

**MAINTAINING U.S. INFLUENCE IN SOUTH ASIA:
THE FY 2018 BUDGET**

HEARING
BEFORE THE
SUBCOMMITTEE ON ASIA AND THE PACIFIC
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTEENTH CONGRESS
FIRST SESSION

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SEPTEMBER 7, 2017
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MAINTAINING U.S. INFLUENCE IN SOUTH ASIA: THE FY 2018 BUDGET

THURSDAY, SEPTEMBER 7, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ASIA AND THE PACIFIC,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:00 a.m., in room 2172 Rayburn House Office Building, Hon. Ted Yoho (chairman of the subcommittee) presiding.

Mr. YOHO. The subcommittee will come to order. Members present will be permitted to submit written statements to include in the official hearing record. Without objection, the hearing record will remain open for 5 calendar days to allow statements, questions, and extraneous material for the record, subject to length limitation in the rules.

Well, good morning. The subcommittee assembles today to discharge our responsibility to conduct oversight of the administration's fiscal year 2018 budget request for South Asia. Today, we will discuss requests for Bangladesh, India, the Maldives, Nepal, and Sri Lanka, reserving Afghanistan and Pakistan until next week when we will convene jointly with the Subcommittee on the Middle East and North Africa.

It goes without saying that South Asia is an increasingly consequential part of the globe. For a long time, the world's center of gravity has been shifting to the East, and the Indian Ocean region is a major part of this trend. The five nations we will discuss today—Bangladesh, India, the Maldives, Nepal, and Sri Lanka—have about 1.5 billion residents combined, comprising nearly 20 percent of the world's population.

These nations are located along, or on top of, vital global sea lanes through the Indian Ocean which grows more strategically important by the day. Connecting vital straits and rising Asian economies in the East with the rest of the world and its energy to the West, the Indian Ocean has significant implications for security and trade across the globe.

Despite the immense strategic economic importance of these nations, this year's State and Foreign Operations Congressional Budget Justification shows the administration tends to slash our commitments to them by 48 percent. Under the administration's request, this region is the hardest hit by cuts after Europe and Eurasia.

As I stated during the subcommittee's last budgetary oversight hearing, I commend the administration's efforts to increase fiscal responsibility, but I am concerned that cutting the budget to an arbitrary dollar amount has been prioritized over the actual value of the individual programs. It is worth reiterating that even before this year's foreign operations budget was slashed by 30 percent, it accounted for just 1 percent of annual Federal outlays.

Dramatic cuts to foreign aid are not the way to rein in our out-of-control government spending, especially if they undermine U.S. interests. Sound business logic dictates that we should continue projects that deliver a good return on investment, but this year's request seems to de-fund a number of initiatives that significantly benefit our national interest.

In Sri Lanka, for example, U.S. foreign assistance will be cut by 92 percent, mostly from accounts that have supported programs to promote the rule of law, democratic reforms, post-Civil War reconciliation, and related efforts. These programs are cost-effective ways to contribute to Sri Lanka's transformation while pursuing a partnership in strategically critical locations. Even at their height in 2016, U.S. assistance commitments to Sri Lanka were about 42.5 million, and that is a bit less than half the cost of a single F-35 fighter jet. That seems like a reasonable investment to gain a friend in one of the world's most critical sea lanes.

While we are forming a large Millennium Challenge Corporation compact with Sri Lanka, the MCC will focus on economic activities. I am concerned that by changing course so drastically we want to make sure that we are not throwing away the investments we have already made in Sri Lanka, leaving a gap in the democracy and governance programs Sri Lanka badly needs and potentially forcing the closure of our USAID mission.

Requests for other nations in this region raise similar questions. Assistance of the Maldives which faces seriously security risks will be cut by 87 percent. Assistance to India and Nepal will each be cut by about 60 percent. Amid the rising strategic and economic importance of the Indian Ocean region, these numbers raise a serious risk of sending the wrong message about our understanding of the region and our commitment to stay engaged.

As in any business, it is important to look at what investments are competitors are making. As we reduce our commitments in South Asia, China is expanding there like never before leveraging huge infrastructure projects to rapidly become the preferred partner in locations across the Indian Ocean. We have all heard the cliche that nature abhors a vacuum.

This morning as we discuss the fiscal year 2018 budget requests for these five nations, I am interested in hearing from the witnesses how the reductions of our commitments will affect U.S. security and economic interests in the Indian Ocean and how our partnerships will fare. I also hope our conversation will answer a comparatively simpler question: Does this budget represent a step forward in our partnership in South Asia?

Without objections, the witnesses' written statements will be entered into the hearing, and I now turn to the ranking member for any remarks he may have.

[The opening statement of Mr. Yoho follows:]

Maintaining U.S. Influence in South Asia: The FY 2018 Budget

Subcommittee on Asia and the Pacific

House Committee on Foreign Affairs

Thursday, September 7, 2017, 10:00 a.m.

Opening Statement of Chairman Ted Yoho

Good morning. The Subcommittee assembles today to discharge our responsibility to conduct oversight of the Administration's Fiscal Year 2018 budget request for South Asia. Today, we will discuss requests for Bangladesh, India, the Maldives, Nepal, and Sri Lanka, reserving Afghanistan and Pakistan until next week, when we will convene jointly with the Subcommittee on the Middle East and North Africa.

It goes without saying that South Asia is an increasingly consequential part of the globe. For a long time, the world's center of gravity has been shifting to the east, and the Indian Ocean region is a major part of this trend. The five nations we'll discuss today - Bangladesh, India, the Maldives, Nepal, and Sri Lanka - have about 1.5 billion residents combined, comprising nearly 20% of the world's population.

These nations are located along or on top of vital global sea lanes through the Indian Ocean, which grows more strategically important by the day. Connecting vital straits and rising Asian economies in the east, with the rest of the world and its energy to the west, the Indian Ocean has significant implications for security and trade across the globe.

Despite the immense strategic and economic importance of these nations, this year's State and Foreign Operations Congressional Budget Justification shows the administration intends to slash our commitments to them by 48%. Under the Administration's request, this region is the hardest hit by cuts after Europe and Eurasia.

