiences as a source of objective news and information, U.S. international broadcasting is all the more effective in conveying the U.S. policy message to foreign audiences.

Question. Last week I met with Russian Foreign Minister Lavrov who expressed concern that the U.S. was not interested in negotiating arms control and non-proliferation cooperation with Russia. He singled out the lack of progress in negotiations to extend the verification regime of the START I treaty beyond 2009. Will you please share your thoughts on this and outline for us the Administration's arms control strategy for the next two years?

Answer. President Bush's vision is to change the relationship between the United States and Russia so that nuclear weapons are no longer the principal focus of our relationship. The Administration believes the overall objectives for our strategic security dialogue with the Russian Federation should reflect the end of the Cold War and an intent to pursue the goal of improving U.S.-Russia relations and developing a relationship based on areas of common interest.

The START Treaty is scheduled to expire in December 2009. Neither we, nor the Russians want to extend START beyond 2009. The Treaty of Moscow, which will continue until 2012, provides for reductions substantially below START levels.

In our view, simpler and less costly transparency and confidence building measures should replace START. These measures should be designed to enhance mutual confidence rather than to verify constraints. In this spirit, we are exploring with Russia a post-START arrangement based on transparency and confidence building measures. Under Secretary of State for Arms Control and International Security Af-

fairs Robert Joseph met several times over the past few months with his Russian counterpart Deputy Foreign Minister Sergey Kislyak to discuss the post-START arrangement. At their most recent meeting on January 29 in Moscow, they agreed to hold experts talks to continue the exchanges on this subject.

Question. The Department's FY 08 request includes a 10% cut to U.S. assistance for civil society, independent media, the rule of law, and human rights efforts in Russia. Given the assault these ideals are under, why would we cut these programs?

a. Please outline the rationale that you used to reduce funding for these critical social and political reforms in Russia at this time?

b. The U.S.-Russia Investment Fund proposed using funds from its investment reflows to establish a foundation focused on civil society and the rule of law. At a time when U.S. assistance for these efforts in Russia is declining, why did the Administration not make the \$330 million available for these important initiatives at no cost to the taxpayer?

Answer. a. The promotion of democracy and the rule of law in Russia remains a top U.S. priority in our policy toward that country. Within the FY08 budget allocated for assistance to Russia, over half of funding continues to be devoted to supporting efforts to promote this goal—with particular focus on helping to strengthen civil society, democratic institutions, independent media and the rule of law.

Our democracy programs support NGOs throughout Russia and especially those working to defend human rights and promote democratic values. They also bolster Russia's remaining independent media outlets; support rule of law by working with the judiciary, the defense bar and legal education; and help local governments become more responsive to the needs of citizens.

Although the FSA budget for Russia has been reduced, U.S. support for Russia's democratic development will continue unabated through the use of funds recovered from previous activities. Specifically, the U.S.-Russia Investment Fund, which had been capitalized in the 1990's with FSA funds, will be plowing its profits into a new foundation that will be able to give grants to support the rule of law and the free flow of information in Russia. Similarly, funds recovered through the settlement of a civil lawsuit against a USAID contractor are being programmed to bolster Russian civil society groups by providing them with legal assistance, organizational development training, and opportunities to network with NGOs outside of Russia.

b. The U.S.-Russia Investment Fund, like the Polish- and Hungarian-American Enterprise Funds before it, was so successful that it is in a position to both endow a legacy foundation as well as return a portion of the original funding to the U.S. Treasury. The Polish and Hungarian funds established the precedent of returning half of the amounts provided by the U.S. to the U.S. Treasury. The Administration has applied that precedent to the Russia fund as well.

The other half of the funds made available to TUSRIF and any additional proceeds from the liquidation of the funds will be used for the Russia legacy foundation.

At no cost to the U.S. taxpayer, the U.S.- Russia Foundation for Economic Advancement and the Rule of Law will have a sizable endowment to advance rule of law and democratic principles in Russia.

Question. Over the last 13 months, Russia has cut off or delayed oil or gas deliveries to Ukraine, Georgia, Lithuania, Latvia, and Belarus. These supply interruptions have impacted deliveries to other European states. I have proposed that NATO see the use of energy as a weapon as a reason to invoke Article V commitment, an attack on one as an attack on all.

a. What steps does the Administration plan to take to counter these worrisome developments?

b. Do you believe NATO can play an important role in responding to energy manipulation?

c. I recently wrote to Chancellor Merkel at the onset of Germany's assumption of the EU presidency urging her to make trans-Atlantic energy cooperation a major focus. Please outline your thinking on the role energy will play in this spring's U.S.-E.U. summit.

Answer. a. The Administration has spoken publicly and forcefully on many occasions about our concerns about these developments. We have worked in close coordination with our European allies to send a strong, united message to Russia that we expect it to be fully integrated into global energy markets as a transparent, reliable supplier of energy, and that it not use energy as a means to apply political and/or economic pressure against other countries. Energy is a global issue. Although the United States does not rely on Russian energy the way Europe does, we maintain an active dialogue with Europe on these issues. We are also working to uphold the commitments on energy security that all G8 members agreed to at the Summit in

St. Petersburg last July. In general, we are wary of any one supplier exerting too much control over the market. For that reason, we are also pursuing conversations with European consumers to encourage them to consider alternative sources of gas supply, such as from Azerbaijan.

In addition to promoting a diversification of sources of supply, we are encouraging our European friends and allies to diversify their energy mix. Greater use of nuclear power can be a clean, safe alternative to imported natural gas for many applications. Together with Europe, we are working to develop new cleaner technologies that will allow us to rely more on our abundant indigenous coal reserves. We support the efforts by the European Commission to achieve the full liberalization of the EU's electric and gas markets as well as to affect more cross-border interconnections of pipelines and cables that will allow energy to efficiently and securely flow from regions with excess supply to regions experiencing shortfalls, whether natural or man-made.

b. We believe that NATO can play an important role in responding to these new energy challenges. As you know, the NATO communique issued after the Riga Summit in November included a new commitment to discuss energy issues in NATO, specifically to discuss ways NATO can help safeguard critical energy infrastructure. We will offer Russia and other interested partners the chance to participate in these discussions.

c. The German EU Presidency and the Administration are both highly interested in making energy security issues a key topic for the U.S.-EU Summit. We are working with Germany and EU institutions to consider deepening existing U.S.-EU cooperation on energy technologies such as biofuels, energy efficiency, clean or near-zero emissions coal, and nuclear power, and are exploring ways to streamline our discussions on these topics. We are considering how to strengthen our cooperation to promote diversification of energy supplies and sources, such as from the Caspian region and Central Asia, in the case of Europe. We are also looking at new areas of cooperation on promoting energy security in third countries and working more closely with the private sector to accelerate trans-Atlantic development and deployment of key clean energy technologies.

Question. What steps is the United States taking to support non-Russian energy transportation routes such as a Trans-Caspian Pipeline, expansion of the Baku-Tbilisi-Ceyhan Pipeline, Odessa-Brody Pipeline, and the Nabucco Pipeline?

Answer. On energy security, the U.S. Government has promoted diversification of energy supply and transport in the Eurasia region, focusing on promoting multiple pipelines as a centerpiece. The completion of the Baku-Tbilisi-Ceyhan (BTC) pipeline, which began operation last summer and will eventually transport more than one million barrels Caspian crude oil to world markets, is the crowning achievement of this effort thus far.

To advance this policy, Assistant Secretary of State for Economic, Energy and Business Affairs Daniel S. Sullivan, Principal Deputy Assistant Secretary of State for South and Central Asia Steven Mann, and Deputy Assistant Secretary of State for European Affairs Matt Bryza led an inter-agency team to Kazakhstan, Azerbaijan, Turkey and Georgia February 4-15, concluding in Paris with an International Energy Agency (IEA) conference focused on developing the "Southern Corridor" for natural gas exports to Europe. The trip's purpose was to implement a three-pronged Eurasia energy strategy that emphasizes: (1) further developing Caspian energy resources, (2) competition, not confrontation, with Russia, and (3) engagement with Europe to further common interests in diversifying energy supply sources and routes. The team advanced U.S. interests in these three areas and generated momentum among companies and governments toward promoting a Southern Corridor. Realizing this vision in full will require sustained, high-level attention for several years.

The well-timed trip took advantage of a window of opportunity to promote a "next phase" of Caspian energy strategy, following completion of the BTC, that includes natural gas from Azerbaijan, Turkmenistan, and possibly Kazakhstan and Iraq, shipped via Caucasus pipelines into southern/central Europe; and North Caspian oil shipped via tanker, and later perhaps by pipeline, across the Caspian Sea to BTC. Senior foreign officials along the way emphasized the necessity of U.S. engagement and leadership; the USG team stressed that greater diversification bolsters regional energy security, and promotes sovereignty and independence in Central Asia and the Caucasus. Immediate next steps will focus on the Turkey-Greece Inter-Connector for natural gas and an oil tanker link between Kazakhstan and Baku/BTC.

The U.S. Government remains actively engaged with Ukraine, particularly in terms of energy security. Most recently, U.S. Government officials met with a Ukrainian delegation in Washington for bilateral inter-agency consultations. Energy

efficiency, conservation efforts, and application of new technologies were discussed, and State Department and DOE officials promoted the merits of foreign investment in Ukraine's energy sector. We are working to engage the EU in working cooperatively with us in Ukraine on increasing the efficiency and transparency of the Ukrainian energy sector.

Question. Last fall, you created the new position of International Energy Coordinator at the State Department. It is an action similar to what Senator Biden and I are calling for in legislation, specifically in the Energy Diplomacy and Security Act.

- What funds have been requested for the activities of the International Energy Coordinator? How will these funds be used?
- Does the Coordinator have authority to direct funds allocated to other offices engaged in international energy activities?
- How many personnel have been allocated to work in the office of the Coordinator?

Answer. Resources for the Special Advisor to the Secretary and International Energy Coordinator are provided by the office of the Under Secretary for Economic, Energy and Agricultural Affairs. To date we have not requested additional funds for the activities of the International Energy Coordinator except for travel. The Coordinator travels regularly to meet with foreign officials, NGOs and the business community and to attend conferences and events that help further the Department's energy security priorities. For example, in February, the Coordinator traveled to Brazil with the Under Secretary for Political Affairs where he helped negotiate a draft memorandum with the Government of Brazil on biofuels cooperation.

The Coordinator does not have the authority to direct funds allocated to other offices engaged in international energy activities, but closely works with those offices to advance the Department's and the President's priorities. The Coordinator is currently working on a project to create a fund allocating existing resources to address energy poverty that is to be reflected in the foreign assistance budget.

We anticipate in coming weeks assigning several personnel from within and outside the Department to work directly with the Coordinator.

Question. What funds has the State Department requested for international energy and environment activities? Please provide a break-down use of these funds by geographical region or country and focus of activity (e.g. Renewable energy, nuclear, greenhouse gas management, etc.).

Answer. Consistent with the State Department's new foreign assistance framework for the FY 2008 budget request, attached is a chart with a breakdown of funds by country, region and global program in the following three program areas: modern energy services; natural resources and biodiversity and clean, productive environment.

Question. How many active international energy and environment agreements is the United States government currently a party to? Please provide a breakdown by country and area of focus (e.g., renewable energy, nuclear cooperation, greenhouse gas management, etc.).

