

Secretary of State John Kerry
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Fiscal Year 2017 Budget Request – State Department and Related Agencies
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Mr. Chairman, Senator Leahy, thank you. I appreciate the chance to testify on behalf of the administration's budget request for the State Department and related agencies for Fiscal Year 2017.

Our request this year is roughly level with last year's – right around fifty billion dollars. That amount, though substantial, is equal to only about one percent of the federal budget. We seek these resources to sustain America's international engagement, which is deeper and more wide-ranging today than ever before in our history.

The unprecedented scope of our leadership is warranted by the mix of opportunities and challenges we face. We are confronted by dangers as old as excessive nationalism and as new as cyber warfare, by dictators who run roughshod over international norms, by failing and fragile states, by infectious disease and by violent extremists who combine modern media with medieval thinking to murder, enslave, and wage war on civilization itself.

In the face of such challenges, the United States and its citizens remain firmly committed to the pursuit of international peace, prosperity, and the rule of law. The administration's Fiscal Year 2017 budget request embodies every aspect of that commitment. It is a reflection of our country's wide-ranging interests, of what we are against -- and most important -- what we are for.

There's a reason why most people in most places still turn to the United States when important work needs to be done. It's not because anyone expects or wants us to shoulder the full burden – but because we can be counted on to lead in the right direction and toward the right goals.

Make no mistake, we live at a moment filled with peril and complexity, but we Americans also have ample grounds for confidence. In recent years, our economy has added more jobs than the rest of the industrialized world combined. Our armed forces are by far the world's strongest and best. Our alliances in Europe and Asia are energized. We have reached historic multilateral accords on Iran's nuclear program, climate change, and trans-Pacific trade. We have witnessed important democratic gains in, among other places, Sri Lanka, Nigeria, and Burma. We helped facilitate what we hope will be a landmark peace agreement in Colombia. We have enhanced our position throughout the hemisphere by resuming diplomatic relations with Cuba. We marshalled a global campaign to save lives by containing the Ebola virus; and we are the leader in championing the empowerment of women and respect for the full range of internationally recognized human rights. We have also taken the lead in mobilizing international solidarity in the fight against such terrorist groups as Daesh, al-Qa'ida, Boko Haram, and al-Shabab – groups that have absolutely nothing to offer anyone except destruction and death.

From the vantage point of America's national security, we begin 2016 with a long agenda focused on key priorities but understanding the potential for emergencies to arise at any moment. We think it essential to make full use of every available foreign policy tool -- from carrots to coercion -- but with an emphasis on persuading governments overseas not just to *do* what we want, but to *want* what we want. We will act alone when we must, but with allies, partners and friends when possible on every continent and in every situation where our interests are at risk. We will respond to immediate needs, but with long term requirements in mind. And we will always be conscious that the State Department's principal responsibility is not to interpret and justify foreign perspectives to the United States, but to defend and advance America's well-being in a fast-changing world.

I will turn now to the specifics of the administration's budget request for the coming fiscal year.

The funding we seek is in two parts; the first consists of a base amount of \$35.2 billion. These resources will deepen cooperation with our allies and regional partners and bolster American leadership at the UN and other multilateral organizations. They will protect U.S. diplomatic personnel, platforms, and information, while also helping us to mitigate the harmful consequences of climate change, promote human rights, combat trafficking in persons, and continue valuable educational exchanges. Worldwide, they will furnish life-saving humanitarian assistance, foster growth, reduce poverty, increase access to education, combat disease, and promote democratic governance and the rule of law.

The Overseas Contingency Operations portion of our budget is \$14.9 billion and will improve our ability to prevent, respond to, and recover from crises abroad; contribute to new and ongoing peacekeeping and UN special political missions; help allies and partners such as Afghanistan and Pakistan counter threats; step up our efforts to counter terrorist organizations; and sustain security programs and embassy construction at high risk posts.

The number one goal of U.S. foreign policy is to keep Americans safe. To that end, this year's budget seeks resources to enhance our nation's leadership of the 65-member global coalition to degrade and destroy the terrorist group Daesh. Our strategy is to combine our power -- and the power of our partners -- to degrade Daesh's command structure, shrink the territory under its control, curb its financing, hammer its economic assets, discredit its lies, slow its recruitment, and block any attempt to expand its networks. As President Obama has made clear, the murderous conduct that Daesh is trying to foment must be opposed with unity, strength, and a determination on our part to persist until we prevail. That determination has several dimensions:

- Militarily, we are intensifying pressure through coalition air strikes backed by local partners on the ground, a stepped-up training and supply effort, the deployment of Special Forces advisers, improved targeting, the systematic disruption of enemy supply lines, and coordinated planning of future actions.