As I stated during the Subcommittee's last budgetary oversight hearing, I commend administration efforts to increase fiscal responsibility. But I'm concerned that cutting the budget to an arbitrary dollar amount has been prioritized over the actual value of individual programs. It's worth reiterating that, even before this year's foreign operations budget was slashed by 30 percent, it accounted for just 1 percent of annual federal outlay. Dramatic cuts to foreign aid are not the way to reign in out of control government spending, especially if they undermine U.S. interests.

Sound business logic dictates that we should continue projects that deliver a good return on investment, but this year's request seems to defund a number of initiatives that significantly benefit our national interest.

In Sri Lanka for example, U.S. foreign assistance will be cut by 92%, mostly from accounts that have supported programs to promote the rule of law, democratic reforms, post-civil war reconciliation, and related efforts. These programs were cost-effective ways to contribute to Sri

Lanka's transformation while pursuing a partnership in a strategically critical location. Even at their height in 2016, U.S. assistance commitments to Sri Lanka were about \$42.5 million, a bit less than half the cost of a single F-35 fighter jet. That seems like a reasonable investment to gain a friend in one of the world's most critical sea lanes.

While we're forming a large Millennium Challenge Corporation compact with Sri Lanka, the MCC will focus on economic activities. I'm concerned that by changing course so drastically, we'll be throwing away the investments we've already made in Sri Lanka, leaving a gap in the democracy and governance programs Sri Lanka badly needs and potentially forcing the closure of our USAID mission.

Requests for the other nations in this region raise similar questions. Assistance to the Maldives, which faces serious security risks, will be cut by 87%. Assistance to India and Nepal will each be cut by about 60%. Amid the rising strategic and economic importance of the Indian Ocean region, these numbers raise the serious risk of sending the wrong message about our understanding of the region and our commitment to stay engaged.

As in any business, it is also important to look at what investments our competitors are making. As we reduce our commitments in South Asia, China is expanding there like never before, leveraging huge infrastructure projects to rapidly become the preferred partner in locations across the Indian Ocean. We have all heard the cliché – nature abhors a vacuum.

This morning, as we discuss the Fiscal Year 2018 budget request for these five nations, I'm interested in hearing from the witnesses how the reductions of our commitments will affect U.S. security and economic interests in the Indian Ocean, and how our partnerships will fare. I also hope our conversation will answer a comparatively simpler question: Does this budget represent a step forward in our partnerships in South Asia?

Mr. SHERMAN. Thank you, Mr. Chairman. I had this brilliant opening statement to talk about the budget cuts. You, unfortunately, already laid it out in a level of eloquence that I would not try to match.

Mr. YOHO. I read your notes before you got here.

Mr. SHERMAN. I want to associate myself with your comments that this is not the time to be cutting our foreign operations, particularly in the South Asia area.

My district includes most of the studios. I love actors. We have before us an acting assistant secretary and an acting assistant administrator, but on this one occasion I would prefer not to be talking to actors. The idea that is this the fault of the Senate and the confirmation process, I am always in favor of blaming the United States Senate. I have done it in this room many times. But the folks have not been nominated yet.

The Senate is controlled by Republicans and they have changed their rules so it takes only 50 votes, only Republican votes, to confirm. This is not a confirmation problem, this is an appointment problem. The Secretary of State and I have talked about this. He says, but the acting people are doing well, doing spectacularly well, to which my response has been fine, Ambassador Wells should be given the job permanently.

And I don't have a response. I didn't single you out, actually. But in general, the people he praises ought to be given the job on a permanent basis. The idea that we go from Obama appointees to acting and then to other appointees, perhaps all in 1 year, puts our foreign policy in disarray.

With regard to reaching out to the people of South Asia, I think it is critically important that we look at broadcasting. I will be asking just how involved you are, Ambassador Wells, in talking to the folks that control our international broadcasting. I think they try to match our foreign policy objectives in selecting which countries to broadcast to and in which languages, but I think they often don't get much guidance from the State Department.

But what is worse is this committee has urged them to start broadcasting in the Sindhi language and other languages of Pakistan, starting with Sindhi, and they have always found a reason not to do so even though the cost would be, I think, less than it costs to operate an aircraft carrier for 1½ minutes.

So I think we will learn from your testimony just how problematic the situation in Pakistan is. You are dealing with a nuclear state that is not always consistently friendly with the United States and apparently, even in its military city of Abbottabad, can't find a compound inhabited by Osama bin Laden. And yet we are only reaching out in Urdu, the language the government might prefer us to broadcast in, but not the language used by thousands and thousands of businesses who try to reach out to consumers. They know what they are doing when they try to sell soap; we should be in the same language.

India, Afghanistan—the President and I know from other sources, has doubled down on this idea of encouraging India to be involved with Afghanistan. India, it is a poor country, but one question is whether it should have a foreign aid program at all. If it doesn't have a foreign aid program it has immediate neighbors

like Nepal and Bangladesh whose needs far exceed India's capacity to provide, and yet India is spending foreign aid money in Afghanistan. It is a geopolitical effort to deal with Pakistan, and one that we should not encourage.

The Durand Line, between the border between Afghanistan and Pakistan, has not been recognized by the Afghan Government and we ought to condition our aid to Afghanistan on the recognition of that line. I realize that is tough, they will say oh, don't. But the fact is, as long as Afghanistan leaves open the idea that they are claiming Pakistani territory, it is going to be very hard to get the Pakistanis involved as we need them involved in controlling the Afghan Taliban.

Certainly Pakistan sees its enemy as India, and the idea that India would have a close relationship with an Afghanistan that hasn't recognized the border and with whom they share the Pashtun ethnic group, shows that this particular foreign aid program of India should not be on the top of our list when we talk to the Indians about how they can use their scarce resources to help the most desperately poor people in the world.

So I look forward to talking about these issues, and trade, as the questioning begins.

Mr. YOHO. I thank the ranking member. And I know you will be excited that next week we will have the hearing on Afghanistan and Pakistan with the full committee and so we will fulfill that.

