

ADMINISTRATION PRIORITIES FOR EUROPE IN THE 112TH CONGRESS

HEARING

BEFORE THE
SUBCOMMITTEE ON EUROPEAN AFFAIRS
OF THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE
ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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CONTENTS

	Page
Alexander, Hon. Paige E., Assistant Administrator for Europe and Eurasia, U.S. Agency for International Development, Washington, DC	14
Prepared statement	16
Responses to questions submitted for the record by Senator James E. Risch	37
Gordon, Hon. Philip H., Assistant Secretary of State for Europe and Eurasian Affairs, U.S. Department of State, Washington, DC	8
Prepared statement	10
Responses to questions submitted for the record by Senator James E. Risch	34
Shaheen, Hon. Jeanne, U.S. Senator from New Hampshire, opening state- ment	1
Prepared statement	3

ADMINISTRATION PRIORITIES FOR EUROPE IN THE 112TH CONGRESS

WEDNESDAY, MAY 18, 2011

U.S. SENATE,
SUBCOMMITTEE ON EUROPEAN AFFAIRS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:47 p.m., in room SD-419, Dirksen Senate Office Building, Hon. Jeanne Shaheen (chairman of the subcommittee) presiding.

Present: Senators Shaheen and Cardin.

OPENING STATEMENT OF HON. JEANNE SHAHEEN, U.S. SENATOR FROM NEW HAMPSHIRE

Senator SHAHEEN. Good afternoon, everyone. I apologize for being late. I can always count on a vote being called as soon as we have scheduled a hearing. So today was no exception.

But I am pleased to be here. I expect that we may be joined by one or two other Senators. Ranking Member Barrasso is not going to be able to be here today.

Today the Senate Foreign Relations Subcommittee on European Affairs meets to discuss the state of transatlantic relations and to examine and assess the administration's priorities for Europe and Eurasia in the coming years.

Before we actually begin the hearing, I wanted to share some good news that we have gotten today. Just a few hours ago, we received reports that journalist, James Foley, and the three other journalists who were being held in captivity in Tripoli had been released. I am particularly excited about James Foley because he is a native of Rochester, NH. James had been covering the conflict in Tripoli for Global Post when he was captured and imprisoned in April. It is a relief to know that his release has been secured, and I am hopeful that he will soon be reunited with his family and friends. And I urge any and all parties to assist James in making sure that he gets home safe and sound.

I spoke a few minutes ago with his mother, Diane, just to let her know how pleased we were to hear the news, and she had heard from her son earlier this morning and said that James is very excited to return home.

I also want to just thank everyone who has helped secure his release from Libyan captivity. I know that our State Department has been working tirelessly on this effort, and that has been in spite of the challenges of communicating directly with the Libyan government. The State Department has done great work through our

allies and intermediaries to secure his release and that of his colleagues.

I also want to thank the governments of Turkey and Hungary for all of the work they did on the ground in Tripoli to assist in this effort. Your embassies and staff have been extremely helpful in getting us information and assistance, and I am not sure if anyone is here from either Hungary or Turkey at this hearing, but thank you very much. Please relay our thanks to everybody in the Embassy.

There are still several U.S. citizens being held prisoner by the government in Libya, and I urge the Qadhafi regime to release them as well. I know the State Department continues to work on their behalf.

But again, today I am very grateful that James and the other journalists at least have been released, and I'm hopeful that they will soon be home with their families and friends.

I do have a short statement that I would like to read for the record.

This hearing will be our second hearing this year in what we hope will be an extremely active and constructive subcommittee agenda. We have two excellent witnesses this afternoon: Phil Gordon, the Assistant Secretary of State for Europe and Eurasia—we are delighted that you are here, Phil—and Paige Alexander, the Assistant Administrator for Europe and Eurasia, USAID. Very nice to have you here too, Paige. As you pointed out, this is your first opportunity to testify before the subcommittee. So thank you.

I am also very pleased that we have a new ranking member, Senator John Barrasso from Wyoming. Even though he is not able to be here today, I look forward to working closely with him.

I do want to recognize the many members of European foreign embassies who are here today. Thank you all for joining us.

Too often in today's media environment, we hear pundits decry the decline of the West or disparage the sustainability of the transatlantic partnership. I could not disagree more with those assessments.

There is no doubt that we are facing one of the most uncertain security environments in recent history, and it is true that the daunting challenges facing the United States and Europe have grown much more complex since the fall of the Soviet Union. There is no doubt that the developing world has taken on new significance to world events.

However, I think it is wrong to suggest that these shifting dynamics come at the expense of transatlantic influence. In fact, I would argue that this uncertain environment calls for an even stronger, more focused relationship across the Atlantic and more engagements with our allies, partners, and competitors throughout Europe and Eurasia.

Europe remains America's indispensable partner. We need Europe and Europe needs us. Nearly every challenge we face will require the U.S. and Europe to work hand in hand, whether we are navigating the global economic recovery or the ongoing Arab Spring. From climate change to the threats posed by Iran, international terrorism, or nuclear proliferation, America's close partnership and coordination with Europe remains fundamental to U.S. security interests across a wide spectrum of challenges.

Yesterday I had the opportunity to meet with Catherine Ashton, the EU's High Representative for Foreign Affairs, to discuss a wide range of security issues. I always appreciate the opportunity to hear her insights and perspective.

Next week, the President will make his eighth trip to Europe since his inauguration. He will travel to Ireland, the U.K., France, and Poland. The subcommittee looks forward to hearing some of the goals and objectives of this trip from our panelists today, as well as the administration's engagement strategy moving forward.

In addition, as the Congress has finally put fiscal year 2011 behind us, we will have a chance today to hear the administration's budget plans for FY 2012. In an extremely tight fiscal environment, we need to ensure that our plans and strategies for engaging Europe and Eurasia are meeting our security interests in an effective and efficient way, and I look forward to hearing from the administration on some of its creative ideas and strategies for doing more with less.

I do have a more extensive set of remarks that provides an outline of my views on the transatlantic agenda and lays out a brief summary of the subcommittee's interests for the 112th Congress. But in the interest of time, I will submit it for the record and go ahead and introduce our panelists.

Philip Gordon has served as Assistant Secretary of State for European and Eurasian Affairs at the State Department since May 2009 and is a friend of this subcommittee, testifying on a number of occasions in the last Congress. He previously served as Director for European Affairs at the National Security Council and was at The Brookings Institution.

Paige Alexander is the Assistant Administrator of the Bureau for Europe and Eurasia at the U.S. Agency for International Development. She has over 20 years' experience working in international development both here in D.C. and in the field.

We are happy to have you both here today and we look forward to your testimony, and I will ask you to begin, Mr. Gordon.

[The prepared statement of Senator Shaheen follows:]

PREPARED STATEMENT OF HON. JEANNE SHAHEEN,
U.S. SENATOR FROM NEW HAMPSHIRE

Good afternoon. Before we begin today, I wanted to share some initial good news.

Just hours ago, we received reports that journalist James Foley—a Rochester, New Hampshire native—has been released from his imprisonment in Libya. James had been covering the conflict in Libya for GlobalPost when he was captured and imprisoned in Tripoli in April.

It is a relief to know that his release has been secured. I remain hopeful that he will soon be reunited with family and friends, and I would urge any and all parties to assist James in making sure he gets home safe and sound.

I just spoke minutes ago with his mother, Dianne, who heard from her son earlier this morning. She said that James is excited to come home.

I am thankful to all those who have helped secure his release from Libyan captivity. Our State Department has been working tirelessly on this effort. Direct communication with Libya has been difficult, and the State Department has done great work through allies and intermediaries to secure the release of James and his colleagues.

I would also like to thank the Governments of Turkey and Hungary for all of the work they did on the ground in Tripoli to assist this effort. Your embassies and staff have been extremely helpful in getting us information and assistance.

There are still several U.S. citizens being held prisoner by the Government in Libya. I urge the Qaddafi regime to release them as well, and I know the State Department continues to work on their behalf.

But today I am grateful that James, at least, has been released and I remain hopeful that he will return home as soon and as safely as possible.

Today, the Senate Foreign Relations Subcommittee on European Affairs meets to discuss the state of transatlantic relations and to examine and assess the administration's priorities for Europe and Eurasia in the coming years. This hearing will be our second hearing this year in what we hope will be an extremely active and constructive subcommittee agenda.

We have an excellent panel of administration witnesses, including Phil Gordon, the Assistant Secretary of State for Europe and Eurasia, and Paige Alexander, the Assistant Administrator for Europe and Eurasia at USAID.

I am also very pleased to be joined by our new subcommittee ranking member, Senator John Barrasso from Wyoming. I have worked closely with Senator Barrasso on a number of issues in the Senate, and I am really looking forward to his leadership on this subcommittee.

I also want to recognize the many members of European foreign embassies here today. Thank you for joining us.

Too often in today's media environment, we hear pundits decry the decline of the West or disparage the sustainability of the transatlantic partnership. I could not disagree more with these inaccurate assessments.

There is no doubt that we are facing one of the most uncertain security environments in recent history. It is true that the daunting challenges facing the United States and Europe have grown much more complex since the fall of the Soviet Union, and there is no doubt that the developing world has taken on new significance to world events. However, it is wrong to suggest that these shifting dynamics come at the expense of transatlantic influence.

In fact, I would argue that this uncertain environment calls for an even stronger, more focused relationship across the Atlantic and more engagements with our allies, partners, and competitors throughout Europe and Eurasia.

Europe remains America's indispensable partner. We need Europe and Europe needs us. Nearly every challenge we face will require the United States and Europe to work hand in hand. Whether we are navigating the global economic recovery or the ongoing Arab Spring . . . From climate change to the threats posed by Iran, international terrorism, or nuclear proliferation . . . America's close partnership and coordination with Europe remains fundamental to U.S. security interests across a wide spectrum of challenges.

In addition, it would be wrong to underestimate the transatlantic influence in the international community. NATO still represents the most successful, most capable military alliance in the history of the world. Europe and the United States still make up more than 54 percent of world GDP and over 90 percent of global foreign exchange holdings. And, as the most open, transparent, and democratic societies in the world today, the United States and Europe still represent a model for citizens everywhere who support the rule of law and want their voices heard and their legitimate needs met.

Yesterday, I had the opportunity to meet with Catherine Ashton, the EU's High Representative for Foreign Affairs, to discuss a wide range of security issues. I always appreciate the opportunity to hear her insight and perspective. It is obvious from her travel and meeting schedule that she and the EU remain incredibly engaged on a number of pressing issues—including in Europe's own backyard.

Next week, the President will make his eighth trip to Europe since his inauguration. He will travel to Ireland, the United Kingdom, France, and Poland. He will also have the opportunity to meet with Russian President Medvedev on the sidelines of the G8 Summit in France. The subcommittee looks forward to hearing some of the goals and objectives of this trip, as well as the administration's engagement strategy moving forward.

In addition, as the Congress has finally put the fiscal year 2011 budget behind us, we will have a chance today to hear the administration's budget plans for FY12. In an extremely tight fiscal environment, we need to ensure that our plans and strategies for engaging Europe and Eurasia are meeting our security interests in an effective and efficient way. I look forward to hearing from the administration on some of its creative ideas and strategies for doing more with less.

Our discussion today will help provide a brief overview on a number of important transatlantic issues, including the ongoing debt crisis, next steps in United States-Russian relations, U.S. engagement in the Caucasus and Southeast Europe and any remaining obstacles to a Europe that is whole, free, and at peace.

I have an extensive set of remarks that provides an outline of my views on the transatlantic agenda and lays out a brief summary of the subcommittee's interests for the 112th Congress. In the interests of time, I will submit those remarks for the record and introduce our panelists.

Philip Gordon has served as Assistant Secretary of State for European and Eurasian Affairs at the State Department since May 2009 and is a friend of this subcommittee—testifying on a number of occasions in the last Congress. He previously served as Director for European Affairs at the National Security Council and for a long time at the Brookings Institution.

Paige Alexander is the Assistant Administrator of the Bureau for Europe and Eurasia at the U.S. Agency for International Development. She has over 20 years experience working in international development—both here in D.C. and in the field. This is the first time we have had her before the subcommittee. Welcome.

We are happy to have you both here today and look forward to your testimony.

EXTENDED REMARKS (FOR THE RECORD)

NATO

Despite the fall of the Soviet Union and the progress in forging a united Europe, NATO still remains fundamentally critical to transatlantic security interests around the globe. The alliance finds itself engaged in “out-of-area” military operations in Afghanistan and Libya, as well as taking on new challenges like missile defense, cyber security, energy security, piracy, counterterrorism, and proliferation.

At the Lisbon summit in November 2010, NATO adopted a new Strategic Concept for the alliance, which more fully defines NATO's role in today's world. In the coming year, NATO will also undertake a new Defense and Deterrence Posture Review, which will attempt to answer some difficult questions on the future structure of NATO's nuclear forces as well as its missile defense plans.

Some challenges remain for NATO as we move forward. The issue of burden-sharing remains a consistent area of concern for this subcommittee. Only three NATO countries met the defense spending targets of 2 percent of GDP in 2010. Declining European defense budgets could continue to undermine support and credibility for NATO and could lead to a two-tiered alliance.

NATO and the European Union must do more to work together on transatlantic security issues. NATO enlargement and its open-door policy, which has served the alliance so well for so long, is now unfortunately a contentious issue. In addition, NATO's proposed missile defense cooperation with Russia is an intriguing possibility, but the alliance should be under no illusion about the difficulty of this undertaking.

TRANSATLANTIC ECONOMY

The value of U.S. economic ties with Europe cannot be overstated. The numbers speak for themselves. Our economies represent over 800 million people, 54 percent of world GDP, 75 percent of global financial services, and over 66 percent of foreign direct investment movement around the globe. However, like any partnership that wants to maintain its leadership in a rapidly changing global environment, we need to adapt to meet shifting realities.