- To consolidate the important territorial gains made thus far, we are stressing the importance of stabilizing communities freed from Daesh in Syria and Iraq.
- We are helping the government in Baghdad as it seeks to broaden and professionalize its security forces and to liberate portions of the country still occupied by Daesh.
- We continue to strengthen our regional partners, including Jordan and Lebanon, and to provide humanitarian assistance to people impacted by the conflict inside Syria, in neighboring countries, and beyond.
- We are supporting a broad-based diplomatic initiative, chaired by UN Special Envoy Staffan de Mistura, and aimed at achieving a political solution to the Syrian civil war that will de-escalate the conflict, isolate the terrorists, provide for a transition in governance, and make possible the kind of peaceful, inclusive, pluralist, and fully sovereign country that most Syrians want. To that end, on February 11, we announced a plan to ensure access to humanitarian supplies for all Syrians in need, and to arrange a cessation of hostilities that we hope will evolve into a durable and nationwide ceasefire. The full and good faith implementation of these measures – to ensure humanitarian access and end violence against civilians in Syria – is a top foreign policy priority of the United States.
- Finally, we believe it essential that America speak with a single voice in its resolve to defeat Daesh. Congressional approval of a new and more specific authorization to use military force against that terrorist organization would be welcomed by the administration and help to demonstrate our unity and commitment.

In the seventeen months since the Counter-Daesh coalition was formed, its aircraft have launched more than 10,000 air strikes. The combination of air support and ground assaults by local partners has reversed Daesh's momentum; driven the terrorists from such key cities as Kobani, Tikrit, and Ramadi; and weakened their position on the Syria-Turkish border. All told, Daesh has been forced to abandon almost a third of the populated territory it had previously controlled in these countries, and many of their fighters -- faced by a deep cut in wages and no new towns to plunder – have either deserted or been executed trying to escape.

The threat posed by violent extremism extends far beyond the Middle East and the particular dangers spawned by Daesh. Those threats cannot effectively be addressed solely – or even primarily – by military means. Our approach, therefore, is comprehensive, long term, and designed to enhance the capacity of countries and communities to defeat terrorist groups and prevent new ones from arising. To that end, our new Center for Global Engagement is helping partner nations to promote better governance, strengthen democratic institutions, expand access to a quality education, and foster development, especially in the most vulnerable parts of the world. On the diplomatic side, we are striving with the UN and our allies to solidify a new Government of National Accord in Libya, and to bring an end to the violence and political unrest that has plagued Yemen.

Last year, with our P5+1 partners, we negotiated the Joint Comprehensive Plan of Action, cutting off each of Iran's potential pathways to a nuclear weapons capability, requiring it to take thousands of centrifuges offline, pour concrete into the core of its heavy water reactor, and ship abroad 98 percent of its stockpile of enriched uranium. Because of these steps and the rigorous inspection and verification measures to which Tehran has also agreed, the threat of a nuclear-armed Iran has receded, our allies are safer, and so are we. In months to come, we will continue our close consultations with Congress as we monitor Iran's compliance with the Joint Plan, and as we stand with our allies and friends against Iran's destabilizing policies and actions in the region.

In part because of the challenges posed by Iran and other threats, we continue to engage in a record level of military, intelligence, and security cooperation with Israel. We remain committed to helping our ally confront its complex security environment and to ensure its qualitative military edge. Each day, we work with Israel to enforce sanctions and prevent terrorist organizations such as Hamas and Hizballah from obtaining the financing and weapons they seek. Since 2009, we have provided more than \$23 billion in foreign military financing to Israel, which constitutes the majority of what we have given to nations worldwide. Diplomatically, our support for Israel also remains rock solid as we continue to oppose efforts to delegitimize the Jewish state or to pass biased resolutions against it in international bodies.

