

Testimony of  
Secretary of State  
Condoleezza Rice  
Before the  
Senate Appropriations Committee  
Subcommittee on State, Foreign Operations, Export Financing and Related  
Programs  
April 9, 2008

Chairman Leahy, Senator Gregg, Members of the Committee:

Thank you for this opportunity to appear before the Committee today in support of the President's FY 2009 international affairs budget request, and to discuss our nation's foreign policy priorities. As you know, this is the last budget I will present to you in my capacity as Secretary of State. I want to take this occasion to thank the Committee, and especially the Chairman and Ranking Member, for their support and cooperation on many of the issues we addressed here in the past three years, and to let you know that this Administration is committed to a vigorous foreign policy during our remaining nine months. We have many critical issues before us and we intend to press forward our national interests on all fronts. I look forward to working with the Committee to do just that.

I would like to take a moment to ask you to act quickly on the balance of funding requested in the FY 2008 Global War on Terror Supplemental. These additional resources are critical to the Department's continued diplomatic operations in Iraq. The Supplemental also addresses critical security and construction requirements in Afghanistan, support for international organizations functioning in Iraq and Afghanistan, and peacekeeping missions in Darfur as well as other urgent humanitarian and foreign assistance efforts. This funding is necessary to our on-going diplomatic mission and I ask for your support.

### **FY 2009 State Operations Request**

Let me begin by discussing our request for Department of State operations. This request funds the platform on which we build our foreign policy activities, including diplomacy and foreign assistance, around the world.

The FY 2009 budget for Department of State Operations totals \$11.456 billion. These funds will significantly strengthen the core programming, policy, and management capabilities of the Department which are necessary to carry out vital U.S. diplomatic and consular relations with more than 180 countries. They will also support strategic U.S. engagement abroad through public diplomacy and multilateral diplomacy.

### **Diplomatic Solutions to National Security Issues**

The request provides \$3.806 billion to increase the capacity of American diplomacy to meet challenges to U.S. national security and welfare in the international arena where power is defined increasingly in economic and financial terms and where transnational threats like terrorism, disease, and drug trafficking have become urgent. The requested funding will strengthen the global operating platform for the U.S. Government and add 1095 new positions. These new positions will allow us to expand training in much-needed skills, including in critical foreign languages. The positions will also increase the number of Political Advisors to the military combatant commands, enhance interagency collaboration, and allow Department employees to take advantage of interagency development and training opportunities. Increased interagency cooperation is a valuable means to advance our diplomacy, but we need sufficient numbers of trained personnel to execute complex, coordinated efforts abroad. Building the Department's capacity to fill this role is my highest priority and I ask for your strong support.

The request also includes funding, as in previous years, for Foreign Service Compensation Reform, which would eliminate the pay disincentive caused by the loss of locality pay upon transfer to foreign assignments. When the government instituted locality pay in the 1990s, it did not include Foreign Service employees working abroad. As a result, when officers transfer to overseas assignments, they

lose the locality portion of their pay. With the Washington D.C. rate now equal to approximately over 20% of employee compensation, this loss severely undermines the salaries of officers assigned abroad. Moreover, this sizable and growing disincentive undermines our ability to attract talent and reward sacrifice.

Diplomacy is a difficult, sometimes dangerous business, and the sacrifices made by Foreign Service officers and their families are real. In implementing Senior Pay Reform, we were able to eliminate this disincentive for our senior members of the Foreign Service, but the problem remains – and is more acute – for our mid-level and junior officers. I am asking that Congress provide the necessary authorization requested by the Administration to address this problem by enabling a transition to a performance-based pay system and a global rate of pay.

### **Civilian Stabilization in Post-Conflict States**

The request provides \$249 million, including funding for 351 positions, in a new appropriation, the Civilian Stabilization Initiative, to build a U.S. government civilian capacity that can assist in reconstruction and stabilization efforts in post-conflict states. The requested funding will support, train, equip, and deploy an interagency civilian response corps comprised of interagency Active and Standby components and a Civilian Reserve of outside experts. This effort will provide mission-ready experts in fields such as policing and the rule of law, transitional governance, and economic stabilization and development. The request will also fund the personnel and operating expenses of the Office of the Coordinator that provides Washington leadership to whole-of-government strategic planning, analysis, policy direction, and coordination of USG reconstruction and stabilization activities. The CSI complements our request for additional personnel and has the strong support of the Department of Defense. This is a high priority and we need to get this accomplished.

## **Protecting America's Borders**

The FY 2009 budget provides \$2.124 billion for the Border Security Program. This program helps secure American borders against illegal entry by terrorists and others who threaten homeland security. At the same time, it facilitates the entry of legitimate foreign visitors and students. Revenue from Machine Readable Visa (MRV) fees, Enhanced Border Security Program fees, the Western Hemisphere Travel Surcharge, and visa fraud prevention fees will fund continuous improvements in systems, processes, and programs. The fees will also fund 448 additional positions required to address rising passport demand associated with the Western Hemisphere Travel Initiative and rising visa demand, including increases related to Border Crossing Card renewals.