We are thankful to be joined today by the Honorable Alice G. Wells, Acting Assistant Secretary for the Bureau of South and Central Asian Affairs at the U.S. Department of State, and I appreciate your time yesterday with the briefing; and Ms. Gloria Steele, again back talking to Us, Acting Assistant Administrator for the Bureau for Asia in the U.S. Agency for International Development.

And with that we are going to let you go ahead and give your statement. Your statement, you will have 5 minutes, red light, you know, turn your red light on so that the microphone is on. You will have your timer there. And Ambassador Wells, if you would, your opening statement. Thank you.

STATEMENT OF THE HONORABLE ALICE G. WELLS, ACTING ASSISTANT SECRETARY, BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Ambassador WELLS. Thank you Chairman Yoho, Ranking Member Sherman, and Representative Brooks. Thank you for inviting me to testify on the fiscal year 2018 foreign assistance priorities for South Asia, and in my oral remarks today I will briefly summarize my written statement which has been submitted for the record.

It is an honor to appear before the subcommittee as both, Acting Assistant Secretary for South and Central Asia and as Acting Special Representative for Afghanistan and Pakistan. The reintegration of the State Department's policy offices for Afghanistan, Pakistan, and South Asia is improving coordination and will enable us to more effectively advance U.S. national security interests across the region.

Today, a quarter of the world's population, 1.7 billion people, live in South Asia. It is the fastest growing region in the world with almost half the population under the age of 17. This drives eco-

conomic growth, expected to be above 7 percent from 2018 onwards, along with unprecedented opportunities for trade. Nowhere are these opportunities greater than in the growing road, air, and sea links between India, Bangladesh, Burma, Nepal, and Sri Lanka and the rapidly expanding ASEAN economies.

Seventy percent of the infrastructure required to sustain and support the India of 2030 has yet to be built. This will be an enormous opportunity for U.S. companies that have the technology and expertise. For example, Boeing alone foresees a market for 2,000 commercial aircraft in South Asia over 20 years. The region's growth has the potential to create ½ billion new customers for U.S. businesses in consumer goods, financial services, technology, infrastructure, the health sector, energy, education, tourism, and more.

In 2014, the United States exported more than \$22 billion worth of goods to Southeast Asia, making us the region's number one trading partner. These exports support thousands of jobs and as the region rises thousands more are likely to be created as a result.

India is one of our most important strategic partners and a country of growing political and economic importance globally with which our values and national interests increasingly align. U.S. assistance to the Indian Government contributes to meeting the basic needs of the Indian people, helping India to devote more attention to the regional and global leadership roles to which it aspires and which the United States supports.

Bangladesh is a key partner for the United States. Despite its development and security challenges, Bangladesh sustains global peace with over 7,000 police and armed forces deployed to ten U.N. peacekeeping operations. It contributes to global food security and can provide a moderate alternative voice to countering violent extremism. In recent weeks, Bangladesh has also demonstrated its continuing commitment to host large numbers of Rohingya refugees.

U.S. assistance will continue to strengthen Bangladesh against the threats of radicalization, support Bangladesh as a global model and humanitarian in development and poverty reduction, and promote a trade and investment environment conducive to U.S. companies. And in one of the poorest countries of the world, our assistance to Nepal helps strengthen democracy and improve transparency and accountability. With an MCC compact expected to be signed shortly, we will assist the Nepali Government in transforming its energy and transportation sectors.

Since Sri Lanka's historic January 2015 elections, the United States has been partnering to make its workers more skilled, citizens more empowered, while ensuring that the government continues its ambitious reform agenda. As Sri Lanka implements its reform objectives and in accordance with limits set by Congress, our modest military-to-military engagement has expanded slowly and incrementally. Our 2018 requests support security and maritime cooperation and enhance strategic trade controls.

In the Maldives we have real concerns about the status of rule of law and democracy. Maritime security is also a great concern due to threats posed by narcotics trafficking, piracy in the Indian Ocean, and seaborne trade in illicit materials of potential use for

terrorist activity. Our foreign assistance request continues targeted support for maritime security cooperation.

South Asia remains among the least economically integrated regions in the world and non-tariff barriers are a major cause. Their regional programs will target the elimination of non-tariff barriers and the facilitation of regional trade and investment.

In conclusion, South Asia is at the crossroads of the Indo-Pacific region whose sea lanes are critical to the security and prosperity of the United States. By promoting a common vision of economic growth, transparent development, accountability, and regional integration, the policies and programs supported by our fiscal year 2018 request will ensure that the United States continues to be a leader in advancing regional unity and stability.

Thank you for the opportunity to testify, and I look forward to working with you and your staff.

[The prepared statement of Ambassador Wells follows:]

**Statement of Ambassador Alice Wells
Acting Assistant Secretary, Bureau of South and Central Asian Affairs
U.S. Department of State
Before the HFAC Subcommittee on Asia and the Pacific
“Maintaining U.S. Influence in South Asia: The FY 2018 Budget”
September 7, 2017**

Introduction

Chairman Yoho, Ranking Member Sherman, members of the Subcommittee: thank you for inviting me to testify today on fiscal year 2018 foreign assistance priorities for South Asia.

It is an honor to appear before this Subcommittee today as both Acting Assistant Secretary for South and Central Asia and Acting Special Representative for Afghanistan and Pakistan. The re-integration of the State Department’s policy offices for Afghanistan, Pakistan, and South Asia will enable us to more effectively tackle challenges to U.S. national security interests across the entire region. Given the jurisdiction of this Subcommittee, my remarks today will focus on policy opportunities and challenges with respect to our fiscal year 2018 budget request for South Asia, not including Afghanistan and Pakistan. I look forward to briefing you, along with members of the Subcommittee for the Middle East and North Africa, on our budget priorities for Afghanistan and Pakistan in the near future.