The ongoing financial and sovereign debt problems in Europe and sluggish recovery rates remain significant causes for concern on both sides of the Atlantic. We will need to work together and learn from each others' mistakes if we are to climb out of the economic and financial holes we find ourselves in.

We should be doing more to try to harmonize differences in regulatory policies across the Atlantic, which could lead to higher incomes, wages, exports and GDP in the United States and Europe. We should do a better job of utilizing cooperative efforts like the Transatlantic Economic Council (TEC) and incorporating high level buy-in from the U.S. Congress and the European Parliament. In addition, we need to do more to build a common approach to addressing third country markets, like India and China.

As we move forward, I think it will be important to have a U.S. Congress that is more fully engaged on the transatlantic economic agenda. We should be doing more to work together with the European Union and the European Parliament. In the coming year, we will explore new ways to utilize this subcommittee in order to develop ties between the U.S. Senate and these two important European institutions.

RUSSIA

The Obama administration's "reset" with Russia has been an attempt to move the relationship "from confrontation to cooperation." Russia and the United States continue to share a wide range of mutual interests, including nuclear nonproliferation, arms control, cooperation on Iran, counterterrorism, Afghanistan, antipiracy and trade.

The reset has led to some significant benefits for both countries, the region, and the world. The New START Treaty is perhaps the most high-profile success. Because of New START, the United States and Russia will have the fewest deployed warheads aimed at each other since the 1950s.

We have seen the successful implementation of the Northern Distribution Network into Afghanistan through Russia, which becomes even more important as United States-Pakistan relations remain complex. We have also seen Russian cooperation on the threat posed by Iran, and other less high-profile joint efforts, like science and technology, space travel and the International Space Station, nuclear security, counterterrorism, health initiatives, and human trafficking.

Despite all of this progress on areas of mutual interest, we need to remember that we disagree with the Russians on a number of critical security issues. The reset does not mean that we give up pressing the Russians on issues like the ongoing violation of Georgia's territorial integrity, the development of human rights, democratic freedoms and the rule of law, or NATO enlargement. The real test of the sustainability of the reset will come in the next several years as we work with Russia on more difficult and complex issues and as we continue to emphasize that progress will not come at the expense of U.S. relations with allies and partners around the globe.

CENTRAL AND EASTERN EUROPE

As relatively new, yet prominent members of NATO and the European Union, the majority of the countries of Central and Eastern Europe have made impressive and rapid transitions to democratic rule since they first shed the authoritarian control of the former Soviet Union.

Though a number of countries still struggle with corruption and rule of law issues, the countries in this region remain important allies for the United States. They were integral to the ratification of the New START Treaty, and they will be essential to any future missile defense plans. In addition, the impressive Visegrad-4 effort of Hungary, the Czech Republic, Slovakia, and Poland demonstrates that Central Europe is prepared to be a leader in engaging the region's eastern neighborhood. Finally, the unique experiences of this region in democratic transitions should provide some important lessons learned for the United States and our allies as we navigate the ongoing upheaval in the Middle East and North Africa.

Belarus

One of the major obstacles to a Europe that is whole, free, and at peace remains Belarus and its dictator Aleksandr Lukashenko. Following the highly disputed December elections, the repressive Lukashenko regime has once again revealed its true nature. Over the weekend, a Minsk court sentenced the runner-up in the Presidential elections to jail time for his role in the peaceful protests. Five Presidential candidates have been put on trial in connection with the demonstrations, and more than 20 opposition activists have been imprisoned. These convictions are politically motivated, and the United States and Europe should consider an expansion of sanctions against Belarus. This subcommittee stands behind the United States and Europe in calling for the release of all political prisoners immediately and without preconditions.

Ukraine

In its annual Freedom in the World report, Freedom House downgraded Ukraine from "Free" to "Partly Free" and warned of a country headed "down a path toward autocracy and kleptocracy." Key opposition figures are now under investigation, and the U.S. Embassy in Kiev has raised concerns about selective prosecution of corruption cases. Ukraine is too important a country to let slide down this path. The goals and objectives of the Orange Revolution remain unfulfilled. The United States needs to stay more fully engaged with the Government in Ukraine as well as its still-vibrant civil society if we are to strengthen Ukraine's democracy. America should press our EU partners to do the same.

Moldova

Moldova has made some impressive progress on democratic and political reform over the last few years. Vice President Biden's historic trip to the country in March

demonstrates the U.S. commitment to Moldova. The United States should continue to strongly support the government's reform agenda and assist the country in dealing with corruption and human trafficking within its borders.

TURKEY

Turkey remains a valuable NATO ally with a predominantly Muslim population in a dangerous and geopolitically strategic region of the world. How we define our relationship with Turkey over the next decade will have significant repercussions for our long-term interests abroad. The recent events throughout the Middle East and North Africa have increased Turkey's strategic importance as a center of power in this complex region.

Turkey has been a constructive and influential ally for the United States in Iraq, Afghanistan, Bosnia, and Libya. If the United States is to meet the challenges posed by Iran's nuclear program, the Middle East peace process, diversification of European energy resources, European missile defense, or ongoing disputes in Cyprus and in the Caucasus, America will need to have a constructive relationship with the Turkish people and its government.

We should maintain strong support for a deep and robust bilateral relationship with Turkey and its continued integration into Euro-Atlantic institutions. It is also important to recognize where we have had our differences. The Turkish-Israeli relationship—so critical to stability in the region—is not as robust as it should be. The United States and Turkey also do not share the same threat assessment with respect to the danger of Iran's nuclear program. Turkey's vote against a fourth round of sanctions on Iran in the U.N. Security Council raised additional concerns.

BALKANS

We've seen much progress in the Western Balkans, but we still have a lot of work to do if we are to fulfill the vision of a Southeast Europe fully integrated into the EU and NATO. It was only 15 years ago that the Dayton Peace Agreement brought an end to the war in Bosnia. Today, Slovenia is a thriving member of the European Union and NATO. Croatia, already a NATO member, is on the doorstep of EU membership. Montenegro has been recognized as a candidate for EU Membership. Serbia's current government has shown impressive leadership in anchoring Belgrade's future to the West. The trends are positive throughout the region, and many countries should be commended for their commitment to tackling political, economic, and military reforms.

Bosnia

Bosnia remains perhaps the most difficult challenge and a major obstacle to a Europe that is whole, free, and at peace. Despite the need for significant political and constitutional reforms, Bosnia's politicians continue to use fear and division as a tool for consolidating political power. The international community has made strong efforts to help Bosnia with political reforms, and the Euro-Atlantic community made an important commitment by offering a conditioned NATO Membership Action Plan. Since the October 2010 elections, however, we have seen little progress in Bosnia, and the country remains without a government. In recent weeks, unconstructive calls for a referendum in Republika Srpska have led to reports of the worst crisis since the Dayton agreement in 1995. If we want to keep Bosnia from falling behind, we will need creative new ideas and stronger regional support on an active political reform agenda.

Kosovo-Serbia

Another critical challenge for the region is the situation between Kosovo and Serbia. There is no question that the dream of a united Europe will not be realized without Serbia. To its great credit, the leadership in Belgrade has demonstrated their commitment to western institutions and has made EU membership its top foreign policy priority. Earlier this year, Kosovo and Serbia engaged in direct EU-brokered talks on technical issues. This is an important step, and both countries should be commended for the courageous decision. Such discussions will be necessary to eventually pave the way for a more creative, pragmatic, and sustainable solution that best protects and improves the lives of all ethnicities throughout the region. This is a critical opportunity for the people of Kosovo and Serbia to begin to turn the page on a troubled and divisive past and start a new chapter in their shared history.

CAUCASUS

As an important corridor for energy transit into Europe, the South Caucasus is an incredibly important geo-strategic region to American interests, and we should work to ensure deeper, more robust U.S. relations with Azerbaijan, Armenia, and Georgia. The region continues to struggle with the conflict over Nagorno Karabakh, and U.S. influence—under the auspices of the Minsk Group—will be key to a peaceful and sustainable resolution that turns the page on the violence of the past. In addition, the United States has an interest in helping the region to achieve a more free, transparent, and democratic environment, and we should deepen our support for media freedom and political reforms in these countries. Long-term peace and stability in this strategically important region is vital to American economic, security, and diplomatic interests.

Georgia

Georgia remains a critical U.S. ally in a tough and important neighborhood. It has been nearly 3 years since war broke out in South Ossetia and the Russian invasion, yet Russia still remains in violation of Georgia's territorial integrity. The United States should continue to strongly support Georgia's sovereignty and territorial integrity and to reject any claims of spheres of influence in the region. Georgia has made an impressive military commitment to the NATO fight in Afghanistan, and the United States should support a robust defense relationship with the country. In addition, it has made notable progress on rule of law issues and corruption. The United States will need to continue to help Georgia continue down the reform path if it is to strengthen its democracy, economy, and its vibrant civil society.

STATEMENT OF HON. PHILIP H. GORDON, ASSISTANT SECRETARY OF STATE FOR EUROPE AND EURASIAN AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Mr. GORDON. Thank you very much, Madam Chairman. It really is a pleasure to be back before this committee, and I look forward to the opportunity to talk about our priorities in Europe and Eurasia for the coming year.

Let me also begin by applauding the good news that you began with about the captured journalists' release and also to second our thanks to the governments of Hungary and Turkey who have both helped us on a number of occasions in Libya looking after our interests and working on freeing captive journalists. So we join you in thanking them very sincerely.

I have also submitted a longer testimony for the record. So with your permission, I will just make a few opening remarks on our priorities.

And I will begin by underscoring that our engagement with Europe really begins with the notion that the United States faces—and I think, Madam Chairman, you used this expression yourself—a daunting international agenda. And our view is we cannot possibly deal with that agenda alone. As we look to meet those challenges, we have no better partner than Europe where we work with democratic, prosperous, militarily capable allies who share our values and our interests.

To take just the most recent example in the case of Libya, it was to Europe and to NATO that the United States instinctively reached out to as a partner in this critical mission. As President Obama put it most recently, Europe is the “cornerstone of our engagement with the world.”

There are three basic objectives that stand out when we think about our relationship with Europe, very briefly.

The first is we work with Europe as a partner in meeting these global challenges. No matter what the issue is, whether it is the

war in Afghanistan, the Iranian nuclear challenge, or the most recent operation in Libya, Europe is a critical partner.

Second, we are still working with Europe on Europe, that is to say working to complete the historic project of helping to extend stability, security, prosperity, and democracy to the entire continent. Our work in promoting European integration is not done, and the effort continues in the Balkans, in Europe's east, and in the Caucasus.

Finally, we have sought to set relations with Russia on a more constructive course. Our goal has been to cooperate with Russia where we have common interests—and we have many—but not at the expense of our principles or our friends.

And I think looking back on the past 2 years, the first 2 of this administration, we can point to significant progress in each area.

When it comes to working with Europe on global challenges, we have pulled together, as never before, with our partners, and I will give you just a few specific examples. In Afghanistan, European nations now have almost 40,000 troops, and the total European financial contribution to Afghanistan since 2001 comes to \$14 billion.

On Iran, we have maintained unity in our efforts to engage and have, at the same time, seen the strongest-ever set of sanctions adopted by the U.N. Security Council and an even more robust set of follow-on sanctions adopted by the European Union.

On missile defense, NATO allies have decided to develop a missile defense capability that will provide full coverage and protection from ballistic missile threats for all NATO European territory, population, and forces.

Finally, in Libya, we consulted and cooperated very closely with our European allies to pass the U.N. Security Council resolutions 1970 and 1973, and then NATO took over enforcement of Resolution 1973 on March 31. Now Europe has over 7,000 personnel in Operation Unified Protector, over 200 aircraft, and 20 naval ships.

In the second area, extending the European zone of peace, prosperity, and democracy, we have had some important successes but, obviously, some important challenges remain.

In the Balkans, the United States—and I think I can say the European—view is that Europe will not be complete until all of the countries of the Western Balkans are full EU members. On all regional issues, including on the dialogue between Serbia and Kosovo, on the future of Bosnia, and on Croatia's path to the European Union, we have consulted closely with Europe.

In recent days, we stood together to oppose illegal measures taken by Republika Srpska that would undermine the Dayton Peace Agreement, which we believe must remain the framework for governance and the basis for reforms to enable Bosnia and Herzegovina to achieve its Euro-Atlantic aspirations.

Another recent example is Belarus where we had, with the European Union, a joint response to the recent arrests and sentencing of Presidential candidates and others, and together we made very clear that our relationship with Belarus cannot improve so long as the repression of civil society, opposition, and independent media continue.

In the Caucasus, our efforts with the European Union and the region have resulted in progress, but disputes over territory and in some cases the need for further political and economic reform remain serious obstacles. In Georgia, steadfast engagement and generous assistance have aided in transforming Georgia into an aspiring democracy and important partner to NATO in Afghanistan. Together we will maintain our support for Georgia's territorial integrity and sovereignty within its internationally recognized borders.

Finally, Madam Chairman, we believe that our reset with Russia has paid significant dividends. Challenges remain but we think the results already speak for themselves. We have concluded a new START treaty which will significantly reduce the number of nuclear weapons and launchers deployed by the United States and Russia, while also putting in place a strong verification regime.

We signed an agreement for the transit of troops and materiel across Russia that has allowed for more than 1,000 flights, carrying 170,000 U.S. military personnel en route to Afghanistan.

We have secured Russia's cooperation in dealing with Iran's and North Korea's nuclear programs.

And we have done all of this without compromising our principles—in particular, our steadfast commitment and respect for human values and human rights and the sovereignty and territorial integrity of all the nations of Europe.

Clearly there is much work that remains to be done on all of these issues and while none of them is easy, particularly at a time of budgetary austerity, I am confident that the partnership between the United States and Europe, which has achieved so much in the last 60 years, will continue to achieve great things in the years and decades to come.

Thank you very much.