## **Providing Secure Diplomatic Facilities**

The request provides \$1.163 billion for Worldwide Security Protection to increase security for diplomatic personnel, property, and information in the face of international terrorism. The funding will extend the program to upgrade security equipment and technical support, information and systems security, perimeter security, and security training. This funding will also support the worldwide local guard force protecting diplomatic missions and residences. Funding increases will help meet new security demands in all regions and implement the Visa and Passport Security Strategic Plan to safeguard the integrity of U.S. travel documents. Because people continue to be the single most important factor in deterrence and response to terrorist acts, the funding will add 200 security professionals.

The request provides \$1.790 billion to continue security-driven construction projects and to address the major physical security and maintenance needs of U.S. embassies and consulates. This total includes \$844 million for the Capital Security

Construction Program to replace diplomatic facilities at the most vulnerable overseas posts. FY 2009 proposed projects include new embassy compounds in Santo Domingo, Dakar, Maputo, and Malabo. During the fifth year of Capital Security Cost Sharing (CSCS), U.S. government agencies with personnel abroad under chief of Mission authority will contribute \$455 million to CSCS construction. The request also includes \$105 million to upgrade compound security at high-risk posts and to increase protection for soft targets such as schools and recreation facilities. In addition, the request includes \$841 million for ongoing operations, including major rehabilitations. These programs are essential to protect the investment in real estate assets which are currently valued at over \$14 billion and to keep more than 15,000 properties in good working order.

### **Influencing Foreign Opinion through Public Diplomacy**

The request provides \$395 million in appropriations for public diplomacy to influence foreign opinion and win support for U.S. foreign policy goals, including through providing 20 new public diplomacy positions. In addition to advocating U.S. policies, public diplomacy communicates the principles that underpin them and fosters a sense of common values and interests. Objectives of the national public diplomacy strategy include promoting democracy and good governance, marginalizing extremist leaders and organizations, and preventing extremist messaging from gaining a foothold with vulnerable populations. Through innovative programs we are providing positive alternatives for Muslim youths, and helping build networks among progressive-minded Muslims, in many cases working in partnership with the private sector, civil society and academia. We also place a high priority on modernizing our communications architecture to strengthen our leadership in the War of Ideas and sharpen our messaging to counter terrorist propaganda.

## **Exchange Programs**

The request provides \$522 million and 19 positions for educational and cultural exchanges to increase mutual understanding and to engage the leaders of tomorrow. Aligned with other public diplomacy efforts, these people-to-people programs are uniquely able to address difficult issues. The request includes increased funding for academic and professional programs to reach constituencies vital for America – youth and those who influence youth. The programs include English language, Fulbright, and other academic initiatives, and Citizens Exchanges, within the President’s Partnership for Latin American Youth. The funding will also continue to support the President’s National Security Language Initiative, promoting teaching and study of critical foreign languages, including the Arabic, Chinese, Korean, and Russian languages, and the Indic, Turkic, and Persian language families.

## **Information Technology**

The request provides \$414 million for State’s Central Fund, including revenue from fees, for Central Fund investments in “knowledge management” and information technology (IT). The ability of the Department to support transformational diplomacy, information sharing, rightsizing efforts, and E-Government initiatives depends increasingly on robust, secure IT. Funding increases in FY 2009 will help support the State Messaging and Archive Retrieval Toolset project, diplomacy through collaboration, and IT infrastructure that provides American diplomats with anytime/anywhere computing.

## **Multilateral Diplomacy**

The request provides \$1.529 billion to pay U.S. assessed contributions to 47 international organizations, including the United Nations. The request includes

payments to address outstanding U.S. arrears to international organizations. The request recognizes U.S. international obligations and reflects a commitment to maintain the financial stability and efficiency of those organizations. Membership in international organizations assists in building coalitions and gaining support for U.S. policies and interests. Further, multilateral diplomacy through such organizations serves key U.S. foreign policy goals, including advancing democratic principles and fundamental human rights, promoting economic growth through free trade and investment, settling disputes peacefully, encouraging non-proliferation and arms control, and strengthening international cooperation in environment, agriculture, technology, science, education, and health.

### **International Peacekeeping**

The request provides \$1.497 billion to pay the U.S. share of costs for UN peacekeeping missions. This funding will help support peacekeeping efforts worldwide, including the activities of ongoing missions in Lebanon, Haiti, Liberia, and the Congo. Proposed funding increases will also pay U.S. assessments for new missions in Darfur and Chad. These peacekeeping activities further U.S. goals by maintaining peace and strengthening regional confidence and stability. They also leverage U.S. political, military, and financial assets through the participation of other states that provide funds and peacekeepers for conflicts around the world.