South Asia matters to the United States. Right now, a quarter of the world’s population – 1.7 billion people live in South Asia. It is the fastest growing region in the world with almost half of the population under the age of 24. This drives economic growth -- expected above 7 percent from 2018 onwards -- along with unprecedented opportunities for trade. Nowhere are those opportunities greater

than in the growing road, air, and sea links between India, Bangladesh, Burma, Nepal, and Sri Lanka and the rapidly expanding ASEAN economies. Seventy percent of the infrastructure required to sustain and support the India of 2030 has yet to be built. This will be an enormous opportunity for U.S. companies that have the technology and expertise. For example, Boeing alone foresees a market for 2,000 commercial aircraft in South Asia over the next 20 years. The region's growth has potential to create a half billion new customers for U.S. businesses in consumer goods, financial services, technology, infrastructure, the health sector, energy, education, tourism, and more.

In 2014, the United States exported more than \$22 billion worth of goods to South Asia, making us the region's number one trading partner. These exports support thousands of jobs in many of your districts and, as the region rises over the next 15 years, thousands more are likely to be created as a result. We are committed to increasing market access for U.S. companies throughout the region in support of that important goal.

Within that context, I will now review how the policies and programs supported by our \$220.8 million FY 2018 budget request will sustain greater stability, security, and prosperity in both South Asia and here in the United States. My USAID colleague, Gloria Steele, will then provide more detail on the development programs.

India

I will begin with India, one of our most important strategic partners in the Indo-Pacific region. This year marks the 70th anniversary of India's independence and our strategic partnership, underpinned by our shared interests and values, continues to grow at a rapid pace. I want to acknowledge and thank Congress for their

tremendous leadership in growing this partnership over the past decade. Prime Minister Modi's address before a joint session of Congress last year captured the energy and excitement defining this partnership. In the words of President Trump, the "relationship between India and the United States has never been stronger, has never been better." The President's first meeting with Prime Minister Modi in June set a positive tone and ambitious agenda for strengthening bilateral ties, particularly in the areas of defense, energy, and trade.

Defense and security cooperation continues to be a central pillar of the U.S.-India partnership. In July, the Departments of State and Defense submitted a report to Congress outlining the tremendous progress we've achieved thus far in our defense relationship. The designation of India as a Major Defense Partner last year was a significant milestone as was this year's MALABAR naval exercise, which featured over 10,000 personnel from Japan, India and the United States. The Major Defense Partner designation will help further increase bilateral defense trade, which has risen to more than \$15 billion over the past decade. Defense sales increase our security cooperation while also generating jobs at home. The Department of State is committed to advocating on behalf of American companies as they compete for defense deals in the Indian market. The F-18 and F-16 fighter proposals put forth by Boeing and Lockheed Martin have the potential to take our defense relationship to the next level. We strongly support these transfers. If India can seize these opportunities we can enhance interoperability between our militaries and support thousands of jobs in both countries.

The reason defense cooperation with India is so vital to U.S. interests is because we need India to be a net security provider in the Indo-Pacific, a region that serves as the fulcrum of global trade and commerce, with nearly half of the in the world's 90,000 commercial vessels – many sailing under the U.S. flag – and two thirds of

traded oil traveling through the region. It is also home to nearly half the planet's population and some of the fastest growing economies on earth. Working with like-minded partners, India has the strategic and economic potential to uphold the international order that has served so much of humanity over the past seven decades. The investments we make in our security partnership now will pay dividends for decades to come.

As fellow democracies, counterterrorism cooperation is the critical priority for both India and the United States. India is situated in a dangerous neighborhood, where terrorist attacks have killed both Indians and Americans alike. Joint training and capacity building are essential to expanding our CT cooperation. For example, through the State Department Anti-Terrorism Assistance (ATA) program, more than 1100 Indian security personnel have received U.S. training since 2009. By building capacity and sharing expertise, we can improve the security of both our nations' citizens.

Let me now turn to our economic relationship. India is on the way to becoming a market of 350 million middle-class consumers, which offers major opportunities for U.S. exporters. Our bilateral trade has more than doubled in the last decade from \$45 billion in 2006 to more than \$114 billion in 2016. U.S. exports to India support more than 260,000 American jobs across all 50 states. Cumulative two-way investment between the United States and India in 2016 was nearly \$40 billion. Last year alone, investment from Indian companies supported more than 52,000 jobs in the United States.

There are also tremendous opportunities in India's civil aviation market – one of the fastest growing in the world. In early January 2017, SpiceJet, a private Indian airline, announced an order of 155 new Boeing 737 MAX 8s, taking its tally for

this Boeing model up to 205 total planes. The final assembly of the MAX 737 takes place at the Boeing production facility in Renton, WA. At today's list prices, these transactions have an estimated value of \$23 billion and, according to Boeing, would create or sustain more than 130,000 U.S. jobs. Another Indian firm, Jet Airways, also ordered 75 737 MAX 8s in 2017.

We also see significant opportunities in the energy sector. India is the third-largest energy consumer in the world after China and the United States, and its large and growing population ensures it will remain one of the largest energy consumers for decades. In August, Indian companies began to purchase U.S. crude oil for the first time, and Indian firms are also turning to U.S. liquefied natural gas (LNG) to meet demand and diversify supply. India's state gas utility, for example, signed a 20-year supply agreement with U.S. LNG producer Cheniere Energy and has already taken delivery of multiple shipments of gas.

While the U.S.-India economic relationship has largely been on a positive trajectory, we do need to do more to balance the trade deficit between our two countries, which totaled nearly \$30 billion last year. We are working closely with USTR and the Commerce Department to address the concerns of the U.S. business community regarding India, including tariff and non-tariff barriers, subsidies, localization policies, restrictions on investment, and intellectual property concerns that limit market access and impede U.S. exporters and businesses from entering the Indian market. We are committed to ensuring our trade relationship with India is fair and reciprocal, and will continue to press India to further open its markets and create a level-playing field for U.S. companies.

Our science & technology (S&T) and health cooperation with India is strengthening the strategic partnership by promoting economic growth and

enhancing the well-being of our citizens. This cooperation also helps us to create an enabling environment for joint research and its commercialization, and fosters ties with the private sector, at the institution-to-institution and scientist-to-scientist level, which is also critical to the long-term sustainability of our strategic and commercial partnership.