[The prepared statement of Mr. Gordon follows:]

PREPARED STATEMENT OF ASSISTANT SECRETARY OF STATE PHILIP H. GORDON

Chairman Shaheen, Ranking Member Barrasso, members of the committee, watching the wave of democracy protests in the Arab world reminds us inevitably of the last time dictatorships across an entire region suddenly shook and collapsed under the weight of the people's desire for freedom. In 1989, Europe changed suddenly and immeasurably. Because of those events and because of the wise bipartisan policies in the years that followed, Europe, and our relationship with Europe, has changed vastly in the last 20 years. In those days, the major preoccupation in the transatlantic relationship was the defense of Europe against the Soviet threat. Today, Europe is almost fully democratic, largely unified, and is America's essential global partner. When the Libya crisis erupted, for example, we worked closely with our European allies to pass UNSCRs 1970 and 1973, and we looked to NATO to lead the effort to enforce the no-fly zone and arms embargo and to protect civilians.

Beyond Libya, the United States and Europe work together on an extraordinarily wide range of issues, from Afghanistan to Iran to the tumultuous events in North Africa and the Middle East. On both sides of the Atlantic we are working hard to recover from the worst financial crisis since The Great Depression. Because our economies are intertwined, and we are working together so closely on problems around the globe, policy decisions taken in Europe to address the Eurozone crisis will have an impact here in the United States. There is a common thread that runs through all our engagement with Europe: United States-European cooperation is and remains essential to achieving our strategic objectives.

Our engagement with Europe begins with the idea that the United States faces a daunting international agenda and that our ability to deal with it is immeasurably increased by working with strong allies and partners. In meeting these challenges, we have no better partner than Europe, where we work with democratic, pros-

perous, militarily capable allies who share our values and share our interests. In the words of President Obama, Europe is “the cornerstone of our engagement with the world.”

To help you understand the breadth and depth of that engagement, I’ll describe the strategic objectives that drive our approach toward Europe. Then, I’d like to offer you an assessment of our record over the past 2 years on these objectives.

When I think about this administration’s priorities in Europe, there are three basic objectives that stand out in our engagement with the continent:

1. First, we work with Europe as a partner in meeting global challenges. On every issue of global importance, Europe’s contributions are crucial to solving major international challenges. No matter what the issue is—from the war in Afghanistan, to the Iranian nuclear challenge, to the new operation in Libya—Europe is indispensable. We are vastly stronger—in terms of legitimacy, resources, and ideas—when we join forces with Europe on the global agenda.

2. Second, we are still working with Europe on Europe, that is to say working to complete the historic project of helping to extend stability, security, prosperity and democracy to the entire continent. The extraordinary success that the United States and Europe have had together in promoting European integration, in consolidating and supporting the new democracies in Central and Eastern Europe and integrating them into Euro-Atlantic institutions demonstrates the promise of this enterprise. But our work is not done. And so the effort continues in the Balkans, in Europe’s east, and in the Caucasus.

3. Finally, we have sought to set relations with Russia on a more constructive course. President Obama recognized that he had inherited a relationship that was in a difficult place and that this situation did not serve the interests of the United States. Therefore, our goal has been to cooperate with Russia where we have common interests, but not at the expense of our principles or our friends. As such, where we have concerns, such as on Russia’s human rights record, or on Georgia, we will continue to raise concerns with government and foster connections with civil society.

Looking back on the past 2 years, we can point to significant progress in each area.

First, we have worked together as never before with our European partners on global issues, including Afghanistan, Iran, missile defense, and the momentous developments in North Africa and the Middle East. Specifically:

- In Afghanistan, following the President’s West Point speech in November 2009, Europe contributed about 7,000 additional troops, over 100 training teams for the Afghan Army and police, and nearly \$300 million for the Afghan National Army trust fund. European nations now have almost 40,000 troops in Afghanistan and the total European contribution to Afghanistan since 2001 comes to over \$14 billion.
- On Iran, we maintained unity in our efforts to engage, and we have at the same time seen the strongest-ever set of sanctions adopted by the U.N. Security Council and an even more robust set of follow-on sanctions adopted by the European Union. These additional measures taken by the EU cover a variety of areas critical to the regime including trade, finance, banking and insurance, transport, and the gas and oil sectors, in addition to new visa bans and asset freezes. These steps have raised the price of Iran’s failure to meet its obligations and we hope will serve to bring them back to the negotiating table.
- On Missile Defense, NATO allies recognized at the Lisbon summit in November 2010 that the defense of Europe can no longer be achieved just by tanks or bombers. Now, we need defenses against a new and grave set of threats, in particular ballistic missiles in the hands of dangerous regimes. Our aim as an alliance is to develop a missile defense capability that will provide full coverage and protection from ballistic missile threats for all NATO European territory, populations, and forces. This capability will be a tangible expression of NATO’s core mission of collective defense. At the summit, allies also welcomed the U.S. missile defense system in Europe, known as the European Phased Adaptive Approach, as a valuable national contribution to the overall effort, and we hope to see additional voluntary contributions from other allies. We are now exploring further ways to cooperate with Russia on missile defense, without in any way prejudicing NATO’s ability to independently defend its territory from missile threats.
- In Libya, we consulted and cooperated closely with our European allies to pass UNSCRs 1970 and 1973, which levied sanctions against the Qadhafi regime, established a no-fly zone over Libya, and gave us the authority to protect Libyan civilians from the regime’s attacks. NATO took over enforcement of UNSCR 1973 on March 31 and now has over 7,000 personnel in Operation Unified Pro-

tor, over 200 aircraft and 20 ships. OUP has maintained a consistently high operational tempo across a vast country. NATO has flown over 6,000 sorties—almost half of them strike sorties—and hit hundreds of critical targets. And this is primarily a European operation. Over 60 percent of the aircraft come from our allies and our partners, including from the region. All 20 naval ships are contributed by Canada and European allies.

In the second area, extending the European zone of peace, prosperity, and democracy, we have had some important successes, but equally important challenges remain. As I said at the outset, the work of “completing” Europe is not finished. What I think is most notable about our current efforts under the Obama administration is how closely—as part of a deliberate strategy—we are working together with Europe to achieve this goal.

Take, for instance, Ukraine, Belarus, Moldova, Georgia, Azerbaijan, and Armenia. These are the countries of the EU’s Eastern Partnership, an initiative that the United States strongly supports and works with to advance democracy, stability, and security in this part of the world. We share with our European counterparts a similar approach to these countries because of our common goals. As the situation has deteriorated in Belarus, including with the conviction of former Presidential candidate Sannikov, we have coordinated very closely with the EU including on possible additional sanctions.

The same can be said of the Balkans: the U.S. and European view is that Europe will not be complete until all of the countries of the Western Balkans are full EU members. On the dialogue between Serbia and Kosovo, on the future of Bosnia, on Croatia’s path to the EU, we have consulted closely with Europe. We also welcomed Albania and Croatia into NATO, extended Membership Action Plans to Bosnia and Montenegro, and Macedonia will join once the dispute over its name is resolved. This degree of accord on the Balkans is the foundation of our success—we work together every step of the way. The intensive joint diplomacy of recent months has shown how closely our visions are aligned, something which is essential for progress in the region.

U.S. and European unity is particularly critical in Bosnia, where nationalist politicians are irresponsibly challenging the very core of the Dayton Accords and threatening the functioning and integrity of the Bosnian state. Bosnian leaders are often privileging their own interests above their populations. Bosnia cannot take its rightful place in Europe unless it has a state functional enough to meet NATO and EU accession requirements. We are, together with our European allies, committed to helping Bosnia meet those requirements.

Another example of the decisive impact that United States-European cooperation can have in the region is our joint response to events in Belarus. The Government of Belarus’s crackdown on civil society and the opposition following the flawed election in December has been sharply condemned on both sides of the Atlantic. We have made very clear that our relationship with Belarus cannot improve in the context of continued repression of civil society, the opposition, and independent media. The United States and the EU have called for the immediate and unconditional release of all detainees and an end to the continue human rights violations against critics of the government. We consider the five Presidential candidates and other democratic activists who are being tried after being arrested in conjunction with the December 19 Presidential election to be political prisoners; the latest convictions and ongoing trials are clearly politically motivated. Both we and Europe have targeted measures against those officials responsible for the crackdown even as we and Europe support the aspirations of the people of Belarus for a modern open society. To that end, the United States is providing an additional \$4 million in democracy-related assistance to help Belarusians create space for the free expression of political views, the development of a civil society, freedom of the media, and empowerment of independent entrepreneurs. Both we and Europe want a better, more productive relationship with Belarus; unfortunately, the country’s leadership is following a policy that will only further isolate Belarus and its people.

Turning to the Caucasus, our joint efforts with the European Union and other international partners in the region have resulted in progress, but disputes over territory and a need for further meaningful political and economic reforms remain serious obstacles to greater stability. In Georgia, our steadfast engagement and generous assistance have aided in transforming Georgia into an aspiring democracy and important partner to NATO in Afghanistan. Together with our European partners, we will maintain our support for Georgia’s territorial integrity and sovereignty within its internationally recognized borders and will continue to support international efforts to find a peaceful resolution to the dispute over Abkhazia and South Ossetia. Elsewhere in the region, we will continue to press for democratic reforms and an opening of the political space such that human rights and fundamental freedoms are

fully respected, to encourage normalization between Turkey and Armenia, and to increase our engagement through the Minsk Group with Russia and France to help Armenia and Azerbaijan find a peaceful settlement to the Nagorno-Karabakh conflict. In that regard, we strongly believe that the time has come to finalize and endorse the Basic Principles and move to the drafting of a peace agreement. We believe that the United States and Europe must work together to avoid further conflict in Europe and help the countries in the region move toward democracy, peace, and greater prosperity.

Our foreign assistance investments remain an important instrument in advancing the European zone of peace, prosperity, and democracy. There have been reductions to the region's assistance budget in the administration's FY 2012 request. They are the result of the achievement of some assistance goals in the region and of the particularly difficult budget climate in which we find ourselves. In future decisions on resource allocations, we will continue to take account of vital long-term U.S. interests in this region.

Finally, what has arguably been the most challenging part of our European agenda—our reset with Russia—has paid significant dividends. Challenges remain. However, we can now say that our engagement with Russia can help with America's security and our global priorities. The results speak for themselves:

- Most significantly, we have concluded a New START treaty and following the recent approval by both Congress and the Russian State Duma, it has entered into force. The agreement is the most comprehensive arms control agreement in nearly two decades and significantly reduces the number of nuclear weapons and launchers deployed by the United States and Russia while also putting in place a strong verification regime.
- We signed an agreement for the transit of troops and materiel across Russia in support of efforts in Afghanistan. Under our bilateral agreements, more than 1,100 flights carrying over 170,000 U.S. military personnel have transited Russia en route to Afghanistan. Under a NATO-Russia agreement, nearly 27,000 containers have transited Russia for use in Afghanistan. At this time, 50 percent of U.S. sustainment cargo for Afghanistan goes through the Northern Distribution Network and 60 percent of supplies transiting that network go through Russia. This is a significant benefit for the United States.
- We have secured cooperation with Russia on Iran and North Korea's nuclear programs, both in terms of U.N. Security Council Resolutions 1929 and 1874 respectively, and Russia's decision to cancel a contract for the delivery of the S-300 air defense system to Iran.

We have done all of this without compromising our principles—in particular our steadfast commitment to respect for universal values, the sovereignty, and territorial integrity of all of the nations of Europe. We firmly believe that the security and prosperity of Europe also rests in adhering to commitments to advance human rights and democracy. Where human rights problems exist, we will continue to speak out and strongly support the rights of Russian citizens and others throughout the region to peacefully exercise freedom of expression and assembly as guaranteed under the constitution and enshrined in the U.N. Universal Declaration of Human Rights and the Helsinki accords.

And thanks to the work of the Bilateral Presidential Commission and its 18 working groups, our engagement with Russian society is paying important dividends as well. Polling now indicates 60 percent of Russians have a positive view of the United States, a figure not seen in nearly a decade.

This brief overview of the U.S. agenda with Europe demonstrates that we work together closely with Europe on nearly every major issue, both internationally and within Europe. Whether the issue is promoting democracy in Europe's east or south, advancing energy security for the whole continent, or contributing to the NATO effort to secure Afghanistan, the energy, ideas, and commitment of Europe is something we look to and rely upon in pursuing our common goals.

As you can see, our transatlantic partners have been very busy. But appropriately so—we have an extremely full United States-Europe agenda because we have so many pressing challenges in the world today, and close transatlantic cooperation is the indispensable starting point in addressing all of them.

There is much work to be done to translate this agenda into concrete steps toward the security and prosperity of both Europe and the United States. This is not easy, particularly at a time of budgetary austerity all across the industrialized world. We will have to adapt creatively to this new reality by finding ways to make our collective defense spending smarter and more efficient. We will need to reform NATO and streamline its operations, as we and our NATO allies pledged in the recent NATO Strategic Concept. We will have to find ways to advance NATO-EU cooperation so

that the full resources of both institutions can be harnessed most effectively. We must continue to build on the momentum of the OSCE Astana summit last December to reinvigorate efforts to ensure comprehensive security in Europe. We have to create a more seamless and market-based flow of energy into Europe and within Europe. If we can do these things, I am confident that the partnership between the United States and Europe—which has achieved so much in the last 60 years—will achieve even greater things in the decades to come.

With that, I look forward to your questions.

Senator SHAHEEN. Ms. Alexander.

STATEMENT OF HON. PAIGE E. ALEXANDER, ASSISTANT ADMINISTRATOR FOR EUROPE AND EURASIA, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, DC

Ms. ALEXANDER. Chairwoman Shaheen, thank you for inviting me to appear before you today. I appreciate the opportunity to discuss USAID's development priorities in Europe and Eurasia as we aim to achieve a Europe that is whole, free, and at peace.

The President has requested just under \$535 million for fiscal year 2012 to build upon the momentum for reform, seek to entrench the stability, and address key challenges that inhibit the full democratic and economic transitions in the region.

We have five primary goals in Europe and Eurasia.

First, we seek to address the most difficult challenges to democracy and human rights. As Phil has mentioned, the recent example of the government crackdown in Belarus on independent parties, civic groups, and media.