### **FY 2009 FOREIGN OPERATIONS REQUEST**

Let me turn now to our foreign assistance request. The total State Department and USAID Foreign Operations request for FY 2009 is \$22.7 billion. These funds support the strategic purposes of our diplomacy: securing peace, supporting democracy, advocating our principles and ideals, meeting global challenges, and aiding our friends and allies.

## **War on Terror**

Fighting and winning the War on Terror remains the greatest challenge to our national security, and it will continue to be the focus of our military and diplomatic efforts as long as extremist ideologies and their proponents find safety and support in unstable and failing states. We have made enormous strides in diplomatic and foreign assistance efforts in Iraq and Afghanistan, which are notable for their successes even as we recognize the daunting work that remains. We credit our progress in these countries to many who have struggled there, to our military and our diplomats, to the international community, to our counterparts in the military and government in these countries, and to the citizens in Iraq and Afghanistan who recognize and are fighting for the full benefits of freedom.

## **Iraq**

Our engagement with Iraq remains a centerpiece of the United States' effort in the War on Terror.

The Administration's FY 2009 requests of \$404 million in foreign assistance funding and \$65 million in operations funding are critical to meet these goals. Of this total, \$300 million in Economic Support Funds will help consolidate the security gains realized in 2007 and 2008, and will increase the capacity of local and national Iraqi Governments (\$75 million) to provide services for their population, which in turn will reduce support for extremist elements. The Administration is also requesting funds to help the non-oil economy grow, including the development of the agricultural sector (\$50 million), support for business formation (\$25 million), and continued support for key Iraqi economic reforms (\$62 million), such as reducing subsidies. These programs will generate jobs and stimulate economic growth. This request also includes funding for the

Iraqi-American Enterprise Fund (\$40 million), which will address a critical lack of access to capital and know-how that is preventing Iraqi entrepreneurs from forming companies. This request also includes \$48 million to continue Democracy and Civil Society programs, which will be vital to support Iraq's nascent democracy, particularly in working with new representatives and/or parties elected in anticipated nationwide elections in 2009. Democracy and Civil Society programs also will have a direct impact in fostering political reconciliation.

The Administration is also requesting \$75 million in funding under International Narcotics Control and Law Enforcement (INCLE) to bolster Iraq's rule of law, including continuing training and security for judges and program support for major crime task forces, which will help Iraq combat terrorism and a growing criminal element, and mentoring to Iraq's corrections service to ensure criminals are effectively and humanely kept off the streets. The Administration is also requesting \$20 million in Nonproliferation, Anti-Terrorism, and Demining (NADR) programs, of which \$16 million will support expansion of a successful humanitarian de-mining program that has allowed hundreds of communities to bring agricultural and industrial land back into production, and \$4 million in programs to combat terrorism.

Taken together, these programs are an integrated approach to build on the significant investment we have already made in Iraq's success. The FY 2009 programs complement our previous investments in infrastructure, security and capacity building and will hasten the ability of the Iraqi people to meet their own needs. Failure to fully fund these programs will endanger the progress we have made over the last five years. In order for us to carry out these programs, we need the full \$65 million request for operational funding for core Embassy functions.

As a final point on Iraq, I would like to bring some clarity to discussions about the agreement that we plan to negotiate with Iraq. With the UN Security Council mandate due to expire at the end of this year, we need an agreement with Iraq that will ensure that U.S. forces continue to have the authorities and protections they need to operate in Iraq. An agreement with Iraq will not contain a “security commitment,” – that is, there will be no binding U.S. obligation to act in the common defense in the event of an armed attack on Iraq, it will not set troop levels, and it will not provide for permanent bases in Iraq. This arrangement will not “lock in” specific policies, but will leave policy options open for the next President. In addition, much as we did in Afghanistan, we expect to negotiate a strategic framework arrangement building on the Declaration of Principles that will formalize our intentions to cooperate in political, economic, cultural, and security fields. We have provided briefings and will continue to do so as our discussions with Iraq progress.

### **Afghanistan**

For FY 2009, the President has requested \$1.054 billion in foreign assistance to help prevent Afghanistan from ever again becoming a sanctuary for terrorists. We have achieved many successes in our fight against the Taliban and Al-Qaida, but we have not won yet. The funds requested are critical to supporting our comprehensive approach to defeat the insurgency and return Afghanistan to long-term stability based on Afghan national sovereignty, democratic principles, and respect for human rights. The Afghan government enjoys broad support, while the Taliban offers no political vision. We are collaborating bilaterally, with donors, and through NATO and other multilateral organizations to tighten the coherence of security, economic, and governance capacity-building efforts. Development and

security efforts on both sides of the Afghan-Pakistan border aim to prevent the deterioration of overall progress.