Answer. The United States is a party to numerous bilateral and multilateral agreements that address international energy and environment, either directly or indirectly, and it is a participant in a number of bilateral arrangements regarding international energy cooperation.

For example, the United States is a founding member of the International Energy Agency (IEA). Since its creation in 1974, the IEA has provided a structure for international co-operation in energy technology research and development (R&D) and deployment. Its purpose is to bring together experts in specific technologies who wish to address common challenges jointly and share the fruit of their efforts. Within this structure, there are currently over 40 active programs, known as the IEA Implementing Agreements. These Agreements contribute significantly to achieving faster technological progress and innovation at lower cost. Such international cooperation helps to eliminate technological risks and duplication of effort, while facilitating processes like harmonization of standards. Participants are welcome from OECD member and OECD nonmember countries, from the private sector and from international organizations. The U.S. participates in 38 of the 41 implementing agreements. Examples include: Advanced Fuel Cells, Demand-side Management, Fusion Materials, Bioenergy, Clean Coal Sciences, Solar Heating & Cooling, and Wind Energy Systems, Emissions Reductions in Combustion. The United States participates in the Energy Consultative Mechanism with the Government of Canada. The Department of State chairs this bilateral mechanism that meets once a year to discuss

U.S.-Canadian energy integration and market issues. The United States also participates in the North American Energy Working Group (NAEWG) with Canada and Mexico. The Department of Energy chairs this trilateral working group as part of the Security and Prosperity Partnership. The group works to coordinate cross border energy issues and increase energy cooperation between the three countries.

In addition, there are many agreements in the civil nuclear area, both at the government-to-government and at the agency level. For example, the United States is a party to a number of agreements concerning peaceful uses of atomic energy, pursuant to section 123 of the Atomic Energy Act of 1954, as amended. The United States has such agreements with Argentina, Australia, Bangladesh, Brazil, Canada, China, Colombia, Egypt, Indonesia, Japan, Kazakhstan, the Republic of Korea, Morocco, Norway, South Africa, Switzerland, Thailand and Ukraine, and with the International Atomic Energy Agency and with EURATOM. There is also such an agreement with respect to Taiwan. In general, these agreements provide a framework for civilian nuclear cooperation, including commercial nuclear trade in reactors, major components, nuclear materials, and reactor fuel.

Also, the United States is a party to numerous bilateral agreements or arrangements on cooperation on energy initiatives, such as solar energy or coal technology.

Regarding climate change, which involves both environment and energy, the United States is a party to the 1992 UN Framework Convention on Climate Change. The United States also participates actively in a number of international initiatives and fora that address various aspects of climate change, clean energy, and air pollution, such as the Asia Pacific Partnership on Clean Development and Climate, the Carbon Sequestration Leadership Forum, the Methane to Markets Partnership, and the International Partnership for the Hydrogen Economy. We also cooperate with a number of other countries on climate change-related projects through a number of bilateral Partnerships.

We would be happy to provide additional information to the Committee, as appropriate, in response to particular inquiries.

Question. What funds have been requested for the Global Critical [Energy] Infrastructure Protection Project?

Answer. Global Critical Energy Infrastructure Protection is a key U.S. priority and the Department has been working both bilaterally and multilaterally on efforts to address it. With our G-8 partners, in APEC, and in the OAS, the U.S. is leading initiatives to promote greater recognition of the threat and propose programs to address it. Similarly, with U.S. encouragement, NATO is considering an initiative to monitor and assess energy developments that are linked to regional instabilities or terrorist threats.

The U.S. is also working aggressively to address Critical Global Energy Infrastructure protection on a bilateral basis. The Department is working with experts from across the inter-agency to help key partners improve security measures at key installations and improve their own internal capabilities to protect these facilities. While the U.S. is aiding these efforts by providing expertise, no USG funds have been requested specifically for this initiative. Most of the countries with whom we are dealing have their own assets, and we anticipate that they will be both able and willing to cover the full costs of developing and implementing recommended security improvements.

Question. How many personnel are to be designated to that project?

Answer. At the moment, two individuals have been assigned to work full time on this project in the Office of the Coordinator for Counterterrorism and in the Bureau of Diplomatic Security's Antiterrorism Assistance program. As has been the case previously in this initiative, however, the Department has identified individuals in other agencies and other bureaus of the Department with subject matter expertise and utilized their skills in this project on an "as needed" basis.

Question. What other, if any, energy infrastructure security programs are supported by the State Department?

Answer. At the moment, there are no other similar programs within State.

Question. What funds have been requested for U.S. support of the Extractive Industries Transparency Initiative?

Answer. Our support for EITI is not a line item in our central budget request. However, the U.S. supports EITI as one part of our anticorruption and transparency strategies in a number of countries. A representative from the USG is a member of the EITI Board, and the USG provides technical assistance and bilateral financial assistance for EITI implementation through USAID missions in Nigeria, Peru, and DRC.

Question. What training is undertaken by U.S. Embassy energy attaches? How many U.S. embassies currently have energy attaches? At what embassies are these officials currently posted? Does the Department have plans to expand energy expertise in U.S. embassies? If so, please describe those plans.

Answer. Over the past ten years, the Department has facilitated the training of hundreds of USG employees on international energy and extractive industries issues. In cooperation with the Foreign Service Institute, the Department of the Interior's U.S. Geological Survey (USGS), and the Department of Energy (DOE), the Bureau of Economics, Energy, and Business Affairs (EEB) oversees the following curricula: the Resources Economics Seminar, the Coal & Power Industry Review, and the Oil & Gas Industry Review. The courses involve a combination of "classroom" lectures and discussion as well as site visits to power plants, coal mines, oil rigs, industry equipment manufacturers, etc. The courses are designed to help participants become conversant in the methods, economics, technologies, and policy issues of the energy industry. In addition to Foreign Service Officers, enrollment in the courses is encouraged on the part of other government personnel (e.g. Foreign Commercial Service) who work to advance U.S. policy and/or trade and investment opportunities in these industries.

Offered in cooperation with the Petroleum Equipment Suppliers' Association and the Department of Energy, the Oil & Gas Industry Review course presents an overview of the energy industry from the industry's perspective. It is designed to increase energy-reporting officers' knowledge of the petroleum and gas industry and international issues of concern to U.S. industry executives.

The Resources Economics Seminar focuses on the economic importance of minerals and mining to all economies, and the critical issues of export dependence for many countries with economies supported by the mining and extractive industry sector. Geology, mineral economics, revenue management, corporate social responsibility, environmental issues, labor and human rights issues are addressed.

The Coal & Power Industry Review course has a heavy focus on the environmental challenges associated with the utilization of the world's abundant reserves of relatively inexpensive coal to generate electricity. The course focuses on CO2 and criteria pollutant emissions control; carbon capture and storage; coal bed methane capture; utilization of syngas; recycling fly ash and other waste management issues; etc. Officers become better prepared to represent a wide range of USG commercial, economic and environmental issues.

The Department of Energy has posted energy attaches in U.S. Missions in Beijing, Kiev, Moscow, St. Petersburg, Yekaterinburg, Paris, Tokyo, and Vienna. The Energy Department is planning to establish a position in Baghdad, as well. DOE recognizes the importance of greater visibility overseas through the posting of highly experienced and technically competent representatives who can advance U.S. and global energy security interests. The State Department works closely with DOE regularly.

The State Department has officers in our missions in the major oil producing and consuming countries in the world who have energy issues as the central or a major part of their portfolios. Their primary duties are to promote U.S. energy policies, report on energy developments in the host country, work with the private sector on energy, and handle other energy-related matters. These embassies include those in Afghanistan, Azerbaijan, Bulgaria, Canada, China, Georgia, Greece, India, Iraq, Japan, Kazakhstan, Kuwait, Lithuania, Mexico, Nigeria, Pakistan, Russia, Saudi Arabia, Venezuela, Turkey, Turkmenistan, UAE, Ukraine, the United Kingdom, and the U.S. Missions to the OECD and the EU. Our Ambassadors, DCMs, Economic Section Chiefs, and other sections and agencies in the Embassy all spend considerable time and effort in pursuit of U.S. energy policy goals, especially in those countries that are major energy producers. All U.S. embassies have an officer whose portfolio includes energy. This is especially important in countries where energy poverty and high oil and gas prices are a major impediment to economic development.

The Department is continuing to improve the energy expertise in our embassies through ongoing training, as described above, participation in conferences and seminars, and encouragement of the broad development of energy expertise in Department officers.

Question. How many USAID country operations have energy projects? Is it possible to calculate the foreign aid investments we are making in energy projects? What restrictions, if any, exist to prevent greater allocation of finances for energy projects within the USAID budget?

Answer. Under the combined State/USAID foreign assistance budget, twenty-two bilateral programs include energy projects, with total funding of \$178 million. Central and regional programs will provide an additional \$45 million for energy

projects. These funds will help create enabling environments to encourage increased private investment in the energy sector and support public-private alliances that leverage millions more. As is the case with other sectors, the ability to provide greater funding for energy projects is constrained by overall resource levels and by the extent to which funds are committed to other earmarks and priorities.

Question. What is the Administration's position on establishing strategic petroleum reserve coordinating mechanisms with the governments of China and India? What steps are being taken to incorporate China and India into the current International Energy Program, including coordination of strategic petroleum reserves?

Answer. We have successfully pressed the International Energy Agency to intensify its outreach efforts toward China and India. A major component of the IEA's outreach is working with China and India on the creation and management of strategic oil reserves to protect against sudden supply disruptions. Chinese and Indian energy officials have been invited to participate in IEA discussions of strategic oil reserves management. Through the bilateral Strategic Economic Dialog with China and Economic Policy Dialogs with both countries, as well as through the multilateral engagement of the Asia Pacific Partnership on Clean Development and Climate, the APEC Energy Working Group, and China's own Five Party Energy Ministerial, we are encouraging China and India to adopt the market-oriented energy policies of the IEA member countries. No timeline for IEA membership has been discussed because China and India are not members of OECD. The IEA Governing Board has agreed, however, to begin inviting China and India to participate in selected IEA committee meetings, including of the Governing Board, as special observers. Chinese and Indian ministers attended the December 2006 Governing Board meeting, for example.

Question. What measures, if any, is the Administration taking to extend emergency preparedness expertise and coordinating mechanisms in case of energy losses for nations unable to join the International Energy Program? Has the Administration worked to advance this topic with the Governing Board of the International Energy Agency?

Answer. The Administration has been very supportive of the International Energy Agency's outreach to non-member countries to improve those countries' energy emergency response capabilities. This support includes non-member country participation in the IEA's emergency response exercises, in-depth studies and recommendations regarding non-member country energy policies, and training assistance for non-member country officials in collection and reporting of energy related data.

Question. What steps, if any, is the Administration taking to establish emergency preparedness arrangements with foreign governments in case of natural gas supply loss?

Answer. We are working closely with many countries, particularly in Europe, to improve energy diversification strategies so they are less dependent on one or two dominant gas suppliers. We see diversifying away from over-reliance on a single energy supplier or a single form of energy as the best long-term means of enhancing energy security. We have not coordinated with other countries on the creation of strategic natural gas stocks. Since the early 1970s, we have actively coordinated with foreign governments on maintaining and deploying strategic oil reserves. We believe that the focus on oil stocks remains appropriate, given the more unified nature of the global oil market.