Second, AID's programs aim to enhance stability in the Caucasus through assistance for economic growth and democracy. In Georgia, our priority is to build on post-conflict gains by assisting the reform-minded administration to entrench democratic, economic, and social reforms.

Third, we are assisting countries in South Central Europe to reach their goal of Euro-Atlantic integration by improving economic opportunities, strengthening viable democratic institutions and accountable governance, and promoting tolerance and reconciliation.

Fourth, we are promoting new cooperation with Russia to address development challenges, such as our joint efforts to eradicate polio, while continuing to support the development of a more robust and resilient civil society, the strengthening of democratic institutions and processes, and the protection and promotion of human rights.

Finally, USAID programs are promoting democratic and economic reform in Ukraine and supporting Moldova's progress toward European integration by strengthening democratic institutions and promoting economic growth.

Twenty years of USAID engagement in Europe and Eurasia have produced sustainable democratic and economic transitions in 11 out of the 24 countries where assistance originally was received. Seventeen countries have joined WTO, 10 have acceded to the EU, and 12 have joined NATO. Once our opponents in the cold war, the former Eastern Bloc countries that have graduated from USAID assistance, are now among the strongest supporters of U.S. foreign policy objectives.

USAID ensures that Europe's poorest citizens have the tools to thrive. By strengthening civil society and increasing government

accountability, defending universal values, enhancing energy independence and security, our programs have helped to promote broad-based economic growth to create the American markets of tomorrow.

The U.S. assistance helps to prevent the spread of HIV/AIDS in the only region in the world where the prevalence is increasing.

We seek to uphold universal values in a region that still counts some of the world's least democratic states as its members and promotes economic growth in all countries like Kosovo where unemployment rates among youth reach over 50 percent and where 30 percent of the population lives below the poverty line.

We are confident that the resources the United States invests in this region will continue to provide a strong return on that investment and help to achieve our core policy objectives. By building sustainable partnerships and addressing key development challenges, U.S. assistance prevents instability and fosters emerging markets in this region.

Recognizing the tight budget environment, success in key areas, and a need to fund other global priorities, the President's budget proposes a significant savings from the Europe and Eurasia region. AID will work with increased efficiency and creativity to address these key challenges and advance democratic and economic transitions in this region.

AID is fundamentally transforming the way that we work by strategically realigning Foreign Service officer positions, empowering local staff, increasing reliance on cost-effective D.C.-based staff, restructuring our field presence, and ending AID funding assistance programs in Montenegro, a middle-income country that is on a sustainable path to becoming a fully democratic, market-based economy.

Through USAID Forward reforms, we are redoubling our efforts to increase donor coordination, enhance sustainability through local partnerships and capacity-building, and use science and technology to leapfrog global development challenges. After 20 years in this region, we can share lessons learned from our experiences with transitions, better utilize our talented human resources, and better measure our progress along the development continuum.

To further improve efficiency and effectiveness to meet continuing challenges, we are leveraging funding to maximize the impact achieved with every American tax dollar spent in Europe and Eurasia. We are partnering with international donors, host countries, and the private sector to amplify our results and achieve positive development outcomes.

Each of these partnerships with local institutions builds sustainability so that our assistance continues to achieve results beyond our presence. It improves the effectiveness of our programs and it enhances the endurance of these alliances.

I look forward to working with you as we transform the way that we work to advance U.S. interests by meeting the 21st century development challenges and building strong partnerships for the future with stable, sustainable, market-oriented democracies in Europe and Eurasia.

Thank you for your leadership in making sure that Europe remains fully engaged on Europe.

And I welcome any questions from the committee.
[The prepared statement of Ms. Alexander follows:]

PREPARED STATEMENT OF ASSISTANT ADMINISTRATOR PAIGE E. ALEXANDER

Chairwoman Shaheen, Senator Barrasso, and members of the subcommittee, thank you for inviting me to appear before you today. I appreciate the opportunity to discuss USAID's priorities in Europe and Eurasia, our successes, and the region's persistent development challenges in a period of declining U.S. assistance resources.

The President's fiscal year 2012 budget request for Europe and Eurasia builds on momentum for reform, seeks to entrench stability, and addresses key challenges that inhibit the full democratic and economic transitions of the region. To accomplish these objectives, the President's request includes \$513.9 million for Assistance to Europe, Eurasia, and Central Asia; \$14.5 million for Global Health and Child Survival (USAID); and \$6 million for the Economic Support Fund.

Our primary goals are to:

- Address the most difficult challenges to democracy and human rights—for example, the recent government crackdown on independent political parties, civic groups, and media in Belarus. With the \$4 million U.S. Government pledge at the Warsaw donors' conference in February 2011, we will increase support to Belarusian civil society leaders, democratic activists, human rights defenders, independent media, and entrepreneurs to promote a freer, more open, and pluralistic society.
- Enhance stability in the Caucasus through assistance for economic growth and democracy. In Georgia, our priority is to build on post-conflict gains by assisting the reform-minded administration to entrench economic and social reforms and to promote further political liberalization and democratic consolidation. Our assistance has gone to internally displaced persons (IDPs) and families and prevented a new wave of IDPs, improved education and health care in rural and urban centers, improved transparency in media ownership, improved electoral processes, and enhanced energy security.
- Help countries in South Central Europe reach their goal of Euro-Atlantic integration, by improving economic opportunities, strengthening viable democratic institutions and accountable governance, and promoting tolerance and reconciliation.
- Promote new cooperation with Russia to address challenges that pose a global threat, such as our joint efforts to eradicate polio, while continuing to support the development of a more robust and resilient civil society, the strengthening of democratic institutions and processes, and the protection and promotion of human rights.
- Promote democratic and economic reform in Ukraine.
- And support Moldova's progress toward European integration.

We are confident that the resources the United States invests in this region will continue to provide a strong return on investment and help achieve our core policy objectives.

Twenty years of USAID engagement in Europe and Eurasia have produced sustainable democratic and economic transitions in 11 of the 24 countries that originally received our assistance. Seventeen countries have joined the World Trade Organization; 10 have acceded to the European Union; and 12 have joined the North Atlantic Treaty Organization. Once our opponents in the cold war, the former Eastern Bloc states that have graduated from USAID assistance are now among the strongest supporters of U.S. foreign policy objectives.

Our experiences, successes, and lessons learned through the social, political, and economic transitions of European and Eurasian countries are particularly relevant as the Middle East faces democratic transitions of its own. We have learned that these transitions are neither quick nor smooth—they require time and continued commitment. Democracy cannot be created overnight nor can democratic principles become adopted throughout the region in just a few years.

In Europe and Eurasia, we are advancing these transitions by actively building sustainable partnerships and addressing key challenges that further U.S. national security and economic interests. USAID assistance prevents instability and fosters emerging markets. We have seen that the ability of other countries to weather global economic crises directly affects U.S. economic stability in a globalized market.

An authoritarian regime that does not enjoy democratic legitimacy is ultimately prone to instability and political upheaval. An individual carrying multidrug resistant TB has the potential to infect Americans both here and abroad. High unemployment

ment, sharp ethnic divisions, frozen conflicts, and spreading epidemics pose significant development challenges in Europe and Eurasia.

Assistance from the American people combats the spread of HIV and AIDS in the Europe and Eurasia region, the only region in the world where HIV prevalence is increasing—with an estimated 130,000 new cases in 2009 alone.

Assistance from the American people advances government accountability, confronts democratic backsliding, and upholds universal rights in a region that still counts some of the world's least democratic states as its members.

Assistance from the American people supports human rights activists and strengthens civil society to defend those who peacefully advocate for increased liberties and accountability. This support is still vitally needed. The case of Natalya Estemirova, a journalist who was abducted and killed while reporting on human rights in the North Caucasus, shows why.

Assistance from the American people promotes entrepreneurship and helps to combat poverty, critical factors in countries such as Kosovo, where unemployment rates among youth reach over 50 percent and where 30 percent of the population lives below the poverty line, thereby threatening stability in the region.

Assistance from the American people seeks to protect victims of human trafficking in the region of the world where it is growing the fastest, indeed where an estimated 175,000 to 500,000 people are trafficked annually.

USAID ensures that Europe's poorest citizens have the tools to maintain social and economic stability and stem global disease threats through core investments in health and education.

USAID works to bolster government accountability by strengthening civil society, supporting free and independent media, increasing transparency, and defending universal values.

USAID enhances global energy independence and security by diversifying resources and fostering new distribution networks to link markets together.

USAID assistance is aimed at creating the American markets of tomorrow by building local entrepreneurship and innovation and strengthening rule of law, public institutions, and investment environments.

Recognizing the tight budget environment, successes in key areas, and a need to fund other global priorities, the President's budget proposes significant savings from the Europe and Eurasia region. Compared to FY 2010 enacted levels, the request reduces funding for Europe and Eurasia by \$97 million (16 percent) for AEECA and \$27 million (82 percent) for the Economic Support Fund.

We will work with increased efficiency and creativity to address these key challenges and advance the democratic and economic transitions of the region. We are fundamentally transforming the way that we work by strategically realigning our Foreign Service officer positions, empowering local staff, increasing reliance on cost-effective D.C.-based staff, and restructuring our field presence.

By the end of FY 2012, we will reduce our permanent American Foreign Service officer positions in the region by roughly 25 percent.

By FY 2012, we will move to a model endorsed in the Quadrennial Diplomacy and Development Review that will utilize USAID technical expertise on a regional basis.

By FY 2012, we will end USAID funding for assistance programs to Montenegro—a middle-income country that is on a sustainable path to becoming a fully democratic, market-based economy. While USG funding will continue to address remaining issues primarily in the area of rule of law, ending USAID's presence in Montenegro will allow us to focus on other global priorities. Eleven countries in Central and Eastern Europe have already graduated entirely from U.S. nonsecurity assistance. The administration will look at the possibility of further phaseouts consistent with the needs of recipient countries in the region, the advancement of U.S. interests, and the availability of resources.

Through the USAID Forward reforms, we are redoubling our efforts to increase donor coordination, enhance sustainability through local capacity building, use science to leapfrog global development challenges, share lessons learned from our experiences with transitions, better utilize our talented human resources, and better measure our progress along the development continuum.

To improve our efficiency and effectiveness further in meeting these challenges, we are leveraging funding to maximize the impact achieved with every American taxpayer dollar spent in Europe and Eurasia. We are partnering with international donors, host countries, and the private sector to amplify our results and achieve positive development outcomes.

In Bosnia-Herzegovina, USAID has leveraged over \$60 million of additional funding from other international donors, including the launch of the first ever jointly funded Development Credit Authority loan guarantee program, which generated \$40

million to spur local entrepreneurship by combining capital with the Swedish International Development Agency.

In Azerbaijan, USAID has nearly doubled the size of its economic growth programs through host government cofinancing.

Throughout the region, USAID has leveraged over \$350 million from the private sector through Global Development Alliances.

With congressional support, USAID has financed 10 enterprise funds, covering 18 countries, which have leveraged over \$9 billion in additional financing to strengthen private sector growth. Profits from these funds have been reinvested in the target countries to propel economic development further, and these funds have already returned a total of \$180 million to American taxpayers through the U.S. Treasury.

We are also working to forge new partnerships with emerging donors to overcome development challenges across the globe. For instance, Administrator Shah signed a Protocol to cooperate on the global eradication of polio, which brings together Russian and American experts to work side by side in third countries to rid the world of this disease once and for all.

Each of these partnerships with local institutions builds sustainability so that our assistance continues to achieve results beyond our presence, improves the effectiveness of our programs, and enhances the endurance of our alliances.

I look forward to working with you as we transform the way that we work to advance U.S. interests by meeting 21st century development challenges to build a strong base of partnerships for the future with stable and sustainable market-oriented democracies of Europe and Eurasia.

Thank you and I would welcome any questions from the committee.

Senator SHAHEEN. Thank you both very much.

I want to talk broadly about some of the economic issues in Europe, but before I do that, we got a report today that Georgian civilians have been wounded by gunfire along the South Ossetia Administrative Boundary line, and it would be the first incident since March 2009.

Last week, Senator Lindsay Graham and I introduced a resolution supporting the territorial integrity of Georgia and calling on the Government of Russia to fulfill its cease-fire agreement and return its military forces to prewar positions.

Can you tell us what you know about this incident and what more we can do to emphasize the need for monitoring missions on the ground and how we can continue to work to address the territorial integrity of Georgia?

Mr. GORDON. Thank you for raising what is, indeed, an issue of great concern to us.

I do not have all of the details on the incident and so prefer not to focus on the specifics, but rather to take the opportunity to say that it is precisely this sort of incident that happened today that underscores why we are so concerned about the unresolved situation in Georgia.

You are right to underscore in your resolution and just now Russia's lack of full compliance with the 2008 cease-fire. As you know, our strong view, like that of pretty much every country in the world, with a very tiny number of exceptions, is to recognize Georgia's sovereignty and territorial integrity.

And the Russian military presence there, about which the Russians are not fully transparent, is a problem, and it can lead to just the sort of incident that you mentioned, as can the lack of international observation, which is something we have pushed for for a long time. It existed prior to the August 2008 war and now no longer do you have U.N. and OSCE observers on the ground which leads to questions. And frankly, again without getting into the

details of today's events, we may never know precisely because we do not have full transparency.

In the undisputed parts of Georgia, the European Union has a monitoring mission. So we know very well what is going on in undisputed Georgia. In the rest of Georgia, we have very little idea, and that is a problem and it leads to the sort of thing that we saw today.

So we are very focused on this issue. As you know, I regularly lead our delegation to the Geneva talks which are focused on this. We have made some progress in those talks in the incident prevention and response mechanisms but, frankly, not enough. And we are going to remain focused on that because we really need to see Russia fully implement all of the points in the 2008 cease-fire and then start tackling the broader and more fundamental point of Georgia's sovereignty and territorial integrity.

Senator SHAHEEN. Thank you.