While India is an emerging world leader, it still needs to address the daunting challenges of disease, poverty, and development in a nation of 1.3 billion. As India's economy grows, it will have more resources to devote to these challenges, but our \$33.3 million request can go a long way in assisting India in a few crucial areas, such as strengthening the capacity of India's health workforce and improving care for life-threatening infant and child infections. USAID will discuss these important issues further. The request also supports efforts to strengthen counterterrorism cooperation and enhance strategic trade controls, both important priorities in our larger partnership.

Bangladesh

Let me now turn to Bangladesh, the world's eighth-most populous country and third-most populous Muslim-majority country. Bangladesh sustains global peace with over 7,000 police and armed forces deployed to ten U.N. peacekeeping operations, contributes to global food security, and can provide a moderate alternative voice to counter violent extremism in a troubled region. Bangladesh is a development success story and a growing market for U.S. firms that has become an important venue in the fight against transnational terrorism.

ISIS and al Qaeda in the Indian Subcontinent (AQIS) have claimed responsibility for nearly 40 attacks in the country. In the wake of ISIS' Holey Bakery attack in July 2016, we are advancing our strong security partnership through community

policing, anti-money laundering and counterterrorism finance efforts, and military and joint exercises.

As Bangladesh continues to struggle against these threats, we stress the importance of government officials and security forces respecting the rule of law and human rights in countering terrorism to bolster Bangladeshi society's resistance to radicalization. The United States also urges Bangladesh to ensure that its national elections in 2018 are free and fair and to preserve democratic space for civil society and the press to operate freely.

Despite the country's security challenges, Bangladesh remains the second largest supplier of apparel worldwide and an important economic partner for U.S. buyers. The United States works closely with Bangladesh and our international partners to improve worker rights and safety in this sector. Bangladesh has made important progress on factory building and fire safety, and it is currently considering legislative improvements that would conform its labor laws to international standards. We continue to strongly advocate for progress in these areas.

Bangladesh's economy, which has averaged over 6 percent growth for more than two decades, has proven remarkably resilient, weathering natural disasters, political unrest, and stiff economic competition from abroad. More women have entered its workforce than ever before, which further fuels the nation's development. The World Bank calls Bangladesh a global model in human development and poverty reduction. Its advances in public health have cut infant mortality substantially over the past five years.

The country achieved lower-middle income status according to the World Bank's recent ranking and is well-positioned to achieve middle-income status in the coming years. Bangladesh is also beginning to diversify its economy away from

apparel and agriculture to light manufacturing. These are impressive gains, especially in light of the country's daunting challenges, and its government is rightfully proud of these accomplishments.

U.S. assistance will continue to focus on expanding economic opportunities for Bangladeshis, improving governance, and developing basic education, which will greatly contribute to Bangladesh's goal of becoming a middle-income country. The foreign assistance request of \$138.5 million for Bangladesh utilizes resources to counter terrorism and violent extremism, including strengthening law enforcement, the rule of law, and related capacities. FY 2018 resources will be used to improve governance and continue support for civil society organizations. Funding will advance agricultural productivity; broaden access for U.S. businesses; support workforce development for youth and other vulnerable groups; increase food security; and improve nutrition and maternal and child health.

Nepal

The United States aims to help Nepal pave the path to a stronger democracy that could address persistent ethnic conflicts, achieve justice for abuses resulting from Nepal's decade-long civil war, and promote economic growth and regional stability. If these efforts succeed, Nepal will serve as a model for other fragile post-conflict democracies.

In addition to supporting a stable, democratic government that respects the rule of law, the United States promotes investor-friendly energy development and regional connectivity. Nepal has been selected for one of the United States' most high profile projects to increase regional connectivity within the Indo-Pacific. In August the Millennium Challenge Corporation's (MCC) Board of Directors approved a \$500 million compact with Nepal, MCC's first compact in South Asia.

The Government of Nepal has committed to contributing an additional \$130 million to support MCC's investment, and pending congressional notification, this compact will be signed this September by both governments.

The compact will focus on two projects: an Electricity Transmission Project and a Road Maintenance Project. The Electricity Transmission Project would strengthen the high voltage electricity transmission network to support new investments in generation, which would not only address serious power shortfalls domestically but also permit the country to export surplus hydroelectricity in the future. This project also will offer significant opportunities for American firms both in project implementation and downstream, electricity-dependent sectors. The Road Maintenance Project is designed to improve the maintenance regime in Nepal and will complement existing efforts by others to build new roads.

In addition, our foreign assistance request of \$38.8 million aims to strengthen democracy and improve government transparency and accountability. Programs will increase food security and help foster an environment conducive to increased U.S. business opportunities. FY 2018 resources will work to improve education service delivery as well as maternal and child and nutrition health services, efforts that are essential to support a skilled workforce and long-term sustainable economic growth. Funding will also increase the Nepalese government's capacity to manage and monitor their borders.

Sri Lanka

Since its historic January 2015 elections ushered in a path to reform and reconciliation, the United States has been partnering with Sri Lanka to make its workers more skilled and its citizens more empowered, while ensuring the

Government continues its ambitious reform agenda. Our cooperation continues in economic development, governance, trade, and security.

We are working together to fulfill the steps to which our nations agreed in a resolution (30/1) at the UN Human Rights Council (HRC) in 2015, and which were reaffirmed in a further HRC resolution (34/L.1) in March 2017. These resolutions committed the Sri Lankan government to transitional justice and prevention of the recurrence of the violence and abuses experienced during the nation's 26-year conflict through constitutional, legislative, and security sector reforms. Specific steps include constitutional reform devolving more administrative power from the central government to Sri Lanka's regions, the replacement of the Prevention of Terrorism Act (PTA) with a law that meets international standards of fairness and due process, the return of land seized by the military during the war, and the establishment of transitional justice mechanisms such as the Office of Missing Persons (OMP), a truth and reconciliation commission, an office for reparations, and a credible mechanism to investigate and prosecute alleged war crimes. The United Nations will continue its oversight of the implementation of these steps through March 2019.

The current coalition government's commitment to a reform agenda has prompted growing interest in expanding engagement with the U.S., including in military-to-military relations. All along, however, we have recognized the need for Sri Lanka to take concrete steps toward its reform objectives. In accordance with limits set by Congress, our modest military-to-military engagement has therefore expanded slowly and incrementally.