The Transatlantic partnership remains a cornerstone of American security and prosperity. We are in constant communication with our NATO and EU Allies and partners about a vast array of issues, including our steadfast backing for a democratic Ukraine, full implementation by every side of the Minsk protocols, and an increase in European Reassurance Initiative funding that will support the persistent presence of a brigade's combat team for 12 months out of the year and allow us to preposition warfighting equipment for a division headquarters and other enablers in Europe. This year's budget includes \$953 million to enhance stability, prosperity, energy independence, and good governance in Ukraine and other partner countries facing direct pressure from Russia, in addition to fighting HIV/AIDS and countering violent extremism in the region.

Closer to home, the Fiscal Year 2017 budget will continue our investment in Central America to fight corruption and crime and to attack the root economic causes of illegal migration to the United States, including by unaccompanied minors. Our Strategy for Engagement in Central America, with its whole-of-government approach, emphasis on building effective and accountable institutions and leveraging of private capital, will make it easier for our regional neighbors to live securely and with steadily increasing prosperity in their own countries.

In addition, we are supporting Colombia as it seeks to finalize an agreement that will end the world's longest ongoing civil conflict. During President Santos's visit to Washington earlier this month, President Obama announced his intention to seek support for "Peace Colombia," a successor to Plan Colombia that will spur recovery in communities ravaged by the many years of fighting. This project will highlight assistance to the victims of conflict, and aid in reinforcing security gains, clearing mines, demobilizing rebel fighters, and curbing trade in illegal narcotics. Our citizens may be proud that, in his remarks at the White House, President Santos attributed many of his country's advances "to the fact that 15 years ago, when we were in serious straits,

the Colombians received a friendly hand. That friendly hand came from here in Washington, from both sides of the aisle, Democrats and Republicans.”

In Cuba, we have resumed diplomatic relations after 54 years. Although we continue to have sharp differences with the government in Havana regarding human rights, political prisoners, and other issues; we remain determined to support the aspirations of the Cuban people to plug into the global economy and live in greater freedom. We call on Cuban authorities to remove obstacles to participation by their citizens online and in commercial enterprises; and we urge Congress to lift the economic embargo, which has for decades been used as an excuse by the Castro regime to dodge blame for its own ill-advised policies.

As evidenced by last week’s ASEAN Summit hosted by President Obama at Sunnylands in California, the United States is an indispensable contributor to stability, prosperity, and peace in the Asia Pacific. Dangers in that region include North Korea’s provocative nuclear and ballistic missile programs and tensions stemming from contested maritime claims in the South China Sea. United States policy is to encourage security cooperation and dialogue aimed at building confidence and ensuring that disputes are settled in keeping with international obligations and law. Our modernizing alliances with Japan, the Republic of Korea, Australia, and the Philippines -- in addition to our partnership with New Zealand and close ties with ASEAN -- provide a firm foundation for our strategy, as does our multi-dimensional relationship with China. Our diplomatic priorities include support for human rights and the continued evolution of an open and democratic political process in Burma, where a freely-elected parliament has been seated for the first time, and where we have called for an end to discrimination and violence directed at the Rohingya Muslim minority.

Our FY 2017 budget includes \$1.25 billion in assistance to the national unity government of Afghanistan to strengthen its institutions, bolster its security capabilities, repel attacks by violent extremists, implement economic reforms, preserve gains made over the last decade (including for women and girls), and move forward with a wide range of social programs. We are requesting \$742 million in aid to Pakistan to support its citizens as they seek security, build democracy and sustain economic growth and development – even as the country continues to suffer from terrorist attacks. Last October, I traveled to every state in Central Asia to reaffirm America’s friendship with the people in that part of the world and to discuss shared concerns in such areas as security, energy policy, development, and human rights. Also in 2015, we strongly endorsed democratic progress in Sri Lanka, while elevating our important strategic dialogue with India to include a commercial component, reflecting the five-fold increase in bilateral trade over the last decade.

In Africa, our budget request reflects our emphasis on partnership—with civil society, with the private sector and with key allies. Our request of \$7.1 billion will support democratic institutions, spur growth, promote gender equity, and protect human rights through such mechanisms as the Africa Growth and Opportunity Act, the Feed the Future initiative, Power Africa, and the President’s “Stand with Civil Society Initiative.” Our assistance also undergirds regional stability through the African Peacekeeping Rapid Response Partnership, the Security Governance Initiative, and strategically important international peace operations in, among other countries, the Central African Republic, the Democratic Republic of Congo, Mali, South Sudan,

Sudan, and Somalia. Diplomatically, the United States continues to work closely with regional leaders to prevent crises – whether caused by outbreaks of disease, the threat of famine, or political controversy, as has recently been the cause of urgent concern in Burundi.