Recognizing that counterinsurgency requires more than physical security, we have requested \$370 million for counter narcotics efforts, \$248 million for democracy and governance, \$109 million for health and education, \$226 million for economic growth, \$74 million to support the work of our Provincial Reconstruction Teams, and \$12 million in non-emergency food aid. Development efforts to improve Afghan governance at the national and regional and local levels and to achieve prosperity for the Afghan people are as crucial to winning the war as security assistance to fight insurgent groups, to prevent Afghanistan from becoming an illicit narcotics-based economy, and to train the Afghan Security Forces. Simultaneously, the efforts of the U.S. and the international community to work with the government of Afghanistan to improve security, build government capacity, protect human rights, reconstruct infrastructure, and provide humanitarian assistance generate confidence in the Afghan government and in turn decrease support for insurgents. As part of these efforts, we look forward to working with Congress on Reconstruction Opportunity Zone (ROZ) legislation that would help create employment and sustainable economic development in Afghanistan and the border regions of Pakistan.

### **West Bank/Gaza**

The United States is firmly committed to supporting Israelis and Palestinians as they work to realize peace. Working with international donors and Quartet Representative Tony Blair, the United States is strengthening our support for the Palestinian Authority (PA) Government to help achieve this end.

Our FY 2009 funding request for the West Bank and Gaza is \$100 million. This includes \$25 million for the Palestinian Authority Security Sector Reform

Program, part of a broader U.S. and international effort to strengthen and transform the Palestinian security sector and assist the PA in its efforts to extend law and order and meet its Roadmap obligations to dismantle the terrorist infrastructure, thereby providing a reliable partner for Israel. Establishing the rule of law and effective security in the West Bank will support President Mahmoud Abbas and Prime Minister Salam Fayyad by demonstrating to the Palestinian people that the PA can reduce lawlessness and improve their lives, and by building the capacity of the PA to address security threats against Israel. The request includes \$24 million for democracy projects that will assist the PA government to extend the rule of law and improve governance, including bolstering the justice system through training judges and building judicial independence, and supporting local municipalities. A further \$18 million will assist the PA to achieve economic growth by focusing on activities that increase agricultural productivity, provide support for micro-enterprises, create private sector opportunity and increase trade. Finally, \$33 million will assist the PA government to provide essential health, education, and humanitarian services to the Palestinian people.

U.S. government assistance in these areas will help the Palestinian people directly and support moderates such as President Abbas and Prime Minister Fayyad, while also providing tools through security improvements, civil society building, and economic growth to combat Hamas and its terrorist infrastructure.

## **Pakistan**

A broad, long-term, and strategic relationship with Pakistan is now crucial to global security and regional economic interests. We are encouraging formation of a moderate center to complete the transition to democracy and underwrite the fight against violent extremism. Our programs support transparent elections, democratic institutions, and long term development. We are cooperating closely with the

Pakistanis to defeat extremist groups and networks. U.S. assistance programs support all these goals.

For FY 2009, the Department of State is requesting \$826 million for Pakistan, to bolster four areas of cooperation: peace and security, democracy, economic growth, and health and education.

To win the War on Terror, this request includes \$150 million specifically to support development in the Federally Administered Tribal Areas. This is the second tranche of a five-year \$750 million Presidential Commitment initiated in 2007. This will allow the United States to help the Government of Pakistan recast its relationship with the country's Federally Administered Tribal Areas.

Of the total \$826 million, we are requesting \$343 million for peace and security assistance, including \$7.7 million for counterterrorism programs and \$32 million for border security, law enforcement capacity building, and counter-narcotics efforts. This will aid the government of Pakistan in countering the terrorist threat, enhancing border security, addressing illicit narcotics activities, and establishing the means to provide for a peaceful and secure environment.

Recognizing that the War on Terror can not be won solely by improving security, our request includes \$55 million to strengthen democracy and good governance, \$119 million to expand economic opportunity, and \$260 million for health and education.

## **Lebanon**

Progress in Lebanon remains a critical element of our efforts to foster democracy and security in the Middle East. We have joined hands with Lebanon's elected government to support their struggle for freedom, independence, and security. For FY 2009, the Department of State has requested \$142 million in foreign assistance for Lebanon to support two parallel objectives: countering threats to Lebanon's

sovereignty and security from armed groups backed by Syria and Iran, and helping foster good governance and a vibrant economy.

Three years ago this week, former Lebanese Prime Minister Rafiq Hariri was assassinated. One month later, the Lebanese people demanded an end to foreign domination and political violence, taking to the streets to call for Syrian withdrawal from Lebanon. The FY 2009 budget request includes support for the Special Tribunal for Lebanon—a concrete demonstration of our unwavering commitment to justice, an end to political violence, and the protection of Lebanese sovereignty.