Question. Is the Administration participating in negotiations under the United Nations Framework Convention on Climate Change? If so, what activities constitute such participation?

Answer. The United States is a Party to the U.N. Framework Convention on Climate Change and participates in deliberations on all agenda items under this Convention. The U.S. generally takes positions on each UNFCCC agenda item at meetings of the Conference of the Parties and its subsidiary bodies, and works with other Parties to achieve acceptable resolutions of any issues that arise in the context of these agenda items.

Question. Does the Department believe that establishment of the Asia-Pacific Partnership should be codified? What steps is the Department taking to ensure the durability of the partnership?

Answer. The Asia-Pacific Partnership on Clean Development and Climate is a significant program that we have committed to implement. We do not see a need for it to be codified in U.S. law at this time. We have focused on receiving adequate funding through the appropriations process and in seeking authority to undertake

Economic Support Fund (ESF) activities in China, given their importance to achieving climate and clean development goals.

The durability of the Partnership will depend on our success in demonstrating the viability of a collaborative public-private partnership model for addressing these issues, and on our success in engaging the private sector from Partner countries. We have organized ourselves to maximize our potential for success. At a time when overall budgets are tight, the Department has allocated resources and brought in a strong and experienced team to oversee the work of the eight public-private sector task forces and of the programs that will implement the Partnership.

Our success in these endeavors will of course depend greatly on securing full funding for the Administration's FY 2008 budget request of \$52 million for the program. Not receiving adequate funding would send a strong message to partner countries and the U.S. private sector that this is not a U.S. government priority, and would diminish private sector engagement in the partnership and set back our relations with key partner countries.

The extent of China and India's engagement in the Partnership over time will also be determined by the degree to which the USG can engage in cooperative programs within these countries. The Partnership is a significant opportunity for the United States to establish a successful, constructive partnership with China on issues relating to the nexus between environment and energy. Therefore, we have requested that Congress approve the use of ESF funding for China in order to achieve the goals of the Partnership.

Question. The Government of the United States and the Government of Argentina signed and ratified a Bilateral Investment Treaty in November 1991. Please assess Argentina's performance under this treaty.

Answer. Fourteen ongoing International Center for Settlement of Investment Disputes (ICSID) cases have been filed under dispute resolution provisions of the U.S./Argentine BIT, with total claims in the range of \$2.5 billion. The Government of Argentina has publicly announced its intention to abide by and comply with the ICSID process and respect its final rulings.

Question. It is encouraging that President Lula cited the goal of opening the economy through trade liberalization in his inaugural address. Lowering barriers to international trade is an important way to raise productivity growth. The benefits from greater trade include improved access to needed capital imports and technology to raise productivity and improve living standards. Please assess the feasibility of negotiating a Bilateral Investment Treaty (BIT) between the United States Government (USG) and the Government of Brazil (GOB).

Answer. Bilateral investment treaties (BITS) are important tools to enhance protections for U.S. investors and expand their access to foreign markets. BITS can also assist countries in their reform efforts and in their efforts to create a more welcoming investment climate. The Department of State and the Office of the U.S. Trade Representative jointly lead the U.S. Government's efforts to expand our network of BITS.

We agree that a high-standard BIT with Brazil would be beneficial, given the size of Brazil's economy, the depth of our economic relationship, and the substantial and growing amount of U.S. investment in Brazil. However, we know from discussions with Brazilian officials that its executive and legislature would have reservations about agreeing to an investment treaty based on the high-standard provisions in our model BIT, particularly with respect to issues such as binding arbitration of investor-state disputes. State and USTR will continue to monitor Brazil's trade and investment policies for any change in its posture on a high-standard investment agreement.

Question. What role do you see the Organization of American States (OAS) playing during a post Fidel Castro democratic transition in Cuba?

Answer. The role of the OAS is pivotal to providing support as a democratic, transition government in Cuba commits to holding free and fair multi-party elections and to the principles enshrined in the Inter-American Democratic Charter.

The goal of the United States is to see a democratic Cuba re-integrated into the inter-American system under the Democratic Charter.

Question. In the budget presented on Monday, the Administration proposed a cut in the Andean counter-drug initiative from \$722m last year to \$570m this year and \$443m in 2008. The program supports efforts such as eradicating coca, the plant that is the raw material for cocaine, which is primarily grown in Colombia, Peru and Bolivia. It also supports programs to combat narco- trafficking in countries such as Ecuador and Panama.

The cuts might be seen in the region as a response to the election of hostile governments in Ecuador and Bolivia and the failure of others to co-operate fully in the “war on drugs.”

Please explain why the cuts have been made. Do we have plans to clarify any misinterpretation in the region?

Answer. The Andean Counterdrug Initiative (ACI) request for FY 2007 was \$722 million, and that level was signed into law as part of the FY 2007 Joint Resolution for the ACI. The \$569 million level for FY 2007 was only a placeholder for ACI in the FY 2008 Congressional Budget Justification. It is not the FY 2007 Enacted level. Responding to language in the House FY 2007 appropriations bill, OMB directed a shift in FY 2008 of \$192.5 million for alternative development programs in the Andes from the ACI account to ESF. When the additional ESF funds are taken into consideration, the reduction in the FY 2008 ACI account is \$91.8 million or 13% from FY 2006 levels. Taking that reduction into account, Colombia, Peru, Bolivia, Ecuador, and Haiti still make up over 72% of our bilateral allocations in the Western Hemisphere and remain the focus of our transformational diplomacy efforts. Because of pressure on funding on a global level—especially in the ESF account—we had to make some very hard decisions about how to allocate funds.

Director of Foreign Assistance Randall Tobias traveled to Ecuador Peru and Bolivia February 26-March 2, and addressed these issues with his interlocutors, assuring them that our goals of reducing social and economic exclusion, strengthening democratic institutions, encouraging social dialogue, and reversing the growth of coca cultivation and cocaine production remain priorities. We seek to maximize cooperation with the governments on counternarcotics.

Question. It is believed that President Calderon will work to reestablish diplomatic ties with Cuba and Latin America’s radical left after several years of estranged relations under President Fox. Please assess the effect this will have for U.S. policy interests in the region.

Answer. The United States Government considers Mexico a partner in the hemisphere.

President Calderon has stated he intends to reinvigorate Mexico’s relations with Latin America. Foreign Secretary Espinosa has said Mexico will strive to “normalize” relations with Venezuela and Cuba, countries from which Mexico withdrew its Ambassadors within the past three years.

President Calderon has declared that, while nations should be free to pursue their own paths of development, the path that Mexico considers best is one based on democracy, rule of law, a market economy attractive to foreign investment, and expanding equality of opportunity. President Calderon also declared that relations must be based on mutual respect.

It is for Mexico to determine the level of diplomatic relations which it maintains with any country. Fostering a transition to democracy in Cuba and supporting democracy in the hemisphere will remain on our agenda of discussions with the Government of Mexico. We are confident that as it has been in the past, Mexico will continue to be a strong, positive voice within the international community on these issues.

Question. The U.S.-Uruguay BIT approved by the U.S. Senate last September (2007) advances U.S. interests in strengthening trade and investment ties across Latin America. This treaty demonstrates our commitment to explore new and innovative economic opportunities with our neighbors in the hemisphere. The United States should continue to work closely with partners, such as Uruguay, that implement sound economic policies.

The investment protections in the treaty will offer current and future U.S. investors in Uruguay a more stable and predictable legal and regulatory environment, promoting increased investment in Uruguay and greater two-way trade. The BIT will generate increased investment and expand economic growth and prosperity in Uruguay. The United States is Uruguay’s largest trading partner, and direct investment from the United States was \$533 million in 2004.

34. Please explain your efforts to advance a Free Trade Agreement (FTA) between the United States and Uruguay. Will Uruguay be able to enter into an FTA with the United States without having to leave MERCOSUR? Are there other implications for MERCOSUR if Uruguay and the U.S. were to sign an agreement?

Answer. The Uruguayans have indicated they are interested in pursuing a deeper economic relationship with the United States, and we have welcomed that interest, as they have been consistent advocates for and defenders of liberal economic integration, democracy, and human freedom in a region where we are focused on consolidating and strengthening these shared values. In January 2007, the U.S. and

Uruguay signed a Trade and Investment Framework Agreement (TIFA), which we will use bilaterally to reduce trade barriers and to make progress on areas such as agriculture, intellectual property rights, and e-commerce.

At this point in time, it is very difficult to speculate about the implications that a potential FTA with the U.S. would have on Uruguay's standing in Mercosur, or how it would affect the Mercosur group in general.

Question. DoD recently briefed the Committee on its intent to establish an Africa Combatant Command—AFRICOM. The briefing indicated that this new COCOM would be in a new mold that incorporates elements of other agencies.

- Where does State Department stand on a regional Africa command? What would be the ideal parameters of such a command from a foreign policy standpoint?
- What role did State and USAID play in formulating the concept or what it a purely DoD initiative? Will State and USAID participate in any planning and development as the concept moves forward?
- Is there any funding in the President's budget for FY 2008 to support State and USAID involvement in a new Combatant Command?

Answer. The Department of State strongly supports the establishment of the Africa Command (AFRICOM). The growing strategic, political and economic importance of Africa to the United States merits a separate military command dedicated to managing our military relationships with African states and regional organizations. While retaining the traditional attributes of a combatant command, AFRICOM also will provide an interagency platform for Department of Defense efforts to support other USG agencies in implementing U.S. security policies and strategies. These would include such areas as humanitarian assistance and disaster relief, security assistance, building partnership capacity, civic action, security sector reform and military to military activities. No new authorities will be created and State's regional assistant secretary will remain the lead on African security policy. AFRICOM would not be a substitute for our diplomatic and development assistance activities, but an important augmentation to them.

AFRICOM will have a unique structure, including the assignment of a Senior Foreign Service Officer as Deputy Commander for Civil Military Programs, who will serve alongside the Deputy Commander for Military Operations. We anticipate that other positions within the Command will also be filled from State, USAID and other agencies in order to help provide better coordination of our activities.

The Department of State and USAID have been intimately involved in this process since its initiation. A former ambassador served as Deputy Executive Director of the Implementation Planning Team, and was joined by a number of other officers from the Bureaus of African Affairs, Political-Military Affairs and Population, Migration and Refugee Affairs, as well as the Office of the Coordinator for Reconstruction and Stability. We will also participate in the work of the Transition Team.

Funding for State's participation in AFRICOM will come from our current resources.

Question. In the past 12 months, East Africa has become a top security and diplomatic priority. The State and Defense Departments are presumably working together to provide a coherent and effective policy.

- In what areas is State taking the lead and in what areas is DoD taking the lead?
- How does the President's budget for 2007 and 2008, as well as your program of transformational diplomacy, ensure that State is capable of fulfilling its role in this region?
- What has State done to empower and enable our embassies to respond to the myriad demands of elements of our own government, as well as other actors, in the Horn of Africa?