American leadership is on display and making a positive difference in every part of the world including the far north, where the United States last year assumed chairmanship of the Arctic Council, a platform we are using to forge united action on the environment, fisheries conservation, and economic opportunity for local populations. But in addition to bilateral and regional issues, the United States is at the forefront of a host of efforts that address global challenges and uphold universal ideals.

For example, the administration's FY 2017 budget request reaffirms our country's premier role in the world economy. Each day, the men and women in our embassies and consulates work closely with representatives of the American private sector to identify new markets for our goods and services, ensure fair competition for foreign contracts, protect intellectual property, and advocate for U.S. interests under the law. This budget will advance U.S. engagement on global information and communications technology policy, encourage innovation, and protect the interests of our citizens in Internet freedom and digital privacy. Through our contributions to international financial institutions like the World Bank, we help to lift the economies of low-income countries and expand the global middle class.

With the Trade Representative and others in the administration, the State Department works to conclude forward-looking agreements such as the recently signed Trans-Pacific Partnership (TPP) to ensure a level playing field for American businesses and workers and raise labor and environmental standards. The TPP is a landmark twelve nation pact that will lower trade barriers and advance American leadership in the Asia Pacific region, ensuring that the rules of the road for trade in this critical region are written by the United States and our partners, rather than others who do not share our interests and values. In asking Congress to approve the agreement, President Obama has pointed out that the TPP will cut 18,000 taxes on products that are made in America, boost U.S. exports, and support high-paying jobs, and he has expressed his interest in working closely with Congress to get the agreement approved as soon as possible. We are also working with USTR to pursue a similar high-standard approach to trade with Europe in the Transatlantic Trade and Investment Partnership, which is still being negotiated.

In Paris last December, the United States joined governments from more than 190 nations in approving a comprehensive agreement to curb greenhouse gas emissions and limit the most harmful consequences of climate change. This historic pact represents the first time the world has declared that all countries have a responsibility to join in what must truly be a global commitment – through arrangements marked by transparency, a mandatory standard of review, and the flexibility a framework for successive and ambitious nationally determined climate targets. Our budget request of \$983.9 million for the Global Climate Change Initiative and includes \$500 million for the Green Climate Fund, which will help low income countries leverage public and private financing to reduce carbon pollution and bolster resilience to climate change.

Our request for Fiscal Year 2017 allocates \$4.7 billion for assessed dues and voluntary contributions to international organizations and peacekeeping efforts and to help other countries participate in such missions. The request includes contingency funding for new or expanded peace operations that may emerge outside the regular budget cycle. Tragically, the demand for peacekeeping assistance remains at an all-time high; and the United States neither can, nor should, take the lead in most cases. It serves both our interests and our values when UN agencies and regional organizations are able -- with our encouragement and support -- to quell violence, shield civilians from harm, promote reconciliation among rival groups, and ensure that women are fairly represented in all aspects of peacemaking and recovery projects.

In FY 2017, we are requesting \$8.6 billion for bilateral and multilateral health programs. These funds support the President's Emergency Plan for AIDS Relief (PEPFAR); the Global Fund to Fight AIDS, TB, & Malaria; Gavi, the Vaccine Alliance and other critical maternal and child health programs; the Global Health Security Agenda; and an intensified campaign, launched by the White House, to end the scourge of malaria. We have also sought emergency funding to aid in an international effort to minimize the public health threat posed by the Zika virus.

This year, we are asking for \$6.2 billion to address humanitarian imperatives, including support for internally displaced persons, refugees, those affected by conflict or natural hazards and communities working to increase preparedness and resilience to disasters.

To date, with backing from Congress, the United States has provided over \$4.5 billion in humanitarian assistance -- more than any other country -- to assist victims of the catastrophic civil war in Syria. In London, earlier this month, I announced a further pledge of \$600 million in humanitarian aid as well as \$325 million in development funds that includes support for the education of 300,000 refugee youth in Jordan and Lebanon. In September, at the UN, President Obama will host a summit on the global refugee crisis. This will be the culmination of a vigorous diplomatic effort to rally the world community to increase the global response to humanitarian funding appeals by at least 30 percent, and to add significantly to the number of countries that donate regularly to these appeals or that are willing to accept refugees for admission within their borders.