Since then, Lebanon has elected a new parliament and deployed its army to the south of the country for the first time in 40 years. However, Lebanon remains under siege by a Syrian and Iranian-backed opposition working to undermine the nation's stability, sovereignty, and state institutions. Meanwhile, political violence continues, including a January 15 bombing of an American Embassy vehicle. Our vision of a safe, secure and democratic Middle East cannot survive without a sovereign and stable Lebanon.

## **ECONOMIC ASSISTANCE**

### **Economic Support Funds**

The FY 2009 request for Economic Support Funds (ESF) is \$3.15 billion, an increase of \$164 million over the FY 2008 enacted level. ESF remains a reliable assistance mechanism by which we advance U.S. interests through programs that help recipient countries address short- and long-term political, economic, and security needs. ESF also supports major foreign policy initiatives such as working to resolve the Israeli-Palestinian conflict and regional economic integration in East Asia. ESF funds global and regional programs that support specific U.S. foreign policy goals, including assistance to states critical in the War on Terror.

The request includes significant increases in some activities over the Administration's request for FY 2008, such as programs in Nepal to address rural poverty and help blunt the appeal of Maoist rebels, Lebanon to bolster that country's democratic traditions and reduce the ability of Hezbollah to divide the populace, and South and Central Asia to improve communications and transportation linkages between Afghanistan and its regional neighbors.

The Administration's strategic priorities for FY 2009 ESF include funding for our partners in the War on Terror to mitigate the influence of terrorist and insurgent groups and reduce their potential to recruit in regions bereft of political and economic participation; countries and regions at risk of civil unrest, to assist in building democratic institutions, fight poverty, and provide basic services and economic opportunities; states of concern to encourage democratic reform and build civil society; and regional and thematic programs like the Asia-Pacific Partnership, Middle East Partnership Initiative, and promoting implementation of Free Trade Agreements, especially improving labor and environmental conditions, and efforts to combat Trafficking in Persons.

### **Millennium Challenge Corporation**

The request of \$2.225 billion supports the continuing assistance efforts of the Millennium Challenge Corporation (MCC), an important contributor to U.S. foreign assistance through the principles of promoting growth through good governance, investment in health and education, and economic freedom. By early FY 2008, the MCC had approved a total of 16 compacts worth over \$5.5 billion. An additional 14 threshold agreements were in place at the end of FY 2007, and there is a robust pipeline of compacts under development. MCC expects to sign compacts with Tanzania (\$698 million) in February 2008, and with Burkina Faso (\$500-\$550 million) and Namibia (\$300-325 million) this summer. MCC is also

engaged with Jordan, Moldova, Malawi and other countries in the compact development process, and foresees sizable compacts with those countries in FY 09.

Eight compacts are entering their second or third year of implementation, and are achieving tangible results. For example, in Georgia, the first phase of gas pipeline repairs is complete, providing Georgian citizens and businesses with needed electricity and heat. In Honduras and Madagascar, farmers are employing new techniques to improve productivity and links to reliable markets, thereby increasing their incomes.

MCC and USAID programs are complementary and mutually reinforcing. USAID programs help countries improve policies to qualify for compacts, build their capacity to manage funds and administer compact and threshold programs, and support overall U.S. efforts to keep MCC countries on a transformational development track. MCC programs frequently build on existing USAID programs and other USG assistance. They do not overlap with them, and USAID adjusts programs to augment funding for opportunities created by MCC programs, and to enhance and sustain assistance in other areas.

### **Development Assistance**

The Development Assistance request of \$1.639 billion supports programs in countries that range from those with very low incomes whose governments are sufficiently stable and organized, to those with income levels above MCC eligibility that are relatively well-governed. The goal of all Development Assistance is to foster an expanded community of well-governed states that respond to the needs of their people and act responsibly within the international community.

Countries receiving DA face a range of long-term development challenges. Experience shows that the most effective response is to provide a well-balanced

package that includes sustained support for transformational democratic and economic reforms and that is closely coordinated with MCC programs and the President's Emergency Plan for AIDS Relief (PEPFAR). These assistance programs also must complement and reinforce other development-related foreign policy initiatives, including our diplomatic efforts to advance freedom and democracy, expand international trade opportunities, and address climate change and other critical environmental issues. Our strategic priorities for DA funding in FY 2009 include: long-term democratic governance and economic growth programs in Africa; trade capacity building programs in Africa and the Western Hemisphere; capacity building in support of the Global Climate Change initiative; strengthened democratic governance in the Western Hemisphere; accelerated literacy and numeracy programs under the President's International Education Initiative, and more broadly in Africa, the Western Hemisphere and the Middle East.

We also recognize that any effort to improve development initiatives will require a significantly increased overseas presence of USAID, together with expanded technical and stewardship capabilities. Therefore, we are requesting \$767.2 million in USAID Operating Expenses which will allow USAID to increase its overseas workforce. Under the Development Leadership Initiative, USAID will hire 300 Foreign Service Officers above attrition in FY 2009 to build the capacity to implement the National Security Strategy for foreign assistance.