Answer. Security and stability in East Africa is a top U.S. priority and the relevant Departments and Agencies of the United States are working together closely to advance our interests and to make the region safer, more stable, and more prosperous. The State Department continues to take the lead in coordinating our foreign policy and in our diplomatic engagement with the broad array of partners and stakeholders in the region. The Department of Defense leads in military-to-military relations with our partners in the region and in implementing our military assistance activities. State, Defense and other agencies are committed to taking all necessary and coordinated action to respond to the terrorist threats to U.S. interests in the region, utilizing tools appropriate to the threat. The U.S. Agency for International Development is taking the lead in implementing the vast range of foreign

and humanitarian assistance to the region. These varied activities are all closely coordinated through constant inter-agency engagement in Washington and in our Embassies in the field.

We have revised our approach to foreign assistance to enhance our transformational diplomacy goals. This effort will better prepare the State Department and our Embassies to meet the challenges in the region by more closely allying foreign assistance to U.S. foreign policy objectives. The President's budget reflects the resources to leverage our diplomatic engagement throughout the region in a holistic way to take advantage of the openings that exist to best advance our objectives. These objectives include: enhancing security and stability in the region, improving governance capacity, building democratic institutions, transforming African economies, breaking the cycles of drought and famine, and responding to the humanitarian needs of vulnerable populations.

While increased aid levels will help advance our goals, ultimately, our people are our greatest resource. Through our global repositioning process, we have cross-analyzed our human resources with our policy objectives. The result has been a net increase in the abilities of our embassies in the East Africa region to take advantage of opportunities and respond to the demands of the United States Government. The Department's plan to establish American Presence Posts in Mombasa and Zanzibar, and the expansion of our Somalia Affairs Section in the U.S. Embassy in Nairobi from a single Somalia watcher to a six-person section, supported by others temporarily assigned, are prime examples of this.

While government agencies have significantly increased the level of staff members visiting or temporarily assigned to the East Africa region to respond to developments, the State Department has been uncompromising in protecting the authorities of our Chiefs of Mission in the field. By maintaining control over the universe of interagency demands on Mission personnel and resources, our Ambassadors remain able to balance the competing demands of reporting, visits, implementation of assistance and exchanges, and conducting due diligence monitoring to ensure that the government and tax payers receive the optimal service and responsiveness from the finite resources available.

I look forward to the partnership of Congress to ensure that we have the resources to advance our common interests.

Question. Darfur remains a calamity without any apparent resolution in the near-term. The President's Special Envoy for Darfur, Andrew Natsios, has coordinated the U.S. effort to respond to the humanitarian and human rights catastrophe in Darfur since late 2006. He has indicated to the Committee that U.S. patience has nearly run out.

- How is Khartoum meeting any U.S. diplomatic expectations with regard to Darfur, the Comprehensive Peace Agreement, counter-terrorism, international cooperation?
- Is the threat of a "Plan B," suggested by the Special Envoy in December regarding U.S. policy on Darfur, viable? Is it clear to Khartoum?
- What new diplomatic efforts have been made to improve international cooperation in halting the violence in Darfur and delivering humanitarian assistance in the region?
- Is the President's Special Envoy for Darfur also empowered to coordinate the interlocking elements of USG policies dealing with Chad, Central African Republic, Southern Sudan, and Uganda?

Answer. The USG and others in the international community are firmly committed to doing all we can to help achieve peace throughout Sudan. We continue to push for the full implementation of both the Comprehensive Peace Agreement (CPA), which ended the 22-year civil war between the North and the South, and we are vigorously supporting efforts to broaden support for the Darfur Peace Agreement (DPA). Since the signing of the CPA and despite the tragic death of Sudan People's Liberation Movement (SPLM) leader John Garang, Sudan has made progress towards laying the foundation for lasting peace and reconciliation in the South. The Sudanese government has also begun to share oil revenue with the Government of South Sudan (GOSS) in accordance with the CPA, and armed militia groups from both sides of the conflict have begun the process of redeployment, demobilization, and integration into Joint Integrated Units. However, the CPA remains vulnerable. Progress must be made in key areas of the CPA, such as resolution of the North/South boundary dispute and full and transparent operation of the National Petroleum Commission (NPC). The border dispute remains entirely unresolved. The NPC, though its internal regulations have reportedly been agreed upon

by the GOBS and NCP representatives, is not performing its oversight and review function of the oil industry.

With respect to Darfur, despite of the May 2006 signing of the Darfur Peace Agreement by the Government of Sudan (GoS) and Sudan Liberation Army (SLA) Minawi faction, the conflict continues and the government in Khartoum continues to play a significant role in the continuation and even escalation of violence in Darfur through direct attacks by security forces on non-signatory rebel groups and civilians and support of the government-aligned Janjaweed. Ceasefire violations and attacks on humanitarian workers have been perpetrated by all sides since the signing of the peace agreement. In August 2006, the Government of Sudan launched a major military offensive in Darfur against non-signatory rebel groups. Darfur witnessed an increase in violence during the second half of 2006, with non-signatory rebel groups fighting amongst themselves, against the SLA (Minawi) group, and against government and Janjaweed forces, resulting in an unknown number of civilian casualties. Humanitarian and human rights conditions in Darfur continue to deteriorate, posing a serious challenge to the United Nations (UN), the African Union (AU) and non-governmental organizations (NGOs)' delivery of life-saving humanitarian assistance; some humanitarian groups, including the International Committee for the Red Cross (ICRC) are threatening to pull out of Darfur unless security is established and frequent attacks on civilians and rebels in Darfur stop. Recently, the GoS was involved in the assault and arrest of humanitarian workers; in addition to arbitrary expulsion and harassment of humanitarian workers, the GoS continues to use administrative measures to impede humanitarian assistance including denying permits to workers, and delaying land use authorizations which in turn delayed UN camp construction for internally displaced persons (IDPs).

The GoS has recently been disruptive of the political process that can bring peace to Darfur. It has contributed to the splintering of DPA non-signatories into different sub factions and has frequently bombed proposed venues for a non-signatory commanders' conference aimed at discussing unification of the rebels and adoption of the DPA. The USG has condemned the bombings and has strongly urged the GoS to observe the cease fire agreement.

President Bashir continues to publicly reject deployment of UN forces to Darfur despite agreeing to the implementation of the Addis Ababa framework in a December 23, 2006 letter to former UN Secretary-General Kofi Annan. We want to hold him to his word to carry out an independent investigation of the human rights situation in Darfur, the UN Human Rights Council (UNHRC) decided in December 2006 to send a fact-finding mission to the region. President Bashir had previously pledged to support this effort, but in mid-February he publicly announced that Sudan would not grant entry to the Human Rights Council (HRC) Assessment Team. The USG has echoed UN Secretary-General Ban Ki-moon's disappointment in this declaration and urges Khartoum to cooperate in granting the HRC Assessment Team visas.

The Government of Sudan was added to the U.S. list of state sponsors of terrorism in 1993. However, the United States and GoS entered into a bilateral dialogue on counter-terrorism in May 2000. GoS has provided concrete cooperation against international terrorism since the September 11, 2001 terrorism strikes on New York and Washington. The GoS, for example, recently detained an individual suspected of planning an attack on UN facilities in Sudan.

The USG continues to engage diplomatically with the Sudanese government to urge for its cooperation in peaceful resolution of the crisis in Darfur. We have made clear to the Sudanese government that we are prepared to use stronger measures in the event that the GoS continues to defy the will of the international community. We will continue to discuss "Plan B" options with our European partners. Taking stronger measures is viable, and the GoS understands this.

In a continued effort to look for peaceful resolution to the Darfur crisis, the UN Special Envoy to Darfur Jan Eliasson and AU Envoy to Darfur Salim Salim recently facilitated a meeting of the Government of Sudan and non-signatories to the DPA. The USG fully supports the new UN/AU-led initiative to bring together non-signatories of the Darfur Peace Agreement and broaden support for the DPA. We are also working with the UN and our international partners to accelerate implementation of the Addis Ababa framework and to mobilize potential Troop Contributing Countries (TCCs) to contribute to a stronger Darfur peacekeeping mission.

Meanwhile, the USG is providing life-saving, humanitarian support to the people of Darfur through international organizations such as the United Nations High Commissioner for Refugees (UNHCR), Office for the Coordination of Humanitarian Affairs (OCHA), and ICRC as well as NGOs. These organizations have been working under dangerous security conditions since the beginning of the conflict, and particularly since mid 2006 when they have become explicitly targeted by belligerents on

all sides. This has left many humanitarian organizations with the choice of either pulling out of Darfur altogether or reducing staff to minimal capacity.

We are pressing for more concerted and effective multilateral pressure on Khartoum, particularly with those countries that continue to provide diplomatic support for Khartoum or that supply its military with the arms used in Darfur.

We are deeply concerned about the regional aspects of the Darfur conflict and its impact on Chad and the Central African Republic (CAR). The Chad/Sudan border remains one of the most dangerous and inaccessible places for humanitarian workers. Violence has caused massive displacements with over 230,000 refugees crossing into Chad since the beginning of the conflict in 2003. Additionally, there are 20,000 Chadian refugees in Darfur and 50,000 CAR refugees in southern Chad.

The President's Special Envoy to Sudan covers all of Sudan, including North, South, East and Darfur. However, as the nature of the Sudan conflict is regional, he coordinates closely with USG officials responsible for relations with neighboring, affected countries. The Special Envoy has traveled to Sudan and Chad to address the need for these two countries to cease hostilities and work together in support of regional stability. We support development of a UN deployment to the border region of Chad, CAR, and Darfur to halt the spread of violence and protect civilians. The U.S. Special Envoy has also visited critical locations in Sudan to promote a reinvigoration of the CPA.

The Lord's Resistance Army (LRA) had been operating out of southern Sudan with clandestine support from Khartoum for several years, but is no longer supported by the GoS. This armed group remains a threat to the fragile CPA. The GOSS, recognizing that it was in their interest to attempt to resolve the conflict, tried to mediate a peace agreement between the LRA and the Government of Uganda (GOU). Formal negotiations commenced in Juba in July 2006. Though both parties signed a Cessation of Hostilities (COH) agreement in August 2006 identifying areas where the LRA could assemble for the negotiations without fear of being attacked by the Ugandan People's Defense Forces (UPDF), there has been little tangible progress toward ending the conflict. While LRA attacks in both southern Sudan and northern Uganda have declined significantly, largely because most of the LRA have relocated to eastern Congo, renewed violence remains a threat. Still, the LRA continues to stall the talks, most recently with demands for a change of venue and a halt to all UPDF activity in southern Sudan, and to date has not shown any serious intent to seek a peaceful solution to the insurgency.

Question. You have asked for a \$6 million increase for the OIG. The budget justification is somewhat ambiguous: "As resources permit, OIG will conduct work related to programs and operations in Iraq and Afghanistan." What is your intent in terms of auditing in Iraq and Afghanistan?

Answer. If OIG receives adequate funding through the FY 2007 supplemental request, its intention is to open a Middle East regional office to provide oversight for major Department programs in Afghanistan, Iraq, and other regional crisis/post-conflict areas. The office would also meet OIG's need for an on-the-ground presence at Embassy Kabul, where auditors, inspectors, and investigators would serve as an expert resource for strengthening oversight and management controls and as a deterrent to waste, fraud, and abuse. OIG staff from the regional office would rotate through Afghanistan. The regional office also would increase coordination and the capacity for joint interagency jobs with DoD OIG, USAID OIG, SIGIR, and others in South Central Asia and the Middle East. Given the substantial investment of Department programs and resources in the area, a regional OIG presence is prudent and would reduce overall risk and support costs.