Our budget request allocates \$2.7 billion for Democracy, Human Rights and Governance -- a modest amount compared to the steep costs of the civil strife and political extremism that often thrive in the absence of effective and democratic governing institutions. Programs carried out by the State Department and USAID can play a pivotal role in enabling countries to make governance more accountable, electoral systems more professional, and judicial systems more independent. By supporting civil society and the rule of law, these programs contribute to a range of important goals, among them freedom of speech, religion and the press; respect for the rights of persons with disabilities; equitable treatment for members of the LGBTQ community; and an end to human trafficking.

In addition, I am pleased to announce that the administration, led by the Department of State and in cooperation with USAID, the Peace Corps, and the Millennium Challenge Corporation, will soon launch a strategy to advance the empowerment of adolescent girls. This strategy will be

holistic in nature and address key issues facing adolescent girls today, including equal access to secondary education and cultural practices that deny girls a fair chance to participate in the economic and political life of their societies. Our budget also underscores the State Department's decades-long commitment to scholarship programs and educational exchanges that help Americans to learn about the world and young leaders from around the world to learn about America. Meanwhile, our energetic and innovative activities in the field of public diplomacy are essential to convey the truth about U.S. policies and actions at a time when some – including terrorist organizations – lie continually about what Americans believe and do.

To achieve our country's international objectives, we must give State Department and USAID employees the tools and resources they need to do their jobs well. That's why our request includes a \$169 million net increase for Diplomatic and Consular Programs, reflecting heightened requirements in such areas as Freedom of Information Act processing, cyber security, counterterrorism, intelligence, and research. This proposal will support increased diversity through expanded recruitment and fellowship opportunities, and will provide more competitive wages for the locally employed personnel who make up the majority of our overseas workforce. I also ask you to support the restoration of full Overseas Comparability Pay for State Department personnel who are deployed abroad. This reform is essential to our effort to retain highly-skilled individuals in a competitive international jobs market, and to ensure fair treatment for those serving our country in relatively high-risk locations. The Budget also includes a \$122 million increase for USAID's Operating Expense account to maintain the Agency's workforce and sustain on-going global operations to meet foreign policy objectives, implement Presidential initiatives, and expand global engagement.

Finally, we are asking \$3.7 billion to ensure the security of our diplomatic platforms, protect our IT network and infrastructure, meet special medical needs at select posts, and carry out emergency planning and preparedness. Our \$2.4 billion request for diplomatic facility construction and maintenance will be used for repairs at our overseas assets, and to continue implementing the security recommendations of the Benghazi Accountability Review Board.

My colleagues, a little more than a quarter century ago, when the Berlin Wall fell, there were those who suggested that we Americans could now relax because our core ideas had prevailed and our enemy had been defeated. But we have long since learned that although the particular demands on our leadership may vary from one decade to the next; our overall responsibilities neither vanish nor diminish.

The challenge for today's generation is to forge a new security framework that will keep our country strong and our people safe. We are under no illusions about how difficult that task is. We face determined adversaries and many governments whose priorities do not match our own. The old plagues of excessive nationalism and tribalism retain their grip in many regions. Technology is a two-edged sword, simultaneously bringing the world closer and driving it apart. Non-state actors have arisen, often for the best, but others are at war with all we have ever stood for -- and with the modern world itself.

In this complex environment, some setbacks are inevitable. Persistent and creative engagement will be required on all fronts. But we are guided by the same values and supported by the same democratic institutions that enabled our predecessors to succeed. We are bolstered by a citizenry that is earning respect for our country every day through its contributions to technological innovation and global prosperity; through its activism on behalf of humanitarian causes and civil society; through its brave service on the battlefield, in air and on sea; and through its commitment to a system of governance that will allow our country this year to elect a president – peacefully and fairly – for the 58th time. We are sustained, as well, by one of the true touchstones of America’s greatness – the willingness on the part of Congress and the Executive branch to work together for the common good.

Thank you, and now I would be pleased to respond to your questions.

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