

**Secretary Kerry's Testimony to Senate Subcommittee on the Department of State,
Foreign Operations and Related Programs**

March 13, 2014

I want to thank Chairman Leahy and ranking member Graham for their leadership, as well as each member of the committee for their commitment to America's leadership in the world.

Of course, I was serving here with you for quite a while – 29 years plus. Believe me, I know that choosing to be on this committee doesn't win you many votes back home. The work you do here doesn't drive fundraising. But it matters – it really matters – and this has never been more clear to me than over the past year – when I've seen firsthand and over and over again, just how much the world looks to the United States on issue after issue.

Bringing people together and finding answers to tough challenges – that's what the United States does. If we 'get caught trying,' then we're living up to what the world expects from us and what we expect from ourselves.

I think that's especially true in Ukraine. From the very beginning we have made our goal clear: to help the people of Ukraine achieve what brought thousands upon thousands into the Maidan in the first place. Our interest is in protecting the sovereignty, independence and territorial integrity of Ukraine, and with European partners and others, we absolutely have a responsibility to be engaged.

Certainly we have to be clear-eyed about the challenges. But from the beginning, we've made it known that we are willing to sit down to try and deescalate this situation. That is why President Obama asked me to leave this evening for London and meet with Russia's Foreign Minister Sergey Lavrov tomorrow.

I will make clear again, as we have throughout, that while we respect that Russia has interests in Ukraine, particularly in Crimea, that in no way – no way – justifies the military intervention the world has witnessed. There are many other legitimate ways to address Russia's concerns.

In my discussions with Minister Lavrov I'll also make it clear that Russia has reasons to make the right choice. The costs for Russia's violations of international law – the cost of making Russia more isolated – not just from the United States, but from the international community – is a cost that Russia should not want to bear, and doesn't have to bear if they make a better choice.

Congress' support is going to be absolutely vital. Whether its loan guarantees to help support a free Ukraine, an assistance stream, or support for additional sanctions if that's what we need, you give us the tools to accomplish our goals.

So it couldn't be any clearer, what we do here really matters. When I think about that I remember last week in Kiev – standing in the spot where Ukraine's former president had snipers pick off peaceful protesters one by one. It was very moving to speak with some of the Ukrainian people and hear how much they look to us.

The same is true far from Kiev or what's in the headlines. What we do matters to South Sudan, a nation some of you helped give birth to – a nation that's now struggling and needs our support to have a chance of surviving beyond infancy.

What we do matters in the Maghreb, where the State Department is coordinating with France to take down al-Qaeda, making sure French forces have the technology and weapons they need.

What we do matters in Central Asia, where we're working with several nations to stop the trafficking of narcotics, to keep more heroin off our streets and cut off financing for terrorists and extremists.

What we do matters on the Korean Peninsula, where we are working with our partners from the Republic of Korea to make sure we can meet any threat and for the denuclearization of the Korean Peninsula. Thanks to the State Department's work, the South Koreans are now making the largest financial contribution to these efforts in the history of our joint security agreement.

What we do matters everywhere we support religious freedom, from Bosnia to Indonesia. Protecting the universal rights of people to practice their faith freely and working to bring an end to the scourge of anti-Semitism – this isn't just what we do in this budget; this is an essential part of who we are as Americans.

Now, I spent enough time in Congress to know that you shouldn't call anything that costs billions of dollars a bargain. But when you consider that the American people pay just one penny of every tax dollar for the \$46.2 billion in investments in this request, I believe the American people are getting an extraordinary return on their investment.

Our base request is \$40.3 billion – and that's in line with what was appropriated to the Department and USAID last year. We're making a constant effort to be more effective and agile, and as you well know, we're doing that under some tight constraints.

The additional part of our request for Overseas Contingency Operations (OCO), totals \$5.9 billion. OCO provides the State Department and USAID the ability to respond to the humanitarian crisis in Syria. It gives us flexibility to meet some unanticipated

peacekeeping needs. OCO funds our programs in Iraq, Afghanistan and Pakistan, where we continue to right-size our commitments.

I know it might be easy for some members of Congress to support larger cuts in this budget. What's impossible to calculate is the far greater price our country would pay for inaction. What's impossible to calculate are the dangers in a world without American leadership and the vacuum that would create for extremists and ideologues to exploit.

For me it's no coincidence that the places where we face some of the greatest national security challenges are also places where governments deny basic human rights and opportunities for their people. That's why supporting human rights and stronger civil societies, development assistance, investing in our partnerships with our allies: these are the surest ways to prevent the kind of horrible human tragedy we see Syria today.