The regional office would allow OIG to conduct oversight of programs and operations in Afghanistan and Iraq through a dedicated program of audits, inspections, management reviews, surveys, and related activities. Potential oversight activities to be carried out by the regional staff could include additional oversight of Embassy Baghdad NEC security and construction, such as reviewing the competitiveness of contract awards for construction and determining whether the Department adequately monitored the contracts to ensure compliance with the contracts and contract modification deliverables, and reviewing the adequacy of Embassy Baghdad's emergency evacuation plan. In Afghanistan, potential activities include reviews of rule-of-law, refugee, and security programs, and coordination and communication with Provincial Reconstruction Teams. In addition, OIG auditors and inspectors would assess how the Department's portion of the \$721 million Afghanistan supplemental funding is being used for contracts, grants, and joint interagency programs, including whether these resources are used economically and efficiently to achieve intended goals and objectives in support of U.S. policy in Afghanistan and the Mid-

dle East, and whether the results are consistent with U.S. laws, regulations, and good business practices.

OIG's Middle East efforts would be directed more toward Afghanistan as long as SIGIR remains the primary funded oversight body in Iraq. If Congress should decide to direct those funds to OIG, then OIG believes it could provide appropriate oversight in Iraq. The Middle East Regional Office would provide a foundation for future transition from SIGIR.

Question. As you know, Congress has insisted that SIGIR continue operations because State has not sought to develop the capacity to handle the necessary oversight and audit functions for Iraq programs. Are you satisfied with the level of oversight of State's operations in Iraq?

Answer. Over the fiscal years 2004-2006, SIGIR has received funding of approximately \$100 million for oversight in Iraq, while OIG has received approximately \$3 million for oversight in both Afghanistan and Iraq. The 2007 supplemental request presently being considered would provide \$35 million for SIGIR, while the supplemental request submitted by the Department did not include any funding for OIG. Accordingly, the vast majority of oversight of State Department operations in Iraq to date has been provided by SIGIR. Nevertheless, if adequate resources were provided to it, OIG is confident it could provide an appropriate level of oversight of State's operations in Iraq.

Question. With the new F structure, how will oversight and auditing of foreign assistance programs be divided between the OIG and the USAID's IG?

Answer. The new F structure is not intended to change the duties and responsibilities of the OIGs. The Department's OIG and USAID's OIG will continue to focus on programs and operations managed/implemented by their respective establishments. Where there is overlapping jurisdiction, the IGs will continue to coordinate to avoid duplication of effort and ensure effective oversight.

Question. In last year's budget, you asked for \$479 million in ESF to fund Iraq operations and programs. How much of that funding do you expect to receive as part of the regular '07 budget coming out of the "CR" process?

Answer. As part of the strategy to help Iraq transition to self-reliance, we requested \$778 million for programs in Iraq as part of the FY07 budget. Because only \$61 million was appropriated in the FY06 base budget, we are severely limited in FY07 funding under a Continuing Resolution (CR). At the current \$61 million level, USG success in Iraq would be greatly jeopardized. Programs critical to create jobs, reform the economy, promote democracy, and stabilize the country would be adversely impacted, as would important humanitarian activities such as demining and assistance to refugees/displaced persons.

As a result, I am currently examining whether to re-allocate FY07 CR funding for programs in Iraq, although I have not yet made a final decision. Given overall cuts in the CR, any increase in funding for Iraq over FY06 base levels will have to come at the expense of other programs.

Question. We had testimony in January from General McCaffrey who stated we should program \$10 billion a year for Iraq economic support. What is your estimate of how much is needed?

Answer. There are several estimates of how much it will cost to completely rebuild Iraq's economy and critical infrastructure. In a very quick study done in 2003 in preparation for the Madrid Donors' conference, the World Bank for example estimated this total to be between \$50 and \$80 billion over five years. The Iraqi Government has recently estimated that it may need to spend up to \$100 billion on reconstruction and development.

The goal of our assistance programs has never been to meet all of Iraq's needs but rather to provide help in key areas so that Iraq can begin meeting its own needs. The President has made clear our commitment to helping the Iraqis stand up, not just on the security front but also on political and economic issues. The \$20.9 billion in IRRF assistance helped kick start the Iraqi economy, while the \$1.6 billion the FY06 supplemental focused on programs to increase Iraqi capacity as well as to stabilize key parts of the country. We have carefully constructed our foreign assistance requests for the FY07 Supplemental and the FY08 budgets to build on previous programs and accelerate Iraq's ability to meet its own needs.

In that regard, we do not believe it would be appropriate to try to meet all of Iraq's developmental requirements. Rather, we are focused on the most essential tasks to complete Iraq's transition to self-sufficiency. Significant tasks remain, including the need to improve the capacity of key Iraqi ministries, train local governments and strengthen Iraq's democracy. It is also important to help Iraq in the

short-term to stabilize major cities by creating jobs and businesses and providing financing for small and medium companies.

Question. What is the total of your request for Iraq economic support in the '07 supplemental, the regular budget, and the emergency '08 spending?

Answer. The table below shows the President's budget requests for foreign assistance in Economic Support Funds (ESF); International Narcotics and Law Enforcement (INCLE); Non-Proliferation, Anti-Terrorism, Demining and Related (NADR); Education and Cultural Exchange (ECE); Migration and Refugee Assistance (MRA); International Disaster and Famine Assistance (IDFA); and International Military Educational Training (IMET) and the Treasury Department's International Affairs Technical Assistance (IATA).

The Total ESF request is \$2,072 million in the FY07 Supplemental request; \$298 million in the FY08 Budget request; and \$772 million in the FY08 Global War on Terror (GWOT) Costs request.

President's Budget Requests for Iraq Economic Support

Item (\$ in thousands)	Account	FY 2007 Request	FY 2007 Supp.	FY 2008 Request	FY 2008 GWOT Costs
Security Track:					
Provincial Reconstruction Team Projects	ESF	—	\$1,254	\$118	\$390
Local Governance Program	ESF	—	720	60	100
Community Stabilization	ESF	—	100	33	65
Community Action Program	ESF	—	384	25	155
Infrastructure Security	ESF	—	50	—	—
		—	—	—	70
Economic Track:					
Operations, Maintenance and Training for Critical USG-funded infrastructure	ESF	283	100	92	134
Provincial Economic Growth: Agriculture, Micro-Fi- nance, etc.	ESF	154	—	—	134
Secondary and Higher Ed.	ESF	122	100	70	—
Education and Cultural Exchange	ECE	—	—	15	—
		7	—	7	—
Political Track:					
National Capacity Development	ESF	495	988	191	442
Policy, Subsidy, Legal and Regulatory Reform	ESF	—	180	25	230
Treasury Department Assistance	IATA	115	110	22	—
Democracy and Civil Society	ESF	—	3	—	—
Criminal Justice/Rule of Law	INCLE	63	428	50	—
Regime Crimes Liaison Office	ESF	255	200	76	159
Non-Proliferation, Anti-Terrorism and Demining	NADR	24	—	—	18
Assistance for Refugees and Internally Displaced Persons	MRA/IFDA	17	7	16	—
International Military Education and Training	IMET	20	60	—	35
		1	—	2	—
TOTAL		\$778	\$2,342	\$401	\$966

Question. Some have questioned the need to put more U.S. money into Iraq on the economic assistance side. You have asked for \$773 in ESF in the 2007 supplemental. The Iraqis are running a budget surplus near \$10 billion. How will these monies be used?

Answer. Beginning in FY '06, we have shifted the emphasis of our assistance away from large reconstruction projects towards programs designed to increase Iraqi capacity to govern at the national and local level. Continued U.S. assistance is vital to establish firmly the roots of democratic and representative governance, to support moderate political forces, to continue economic reforms, and to establish competent and representative government. It is a critical component of the President's "New Way Forward" strategy to bring stability to Baghdad and the rest of Iraq.

Our FY '07 Supplemental is designed as part of a joint strategy with the Iraqi government to help improve its ability to meet the basic needs of the Iraqi people. However, the Iraqi government must also do its part to invest in its own economic development and to follow through on our joint strategy. The Government of Iraq is committed to spending \$10 billion this year to help create jobs and further na-

tional reconciliation. However, Iraq faces major challenges in designing and executing its capital budget. Iraq has available assets, the product of last year's under spent budget and profits from higher than anticipated oil prices, but they do not have the mechanisms to spend them—especially with the speed necessary for post-kinetic stabilization in Baghdad and Anbar.

There are several obstacles to better budget execution, including technical problems, such as the lack of the ability to obligate money for multi-year projects, and a lack of training and equipment to process the transactions. The Iraqis are taking steps to address this problem, such as draft 2007 budget provisions that permit the Ministry of Finance to reallocate funding from any Ministry that is unable to spend it promptly. If the USG does not continue to provide assistance to the Iraqi government, the Iraqis will not be able to develop the mechanisms they need to effectively spend their own budget. While we cannot spend their money for them, we must help them get on the path to self-sufficiency.

Additionally, to help the Iraqi government improve budget execution and take on more responsibility for Iraq's own economic future, I have appointed Ambassador Tim Carney as the new Coordinator for Economic Transition. Ambassador Carney is now in Baghdad helping the Government of Iraq meet its financial responsibilities, specifically on budget execution, job creation, and capital investment projects.

Question. Will State be implementing an FMS program for Iraq this year? If not, why not?

Answer. The Multinational Security Transition Command-Iraq (MNSTC-I) and the U.S. Embassy are working with the Government of Iraq to move towards a traditional bilateral security assistance relationship. A critical part of this transition is Iraqi participation in the Foreign Military Sales (FMS) system which began in earnest in 2006 when the Iraqis committed over \$2.34 billion of Iraqi national funds to support procurement of equipment for the Iraqi armed forces. Examples of the Iraqi FMS program for 2006 include the procurement of a \$250 million logistic support package in September and the purchase of 522 High Mobility Multipurpose Wheeled Vehicles (HMMWV), light armored vehicles, utility and cargo trucks for an estimated cost of \$463 million in December.

Question. Do we or other entities (WFP, Australia) continue to provide advisors to the Ministry of Trade on the Public Distribution System for food rations in Iraq? Please provide for the record an assessment of whether that system is flexible enough to allow IDPs access to their rations once they have been forced from their homes of record?

Answer. Neither the USG nor other entities directly advise the GoI on the Public Distribution System (PDS). As part of Iraq's Stand-By Arrangement (SBA) with the IMF, the GoI has agreed to phase out the PDS and replace it with a targeted, means-tested system to protect Iraq's most vulnerable citizens. We have provided the GoI with a comprehensive analysis of the cost of the PDS and recommendations for how to eliminate this system. We support the GoI's efforts to phase out the PDS. The Iraq Reconstruction and Management Office (IRMO) has an officer at the Ministry of Trade who monitors the PDS to make sure that food is getting to the various parts of Iraq. Also, the U.S. Department of Agriculture has an officer in Iraq who monitors food imports, including for the PDS.

In 2003 under the CPA, the Ministry of Trade promulgated a rule stating that anyone could register to receive their PDS benefits at a new location as long as they had their ration card. However, there are reports that the pre-2003 practice of de-registering at one's former food distribution point and registering at the food distribution point in one's new neighborhood is now being re-instituted. It is not certain that the GoI is redirecting food from areas with net population losses to areas with net population gains to ensure adequate supplies.