### **Trade Agreements**

Let me say a word about the trade agreements we have concluded with Colombia, Panama, and Korea. Expanding trade opportunities advances American economic and national security interests. The Department is deeply involved in international trade issues at all levels. I recently traveled to Colombia with nine

Members of Congress, who saw first-hand the impressive results of economic and political reform there. Our missions abroad actively support the negotiation and enforcement of our trade agreements.

Through multilateral, regional, and bilateral trade agreements, we lower tariff and non-tariff barriers to U.S. businesses, farmers, ranchers, and entrepreneurs. The American worker can compete successfully with anyone so long as the rules are fair. We help set those rules by promoting open markets, as we have done since the end of World War II. Our efforts at the World Trade Organization (WTO) strengthen these rules and expand opportunities globally. We are at a critical juncture in the Doha Round of WTO negotiations, which the President has described as a “once in a generation opportunity” to create economic opportunity, promote development, and alleviate poverty. As the President noted in his State of the Union address, the United States is committed to the conclusion of a strong Doha Round this year, and will provide the leadership necessary to achieve this objective.

With respect to bilateral trade agreements, our free trade agreement with Colombia is a prime example of how such agreements can strengthen both our economy and national security. The United States currently provides duty-free treatment to virtually all Colombian products entering the U.S. under the Andean Trade Preference Act. With the U.S.-Colombia Free Trade Agreement, U.S. GDP will grow by an estimated \$2.5 billion by expanding opportunities for U.S. exporters as the significant tariffs that are assessed on U.S. exports to Colombia are reduced and eliminated. We urge Congress to consider and pass the Colombia FTA to allow our exporters to receive the same treatment as is available to Colombian exports to the U.S.

The importance of the agreement, however, extends beyond trade. The current and previous Administrations, as well as the Congress, have made a significant commitment to Colombia by providing over \$5 billion in assistance through Plan Colombia. Security in Colombia is vastly improved, the economy has rebounded, and Colombians have real hope for the future. The proposed FTA advances our partnership and cements these gains. The Colombia FTA reflects the open, democratic, economic, and political system which is our vision for Latin America. Colombia is a friend of the United States. Its government has taken great risks to achieve the successes it has achieved. I urge the Congress to pass this agreement for internal security reasons as well.

Two additional key allies of the U.S. are also awaiting Congressional action on free trade agreements: Panama and Korea. The U.S.-Panama Free Trade Agreement will build on our already vibrant trade relations and support the consolidation of freedom and democracy in this important country. The U.S.-Korea Free Trade Agreement is the most commercially significant FTA in over 15 years. Korea has been a steadfast partner and ally in promoting peace and security in Northeast Asia and globally. I urge your action on these agreements as well.

## **SECURITY ASSISTANCE**

### **Foreign Military Financing**

The request of \$4.812 billion for Foreign Military Financing (FMF) will advance U.S. interests by ensuring that coalition partners, allies, and friendly foreign governments have the equipment and training necessary for common security goals and burden-sharing in joint missions. This request includes \$2.55 billion for Israel, the first year of a 10 year \$30 billion commitment. FMF promotes our national security by strengthening the defense of friendly

governments and bolstering their abilities to contain transnational threats, terrorism, and trafficking in persons, weapons, and narcotics. This request provides funding for Egypt to foster a modern, well-trained Egyptian military, and support for force modernization, border surveillance and counter-terrorism efforts in Jordan. FMF is helping to build a Lebanese army capable of implementing UN Security Council resolutions 1559 and 1701, secure Lebanon's border against weapons smuggling, and begin the process of disarming militias in Lebanon. The request also finances programs with the Gulf States of Bahrain and Oman as part of the Gulf Security Dialogue. FMF will also assist ongoing efforts to incorporate into NATO the most recent members of the Alliance and to support prospective NATO members and coalition partners, as well as partners in Iraq and Afghanistan.

### **International Military Education and Training**

The International Military Education and Training (IMET) program request for FY 2009 is \$90.5 million. Through professional and technical course curricula and specialized instruction, this key component of U.S. security assistance provides valuable education and training on U.S. military practices within a context of respect for democratic values and internationally recognized standards of human rights. IMET programs in Europe advance regional security and force integration among NATO and European armed forces, most notably in Turkey, Poland, Ukraine, and the Czech Republic. In the Near East, IMET provides technical training necessary to maintain U.S.-origin equipment in Jordan, Morocco, Tunisia, Egypt, Iraq, Lebanon and Oman. In Africa, IMET provides training programs for Ethiopia, Kenya, Nigeria, Senegal, and South Africa, countries central to long-term regional peace and stability. In East Asia, IMET programs with the Philippines and Indonesia, for example, focus on professionalizing

defense forces and developing skills in fighting the War on Terror. In South Asia, IMET programs improve military interoperability with the United States and educate South Asian armies in respect for human rights and civilian-military cooperation. In the Western Hemisphere, IMET focuses on building capacity to respond to regional security challenges, with major programs in El Salvador, Colombia, and Mexico.