I know some of you have looked these refugees in the eyes and seen their numbers, as I have. There is simply no way the richest and most powerful nation in the world can simply look away. For both the Syrian people and for Lebanon, Turkey, and Jordan, trying to keep their societies running and keep extremists at bay as they cope with a refugee crisis, our support could not be more urgent. It is both a moral and security imperative.

With our assistance to the Philippines, recovering from one of the worst natural disasters in its history, we are also leading the way. Through a \$56 million contribution from State and USAID, we are working with our partners so that hundreds of thousands of people can put their lives back together. We're helping one of our oldest allies in the Pacific get back on its path to prosperity.

Within our core budget request is also a \$1.35 billion contribution to the Global Fund to fight AIDS, Tuberculosis, and Malaria. The goal that President Obama has set today for an AIDS free generation would have been absolutely unthinkable even 10 years ago but today that goal is within reach. Because of PEPFAR's incredible success, we are now working to transition the leadership of these life-saving programs to local hands with Rwanda, Namibia, and South Africa some of the first to take the reins.

Because of our leadership, children waking up today in Sub-Saharan Africa face a far different future than they did a decade ago. Our commitment clearly matters. And just as our partners in Asia and Europe made a transition from being recipients of American aid to becoming donors, that kind of transformation is now possible in Africa.

And to make sure that emerging markets around the world make the most of their opportunities, we need reforms to the International Monetary Fund. Just think about this: Brazil, Chile, Columbia, India, Korea, Mexico, Peru, the Philippines, Thailand – all of these nations once borrowed from the IMF. Now they are creditors with some of the most dynamic economies in the world.

Ukraine's struggle for independence, particularly its financial independence, depends on Congress ratifying reforms that will help Ukraine borrow through the IMF's Rapid Financing Instrument. Our \$1 billion loan guarantee is needed urgently but it's only through the IMF – a reformed IMF – that Ukraine will receive the additional help it needs to stand on its own two feet.

Our work with the IMF is vital to global economic stability. But remaining absolutely focused on creating opportunity here at home is essential. That means we have to be strong advocates for America's commercial interests across the globe. And that's why I've charged each of Foreign Service Officers with an economic mission: to create opportunities for Americans and work with our businesses to gain a bigger foothold abroad.

I know there's some skepticism about this kind of economic diplomacy. But it's hard to argue with some of the results. Look at how our Embassy in Zambia helped create jobs in New Jersey. The patient advocacy of our diplomats helped an American construction company land an \$85 million contract. They're building 144 bridges and have the potential to do far more.

Look at the work of our consular staff in Kolkata. They helped bring Caterpillar together with a company in India to develop a \$500 million power plant.

Look at what Embassy Wellington and Embassy Apia in Samoa are doing. Our diplomats helped a company right here on the East Coast land a \$350 million contract to lay fiber optics across the Pacific.

When 95% of the world's consumers live outside of our market and when foreign governments are out there, aggressively backing their own businesses, this is the kind of advocacy American workers need to compete.

Telling our story where it matters most is vital to both the success of our businesses and the appeal of our values. With this budget's investments in stronger people to people ties, educational exchange and countering violent extremism, we are shaping the debate. We are keeping traditional programs strong, like those for International Visitor Leadership and English language programs. At the same time we are revitalizing the way we engage through quick-impact investments to shape emerging leaders in civil society.

We call some of these investments quick impact but you and I both know their lasting benefits. I can't tell you how many times foreign leaders share their experience of studying in the United States and the permanent and positive impression it made. And all of you who have colleges and universities in your districts also see the financial impact from the \$22 billion each year that international students bring to the US economy.

This budget also strengthens our partnerships where so many of our economic and security interests converge, in the East Asia and Pacific region. With this budget we are bolstering our bedrock alliances with South Korea and Japan. We're developing deeper

partnerships with Vietnam, Indonesia, the Philippines, and others, as they assume greater security roles.

As we make these investments around the world, we can never eliminate every risk—especially in a world where our vital interests are not confined to secure, prosperous capitals. But we can and will do more to mitigate risks and keep our people safe. This budget implements the recommendations of the independent Benghazi Accountability Review Board (ARB) and makes additional investments that go above and beyond.

My friends, I think it's fair to say that we are doing the best we can in a difficult budget environment. I firmly believe that this budget strikes a balance between the need to sustain long-term investments in American leadership and the political imperative to tighten our belts. I believe this budget is a blueprint for providing the minimum our people need to carry out their mission: to enhance national security, to promote global stability and prosperity, and to help the American people seize the opportunities in a changing world. Thank you.