Question. How many Iraq positions does State anticipate paying for in 2007? Please provide a complete breakdown by Department.

Answer. The Department of State has requested funds to pay the expenses of its personnel in Iraq, including basic salaries, Iraq-specific allowances, benefits, and other expenses. In addition, the Department has requested funding to reimburse other federal agencies for the costs of civilian personnel who serve as part of the new Provincial Reconstruction Teams (PRTs), to include contractors.

The specific number of positions to be filled by, and consequently the amount to be reimbursed to, all participating federal agencies will not be known until final staffing details are settled. DoD will pay salary costs for the initial DoD staffing for the PRT surge, anticipated to include 129 positions for a period not to exceed 12 months. Based on their participation in current PRT programs, other agencies including USAID and the Departments of Agriculture, Energy, Justice, and Homeland

Security are expected to contribute personnel to the new PRTs. The Department of State will reimburse these agencies for the salary and other expenses of these personnel, to the extent funds are provided to the Department of State for this purpose. The total number of civilian federal employees and contractors from all agencies will be approximately 320.

Question. The Department of Defense has been asked by the Department of State to provide interim staffing for PRT's in Iraq for a 9-12 month period. The request asks for 9 civil affairs officers in the first phase (in place by 31 March), and 111 in the second phase (in place April-August). The list includes:

- 10 civil affairs officers (captains and majors)
- 10 bilingual cultural advisors
- 19 government development specialists
- 8 economists
- 11 rule of law advisors
- 7 agri-business specialists
- 9 veterinarians
- 18 city managers/city engineering specialists
- 18 business development specialists
- 8 public health advisors
- 11 industrial development specialists

When will State request additional monies to fund such positions within its own structure? What are other cabinet secretaries asking for in their budgets for Iraq positions? Why are there not increases in USAID's request to account for such needs?

Answer. The request by the State Department to the Department of Defense asks for 10 civil affairs officers and 10 bilingual cultural advisors in the first phase as part of the core teams (in place by 31 March), and another 109 sector specialists from DoD in the second phase (in place April-August). The updated list is as follows:

- 10 civil affairs officers (captains and majors)
- 10 bilingual cultural advisors
- 20 government development specialists
- 8 economists
- 8 rule of law advisors
- 7 agri-business specialists
- 10 veterinarians
- 17 city managers/city engineering specialists
- 21 business development specialists
- 7 public health advisors
- 11 industrial development specialists

The State Department is requesting \$414 million in Supplemental funding to cover the PRT civilian surge, especially Phase III deployments and the backfill of the 109 DoD specialists deploying in Phase II. These funds are critical for the State Department to effectively complement the military's surge effort that will create a security environment enabling us to strengthen Iraqi self reliance through political and economic development support. The State Department will reprogram current funds to provide its portion of the Phase II surge of civilian specialists (32 specialists in addition to DoD's 109). We will recruit these specialists from civilian government agencies where possible, but most will come from the private sector where such specialists are generally found. Supplemental operations funding will permit the State Department to reimburse other agencies for their support of the civilian surge. In the FY07 Supplemental, the State Department has requested significant program funding support to continue critical USAID programs: Community Action Program (\$50 million), Local Governance Program (\$100 million) and the Community Stabilization Program (\$384 million). The existing PRTs already coordinate these programs with USAID and the ten new embedded PRTs will do the same. The Administration also requested \$720 million in funds for PRT programs in the FY07 Supplemental.

Question. Is there any change of strategy on the part of the Department of State that corresponds with our new military strategy in Iraq? Secretary Kissinger last week made reference to a grand strategy that this troop surge must fit into. How

would you articulate such a strategy and how do new plans—military, diplomatic, and reconstruction on the ground—fit in?

Answer. Our military and civilian strategies in Iraq go hand-in-hand. There are five core principles underlying our joint strategy for Iraq.

First, the government of Iraq is in the lead. Success will not be dependent only on U.S. resolve and effort, but also on the commitment and performance of the Iraqi government.

Second, we will support the government of Iraq's efforts to stabilize the country, bolster the economy, and achieve national reconciliation. The Iraqis are in the lead, but they require our help in certain critical areas.

Third, we will decentralize and diversify our civilian presence and assistance to the Iraqi people. While we will continue to work closely with the central government in Baghdad, we will reach beyond the International Zone to help local communities and leaders transition to self-sufficiency. The Provincial Reconstruction Teams will be essential to this outreach.

Fourth, we will channel targeted assistance to those Iraqi leaders—regardless of party or sectarian affiliation—who reject violence and pursue their agendas through peaceful, democratic means. We must isolate extremists and help empower moderates throughout the country.

Fifth, we will engage with our regional friends and allies to try and strengthen support for the Government of Iraq. Iraq cannot emerge from its current predicament without the help of its neighbors.

We will apply these principles on three critical fronts—security, economic, and political—all of which are inextricably linked to the others.

The Department of State is contributing to this effort by expanding our present close coordination with our military counterparts in and outside of Baghdad, and with the Iraqi government to capitalize on security improvements by creating jobs and promoting economic revitalization. There must be the fullest possible civilian-military unity of effort if we are to be successful.

To that end, we will immediately deploy greater resources alongside our military in Baghdad and Anbar. The Defense Department and the Department of State signed a Memorandum of Agreement February 22 that has codified in detail the joint military-civilian mission of the PRTs.

The centerpiece of this effort will be our expansion of our Provincial Reconstruction Teams. We will double our PRTs from 10 to 20, adding more than 300 new personnel. We will expand our PRTs in three phases—with the first phase set to be complete by the end of March—to complement our enhanced military efforts.

PRTs will target both civilian and military resources, including foreign assistance, against a common strategic plan to sustain stability, promote economic growth and foster Iraqi self-sufficiency where we have made security gains.

Question. The Broadcasting Board of Governors budget request for fiscal year 2008 renews additional funding for Radio Free Europe/Radio Liberty broadcasts to Iran, to expand news and information programming for Radio Farda, and the Radio Farda web site. Can you provide for us a breakdown for what was spent last year and what will be spent this year across the entirety of the Federal Government for broadcasting to Iran?

Answer. BBG's FY 2006 budget for Iran broadcasts was \$17.3 million, of which \$10.2 million was for VOA Persian TV and \$7.1 million for Radio Farda.

BBG's FY 2007 estimate for BBG Iran broadcasts was \$16.6 million of which \$9.5 million is for VOA Persian TV and \$7.1 million is for Radio Farda.

In addition, BBG received \$36.1 million in funding from the FY 2006 Emergency Supplemental for broadcasting to Iran. This included \$13.8 million for one-time infrastructure costs for VOA Persian TV and \$7.6 million for programming. It also included \$12 million for Radio Farda medium wave transmission upgrades, as well as \$2.7 million for Internet web site upgrades, increased regional coverage, and FM radio broadcasting.

The State Department has begun to invest economic support and democracy funds in projects promoting independent media for broadcasting into Iran. We would be happy to brief you on these programs separately, if there is interest.

Question. I appreciated John Negroponte's statement at his recent hearing about the Law of the Sea Convention and its importance for U.S. national security interests. Does the Administration continue to favor prompt Senate action on the Convention?

Answer. Yes. We would like to see the Senate approve the Convention as soon as possible in this Congress. The Convention advances the full range of our diverse interests in the oceans. As the world's pre-eminent naval power, we have a vital na-

tional security interest in the ability to navigate freely and fly over the oceans. As a major trading power, we have a strong interest in ensuring the free flow of commercial navigation. As a country with one of the longest coastlines, we have an economic interest in offshore resources, as well as economic and recreational interests in protecting the health of our coastal waters from sources of pollution. We are also a world leader in marine scientific research. The Convention serves and protects U.S. interests in all these areas as a matter of treaty law.

As further indication of the Administration's support for the Treaty, I have attached the letter that National Security Adviser Stephen Hadley wrote to Chairman Biden on February 8, 2007. As his letter attests, the President believes, and many members of this Administration have stated, that the Law of the Sea Convention protects and advances the national security, economic, and environmental interests of the United States.

THE WHITE HOUSE,
WASHINGTON, D.C.,
February 8, 2007.

Hon. JOSEPH R. BIDEN, JR., *Chairman*,
U.S. Senate Committee on Foreign Relations,
Washington, D.C. 20510.

DEAR MR. CHAIRMAN: Recognizing the historic bipartisan support for the Law of the Sea Convention, I anticipate our shared interest in moving it forward. As the President believes, and many members of this Administration and others have stated, the Convention protects and advances the national security, economic, and environmental interests of the United States. In particular, the Convention supports navigational rights critical to military operations and essential to the formulation and implementation of the President's National Security Strategy, as well as the National Strategy for Maritime Security. I appreciate your efforts as Chairman in bringing this important Convention to the Senate for consideration and look forward to its approval as early as possible during the 110th Congress.

Sincerely,

STEPHEN J. HADLEY, *Assistant to the President
for National Security Affairs.*

Question. Directorate of Defense Trade Controls officials recently briefed Committee staff on a new policy regarding how license applications for Australia will be handled by the Directorate. It would provide that certain license applications involving Australia would not be referred (staffed) to other agencies. It would be based on regulatory treatment currently extended to Canada in Part 126.5 of the International Traffic in Arms Regulations (22 CFR 120-130).

What is the history of this policy decision, and which parts of the interagency were involved in its formulation?

Answer. In December 2002, the United States and Australia concluded negotiations on an agreement that would allow most categories of unclassified U.S. defense items to be exported to Australia without a license. The agreement and license waiver have not been implemented, however, because of Congressional concerns. Subsequently, in an ongoing dialogue on defense export control policy, the USG asked the Government of Australia (GOA) to propose areas of concrete cooperation within existing U.S. law and regulations. The GOA proposed several ideas, one of which was expedited licensing review for exports that would have qualified for the license exemption, although a license or agreement would still be required. The State Department then consulted with the Department of Defense (the Defense Technology Security Administration) at the Assistant Secretary and Under Secretary levels, which resulted in agreement on the Expedited License Review (ELR) process for Australia.

Question. Directorate of Defense Trade Controls officials recently briefed Committee staff on a new policy regarding how license applications for Australia will be handled by the Directorate. It would provide that certain license applications involving Australia would not be referred (staffed) to other agencies. It would be based on regulatory treatment currently extended to Canada in Part 126.5 of the International Traffic in Arms Regulations (22 CFR 120-130).

Without regard to any other licensing policies, such as those involving license requests to support allied operations and capabilities in Iraq or Afghanistan, why are no regulatory amendments necessary for this policy on referrals?

Answer. Section 126.15 of the ITAR already provides for an expedited review of license requests for Australia, as required by section 1225, P. L. 108-375. Without any requirement for regulatory amendment, approximately 70% of all applications for the export of U.S. defense articles and services to Australia and other countries

are reviewed by the State Department's Directorate of Defense Trade Controls without staffing to other agencies.

Question. Directorate of Defense Trade Controls officials recently briefed Committee staff on a new policy regarding how license applications for Australia will be handled by the Directorate. It would provide that certain license applications involving Australia would not be referred (staffed) to other agencies. It would be based on regulatory treatment currently extended to Canada in Part 126.5 of the International Traffic in Arms Regulations (22 CFR 120-130).