As I said, I really wanted to start with something that we do not have a lot of leverage over and that is the ongoing debt crisis in Europe. It has been pushed off the front pages because of what has happened across the Middle East and Libya recently. But I assume that this is going to be a major topic of conversation at the G8 during the President's upcoming visit. I wonder, Mr. Gordon, what your thoughts are about how this is affecting Europe's focus on other issues.

Mr. GORDON. Thank you, Madam Chairman, again, a very important issue and one we are following very closely and, yes, no doubt, will be addressed by the President not just at the G8, but of course, he starts in Ireland, which has been one of the countries most touched by the debt crisis and it will no doubt come up there as well.

It is, of course, primarily an issue for the Europeans, for the European Union, for the European Central Bank, and for the IMF. And so in that sense, there is not a direct American role. But as you suggest, the importance of our trade and investment relationship with Europe, which creates millions of jobs in the United States and opportunities, and the importance of Europe for the global economy makes this a profound interest of the United States.

Our Treasury is in very close touch with counterparts in Europe, even while acknowledging that this is primarily an issue for the European institutions and the IMF.

The one thing I would say is that we are impressed with the way that a number of these governments are handling what is a very difficult situation. I mentioned Ireland, Portugal, Greece. All of these governments have recognized the need for reforms, the need for very tough austerity measures, and I think we can say they have been quite courageous in addressing these, and that is the deal on which further money has been lent to them. They would acknowledge the need for reforms, undertake those reforms, including structural reforms, and the European Union's Central Bank and IMF would provide additional financing. And we support those efforts and will continue to follow it closely because we have such a stake in the outcome.

Senator SHAHEEN. So perhaps they could model what we need to do here.

Mr. GORDON. I will leave that without comment.

Senator SHAHEEN. Yes. You do not need to comment.

But that is a segue into what I referred to in my opening comments about the extent to which the fiscal crisis we are having in the United States drives what our spending looks like and our budget priorities. You both referred to this somewhat, but could you talk about how the administration views Europe within the prioritization of all of the challenges around the globe and how we see the budget unfolding and what that means for our commitments in Europe?

Mr. GORDON. Paige will want to talk about the assistance part of that ledger, but maybe I can say two brief things about it first.

I failed to answer the part of your question on the European debt crisis about the degree to which that might be affecting their role in the world and their cooperation with us. But I wanted to because I think it is important to note that despite their economic challenges, we have actually not seen a dropping off in their willingness to engage and be the global partner that I began by saying we need. And I think that is true across the board.

There is, no doubt, belt-tightening going on and it is even more difficult than it was before to come up with the troops and money for the challenges we face together. But in Afghanistan, we have seen no dropoff on their willingness to commit to the common strategy that we are implementing. I mentioned the 40,000 troops that they continue to maintain. We are very closely in touch through NATO on the process of transition that we have agreed on starting this summer, and we expect by 2014 leading to Afghan lead authority throughout the country. But that is going to be a process that will depend on conditions on the ground, and we are going to have to uphold our commitments in the meantime.

And we have not seen the economic crisis really diminish Europe's willingness to do that, which is very important to us, nor has it limited their willingness to engage and continue to do what we are doing together in Libya which is something none of us had been able to plan for or budget but all of us felt was something that was absolutely necessary for our values and our interests. And as you know, Europeans have actually taken the lead in that effort and have provided the bulk of the effort to enforce the no-fly zone, enforce the arms embargo, and are leading in terms of strike assets, as well, on the military side. And there, too, we know how difficult it is for them, but we know that we all signed up for this common endeavor, and as hard as it is for all of us on the financial side, we know we have these important priorities and we have to stand by what we are committed to.

Senator SHAHEEN. Thank you.

Ms. Alexander, do you want to speak to that?

Ms. ALEXANDER. Thank you, Chairwoman Shaheen.

We are studying ways to work efficiently and effectively to meet the remaining challenges in this region. I think, as I previously mentioned, looking at different indicators and analysis, we decided that USAID assistance to Montenegro is no longer necessary. It does not mean that there are not going to be assistance programs

in Montenegro, but from AID's perspective, we have had to look at the budget decline and decide where we want to focus our efforts. I think there are persistent challenges and, in the places that we are in now, we have to address them, like MDR/XDR TB and some of the health care programs, we will continue to do that work.

Senator SHAHEEN. Why do you not explain what MDR/XTR TB is?

Ms. ALEXANDER. Sure. Multi-drug-resistant TB is a dangerous, hard to treat strain of the disease. Baku, Azerbaijan, has the highest level of multidrug resistant TB in the world. And so there are areas that we are having to look at where we can afford to make a difference at this point.

But more importantly, we have found a lot of good partners in Europe, both as Phil mentioned on the global stage for policy, and for the exercise of political will for reform in Georgia, for example. I was just there last week and met with the President and with nonprofit leaders, and you can see that there is a real will among the administration to find ways to work successfully on legal and economic reforms and regulatory reforms. And so in places like that, we are able to leverage that assistance where there is political will.

Also in Bosnia, with the European Union and with other donors who are very active, we found ways to leverage \$60 million for one of our government accountability programs. And those are the type of indicators that we look at before USAID decides if we are ready to move on.

Senator SHAHEEN. Thank you.

Do you want to expand a little bit more on the comments you made in your opening statement about doing more with less? I mean, you talked just now about the ability to leverage other programs. Can you give us some examples of programs that you feel have been particularly effective or ways in which you have been able to do better with the resources that you have available?

Ms. ALEXANDER. Sure, I would be happy to.

In this region, we have leveraged over \$350 million in global development alliances and public/private partnerships, and those are the places where you see the European market opening up and you see Americans interested in being involved. In that respect, USAID has spent a lot of time with our public/private partnership activities. So we have been able to do more. In Azerbaijan, for example, our economic growth portfolio is probably twice the size of the amount that is actually given to us each year because we have agreements with the Government of Azerbaijan. We have agreements with the private sector and other donors.

In Bosnia, we have a development credit authority lending program that, for the first time ever, we have had other donors put money into, so that USAID is managing funds from Sweden to be able to do additional programming there.

And so when you have spent this much time in a region and you have the ability to have the embassies on the ground and the AID missions, you can design programs that are attractive not only for U.S. Government funding but for other funders to come in and pick it up. And that is where we are trying to focus our efforts right now, as well as working with graduated countries, for example

with the Poles, to talk to them about how we can work together more successfully in other countries as a part of the Eastern Partnership Initiative. So those areas are where we are trying to make the linkages.

Senator SHAHEEN. Thank you.

Mr. Gordon, one of the things that I heard last year in traveling through the Balkans was concern from some of the countries in the Western Balkans who were looking toward the West and hoping to join the EU, that they were getting concerns about enlargement fatigue from the EU, from NATO. I wonder if we have also gotten those concerns from our European allies, and if so, are there ways in which we can help address that? As you both point out, as we look at developing a Europe that is whole and free and at peace, clearly making sure we incorporate those countries in the Balkans as we look at the Caucasus and other parts of Europe, it is an unfinished agenda. So how can we avoid people being left out because of that fatigue?

Mr. GORDON. Indeed. We have long believed, as I said in my opening remarks, that Europe will not be complete until these countries are in Euro-Atlantic institutions. That applies to the European Union and NATO. Obviously, we are only a member of one of those organizations, and where that is concerned, NATO's open door is a core principle. Countries that are interested in joining and meet the criteria should be allowed in.

We think the same about the European Union. Your perception, I think, is right. There is a feeling or a fear in the region that the door is closing, that the European Union has already taken in a number of countries in the past decade, and publics, especially in a time of economic austerity, are more skeptical about more.

But we think the European Union and its leadership is committed to this process. They do have strict criteria and so it is a two-way street. The EU needs to be consistent with its pledge to keep that door open for the countries that meet the criteria, but the countries who are applying have to do certain things as well. And both sides need to live up to those principles.

There are countries making progress on the path to European Union membership that we would like to see cross the finish line. We believe Croatia is very close and is in the final stages of what should be an accession, and it would be a very positive signal to the region to see a country like Croatia that has come so far over the past decade-15 years demonstrate to its neighbors that when you do meet the criteria, you are allowed in.

Again, we think that historically the incentive of joining the European Union has been one of the most powerful tools for democratization and economic liberalization that exists. And that is why the door needs to remain open so that other countries in the region, Serbia, Kosovo, Bosnia-Herzegovina, Montenegro, Albania, all of them, see that if they make peace with their neighbors, reform their economies and maintain open and transparent democracies that they too will one day gain the benefits of European integration, and we strongly support that process.

Senator SHAHEEN. Well, you mentioned Serbia. Obviously, that raises a question about Kosovo and relations between Serbia and

Kosovo. I think it is very encouraging that they are beginning to talk, and I think both countries deserve credit for that.

Are there ways that we can help with those discussions, and what is your assessment of the current status of those? I know when I was there, one of the concerns that was raised—and that is an area of disagreement—has to do with the northern region of Kosovo. Are there more creative ways in which we can address that so that we do not have another area where there is an ongoing stalemate?

Mr. GORDON. It is, indeed, encouraging that they have started to talk. Indeed, they are talking as we are talking. As we speak, I think the fourth round of the EU-facilitated dialogue is going ahead in Brussels. And just the fact that these two countries are sitting down at a table—we do not underestimate the differences between them and they are very real, but they are talking about those differences. And we appreciate all the EU is doing in full transparency and cooperation with us to try to move that process forward.

Ultimately it is our view that—our view of Kosovo is clear. We recognize Kosovo. It is a sovereign, independent country. Seventy-four other countries have recognized it as well, including most of the critical neighbors and partners and those that invested so much in Kosovo over the years, and in just 3 short years, it has really made a lot of progress as an independent country. It most recently went through some constitutional issues and challenges to the Presidency that it successfully navigated and came out on the other end with its institutions intact and its democracy having taken a further step forward. And that, for a country just a few years old, is very impressive. So our view of Kosovo and its sovereignty and territorial integrity is clear.

Obviously, Serbia has a different view, but we hope that through this dialogue, which is really meant not to focus on the issue of status, which the two parties disagree on, but to make practical progress on issues that affect people's daily lives like electricity distribution and telecommunications and customs and law and order, rule of law, having a functioning courthouse. If they can just make some progress on those issues—and many of them, I have to say, are win-win, they can both benefit, it is not zero sum—then Serbia should move down the path to European Union membership.

And we believe that Serbia has taken the strategic position to do so. The Serbs know it is in their interest. I met with the Kosovo Foreign Minister just this week, and I think the Kosovars recognize that it is in their mutual interest for both of them to be moving down the path to European Union membership.

The bottom line, though, is that Serbia has to recognize that the European Union is not going to be interested in taking in a country whose borders are unclear. And in that sense, Serbia is going to have to come to terms with the reality of Kosovo so that both countries can continue down the path to European Union membership.

Senator SHAHEEN. And do we have any idea of a timetable for progress there? I mean, I assume we can look for the indefinite future in terms of the talks?

Mr. GORDON. It is always difficult to put a timetable on these developments. What is clear is that in the course of this year, the

EU will make some critical decisions about Serbia's membership path, candidacy status, the beginning of accession negotiations. That is something that we know is before us now. We would like to see that move forward.

We would like to see Serbia become a candidate for European Union membership because that, to go back to your first question, Madam Chairman, would help combat the notion that there is enlargement fatigue and it is basically over. That is the last thing we need, to discourage the countries of this region and give them the impression that the door is closed, they are on their own. That is why we support this process, and the closer they get, arguably the more real membership would seem to them and the more they might be willing to do some of the difficult things they need to get in.

That said, in the case of Serbia, again, we think that we would like to see the talks demonstrate seriousness and a willingness to reach genuine compromise. You talked about creativity. Yes, it will maybe require some creativity on both sides because it is in their mutual interest, and if they do that, then they should be rewarded with a further step down the path to EU membership.

Senator SHAHEEN. Well, I certainly agree with what you have said about the importance of reinforcing for Kosovo and Serbia and the other countries in the western Balkans that are looking at the potential for EU membership down the road, to see that as a real possibility and to be able to see the path for how to get there, that that is critical.

So while we are on the region, let me go back to your comments and your opening remarks about Bosnia. And I think it was very positive news to hear that the Republika Srpska is not going to hold a referendum.

I guess the question is, Do we see a path to formation of a government there and are there additional ways in which we can encourage that?

Mr. GORDON. We certainly hope so because like Serbia and Kosovo and the others, we believe that Bosnia too should be on the path to Euro-Atlantic institutions which would help strengthen its democracy, unity, and peace in the region.

Unfortunately, there has not been progress on that score in recent years. Indeed, arguably there has been not just stagnation but regression on the path, and we are doing all we can to try to help them turn that around. And I think you mentioned two of the most critical aspects of it. Government formation is one and the other is the challenge from Republika Srpska to the Dayton settlement.

On government formation, we are frankly disappointed. Elections took place last October. We had hoped that would put in place a government that could get on with the business of the country and dealing with unemployment and making the government more functional and even tackling some of the constitutional issues that hold Bosnia back. And instead, parties have been unable to agree on coalitions. And here we are 6 months later and they still do not have a government at the state level, and at the Federation level between the Bosniaks and the Croats, the government is narrower, on a narrower base than it should be, and seen as illegitimate by some of the parties.

So we are disappointed at the pace of government formation. Without forming a government at the state level, Bosnia really cannot move forward on the path to the European Union. It cannot move forward with its IMF arrangements which are critical to the economy.

At the same time, we have the challenge that you mentioned from the Republika Srpska President who in April challenged essentially the authorities of the Dayton settlement and the state judicial institutions in a way that we, frankly, found and publicly said was illegal and inconsistent with Dayton.