Our FY2018 request of \$3.4 million in foreign assistance focuses on strong support for security cooperation and enhanced strategic trade controls, while contributing to Sri Lanka's progress toward becoming a mine-impact-free nation by 2020.

Additionally, the MCC is developing a compact with Sri Lanka after it successfully passed the MCC policy scorecard in 2016. In June, MCC approved an initial \$7.4 million to study potential projects and conduct due diligence work in the transport and land sectors. MCC is working closely with the Government of Sri Lanka to bring a compact for Board approval in 2018.

Maldives

Maldives is a small, but strategically situated nation of some 1,000 coral islands spread across 35,000 square miles of the Indian Ocean. It sits astride key shipping lanes and counts India, Saudi Arabia, and China among its benefactors. We have real concerns about the status of rule of law and democracy in the country. Lack of higher educational opportunities, high youth unemployment, rise of social media, and weak institutions all contribute to an environment in which Islamist violent extremism is on the rise. Our work with the government to combat violent extremism remains critically important, in a country with a grim distinction: per capita, it has produced more terrorists who have fought in Iraq and Syria than any other country in the world.

Our request of \$440,000 in foreign assistance for Maldives continues limited support for maritime security cooperation. Maritime security is of great concern due to threats posed by narcotics trafficking, piracy in the Indian Ocean, and sea-borne trade in illicit materials of potential use for terrorist activity. Maldives abuts the same sea lanes that pass by Sri Lanka and account for two-thirds of the world's oil and half of its container shipments.

State SCA Regional: Regional Connectivity, Integration, and Stability

South Asia remains among the least economically integrated regions in the world, and non-tariff barriers to trade are a major cause. Currently, it takes up to 20 separate authorizations for merchants to import and export goods between India and Bangladesh and, even thereafter, cargo must be reloaded onto new trucks because of differences in axle loading and road quality. Fortunately, the countries of the region have prioritized increasing regional trade and investment, and during the recent Foreign Ministers meeting of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in Kathmandu, the seven-member states laid the groundwork for stronger regional cooperation on a host of economic and commercial issues. Given this momentum, we are focused on facilitating stronger economic linkages between the countries of South Asia to encourage private-sector led economic growth and promote prosperity and stability in the region.

With targeted interventions, our request of \$6.4 million in foreign assistance for regional programs will be used to support programs aimed at overcoming non-tariff barriers and facilitating regional trade and investment. For example, in advance of the MCC Compact in Nepal, our regional connectivity efforts provided countries in the region with the technical skills and expertise needed to move toward an integrated energy market. We also implemented programs aimed at strengthening legal and regulatory regimes across the region in an effort to encourage greater foreign direct investment. These essential efforts will continue under the FY2018 request, thereby helping ensure the MCC Compact is a success. Additionally, the request enhances efforts for regional security cooperation, focused on law enforcement, transnational crime, and strategic trade controls across South Asia.

Conclusion

In the coming years, the countries of South Asia will likely assume an ever-greater role and importance in global affairs. The policies and programs supported by our FY 2018 Request will ensure that the United States continues to be a leader in the region by promoting economic connectivity and growth, advancing good governance and democracy, and ensuring regional security and stability. With smart, focused engagement, we can ensure that South Asians and Americans alike continue to reap the benefits of stability, security, and prosperity. Thank you.

Mr. YOHO. Thank you for your opening statement, Ambassador Wells.

Ms. Steele?

STATEMENT OF MS. GLORIA STEELE, ACTING ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. STEELE. Chairman Yoho, Ranking Member Sherman, Representative Brooks, Representative Connolly, thank you for inviting me to testify on the President's budget request for development assistance in South Asia. The President's budget request for USAID in the South Asia region is approximately \$190 million. This request supports activities in Bangladesh, Nepal, and India—three countries in vastly different stages of development.

In Bangladesh, the country finds itself at an important crossroads in its democratic evolution and economic growth. USAID has a diverse program helping to address the underlying factors that impede the country's progress and stability. Much hinges on the success of Bangladesh's secular democracy in preventing violent extremist attacks. The budget request supports USAID's program to strengthen citizen participation and government accountability. We are intensifying efforts to address the threat of violent extremism and recently awarded a new flagship project that will work to prevent recruitment of members of vulnerable groups by confronting key drivers.

Advancements in agriculture have helped to drive poverty reduction and inclusive economic growth in Bangladesh over the past decade.

But to continue this progress the country needs to shift to high-value agriculture. USAID is promoting crop diversification, market access, and modern farming practices to help farmers make this transition. We are also supporting improved disaster preparedness and natural resource management to sustain these gains amid frequent natural disasters and competition for scarce resources. On health, the budget request supports our continued efforts to improve maternal and child health, mitigate the spread of tuberculosis, and prevent chronic malnutrition and undernutrition.

In Nepal, more than 10 years following the end of its civil war, the government is hampered by constant leadership changes and unresolved drivers of conflict. These include limited inclusion of traditionally marginalized populations and weak governance to meet public demand for quality services. The 2015 earthquake was a significant setback for Nepal, pushing an additional 800,000 people into poverty.

This budget request supports USAID's efforts to help fortify Nepal's fragile democracy, shore up its economic growth, and address persistent challenges in education, maternal and child health, and nutrition. So far this year, our support for the Government of Nepal has been critical in holding two phases of credible, broadly participatory local elections, the first in 20 years.

USAID assisted with nine election-related bills as well as voter education initiatives and political party candidate training for women and members of other traditionally marginalized groups. The elections mark a historic devolution of power and resources to

the local level, giving the people a stronger voice. As we support Nepal's transition to a democratic state with functioning local governance, we continue to support the combined national and provincial assembly elections scheduled for November 26th and December 7th.

With 80 percent of Nepalis engaged in subsistence agriculture, USAID is working to modernize farming methods in order to improve productivity and increase incomes. At the same time, we are working to catalyze economic growth through agricultural commercialization and increased agribusiness competitiveness. Our agricultural programs contributed to a 36 percent decrease in poverty in the targeted areas where we worked in the past 3 years.