It is our understanding that this policy would be limited to license requests for defense articles, related technical data, and defense services currently covered by the exemption in Part 126.5, i.e. that referrals will not be required for articles to which the Canadian exemption from the requirement for a license applies (licenses would be required, but not referred). Please provide a copy of the licensing guidance that will implement this policy, with particular regard to each part of 126.5 (a)–(d).

Answer. The detailed implementation of the Expedited Licensing Review initiative is still under development. The State Department will provide Congressional committees a copy of the written guidance to licensing officers when it is issued.

Question. UN peacekeeping missions have been cut by some \$360 million from last year's funding estimates.

- Do these missions—all of which were created with support of the United States, which could have vetoed any one—now cost less?
- If the Department is fully funded at the Administration's FY08 request, will we be in arrears, or will all our bills be paid in full?
- Prior to FY07, was the United States in arrears in peacekeeping? Assuming the Continuing Resolution funds SIPA at the FY06 level, will any additional arrears accrue?
- Are we currently in arrears with the UN regarding peacekeeping?
- Please also provide a list of any other major contributors (those who pay up to 5%) or P5 members who are in arrears.

Answer. The President's budget includes a request for \$1.107 billion for contributions to UN peacekeeping activities in FY 2008. The exact requirements for UN peacekeeping funds for future years cannot be predicted, because the size and cost of UN peacekeeping missions depend on Security Council decisions based on conditions on the ground and General Assembly review of the financial implications associated with those decisions. Within the constraints of the President's overall budget, our 2008 request is based on our estimate of the requirements that takes into account such relevant factors as uncertainties about the future size of missions as well as the UN assessment rate and the 25% rate cap consistent with current law. The U.S. uses regular reviews to explore whether missions can be downsized or eliminated, and will continue to work with our partners and the UN to identify cost savings wherever possible. The request for FY 2008 reflects assumptions that we will be able to reduce costs of many missions while maintaining the UN's essential role in peacekeeping activities.

The request is intended to cover 25% of the estimated costs of UN operations during the fiscal year. The amount requested for FY 2008 is not intended to cover the cost of prior year arrears or the amount of our bills from the UN that exceeds the legislatively mandated 25% cap. Thus, the UN would consider the U.S. to be in arrears at the end of FY 2008. Assuming that the budget request is sufficient to pay 25% of the UN's peacekeeping costs in FY 2008, the U.S. would accumulate at least an additional \$45 million in arrears during this period because of the difference between our assessed share of approximately 26% and the legislatively mandated 25% cap.

Yes, the United States was in arrears for peacekeeping prior to FY 2007. The United States fell deeply into arrears for peacekeeping in the 1990s, primarily due to the difference between our assessed share of peacekeeping expenses and the 25% cap on such payments. Although the cap was raised and full funding was provided by the Congress to cover bills received between FY 2001 and FY 2005, shortfalls in funding and the effect of the cap have resulted in new arrears since the end of FY 2005. The UN does not distinguish between arrears that relate to the 1990s and more recent arrears. The UN considers the U.S. to have more than \$500 million in arrears, mainly from the 1990s and due mainly to the difference between the peacekeeping assessment rates and the legislatively mandated 25% cap. Looking at the more recent period, the United States ended FY 2006 with approximately \$119 million in new arrears that had accumulated since FY 2005. This amount consisted of

\$65 million that we were unable to pay because of the legislative cap and an additional \$54 million resulting from billings that exceeded the appropriated FY 2006 level and were subsequently paid with FY 2007 funds.

Based on the very welcome inclusion in the FY 2007 full year Continuing Resolution of the President's request level for CIPA funding of \$1.135 billion, we will be able to pay most of our assessed share of UN peacekeeping operations carried out during the fiscal year to the extent they were foreseen during preparation of the President's FY 2007 budget. However, these funds will neither cover the unanticipated assessed costs of expanding the UN peacekeeping mission in Lebanon (LTNIFIL), for which the President has requested \$184 million in FY 2007 supplemental funds, nor the costs of establishing a new UN Mission in Timor-Leste (UNMIT), for which the President has requested an additional \$16 million in FY 2007 supplemental funds. If the Congress approves this supplemental request for a total of \$200 million, we will be able to reduce the amount of additional arrears likely to accrue in FY 2007. Nevertheless, in the absence of legislative relief from the 25% cap, we would expect cumulative arrears due to the legislatively mandated cap to reach about \$140 million by the end of FY 07. We will also need to defer payment of some bills received in the fourth quarter of FY 07 until receipt of new funds in FY 08.

Yes, we are currently in arrears for peacekeeping. Although we were able to pay a portion of FY 2006 arrears with funds received under the FY 07 Continuing Resolution, we were unable to pay \$65 million in arrears from FY 2005 and FY 2006 that relate to the legislatively mandated 25% cap. Moreover, based on the assessments received to date in FY 2007, we have accumulated an additional \$37 million in bills that we are legally prohibited from paying because of the 25% cap. Thus, our current arrears accumulated from FY 2005 to FY 2007 amount to approximately \$102 million.

We have not yet received the UN's final report on the status of contributions by all UN Member States through the end of 2006. However, none of the other major contributors or P5 members have historically accumulated substantial arrears for peacekeeping assessments. China carried arrears of approximately \$40 million in 2006.

Question. Does the Administration support a permanent lifting of the 25% peacekeeping cap? If so, is the cap lift included in the Department's proposed draft legislation for this year?

Answer. The Administration supports legislation that would allow us to pay our UN peacekeeping bills at the rate assessed by the UN.

It is noteworthy in this context that the U.S. assessed share of UN peacekeeping which was over 30% in the 1990s, has continued to fall. The rate was nearly 27% for 2006, is just over 26% for 2007, and will be slightly under 26% for the years 2008-2009.

The Administration has proposed in the FY 2008 budget request that the cap be lifted to 27.1% from calendar year 2005 through 2008. The Administration also submitted an authorization request for FY 2006 and 2007 that called for an upward adjustment to the assessment cap. However, the Congress did not provide this authority. The Administration is currently developing its authorization proposals for fiscal years 2008 and 2009 and this provision will again be considered for submission to the Congress.

Question. If the level of funding for the CIO account for FY07 is held at FY06 levels, what will be the shortfall for the United Nations Regular Budget? Prior to this, was the United States in arrears on UN Regular Budget funding? Was any money that could have made up this shortfall included in the FY07 Supplemental Requests?

Answer. The amount of the calendar year 2006 U.S. assessed contribution to the United Nations is \$422.7 million. The Department anticipates going into arrears in its payment of this assessed contribution. The precise amount depends on a decision on allocation of the \$130 million funding shortfall in the Contributions to International Organizations account, which is the source of funding for U.S. assessed contributions to the UN and forty-four other international organizations. The U.S. has not been in arrears in its payments to the UN Regular Budget since the 1990s.

No funding was included in the Department's FY07 Supplemental Request to cover the shortfall in the CIO account appropriation for FY 2007. At the time that the request was submitted, Congress had not yet taken final action on the President's FY 2007 request, which was \$117 million more than the amount eventually appropriated. The amount of the shortfall has grown to the current estimate of \$130

million, due to exchange rate losses that have occurred since submission of the President's request.

Question. Extensive wait times of more than 30 days for visa appointments are becoming chronic in many of our posts in Latin America. I also understand that our Ambassador to India was required to assign officers from the Political, Economic, Public Diplomacy, and Management offices to assist in visa interviews in order to clear up backlogs that were causing interview appointment delays up to six months. Will the Department be able to reduce these backlogs by shifting consular positions from other posts to these high demand embassies or does the Department simply need more bodies and more windows to conduct interviews? If the latter, how many more FTEs does the Department believe it needs, and at what cost? If facilities need to be upgraded, at what cost?

Answer. The Department is funding additional positions to meet the projected demand for visas, but the number of entry level positions needed exceeds the Department's ability to hire enough officers. The Bureau of Consular Affairs (CA), in coordination with the Director General's office, is exploring alternate methods of using existing resources to meet growing staffing concerns. For example, some posts are experimenting with the use of shifts in order to address visa demand.

Consular work requires a larger percentage of entry-level officers than do other types of Foreign Service work. The ability to fund sufficient annual entry-level intake is vital to the Department's ability to meet the explosive growth in visa demand. Dropping intake to that sufficient only to meet attrition will not permit adequate consular staffing in the field.

CA has just completed a review of global consular operations to evaluate the balance between demand for consular services and current staffing levels. The review confirmed explosive demand in some regions, as well as reduced demand in others. We are taking steps to ensure worldwide coverage using the finite pool of available officers. In fact, CA has recently announced the details of a Consular Repositioning Initiative.

Over the next three fiscal years, we anticipate that 32 consular positions will be shifted from lower volume posts (most of which are in Europe) to those where workload demand has increased (Mexico, Brazil, China, and India, among others). Shifting existing consular positions rather than creating new FTEs creates significant cost savings for the Department, and CA anticipates close to \$7 million in savings by pursuing this strategy. CA does plan, and has budgeted for, the creation of an additional 24 positions in FY 2007 on top of our repositioning initiative to address burgeoning consular demand, bringing to 56 the total new officer positions slated for our high demand posts. We have earmarked funding in our proposed FY 2008 budget for the creation of an additional 20 positions should workload demand require it. Consular officer positions are funded by the Machine Readable Visa (MRV) fee and other consular fees, and we anticipate sufficient collection of fees to fund these new positions.

Increasing long-term staffing could require significant changes to planned facility construction or renovation, which falls under the purview of the Bureau of Overseas Buildings Operations (OBO). Most of the posts gaining positions, however, are receiving only one new officer. While this will require planning to accommodate, these relatively minor staffing adjustments should not require new construction or major renovations.

Our larger consular operations, especially those that have experienced significant recent increases in demand, will receive a larger number of officers. Consular operations in India, China, Mexico, Brazil, and Venezuela will face significant growth, and these increases will have a major impact on each post's management practices and/or space requirements. All of the posts designated to receive more than one new position either are on OBO's Long-Range Overseas Buildings Plan (LROBP), have been designated as a target for OBO renovation, or have the capacity to absorb the proposed increase.

CA is working closely with OBO to ensure that the facilities requirements of increased consular staffing are taken into account. Given the rapid pace of change in visa demand, the Department needs to work to find a way to make the facility changes for consular sections more rapidly and flexibly, without undermining the discipline, transparency, and accountability of the LROBP process.

The Department's recent efforts in India provide an excellent example of how well we can marshal our financial and personnel resources to meet urgent demands. By May 2007, CA will have provided a total of 53 TDYers to India posts, supplementing the internal non-consular personnel who have assisted the consular sections in processing visa cases on a temporary basis. In addition, OBO provided quick turnaround

on small-scale renovation projects that allowed consular sections to improve their efficiency. Wait times across India have dropped to below 15 days.

Question. I understand that the Discover America Partnership has proposed the creation of an Exit Fee for departing international travelers along the lines of similar fees in Australia, Japan and the UK. Such fees could be used to fund additional FTEs and facility upgrades. Is this a proposal that the Department should consider? Would you expect the administration to support such a fee?

Answer. The Discover America Partnership has proposed that visitors departing the United States pay an exit fee, which would be used to fund part of the State Department's operations. It would be useful to discuss within the Administration and with the Congress how the funds would be collected and disbursed, and any possible effects on other Department funding streams.