And you referred to an agreement to stand down on the referendum that he proposed to hold on the authorities of the High Representative. We hope that is the case, and we have seen references to his agreement to do so, but until it is actually done, until the referendum is finally and formally and fully canceled and the other conclusions reached by the Republika Srpska on April 13, we will need to watch it very closely because, again, we cannot stand by and see such fundamental challenges to the basic settlement at the heart of the Bosnian state. And we will give our full backing to the Office of the High Representative to use all of the authorities at his disposal to make sure that such fundamental challenges cannot move forward. And we are considering our own measures as well in the case that the conclusions and the referendum of April 13 are not withdrawn.

Senator SHAHEEN. And can you elaborate on any of those measures?

Mr. GORDON. For the moment, I would just say we are looking at different ways that would ensure that no one in the Republika Srpska or anywhere else is able to fundamentally mount a challenge to the state without consequences.

And I would add that we are doing that together with the European Union which I think feels the same way that we do. The European Union, in addition to reviewing its own representation in Bosnia, recently gave itself the authority to put in place visa bans and asset freezes to individuals who might be challenging the Dayton structures, and I think that is the sort of thing that we would be looking at together with the EU if such challenges continue.

Senator SHAHEEN. Good. Thank you.

You mentioned Russia's reset. Can you talk about the administration's next steps with respect to the reset?

Mr. GORDON. Sure, and President Obama will have a chance with President Medvedev when they meet in the margins of the G8 Deauville to talk about some of this agenda.

I noted that in the first 2 years, we are very satisfied with the progress we made on arms control and the issue of Iran and Afghanistan and even building up the trust between the two countries, which was one of the issues on the agenda. The relationship with Russia that we inherited was really one with a total absence of trust, and we think we have made significant progress.

We are not naive about it. There are still real differences between us and Russia. We have already discussed some of them, including Georgia. We have expressed concern about the human rights situation in Russia in a number of prominent cases, unresolved murders of journalists, and other incidents that show that

Russia still has a long way to go in terms of its democratic development and human rights.

So no one would claim that the relationship or the situation in Russia is perfect, but we are satisfied that in 2 years we have made a lot of progress in building on the better relationship between the two countries in the pursuit of our common interests.

In the 2 years to come, as we continue to pursue this, we want to continue to build trust and cooperation. We want to further our cooperation on missile defense. That was one of the things that we made progress on most recently at the Lisbon summit, agreed to resume theater missile defense cooperation, agreed to resume missile defense cooperation in general. We have consistently explained to our Russian counterparts that the missile defense that we plan for Europe is not targeted at Russia. It is designed to deal with threats from outside of Europe that are very real, and it is designed to protect all of NATO and we would look forward to cooperating with Russia. And it is not about, in any way, undermining strategic stability between the two sides. So that is one area that we hope to build on in the coming period.

We hope to continue our cooperation on external issues like Afghanistan where I mentioned lethal transit is an area where Russia has contributed. There are other ways Russia is helping as well, including helicopters and helicopter maintenance, Iran and the sanctions.

And then there is the whole economic sphere. President Obama has been quite clear we would like to see Russia join the WTO, and they have made significant progress in that area as well. And we look forward to working with them on that because we think it is not just in their interest but clearly in ours to get them in a rule-based economic framework so that our investors can feel more comfortable investing in Russia and trade can expand.

So there is still plenty to do in the relationship with Russia, and obviously, the regional issues, frozen conflicts, Georgia. I mentioned our efforts which have so far not been as fruitful as we might like, but we are going to continue to work on that. On Nagorno-Karabakh, we have actually worked closely with the Russians to try to come up with a settlement there. There is plenty to do in the relationship with Russia.

Senator SHAHEEN. There have been a number of reports recently about the relationship between Putin and Medvedev. Is there any reason to think that that relationship is affecting our ability to deal with Russia in any way?

Mr. GORDON. I do not think it would be fruitful for me to speculate on domestic Russian politics or differences between two potential candidates. We do and will deal with the leaders that Russia chooses. At present, President Medvedev is our President's main interlocutor. We have worked very well with him on the full agenda that I just discussed, and we will assume that after the Russian election, we will be able to continue on the basis of our mutual national interests of working together.

Senator SHAHEEN. Thank you.

Ms. Alexander, you talked about some of AID's programs in Russia. Can you describe some of those in a little more detail?

Ms. ALEXANDER. Certainly. The engagement with Russia is vital to encourage them to become a global partner in these development challenges. I had mentioned that Administrator Shah signed a protocol to eradicate polio, and that is just one example of where we have been trying to work collectively with the Russians on some of these health issues, including sending some Russian doctors to Africa to work on best practices.

At the same time, we have clear challenges with our engagement with Russia. The majority of our portfolio, almost 70 percent, is in democracy and governance programming. And we work primarily in the nonprofit sector and with independent media and civil society groups to help enlarge the space for a free press and free political thought. So in the areas that we find ways we can work together, we have been doing that under the bilateral Presidential commission. We have worked on a number of working groups—USAID has—with a lot of our partners, and there is a parallel activity for civil society groups that have been doing civil society to civil society programs. And we have been supportive of that because I think that there is need for us not to just have a government-to-government relationship, but direct civil society to civil society.

Senator SHAHEEN. Is there any reason to believe that there has been any progress on the free media issue and getting Russia to recognize and allow reporters to operate in a freer way?

Ms. ALEXANDER. There are always reasons to be optimistic. I think in this case the legal reforms that are in place and some of the Freedom of Information Act laws are challenges to how the government is treating the independent media. And we will continue to focus on that and we have a very active program in that area to do so. Print, broadcast, using social media, these are all elements that I think help encourage citizens' voices to be out in the public sector.

Senator SHAHEEN. Thank you.

We have been joined by Senator Cardin. Senator, would you like to begin or do you want me to continue for a little while?

Senator CARDIN. Senator Shaheen, first of all, thank you very much for conducting this hearing and let me thank both of our witnesses for their incredible service.

As I think both of you know, I have the distinction of being the Senate chair of the Helsinki Commission. So what I am going to do is ask some questions about countries. There are so many countries in Europe that are of interest right now.

I also chair the International Development Subcommittee for this committee. So I am interested also as to whether we are effectively using all the tools that we have available in the most efficient way.

So let me talk about some countries first where we are not participating in foreign assistance but are of great interest.

Belarus. The reaction of Lukashenko from the December 19 elections is still being felt in that country. I was in Belarus, I guess a little over a year ago, and we thought we were making some progress. We see now that whatever progress we were making, it looks like we are moving in the wrong direction.

Can you just update us as to the current status in Belarus as it relates to safety of people generally and whether we are getting good information of what is happening on the ground?

Mr. GORDON. Thank you, Senator, and thank you for continuing to focus on that country which is all too often overlooked.

The situation on the ground is that the government continues to proceed with sentencing of a number of individuals, including primarily Presidential candidates that it arrested at the time of the December 19 crackdown. And we made clear at the time that we did not believe there was a basis for these arrests or sentencing, and we said in advance of the trials that were these people to receive sentences and be put in prison essentially for running for President, we would be obliged to consider them as political prisoners. And that is the situation we are in because a number of them have, indeed, been sentenced in some cases to long terms. All of the trials have not yet concluded, but just this week, Mr. Sannikov, one of the most prominent Presidential candidates received a prison sentence. And we have told them privately and publicly that we would be obliged to consider these people political prisoners and take measures accordingly.

As you know, Senator, already last January, we announced measures in response to the December crackdown that included extending asset freezes on a number of Belarusian officials, travel bans on those officials, and we reimposed sanctions on some Belarusian subsidiaries that we had listed precisely because, as you said, we had thought we had seen some progress. We put those sanctions on in the context of the measures that they had taken against democracy, civil society, and freedom, and as they gradually lifted those and released the last political prisoner, I think with your involvement, we lifted sanctions on two subsidiaries. We put them back on on January 31 because of this crackdown, and we said if inappropriate sentences continue, we will continue to look at further measures. And that is exactly where we are now. We are looking at what else we can do.

Senator CARDIN. Thank you. And if you would keep us informed on that, obviously we are interested.

We noticed today that the administration announced sanctions against specific individuals in regards to Syria. I mention that because there are several of us requesting you to do the same as it relates to Russia in regards to the Magnitsky case and other human rights—just raw human rights abuses of that country. We are working on filing legislation similar to the legislation that was filed in the last Congress as it relates to those who have been identified and clearly involved in the corruption from the death of Magnitsky in prison to the public corruption that he was trying to uncover.

Will you continue to look at this issue to see whether we cannot find a common area? I recently have met with some people from Russia, and they also brought out the Magnitsky case as outrageous to a lot of the people in Russia itself.

It seems to me this is an area where we will be doing a favor to the people of Russia and their future by trying to fit our response appropriate to what has happened within Russia. Otherwise, we tend to take it out on other issues that are not directly

related and they are not as effective, and sometimes they have consequences that were really never intended. Here we are trying to tailor this to the specific problem that was created by the corruption in Russia.

Mr. GORDON. Thank you, Senator.

We very much share your and all of Congress' concerns about the Magnitsky case which was a terrible tragedy and crime, really outrageous, and we have raised that consistently and at the highest levels with Russian authorities. I can tell you it comes up in the majority of our meetings at every level, and they know how strongly we feel about it. They know that Congress is looking at it. And senior Russians have accepted that there is a real problem there, and they tell us they are investigating it.

We continue to review it, as you have asked, and are looking at possible policy measures, including the consideration of sanctions. We want to make sure that any step taken would be effective. For now, as I say, the Russian Government is telling us that they are conducting a full investigation and will take measures, and we are watching very closely to see if they actually do that.

Senator CARDIN. That is our objective, for Russia to take action. The problem is they have been saying this for a long time. In fact, it is just counterproductive. They have been promoting the people that are involved rather than holding them accountable. It seems like they have been rewarded for their corruption. Our patience is running thin here. I just would make that observation.

I have time for one more country, so let me move to Bosnia for one second.

Our annual meeting is going to be in Serbia this year. So we are going to be close by and we might want to spend a little bit of time.

It seems to me that Bosnia is not making the progress that we wanted. Here is a country that has been a friend, and the surrounding countries appear to be making more progress than they are.

What can we do to accelerate their constitutional reforms that everyone knows are needed so that all the ethnic communities are protected, but you have a country with a united government that can integrate into the institutions of Europe?

Mr. GORDON. That is an excellent question and one we ask ourselves all the time because we acknowledge that Bosnia has not been moving in the right direction. They have failed, let alone to address the constitutional reform issues that you mentioned, but even to put together a government since their elections last October that would enable them to do so.

We are working very closely with the European Union. Senator Shaheen mentioned High Representative Ashton's visit to Washington, and we spent some time with her just this week on how we together can underscore that the door to European institutions remains open so that they have an incentive to move forward and engage with them to try to help them put together a government and alter the shape of our international presence so that we can help them along the path. Ultimately, it is up to the Bosnians and the Bosnian leadership to put their country's interests above petty and ethnic and partisan interests which they have failed to do so far.

Senator CARDIN. Thank you. I think we really need to keep a spotlight on this. They have made a lot of progress, but they really need to figure out how to get a united government. It is in their interest again to move forward to the next plateau.

My time is up. I will just mention by subject the Roma issue, which has really exploded in a lot of countries as far as—

Senator SHAHEEN. You should go ahead, Senator Cardin.

Senator CARDIN. Oh, thank you. Appreciate that, Madam Chair.

What has happened of late is so discouraging to see so-called mature democracies take steps that are so punitive against a population that has been in their country for a long period of time and denied basic opportunities of the citizens of their country. And it seems to me that this is an area that the United States must maintain the highest priority. Without the United States putting a spotlight on it, it is going to be a secondary issue in Europe.

There are some countries that have made some progress. Most have not. And we really need to develop a strategy. I know there are a lot of conferences going on, a lot of people talking about it, but it really cries out for an action plan.

I see you are shaking your head. I cannot get that on the record.

Mr. GORDON. I will confirm that I was nodding positively because I could not agree more. We appreciate that the Helsinki Commission and you are focused on this. I was recently in Hungary and had extensive discussions of the issue with the government there which I think takes it very seriously. And Bulgaria. Secretary Clinton is personally very focused on this and my nodding was to say that we agree and are trying to continue to get the governments of the region to focus and do what they need to do.

Senator CARDIN. Thank you.

And thank you for your patience, Madam Chairman.

Senator SHAHEEN. Thank you.

I do not want to cover every country in Europe, but I do have a couple more that I would like to go back to.

First, I want to follow up on Senator Cardin's questions about the sanctions in Belarus. Do we have any reason to believe that the sanctions have had any impact there?

Mr. GORDON. I think it is too soon to say. Our support for the sanctions is not just as a matter of principle and the desire to do something, but we believe that previous sanctions had an impact and that one of the reasons that a few years ago the government started to do the right thing in terms of political prisoners is that they felt the bite of the sanctions. And so in that spirit, it was important for us to show that when you do the right things, the sanctions get lifted. When you do the wrong things, further sanctions will come.

And I think that is important not just vis-a-vis Belarus but more generally around the world to send a message that you cannot just crack down on peaceful protesters and arrest Presidential candidates and expect us to say that is fine and we will just carry on with business as usual.

So that is why we are moving forward with these sanctions and that is why they are as targeted as possible on the people responsible for it. And our sense is that the people of Belarus support what we are doing.

Senator SHAHEEN. Is there any reason to think that Russia could be helpful in this regard?

Mr. GORDON. I think the Russians are torn on Belarus. I do not think they have been unhelpful. I think Belarus' desire to be free of Russian influence was one of the reasons that it started to do the right thing in some ways in the first place. And that is what we had hoped. We were trying to show Belarus not that we need to be competing with Russia for Belarus but that if it wanted to be an independent country, then the path was there and it required a minimum of effort on democracy and human rights or it just would not be possible. That was the roadmap that I personally laid out for them in the summer of 2009 when they had started to do the right thing.

I think just before that, that same summer, after Senator Cardin and others engaged, they released the last of the political prisoners, and I was able to say on behalf of the administration carry on moving in that direction. The path is there. Look what some of your neighbors have done in terms of joining Europe, democracy, prosperity. And we thought that they got that until December 19 when it became, unfortunately, clear that they did not, and now we think it is necessary for them to see that there is a negative consequence if that is what they are going to do.