In India, although significant development gains have been made the country is still home to one-fourth of the world's extremely poor. Inequities abound particularly in health. More than 40 million Indians, a population equal to that of California, are pushed into poverty each year because of health care costs and illness-induced low productivity. Moreover, India accounts for roughly one-fifth of global maternal and child deaths and one-fourth of the world's new TB cases.

Given its population of 1.3 billion, India's capacity to effectively respond to its pressing health challenges has proved understandably challenging. With a focus on improving maternal and child health and preventing the spread of TB, the budget request enables us to demonstrate high-impact models and approaches that more efficiently and effectively direct India's own resources to save lives. For example, India now uses a cloud-based patient feedback system that USAID helped them to develop in order to ensure better accountability and governance of services in hospitals.

Mr. Chairman, Ranking Member Sherman, committee members, thank you for your support. Investing in global development progress remains in our national interest. In supporting the world's most vulnerable populations and in helping to build more stable, open, and prosperous societies, we strengthen our own security and help to generate new economic partners. Our efforts are both from and for the American people and reflect core American values of freedom, democracy, and stability. Thank you, and I look forward to your counsel and questions.

[The prepared statement of Ms. Steele follows:]

Statement of Gloria Steele
Acting Assistant Administrator, Bureau for Asia
United States Agency for International Development
Before the House Committee on Foreign Affairs, Subcommittee on Asia and the Pacific
“Maintaining U.S. Influence in South Asia: The FY 2018 Budget”
Thursday, September 7, 2017

Chairman Yoho, Ranking Member Sherman, and distinguished members of the subcommittee: Thank you for inviting me to testify on the President’s budget request for development assistance in South Asia for fiscal year (FY) 2018. It is particularly an honor to testify before this committee on the vital role of the United States Agency for International Development (USAID) in advancing U.S. foreign policy priorities in South Asia.

Development plays an indispensable role, alongside diplomacy and defense, in advancing U.S. national security and economic interests. USAID’s programs save lives, promote inclusive economic growth, strengthen democratic governance, and therefore avert crises worldwide. Our efforts alleviate suffering and bolster self-reliance, which helps developing countries forge sustainable paths of progress that benefit us all by building stronger trade and security partners and a more peaceful world.

The President’s FY 2018 budget request for Department of State and USAID foreign assistance in the South Asia region is \$220.8 million. Specifically for USAID, this budget request supports activities in Bangladesh, Nepal, and India—three vastly different countries in their stage of development and the challenges they face. The budget request reflects the imperative to direct foreign assistance investments to approaches that have the greatest impact and are cost effective in advancing U.S. national security objectives, asserting U.S. leadership, and fostering economic opportunities for the American people, while working in partnership with these countries to achieve their development goals.

Next, I will provide a brief country-by-country overview of the budget request.

Bangladesh

Bangladesh, one of the most densely populated countries in the world with nearly 27 million people living in extreme poverty, faces immense development challenges. Today, it finds itself at an important crossroads in its democratic evolution and economic growth. The United States is helping to address the underlying factors impeding Bangladesh’s progress and stability by supporting the country’s continued development. The budget request supports USAID efforts to bolster Bangladesh’s democracy, address drivers of radicalization to violence, foster inclusive economic growth, strengthen the agriculture sector, combat human and wildlife trafficking, and address key health and education challenges.

As a long-standing moderate Islamic country, and one that prides itself on its tolerance of diversity, Bangladesh stands as an example for Muslim-majority countries around the world with much hinging on the success of its secular democracy and success against preventing violent extremist attacks. Against this backdrop, the budget request supports USAID’s program to

strengthen citizen participation and government accountability—by supporting the elections process, improving political competition, supporting civil society’s ability to engage with the government, and improving the judicial system and rule of law. To address the threat of violent extremism, we are intensifying efforts to address drivers of radicalization to violence. The increase since 2013 in brutal attacks against democratic voices—including the AQIS-claimed murder of one of our own USAID staff members, Xulhaz Mannan, and the July 2016 attack claimed by ISIS against a restaurant frequented by the international community in Dhaka—mark a turning point and must be addressed to prevent further regression on a number of fronts, including security and development gains. Leveraging best practices from previous work, USAID has awarded a new flagship countering violent extremism program. This program will work through local communities, scholars, think tanks, and non-governmental organizations to prevent recruitment of members of those most vulnerable groups by confronting the psychological, social, and economic drivers of violent extremism. We are also supporting the resolution of political conflicts at the community level, providing legal support for the poor and vulnerable to help redress their grievances, and expanding employment opportunities for youth through workforce training and improved reading instruction in primary school to curb high dropout rates. With human and wildlife trafficking opening the door to bad actors, USAID is improving collaboration among Bangladesh’s government agencies and providing legal, psychosocial, and livelihood support to labor migrants.

Advancements in agriculture over the past decade have been a major contributor to reducing poverty and fueling inclusive economic growth. Administrator Mark Green just announced on August 31st that Bangladesh is one of 12 target countries for the next phase of Feed the Future. The country now needs to shift to high-value agriculture to continue growth and poverty reduction. Bangladeshi farmers have struggled to break through with limited access to improved seed varieties, buyers, and training in modern farming methods. The budget request enables USAID to continue helping Bangladesh make this transition through the promotion of crop diversification, access to markets, and efficient farming practices. Our assistance increases the demand for agricultural products that U.S. businesses are well-positioned to provide, including Caterpillar and John Deere. We partner with private sector partners like the Walmart Foundation to connect farmers with modern supply chains. Our assistance has helped increase farmers’ production and sales of high-value agricultural items including fish and livestock, improving the livelihoods of roughly 27 million people in southern Bangladesh while diversifying the economy. To sustain these gains amid a growing population forced to compete for scarce resources and regularly occurring natural disasters, the budget request supports our continued efforts to improve disaster preparedness and natural resource management.