IMET is a critical tool to strengthen important military relationships in the global fight against terrorism and to do so in the context of support for human rights. IMET helps ensure that future leaders of foreign militaries are well trained, exposed to the U.S. system of civilian control of the military, and have lasting ties to the U.S. defense community.

### **Nonproliferation, Anti-terrorism, Demining, and Related Programs**

The request for the Nonproliferation, Anti-terrorism, Demining and Related Programs Account is \$499 million. With this year's request, three separate sub-accounts, Humanitarian Demining, International Trust Fund, and Small Arms/Light Weapons, are combined into one line item in the budget to address more appropriately our global Conventional Weapons Destruction efforts. We are also establishing a proposed new sub-account for WMD terrorism to undertake projects that improve international capabilities to respond to potential WMD terrorist attacks.

The FY 2009 request includes increases in several important areas. We propose continued funding for humanitarian demining and increased funding for programs to address the threat to civil and military aviation posed by terrorists and insurgents armed with MANPADS. We have also proposed increased funding for the Nonproliferation and Disarmament Fund to address emergent nonproliferation

and disarmament requirements including additional support for disablement and dismantlement activities in North Korea, as they are achieved in the ongoing Six Party talks. Increases in the Global Threat Reduction program will strengthen biosecurity programs and anti-nuclear smuggling programs.

Under the Anti-Terrorism Assistance (ATA) program, we are expanding the TransSahara Counterterrorism Partnership (TSCTP) in the North Africa region, and strengthening linkages with the existing TSCTP in sub-Saharan Africa to prevent terrorist movement between Mahgreb and Sub-Saharan states and to promote greater regional cooperation. Increased funding for ATA will also support counterterrorism programs in East Africa.

### **Peacekeeping Operations**

The FY2009 request for Peacekeeping Operations (PKO) is \$247.2 million, which is necessary to advance international support for voluntary, multi-national stabilization efforts, including support for non-UN missions and for U.S. conflict-resolution programs. PKO funding enhances the ability of states to participate in peacekeeping and stability operations and to address counterterrorism threats. In the aftermath of conflict, PKO funds help transform foreign military establishments into professional military forces guided by the rule of law.

An important element of FY 2009 PKO funding is the President's Global Peace Operations Initiative (GPOI), now in its fifth year. FY 2009 funding will train over 15,000 peacekeeping troops to reach the initiative's goal of 75,000 peacekeeping troops trained worldwide. GPOI includes the African Contingency Operations Training and Assistance (ACOTA) program, as well as train-and-equip programs outside of Africa. GPOI assists in the deployment of peace operations troops, provides logistics and transportation support, and assists regional

organizations in planning and managing peacekeeping operations. PKO funding also helps support TSCTP; Security Sector Reform programs in Liberia, Sudan and the Democratic Republic of Congo; peacekeeping activities in Somalia; and the Multinational Force and Observers peacekeeping mission in the Sinai.

## **GLOBAL CHALLENGES**

### **Democracy & Human Rights**

We will continue to promote democratic development and uphold international standards of human and worker rights globally. We are requesting \$1.745 billion for programs to advance good governance, democracy and human rights in support of the President's Freedom Agenda, including political competition and consensus building, rule of law, and civil society activities in countries around the world. This budget will support centrally managed and multilateral efforts that provide targeted funding for unforeseen needs and opportunities, advance democracy in difficult countries where bilateral programs are not feasible and provide technical support to our overseas missions on democracy issues and programs.

Our request includes \$60 million in ESF for the Human Rights and Democracy Fund to support innovative activities that open political space in struggling and nascent democracies and in authoritarian regimes as the leading element of the U.S. government's efforts to effect positive and lasting change. HRDF will allow us to support pivotal democracy and human rights programming in critical target countries such as China, Belarus, Russia, Lebanon, North Korea, Thailand, Venezuela, Somalia, Burma, and Pakistan. With HRDF, we will continue to support the Global Human Rights Defenders Fund, a program that enables us to quickly disburse small grants to human rights defenders facing

extraordinary needs due to government repression. In addition, we will fund innovative approaches to advance labor rights abroad by strengthening democratic trade unions and will promote corporate social responsibility globally.

### **International Narcotics and Law Enforcement**

The \$1.202 billion request for International Narcotics Control and Law Enforcement (INCLE) and \$406 million for the Andean Counter drug Program (ACP) in FY 2009 supports bilateral and global programs to combat transnational crime, illicit narcotics threats, and terrorist networks built upon and funded by the illegal drug trade. These programs aim to strengthen and professionalize law enforcement institutions that are weak or subject to corruption.