Senator SHAHEEN. Thank you.

I also want to address Ukraine because Freedom House just downgraded Ukraine from free to partly free and warned that the country is headed down a path toward autocracy and kleptocracy. Ukraine, obviously, a very important country for the region and as we think about the future of Europe.

So what can we do in Ukraine to help divert its current path?

Mr. GORDON. Well, in a similar spirit, but making clear that Ukraine is not in any sense in the same category as Belarus, Ukraine actually last year had a free and fair Presidential election, a transition of power. We went to the inauguration and applauded that development and hoped that it would continue for the same reasons we have just been talking about, that these countries really have an opportunity. If they develop their democracy at home and respect human rights and have a free market economy, they have really genuinely a chance to join Europe as free, independent sovereign countries, partners of the United States.

And Ukraine has taken some steps in that direction, but on the question of democracy, there has been some backsliding as well and a failure to appropriately reform the electoral code. The municipal elections did not meet the same standards that the previous Presidential election had met. There has been a perception of political prosecutions. Obviously, Ukraine not only has every right but a duty to investigate corruption and malfeasance. But when such a majority of the cases investigated and prosecuted are against political figures from the previous regime, it is impossible for friends not to ask the question about perceived selective prosecutions. And those have been highlighted in our own human rights report and Freedom House reports.

And there all we can do is continue to be consistent. But there is a path toward the partnership with us and toward membership

in European institutions, but it requires action on these important domestic fronts.

And just to underscore, we have been very clear about that with our Ukrainian friends. Secretary Clinton recently chaired the U.S.-Ukraine Strategic Partnership Commission here in Washington, and we talked about our common strategic interests and the very positive things Ukraine is doing on nonproliferation and its agreement to get rid of its highly enriched uranium, which is an important priority for President Obama. So there are some positive things. But she was also very frank about our concerns on the democracy front, and it is something we will continue to work with them on.

Senator SHAHEEN. Thank you.

And disappointing, after such progress, to see the change.

Finally, I want to address Turkey because, as I say in my remarks that I entered into the record, Turkey is a valuable NATO ally. It has a predominantly Muslim population in a very important region of the world. So many of the challenges we face today in Europe and in the Middle East involve Turkey. And yet Pew Research Center released a poll recently about how the Turks feel about us here in America, and our approval ratings are at a dismal 10 percent, which is actually lower than in Pakistan. Obviously, I think this has implications for the future if nothing is done to reverse that sentiment.

So can you talk about why America is viewed that way in Turkey and what we can do in terms of our current relations to begin to reverse that?

Mr. GORDON. Sure. It is, indeed, a very serious issue. You have a country of such strategic importance and historical partnership with the United States. It is disconcerting to hear that only 1 in 10 have a favorable opinion of the United States. That number is something we have followed closely over the years. Actually at the time of the Iraq war is when it first took a real dive, and we have failed, despite significant efforts, to bring it back up to where it used to be.

That has not prevented important cooperation between the United States and Turkey which is still a valued NATO ally. And we have had our differences with Turkey and we have talked about some of them in this committee. We were very disappointed about Turkey's vote on Iran in the Security Council last year, and we made that clear to Turkey while, at the same time, noting that there are a number of other things we work well together on and that is also the case.

I would note on Libya, Turkey has been very helpful in standing with us and making clear that Mr. Qadhafi has to go and, as a NATO ally, is participating in the enforcement of the no-fly zone and arms embargo.

On Syria, we think Turkey is a critical neighbor of Syria, has been sending all the right messages about the need for a forum and about the unacceptability of the crackdown. And I could give many other examples of how we are very closely cooperating with Turkey as well.

So, yes, clearly on the public opinion side, we have work to do. We are doing the work and we are so deeply engaged with Turkey

there is not a—I mean, you mentioned the vast number of countries we could talk about. There are not many that we are more closely engaged with than Turkey because it is such a player on so many big interests, and all we can do is keep those lines going because we need Turkey and they need us.

Senator SHAHEEN. Thank you.

Senator Cardin.

Senator CARDIN. Just a followup on Turkey. The flotilla episode, obviously, challenged that relationship, and of course, we think that Turkey was very provocative and insensitive in the manner in which it handled the flotilla.

There is talk that there is going to be another flotilla. Do we have any information as to how we can avoid another major international incident?

Mr. GORDON. Well, you are certainly right, and I should have mentioned that when I mentioned the Iran vote as another of the issues that caused tensions and differences in the relationship. That, in turn, contributed to the low public opinion scores because we had very different perceptions of what happened then, while agreeing on the simple fact that it was a terrible tragedy what happened last May in the flotilla.

Yes, we have heard, like you, that there is thought of another flotilla actually not just from Turkey, but different countries are thinking about sending a flotilla. In some cases in May I think the Turkish group that was behind the flotilla that led to the tragedy in May has talked about a flotilla sometime in June. So we are paying very close attention to that.

One of the casualties, in addition to the tragic human casualties of the flotilla incident, was the relationship between Turkey and Israel. At a time of such turbulence throughout the Middle East, the close Turkey-Israel partnership was one positive thing, a majority Muslim country with a Jewish state cooperating militarily on intelligence and tourism and economically. That has really been undermined by a number of things going on in the region, but the flotilla really set it back with Turkey withdrawing its ambassador and the relationship has yet to be repaired. We are doing all we can to get them to put that behind them.

They have very different views of what happened over the flotilla. The Turkish perception was a humanitarian intervention against a naval blockade that they do not accept, whereas the Israeli perception was that in order to defend themselves against rockets and weapons coming into Gaza, they have to watch their coastline. And those two divergent views among two close allies of the United States is a real problem for us.

Senator CARDIN. Well, it seems to me that if they instigate on the 1-year anniversary or close to the 1-year anniversary a similar effort, it is meant as a provocation.

Mr. GORDON. Well, I would say two things. The Turkish Government says that this organization, the IHH, is an NGO. The government did not sponsor the previous one and would tell you now that it would not sponsor a future one. This is a private organization taking its—

Senator CARDIN. But they clearly supported the efforts both from a political point of view as well as where the origins started. So they were clearly involved.

Mr. GORDON. Well, they certainly did not stop it.

And what I would say, which is a counterpart to that, is we have been very clear with them that a new flotilla would in no way be helpful. In the year since the last flotilla episode, Israel has changed the humanitarian regime for Gaza, made very clear that there are alternative ways to get humanitarian assistance to Gaza. So any government or NGO that wants to send genuinely humanitarian goods to Gaza has a way of doing it that is uncontested. And we very much believe that and have been very clear with the Turkish Government that that is the case, and we have asked them to make clear to any Turkish NGO's that might want to send a ship that they should really find this other path. We think that was already the case to a degree last year, but it is certainly the case now.

Senator CARDIN. Well, I just point out that if there is a similar effort and it has the tacit or direct support of Turkey, it is not going to help not just Israel-Turkey and the whole situation in the Middle East, it is not going to help the United States relationship with Turkey either. It is two ways, as you know.

Mr. GORDON. We agree with that, Senator, absolutely.

Senator CARDIN. Thank you.

Senator SHAHEEN. I have no further questions. So let me just end by thanking both of you very much for being here, for your service, and we look forward to continuing to work with you. Thank you all very much.

The hearing is adjourned.

[Whereupon, at 4:04 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF ASSISTANT SECRETARY PHILIP H. GORDON TO QUESTIONS SUBMITTED BY SENATOR JAMES E. RISCH

Question. Can you please describe the U.S. contribution to the air policing mission for our Baltic allies? How long will the United States maintain this commitment in the region?

Answer. We are committed to supporting the NATO Baltic air policing mission and encouraging allied participants to fulfill their pledged contributions. The current mandate for the air policing mission runs through 2014, and the United States supports extending this mission past the 2014 mandate.

Question. The British have requested U.S. P-3 Maritime surveillance aircraft to fly patrols for British Navy Vessels. Are the British fully reimbursing the United States for the use of these aircraft?

Answer. The answer to this question is not within the purview of the Department of State. The Department defers to the Department of the Defense.

Question. Ever since the death of Bin Laden we have seen announcements from a number of European capitals declaring they either will withdraw forces from Afghanistan earlier than anticipated or are considering doing so. What is the administration's plan to ensure the NATO mission is not underresourced?

Answer. Osama bin Laden's death sent an unmistakable message about the resolve of the United States and the international community to stand against violent extremism and those who perpetuate it. But we cannot forget that the battle to stop al-Qaida and its affiliates does not end with bin Laden's death.

Forty-eight NATO and non-NATO nations contribute troops to ISAF. Their contributions have been critical to our recent progress in Afghanistan, and are critical

to ensuring security gains are permanent and that the transition of security responsibility to the Afghans is irreversible. In recognition of this fact, ISAF nations reached consensus at the Lisbon NATO summit in November 2010 on a framework of transition to Afghan security responsibility beginning in early 2011 and to be completed across Afghanistan by the end of 2014. At the same time, Heads of State and Government committed to provide the necessary resources to accomplish that mission.

Subsequently, at the meeting of ISAF Defense Ministers in March, ministers agreed to transition implementing principles which will guide troop disposition decisions, and include the need to consult and coordinate troop reductions within the alliance, and to reinvest transition dividend troops where possible to support further transition progress. These principles make clear that while we are transitioning, we are not leaving. As the President noted in his December 2009 speech at West Point, we will begin a responsible reduction of our forces in Afghanistan beginning in July 2011 based on conditions on the ground. Allies will no doubt look to our example in formulating their own troop decisions.

Question. Can you please describe in detail the level of consultations we have had with our Baltic allies during the “Russian Reset”? Were they brought in during policy formulation? Did State keep them informed before decisions were finalized? Or did they learn about U.S. policy decisions after Russia was informed?

Answer. The President and his administration have worked intensively—through public engagement and quiet diplomacy—to engage with all our European allies on our vision of a strong and secure Europe working globally in partnership with the United States. The President had a productive discussion on European security with Central European and Baltic leaders in April 2010 in Prague and again in Warsaw on May 27, meetings in which he reiterated in the strongest terms the U.S. commitment to Europe. As part of our robust engagement on security matters, we have consulted closely and repeatedly with our Baltic allies on issues such as changes to U.S. force posture in Europe, the CFE treaty, and missile defense. We also are working to ensure that NATO has the contingency plans and capabilities it needs to address 21st century challenges.

One of the fundamental principles underlying the “reset” has been that our efforts to improve relations with Russia should not come at the expense of our allies or efforts to promote respect for human rights, media freedom, and other civil liberties within Russia. Indeed, all three Baltic nations have acknowledged more positive relations with Russia following the United States-Russia “reset.”

Question. Earlier this week Russian President Medvedev criticized U.S. missile defense plans in Europe and threatened to withdraw Russia from the New START Treaty. During New START Treaty hearings, administration witnesses testified repeatedly that U.S. missile defense plans would not constitute the grounds for Russian withdrawal. Why do Russian leaders continue to insist that Russia has the right to withdraw?

Answer. As Secretary Clinton explained during the Senate’s hearings on the subject, as with other arms control treaties, the New START Treaty allows a party to withdraw from the treaty if that party decides that “its supreme interests are jeopardized by extraordinary events” related to the subject matter of the treaty. Each party must determine, based on its own criteria, if or when its “supreme interests” have been jeopardized to the point that it believes it must withdraw from the treaty.

U.S. officials have engaged in a series of consultations with Russian counterparts to provide policy and technical explanations that illustrate that the European Phased and Adaptive Approach (EPAA) missile defense system is not directed at Russia and will not pose a threat to Russia’s strategic deterrent. The United States has also offered to engage in transparency and confidence-building activities that would demonstrate that U.S. missile defense programs are not directed against Russia.

Following their May 26 meeting in Deauville, Presidents Obama and Medvedev committed to continue working together to lay the foundation for future cooperation in missile defense. President Medvedev noted the importance of maintaining the strategic balance of forces, and praised the New START Treaty for helping to improve this balance.

Question. You mentioned the flow of cargo through Russia in support of coalition forces in Afghanistan—specifically you stated that 27,000 containers have transited Russia. Please provide the amount of money that has been paid to Russian contractors to move this cargo and any money that has gone directly to the Russian Government in support of the GLOC?

Answer. The U.S. Transportation Command (USTRANSCOM) oversees the flow of cargo in support of coalition forces in Afghanistan. USTRANSCOM does not contract for container movement directly with Russian contractors or pay directly to the Russian Government. USTRANSCOM contracts with USG-approved contractors to transport cargo from CONUS to Afghanistan at competitive rates. When contractors transport containers through the Northern Distribution Network to Afghanistan, they may subcontract with various companies for surface transportation or pay fees to transit the countries. USTRANSCOM does not have privity to costs which are imbedded in the competitive rate, to include costs for subcontracts or fees paid to a country.

The overland flow of cargo through Russia in support of coalition forces in Afghanistan is complemented by the flow of military personnel and equipment under the United States-Russia air transit agreement concluded in 2009. This agreement has resulted in over 1,100 flights transferring over 177,000 personnel in support of international efforts in Afghanistan to date. The bilateral air transit agreement is cost-free to U.S. Air Force aircraft; Charter flights are responsible for the payment of air transit fees.

Question. Will U.S. forces continue to support the NATO mission in Libya after Friday, May 20, 2011?

Answer. As the President informed Congress on March 21, the United States, pursuant to a request from the Arab League and authorization by the United Nations Security Council, had acted 2 days earlier to prevent a humanitarian catastrophe by deploying U.S. forces to protect the people of Libya from the Qaddafi regime. Over the last 2 months, the U.S. role in this operation to enforce U.N. Security Council Resolution 1973 has become more limited, yet remains important. We support the bipartisan resolution drafted by Senators Kerry, McCain, Levin, Feinstein, Graham, Chambliss, and Lieberman, which would confirm that the Congress supports the U.S. mission in Libya and that both branches are united in their commitment to supporting the aspirations of the Libyan people for political reform and self-government.