Question. On at least three occasions, President Bush called ratification of the IAEA Additional Protocol a high priority. The Senate ratified the treaty in 2003, but implementing legislation was necessary before it could go into effect. After a number of years of hard work, the Committee overcame numerous bureaucratic and parliamentary obstacles and convinced the House to pass this legislation at the end of last year. Why hasn't the U.S. deposited its instrument of ratification and when do you expect this to occur?

Answer. We welcome Congressional action on the implementing legislation; however, the text of the legislation approved by the Congress and enacted by the President differed in several respects from both the Administration's proposed legislation submitted in 2003 (S-1837 from the 108th Congress), and the bill that you introduced last summer. In providing its advice and consent to ratification for the U.S. Additional Protocol, the United States Senate placed several conditions which were binding on the President. First, the President must make a certification to Congress that the United States shall promulgate all necessary regulations and that those regulations will be in force no later than 180 days after the deposit of the instrument of ratification. Second, the President must certify that managed access provisions in Articles 1(c) and 7 will be implemented in accordance with necessary and appropriate interagency guidance and regulations. The Administration will need to ensure that its internal guidance for implementing the Additional Protocol, as well as Agency rules and regulations, are consistent with the text of the enacted legislation and that we can fulfill all our obligations under the Additional Protocol, the enacted legislation, and other Senate conditions contained in the Senate's resolution of ratification for the Additional Protocol.

Question. In November, I visited the International Atomic Energy Agency in Vienna. While there, I toured the laboratory where nuclear samples collected during an IAEA inspection are analyzed to determine if a country is illegally pursuing nuclear weapons. Unfortunately the lab's aging equipment and dangerous working conditions severely hamper the important work done there, and threaten to shut down a critical nonproliferation facility. Equally disturbing, the world's premiere nuclear watch dog is hampered by a number of personnel policies that prevent it from retaining key safeguards expertise.

- What steps does the Administration plan to take to rectify these serious problems?
- What portion of the fiscal year 2008 budget request is devoted to addressing IAEA safeguards technology issues, including at the IAEA safeguards analytical laboratory?

Answer. The IAEA requires efficient, effective and state of the art technological, methodological, information and communication infrastructure in support of its verification regime. This infrastructure includes the development, acquisition, improvement, enhancement or availability of: verification equipment and instrumentation; analytical techniques and methodologies; safeguards concepts and approaches; information and communication technology capabilities; and capabilities for collection, analysis and evaluation of safeguards-relevant information acquired from commercial satellite imagery. Some of this equipment is provided for out of the regular budget; however, the IAEA must rely on voluntary contributions from donor states to purchase other equipment and services to carry out its verification function, particularly when the regular budget is constrained.

The United States values the work of the Safeguards Analytical Laboratory (SAL) at Seibersdorf, Austria, and realizes that there is need for future renovation and/or construction, including the purchase of new equipment. Preliminary analysis has concluded that there are no serious building infrastructure concerns that would require the construction of a new laboratory; however, as buildings age, repairs and

modifications are required. In particular, SAL will need repairs to its ventilation system; the installation of a fire protection system; and an upgrade to its site security. Moreover, the IAEA has alerted Member States in budget documents that it needs to purchase two mass spectrometers for SAL, which together will cost approximately \$5M, as well as improve its capacity to collect and analyze commercial satellite imagery. These items, as well as several others, are core needs of the Agency and are unfunded in the Agency's regular budget. The IAEA has requested 600,000 euros (roughly \$800,000) in voluntary contributions for sample analysis in 2008.

The U.S. contributes to IAEA safeguards through its regular budget assessment and through our voluntary contribution. Over 70% of the Agency's Safeguards Development and Support subprogram (projected to be about Euro 39M in 2008) of its regular budget will go toward safeguards technology issues. The U. S. rate of assessment for the regular budget is 25%. The U.S. voluntary contribution for this year is not yet finalized, but in past years our voluntary contribution contained approximately \$15-20M devoted to safeguards technology issues, mostly through the U.S. Program of Technical Assistance (POTAS) to the IAEA.

Finally, as noted in the question above, forced rotation of personnel required by IAEA personnel policy has caused a negative impact on safeguards analyses. We are encouraging the IAEA to exempt key SAL personnel from this policy.

Question. In 2005 at the G8 Summit in Gleneagles, Scotland, the Administration, along with the other Members of the G8, agreed to utilize such market incentives as public-private partnerships and advanced market commitments (AMCs) to encourage the private sector to invest in research and development of vaccines and other medicines to combat diseases specific to the developing world. In Rome this week, Italy, Canada, the UK, and Norway pledged to fund a pilot AMC for pneumococcal vaccines. The U.S. is not participating in this pilot AMC. The U.S. originally supported the AMC concept and was instrumental in negotiations leading up to this pilot program. Why is the U.S. not participating?

Answer. We have closely followed the development of an Advance Market Commitment pilot to accelerate supply of a next generation pneumococcal vaccine to meet needs in developing countries. The United States participated in several technical meetings aimed at designing the initiative.

However, given budgetary constraints, our existing commitment to maintain support for the supply and delivery of currently-available life-saving vaccines, and some remaining concerns regarding the untested nature of this financing mechanism, we do not plan to participate financially in this AMC at this time.

The United States—both the USG and private donors—provides significant assistance to global immunization and vaccine development efforts. The United States also spends more than any other country on health research and development. For example, the National Institutes of Health spend \$1.5 billion annually for vaccine-related research, not including the over \$500 million spent by NIH on HIV/AIDS vaccine work. This research benefits people around the world.

Given this extensive U.S. financial support for vaccines and global health, the USG recognizes the benefits of the development of an effective pneumococcal conjugate vaccine.

Question. Given the lack of progress toward peace in Sri Lanka, what additional steps will the State Department take to support peace in that country?

Answer. We are deeply concerned about the lack of progress toward peace in Sri Lanka. While we support the Sri Lankan Government in its struggle against the Liberation Tigers of Tamil Eelam, a designated Foreign Terrorist Organization, we believe that peace cannot be achieved militarily and a lasting solution to the conflict requires a negotiated political settlement.

For these reasons, our vigorous diplomacy with the Sri Lankan Government has focused on the importance of the Government presenting as soon as possible a credible proposal for devolution of power that addresses the legitimate grievances of Sri Lanka's Tamil and other minority populations. We also continue to press the Sri Lankan Government to respect human rights and civil liberties, and to thoroughly investigate allegations of human rights abuses. Given our deep concerns about the human rights situation, I have nominated former Assistant Secretary of Population, Refugees and Migrations Affairs, Arthur Dewey, as a member of the Independent, International Group of Eminent Persons, a group which is working with the Government's human rights Commission of Inquiry to ensure investigations into reported human rights violations meet international standards.

In addition to our bilateral diplomatic efforts, we continue to coordinate with the international community, especially India and the Co-Chairs of the Tokyo Donors

Conference (the United States, Japan, Norway, and the European Union). On February 21, Assistant Secretary of State for South and Central Asian Affairs Richard A. Boucher held a conference call in which the Co-Chairs agreed to continue to coordinate efforts to press the Sri Lankan Government on human rights and devolution. Norway, in particular, continues to play a key role as facilitator of the peace process, and we strongly support the Norwegians' sustained leadership in the international effort to advance peace in Sri Lanka.

RESPONSES TO ADDITIONAL QUESTIONS SUBMITTED BY
SENATOR BOXER TO SECRETARY RICE

Question. Secretary Rice, how will the new State Department Coordinator for Iraq Reconstruction, Ambassador Tim Carney, work to ensure that these mistakes are not repeated?

Answer. The U.S. Government has taken decisive action to respond to the concerns identified in SIGIR's audit of the Basrah Children's Hospital (BCH). Management of the BCH project has been transferred to the Gulf Region Division of the U.S. Army Corps of Engineers (GRD), which has extensive experience in Iraq. GRD has contracted directly with a local construction firm to complete the project. Procedures have been put in place to maintain control of project work and cost. These include:

- Quarterly assessment of cost to complete;
- A project cost and schedule tracking mechanism;
- Direct payment to the sub-contractors; and
- Establishment of a Special Project Office that includes personnel from the Basrah office of the Ministry of Health (MoH) and Project HOPE.

Ambassador Carney is working closely with Iraqi officials to ensure that Iraq's considerable resources are brought to bear on the task of rebuilding Iraq. One of the issues on which he will focus is helping the Iraqis better execute their budgets, particularly on capital spending for investments to improve essential services and promote economic development. Ambassador Carney also will help Iraq meet its commitments under the International Compact with Iraq. Ambassador Carney's primary focus will be on liaising with Iraqi officials on expenditure of Iraqi funds.

Question. I understand that the State Department is resisting a request by the GAO to have a permanent presence in Iraq. Will you help facilitate such a presence?

Answer. We welcome the work and recommendations of the GAO and fully support short, focused temporary duty (TDY) trips by GAO staff to Iraq. We have supported fourteen audits by the GAO of activities in Iraq over the past three years.

GAO's most recent request is for a three-month TDY visit by three GAO personnel, each of whom would require lodging, extensive support services, security, computer access, and other administrative support. GAO has signaled that this would be followed by at least one subsequent team for another three months.

Given logistical constraints and the current extraordinary security situation, the Embassy must carefully review all requests for official visits to Iraq, regardless of agency. Each person deployed to Baghdad by GAO personnel would displace an existing individual serving an essential role within the Embassy. The long-term deployment of GAO staff to Baghdad would diminish our ability to carry out critical missions. We have thus determined that longer-term TDY visits by GAO personnel are not supportable.

After a thorough review, we determined that approval of a two-week TDY visit by GAO staff was appropriate given the combination of very limited resources and security issues.

Question. I have heard concerns from my constituents in recent weeks about a possible military confrontation with Iran. It is clear that the Iraq war is a primary reason for the rise in Iranian influence in the Middle East. Former Secretary of State Madeleine Albright testified last week urging this very committee to "ask detailed questions about every aspect of the Administration's intentions towards Iran and to demand credible answers."

So Secretary Rice, in the interest of congressional oversight and the American people, what lines of communication are open with Iran to prevent an inadvertent escalation to war?

Answer. Since 1980, the government of Switzerland, acting through its embassy in Tehran, has served as our Protecting Power for U.S. interests in Iran. The U.S. and Iranian governments are able to exchange messages including those on de-confliction of military activities via the Swiss embassies in Washington and Tehran.

Over the past couple of years, the U.S. Government also has authorized Ambassador Khalilzad in Baghdad to establish an open channel to the Iranian Government to discuss Iraq-related security matters. This channel however was never active. Ambassador Khalilzad had several exchanges with Iranian officials on an Iraq-related security matter at the March 2007 Baghdad Neighbors conference. Secretary Rice plans to take part in any follow-on Neighbors ministerial meetings, presumably Iranian Foreign Minister Mottaki will also participate alongside all the invited Foreign Ministers and the Secretary.

Secretary Rice made a historic offer on May 31, 2006, to join her P5+1 colleagues in direct discussions with Iran regarding the nuclear and other issues “at any place and at any time,” provided Iran fully and verifiably suspends its enrichment-related and reprocessing activities. This avenue represents the best opportunity for Iran and the United States to begin addressing the serious issues on the regional agenda.

○