INCLE funds are focused mainly on countries in which serious security threats exist, both to host governments and to our national interests as well. This includes countries like Afghanistan, Iraq, Pakistan, the Democratic Republic of Congo, Haiti, Indonesia, Liberia, and Sudan.

Of particular note this year is the importance and timeliness of the Merida Initiative, our new program for security and law enforcement cooperation with Mexico and the nations of Central America. The President has requested \$550 million in FY 2008 and in FY 2009, a total of \$1.1 billion. The Administration believes that we must act now to assist our southern neighbors in their fight against the criminal organizations that threaten their security and prosperity, as well as our own. These nations have demonstrated the political will to tackle critical problems and have asked us to cooperate with them as partners. I strongly urge Congress to fund this important national security initiative both through the FY 2008 supplemental and the FY 2009 appropriation.

## **Migration and Refugees Assistance**

Our commitment to providing humanitarian assistance and protection for refugees, conflict victims, and vulnerable migrants remains strong. We are requesting \$764 million in FY 2009 to fund contributions to key international humanitarian and non-governmental organizations and for bilateral programs to respond to humanitarian needs abroad and identify durable solutions, including resettlement of refugees in the U.S. These funds provide for basic needs to sustain life, protect refugees and conflict victims, assist refugees with voluntary repatriation, local integration, or permanent resettlement in a third country. They are a humane and effective response to pressing needs that reflects the compassion of the American people. Humanitarian needs related to Iraq and Afghanistan will be subject to a separate FY 2009 Supplemental request. The request of \$45 million for the President's Emergency Refugee and Migration Assistance Fund is critical to meet urgent and unforeseen humanitarian requirements.

## **Global HIV/AIDS Initiative**

The Global HIV/AIDS Initiative account (GHAI) is the largest source of funding for the President's Emergency Plan for AIDS Relief (PEPFAR). The request of \$4.779 billion is a substantial increase over the FY 2008 enacted level for the PEPFAR bilateral program, and capitalizes on the demonstrated capacity-building and programmatic successes in prevention, care, and treatment during the first five years of the program. Funding will support country-based activities, international partners, technical support, and oversight and management. The FY 2009 request is the first of a new, five-year, \$30 billion Presidential commitment that builds upon and expands our initial five-year, \$15 billion commitment.

The request also proposes the development of a “Partnership Compact” model, with the goal of strengthening host government commitment. In selected countries, compacts will outline reciprocal responsibilities, linking our resources to increased host country resources for HIV/AIDS and the establishment of policies that foster an effective HIV/AIDS response.

## **Environment**

As President Bush said in his State of the Union address, the United States is committed to confronting the challenge of climate change. We want an international agreement that will slow, stop, and eventually reverse the growth of greenhouse gasses. Achieving that goal will require commitments by all major economies, a point we have made in the two Major Economies Meetings on Energy Security and Climate Change under the initiative launched by the President in support of UN negotiations.

In Indonesia this past December, the U.S. joined with the other parties to the UN Framework on Climate Change (UNFCCC) to adopt the “Bali Action Plan.” This document will guide negotiations of a new post 2012 climate change arrangement by 2009. Our FY 2009 budget request includes \$64 million to support our efforts to address adaptation and reduce deforestation, major elements of the “Bali Roadmap.”

Through the Asia-Pacific Partnership on Clean Development and Climate (APP), the U.S. works with China, India, Australia, South Korea, Canada, and Japan to accelerate the adoption of clean energy technologies. Over 100 APP projects and activities are reducing emissions in major sectors such as power generation, cement, steel, aluminum and buildings. Our FY 2009 foreign assistance budget request for APP totals \$26 million.

As part of our long-term commitment to protecting the Earth's ozone layer we are proposing \$19 million for the Montreal Protocol Multilateral Fund. Last year, the international community agreed to a landmark U.S. proposal to accelerate the phase-out of ozone depleting substances. Over the next two decades, this acceleration will provide climate system benefits that could exceed those contemplated under the Kyoto Protocol.

Finally, a request of \$40 million supports our commitment to labor and trade-related environmental initiatives with our Dominican Republic-Central American Free Trade Agreement partners. These activities will strengthen institutions for more effective implementation and enforcement of environmental laws and promote biodiversity, market-based conservation and private-sector environmental performance.

### **Conclusion**

Chairman Leahy, the FY 2009 International Affairs request proposes an increase of 16% over the FY 2008 base appropriation, and more than 9% over all FY 2008 appropriations enacted to date. I understand that this is a significant increase. But the President and I, as well as the officials in all departments and agencies which administer the foreign affairs account, strongly believe this request is fully justified and critical to the national security interests of the United States. We understand that these funds are the result of the efforts of hard working American taxpayers. You have our commitment that we will manage these funds efficiently as stewards of the resources entrusted to us by the American people.

Thank you very much. I would be pleased to respond to questions.

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