The initial phase of U.S. military involvement in Libya was conducted under the command of the United States Africa Command. By April 4, however, the United States had transferred responsibility for the military operations in Libya to the North Atlantic Treaty Organization (NATO) and the U.S. involvement has assumed a supporting role in the coalition's efforts. Since April 4, U.S. participation has consisted of: (1) nonkinetic support to the NATO-led operation, including intelligence, logistical support, and search and rescue assistance; (2) aircraft that have assisted in the suppression and destruction of air defenses in support of the no-fly zone; and (3) since April 23, precision strikes by unmanned aerial vehicles against a limited set of clearly defined targets in support of the NATO-led coalition's efforts.

Question. In your testimony you said that "Macedonia will join [NATO] once the dispute over its name is resolved." Is it the position of the administration that a bilateral disagreement should be elevated to a condition of membership inside NATO? What is the administration doing to help Greece and Macedonia resolve this dispute?

Answer. The United States strongly supports the full integration of all Western Balkans countries into Euro-Atlantic institutions, a critical step toward continued peace and stability in the region. NATO members concluded during the 2008 Bucharest NATO summit that Macedonia would receive a membership invitation once a "mutually acceptable solution to the name issue has been reached." NATO members reiterated this same commitment at the 2010 Lisbon summit.

The United States continues to support the U.N. process led by Matthew Nimetz to reach a mutually acceptable solution to the name issue and we actively encourage both countries to resolve the issue as soon as possible. A lasting solution to this dispute is in the interest of both countries.

Question. What is the administration's plan to enhance the security of Georgia? Outside of Georgia, can you please identify the other cases where the United States has refused to sell arms to a country that the United States has supported for entry into NATO? Will we see an arms sales package offered to Georgia?

Answer. The United States continues to have a broad and deepening relationship with Georgia in a number of sectors and remains fully committed to supporting Georgia's sovereignty and territorial integrity. Our security assistance and military engagement with Georgia is focused in two main areas.

First, we are providing comprehensive defense assistance covering doctrine, personnel management, education, and training to support Georgia's defense reform and modernization efforts along Euro-Atlantic lines. This approach supports Geor-

gia's Euro-Atlantic aspirations as well as security and stability in the region. Second, we continue to train and equip Georgian troops for deployment as part of the International Security Assistance Force (ISAF) in Afghanistan. This training will ultimately develop four infantry Georgian battalions to conduct distributed operations in a counterinsurgency environment. The first U.S. trained-and-equipped battalion deployed to Afghanistan in March 2010. Georgian troops are currently fighting without caveats alongside U.S. Marines as part of ISAF operations in Regional Command-South, Helmand Province.

Question. Will the administration recognize the bilateral dispute between Russia and Georgia and support a similar condition on Russia respecting Georgia's territorial integrity before Russia enters the World Trade Organization?

Answer. Russia's membership in the World Trade Organization (WTO) is a step that will benefit U.S. economic interests directly not only by increasing market access for U.S. exports, but also by integrating Russia into a system of fixed rules governing trade behavior and providing the means to enforce those rules and Russia's market access commitments.

Russia is the largest economy that has yet to join the WTO. The operation of one of the world's most important economies outside of the rules and disciplines that apply to 153 other countries leaves U.S. companies, workers, farmers, ranchers, and investors vulnerable to erratic Russian trade and protectionist measures.

The WTO operates using consensus-based decisionmaking. Thus, for Russia to be able to join, all Members, including Georgia, will need to permit a consensus approving the terms of its accession. Russia and Georgia have been meeting under Swiss auspices in an effort to reach a bilateral agreement that would resolve their trade issues and result in Georgia allowing Russia's accession to proceed. The United States is not a party to those negotiations, but we are encouraging both sides to engage constructively and flexibly to reach a workable outcome.

The United States strongly supports Georgia's sovereignty and territorial integrity, and continues to urge the Russians to fulfill their commitments under the August 2008 cease-fire mediated by President Sarkozy, including a withdrawal of forces to preconflict positions.

RESPONSES OF PAIGE ALEXANDER TO QUESTIONS SUBMITTED BY
SENATOR JAMES E. RISCH

LIST OF RECIPIENTS OF USAID FUNDS IN RUSSIA, 2009–2011

Question. Can you provide a list of all the recipients in the last 3 years of USAID funds in Russia, and how much each entity has received?

Answer. The requested information is provided in the attached Excel spreadsheet.

USAID/Moscow Grants and Contracts Awarded: 2009 - 2011	Total Estimated Amount
ABA/ROLI(American Bar Association)	\$12,000,000
ABA/ROLI(American Bar Association)	\$14,972,188
ACDI/VOCA (Agricultural Cooperative Development International and Volunteers in Overseas CA)	\$8,662,068
ACDI/VOCA (Agricultural Cooperative Development International and Volunteers in Overseas CA)	\$8,999,552
ACDI/VOCA (Agricultural Cooperative Development International and Volunteers in Overseas CA)	\$7,497,746
AED (Academy for Educational Development)	\$6,150
AED (Academy for Educational Development)	\$391,157
AIHA (American International Health Alliance, Inc.)	\$7,000,000
AIHA (American International Health Alliance, Inc.)	\$112,741
AIHA (American International Health Alliance, Inc.)	\$2,999,621
ASI (Agency for Social Information)	\$3,300,000
ASU (Arizona State University)	\$207,072
Carnegie Endowment for International Peace	\$53,680
Center of Civic Initiatives "Development"	\$900,000
CEI (Center for Environmental Innovation)	\$1,559,500
CFP (Center for Fiscal Policy)	\$7,100,000
Children's Fund of North Ossetia	\$1,250,000
CIPE (Center for International Private Enterprise)	\$4,547,688
CIPE (Center for International Private Enterprise)	\$1,000,000
CSLR (The Center for Social and Labor Rights)	\$2,838,670
Davis Center (Harvard University)	\$500,000
Dept. of State	\$15,000
ECODIT	\$231,733
Eurasia Foundation	\$7,647,000
Eurasia Foundation	\$3,000,000
Eurasia Foundation	\$7,647,000
FIPD (Foundation for Information Policy Development)	\$3,650,000
Firefly	\$199,850
Faith, Hope, Love (Stavropol Regional Public Charitable Organization)	\$1,110,378
FNR (Foundation for Independent Radio Broadcasting)	\$3,205,000
FNR (Foundation for Independent Radio Broadcasting)	\$2,770,000
FRAEC (Foundation for Russian/American Economic Cooperation)	\$3,965,000
FRAEC (Foundation for Russian/American Economic Cooperation)	\$25,000
FRAEC (Foundation for Russian/American Economic Cooperation)	\$35,000
FRAEC (Foundation for Russian/American Economic Cooperation)	\$35,000
FSD (Foundation for Sustainable Development)	\$6,480,000
FSVC (Financial Services Volunteer Corps)	\$2,100,000
Global Business Coalition on HIV/AIDS, Tuberculosis, and Malaria (GBC)	\$400,000
Global Business Coalition on HIV/AIDS, Tuberculosis, and Malaria (GBC)	\$3,800,000
GOLOS (Foundation for Democracy "GOLOS")	\$2,850,000
GOLOS (Regional Civil Organization "GOLOS")	\$3,150,000
Green House (Khabarovsk Krai Charitable Public Organization Green House)	\$600,000
HealthRight International	\$247,000
HealthRight International	\$3,070,000
IBLF (International Business Leaders Forum)	\$500,000
ICNL (International Center for Not-For-Profit Law)	\$6,241,193
IEP (Gaidar Institute for the Economic Policy)	\$9,724,421
IFH (Institute for Family Health)	\$8,750,000
IFRC (International Federation of Red Cross and Red Crescent Societies)	\$9,200,000
IFRC (International Federation of Red Cross and Red Crescent Societies)	\$11,840,000
IFRC (International Federation of Red Cross and Red Crescent Societies)	\$50,000
International Memorial	\$2,522,111
IRC (International Rescue Committee)	\$4,949,994
IRC (International Rescue Committee)	\$600,000
IREX (International Research and Exchanges Board)	\$3,299,735
IREX (International Research and Exchanges Board)	\$7,634,178
IREX (International Research and Exchanges Board)	\$9,823,222
IREX (International Research and Exchanges Board)	\$3,198,218

IREX (International Research and Exchanges Board)	\$1,300,000
IREX (International Research and Exchanges Board)	\$400,000
IREX (International Research and Exchanges Board)	\$3,499,942
IRI (International Republican Institute)	\$3,300,000
IRI (International Republican Institute)	\$3,699,999
ISITO (Institute for Comparative Labor Relations Studies)	\$690,000
IUE (The Institute for Urban Economics)	\$4,276,800
IUE (The Institute for Urban Economics)	\$18,579,846
JHU (Johns Hopkins University)	\$25,000,000
JSI (John Snow, Inc.)	\$7,480,166
Mendez England & Associates (ME&A)	\$169,967
Memorial Human Rights Center	\$250,000
Moscow Helsinki Group (MHG)	\$500,000
Moscow Helsinki Group (MHG)	\$3,115,869
MPSF (Moscow Public Science Foundation)	\$6,480,000
MSI (Management Systems International)	\$6,000,000
MSI (Management Systems International)	\$4,448,847
MSPS (Moscow School of Political Studies)	\$750,000
MSPS (Moscow School of Political Studies)	\$600,000
NDI (National Democratic Institute)	\$2,700,000
NDI (National Democratic Institute)	\$4,115,000
New Eurasia Foundation (FNE)	\$5,172,000
New Eurasia Foundation (FNE)	\$1,500,000
Novoe Obrazovanie (Nonprofit Fund New Education)	\$346,000
NFPCC (National Foundation for the Prevention of Cruelty to Children)	\$250,000
NFPCC (National Foundation for the Prevention of Cruelty to Children)	\$8,438,720
Perspektiva (Regional Society of Disabled People)	\$3,796,136
PH International (Project Harmony International)	\$890,329
PH International (Project Harmony International)	\$575,840
Povolzje (Samara Regional Public Organization "Historical-Ecological Cultural Association)	\$1,127,000
PSI (Population Services International)	\$9,500,000
PSI (Population Services International)	\$10,310,000
Social Impact, Inc.	\$195,463
RMC (Russian Microfinance Center)	\$4,488,504
RMC (Russian Microfinance Center)	\$1,400,000
SCISC (Siberian Civic Initiatives Support Center)	\$600,000
SCISC (Siberian Civic Initiatives Support Center)	\$6,048,577
SRRC (Southern Regional Resource Center)	\$3,800,000
SRRC (Southern Regional Resource Center)	\$3,310,000
Transparency International-R	\$1,684,404
Transparent World	\$1,570,000
UMASS (University of Massachusetts)	\$399,539
UNAIDS (Joint United Nations Programme on HIV/AIDS)	\$3,550,000
UNDP (United Nations Development Programme)	\$2,820,000
UNICEF (The United Nations Children's Fund)	\$1,194,120
UNICEF (The United Nations Children's Fund)	\$650,000
UNICEF (The United Nations Children's Fund)	\$3,000,000
UNODC (United Nations Office on Drugs and Crime)	\$2,100,000
Vishnevskaya-Rostropovich Foundation	\$477,291
WCS (Wildlife Conservation Society)	\$396,778
WINROCK International	\$2,748,233
WHO (World Health Organization)	\$16,729,709
WHO (World Health Organization)	\$2,500,000
World Learning	\$298,305
World Learning	\$598,900
World Vision, Inc.	\$2,020,553
World Vision, Inc.	\$950,000
World Vision, Inc.	\$1,643,940
Source: USAID/Russia	

USAID DISCRETION IN SELECTING RUSSIAN NGO'S

Question. Does USAID have sole discretion in selecting which organizations receive USAID funds in Russia, and do you ensure that the organizations are independent of the Russian Government and political influence before providing funds?

Answer. USAID has sole discretion in selecting organizations for USAID funding by regulation and policy. Oversight of this process and ultimate selection is the re-

sponsibility of the USAID/Russia Contracting Officer. The Russian Government does not exert pressure or influence USAID's selection of organizations for USAID funding.

Promoting independent civil society in Russia is a major USAID/Russia objective and we are sensitive to the need to avoid working with Russian organizations that are unduly influenced by the Russian Government. To that end, USAID/Russia has a variety of methods of ensuring such independence.

Although many Russian NGOs are subject to some degree of political influence in Russia, the processes we use for reviewing potential partners, selecting recipients for USAID funding, and monitoring performance of our partners reduce the chance that selected partners will be unduly influenced by the Russian Government in implementing their USAID-funded programs. USAID would not select an organization for USAID funding that is dominated or controlled by the Russian Government.

Many USAID/Russia awards are competitive, open to both U.S. and Russian organizations, with contractors and grantees selected largely on the merits of their technical applications as reviewed by evaluation committees composed of USAID/Russia staff. As part of the evaluation process, past performance reference checks are conducted on both potential recipients and key personnel, which could reveal excessive political influence. In addition, as part of the Contracting Officer's due diligence in making a preaward responsibility determination, a review of an organization's business integrity, management capacity, and performance record is conducted. In the case of organizations new to USAID, a thorough financial, legal, and management survey of each organization's policies, procedures, internal controls and management, and financial structure is carried out by USAID staff, and links to the government, in corporate structure or governance, would be identified. USAID/Russia also has a number of noncompetitive grants, mainly to longstanding Russian partner organizations, several of which were created with USAID funds over the past two decades. Performance under all awards is monitored by a USAID technical officer through site visits and performance reporting.

Many of our partners work primarily with regional and municipal governments rather than the federal government, further reducing the opportunities for central government influence. Some of our partners who offer policy analysis and other services in Russia are in fact highly regarded, including by the Russian Government, for their independent, objective analysis.

While there is no litmus test for an organization's relationship with the Russian Government, given the processes outlined above and the close working relationships between USAID/Russia and its partners, we are comfortable that USAID's partners are independent from the Government of Russia.