Finally, the budget request supports our continued efforts to improve maternal and child health, mitigate the spread of tuberculosis (TB), and prevent chronic malnutrition and undernutrition. Great progress has been made. Despite the challenges, USAID helped Bangladesh reduce deaths of mothers and children under 5 by more than two-thirds in the last 25 years, thereby helping the country achieve two of its Millennium Development Goals—to improve maternal health and reduce child mortality—early. We have also contributed to a significant reduction in childhood stunting: from 51 percent of children in 2004 to 36 percent of children in 2014. Yet, too many people still suffer the heartbreak of losing a newborn baby to preventable causes such as newborn sepsis, birth asphyxia, and prematurity/low-birth weight, or the anguish of learning that

their children’s nutritional deficiencies have caused irreversible, lifelong harm. USAID support will address the most common causes of maternal death, including hemorrhage and eclampsia, which together account for more than 50 percent of maternal deaths. The drivers of this mortality are poor access to and low utilization of antenatal care, skilled care during delivery, and postnatal care services. USAID provides assistance to Bangladesh to scale up evidence-based interventions to reduce neonatal mortality, which makes up a disproportionate share of all child deaths, and to support community-based nutrition activities that prevent and manage undernutrition among children and infants.

Nepal

Nepal is one of the poorest countries in South Asia, and while remarkable progress has been made—including cutting the extreme poverty rate by over two-thirds between 2003 and 2010, reducing chronic undernutrition by 37 percent from 2001 to 2016, and this year, achieving a 7.5 percent increase in its GDP, its highest economic growth rate since 1994—significant challenges remain. More than ten years following the end of its civil war, the Government of Nepal is hampered by constant leadership changes and still working to address the key drivers of its conflict: poor inclusion of traditionally marginalized populations and weak governance to meet public demand for quality services. The 2015 earthquake was a significant setback for Nepal, pushing an additional 800,000 people into poverty, according to the World Bank. The budget request supports USAID efforts to help fortify Nepal’s fragile democracy, shore up its economic growth, and address persistent education, maternal and child health, and nutrition challenges.

At the forefront, USAID activities in Nepal foster more inclusive, transparent governance. USAID has been a committed partner in strengthening key institutions in Nepal, including the Parliament, Election Commission, local governments, and political parties. So far this year, our support has been critical in the Government of Nepal holding two phases of credible, broadly participatory local elections—the first in 20 years. The elections saw minimal violence and mark a historic devolution of power and resources to the local level, giving the people a stronger voice. USAID assisted with nine election-related bills, voter education, and political party candidate training for women and other members of traditionally marginalized groups. USAID support is critical to Nepal’s transition to a democratic state with functioning local governance that constructively engages members of dissenting groups. This is significant, given the 36,000 newly-elected local officials who require training on devolving governance processes and effectively engaging constituents. We continue to support the combined national (parliamentary) and provincial assembly elections scheduled for November 26th and December 7th. Our programming has seen a more than 30 percent increase in public participation in public audits and social accountability tools for local government spending and oversight over the past four years. Building on this, USAID will continue to support more transparent public financial management and civil society oversight of public finances and service delivery as Nepal establishes its new federal system of government. We are also helping address issues of equity and quality in health and education services, supporting the economic inclusion of women and members of other vulnerable populations through business and financial literacy training, and improving Nepal’s ability to combat trafficking in persons and wildlife.

Some 1,500 people leave Nepal daily to work in the Gulf states, Asia, and the United States. As smallholder farmers earn higher incomes through improved practices, more Nepalis have shown

willingness to stay. With 80 percent of Nepalis engaged in subsistence agriculture, USAID is working to modernize farming methods to improve productivity and catalyze economic growth through agricultural commercialization and increased agribusiness competitiveness. Our programs contributed to a 36 percent decrease in poverty in targeted areas over the past three years. We are also working to develop a more business friendly environment, particularly in hydropower, which safeguards U.S. investments in this promising emerging market. USAID has supported the Nepal-U.S. Chamber of Commerce and advises Nepal on policy, regulatory, and institutional reforms, including in energy, agriculture, and foreign investment. Our programs contribute to, and dovetail with, the recently approved \$500 million Millennium Challenge Corporation (MCC) Nepal Compact—which will be matched by a \$130 million contribution from Nepal. The MCC Compact complements our poverty reduction and market access activities with its focus on expanding and strengthening the electricity transmission network and improving the road maintenance regime.

India

India has made significant development gains, but it is still home to one-fourth of the world's extreme poor, impacted by inequities, particularly in health. Those living in urban slums and rural outposts disproportionately suffer from poor health aggravated by poverty. The numbers speak for themselves: More than 40 million Indians—a population equaling that of California—are pushed into poverty each year because of health care costs and illness-induced low productivity. Moreover, India accounts for roughly 20 percent of global maternal and child deaths, with 1.2 million children under 5 years of age dying each year. Of all the countries in the world, India has the largest estimated number of new TB cases every year, accounting for about 27 percent of the world's new TB cases. Each year, 2.8 million new cases are diagnosed in the country, of which 130,000 are multidrug-resistant. An estimated 480,000 TB deaths occur every year in India—which is about 1,300 deaths per day. Given its population of 1.3 billion, India's capacity to design, implement and evaluate health programs that effectively respond to its pressing health challenges of global consequence has proved understandably challenging.

USAID is a trusted partner in helping to guide and unlock India's own resources in ways that shape the country's health care system to better respond to the needs of its population. With a focus on maternal and child health and TB, the budget request enables us to demonstrate high-impact models and approaches that more efficiently and effectively direct India's own resources to save lives, which India can then scale up. For example, India now uses a cloud-based patient feedback system that USAID helped develop to ensure better accountability and governance of services in some 1,000 hospitals, reaching nearly one-fourth of the population. Our engagement is helping to introduce American health innovations to new markets. For example, General Electric is introducing its equipment into private Indian clinics and hospitals that we are supporting through a loan guarantee. And, we have helped introduce California-based Cepheid's technology to India, which is now buying hundreds of their machines to more accurately and rapidly identify people with multidrug-resistant TB. The Indian Government has budgeted \$39.2 million over the next five years to purchase an additional 1,400 machines, which will radically change the playing field in favor of better outcomes in the fight against multidrug-resistant TB.

Conclusion

Mr. Chairman, Ranking Member Sherman, and members of the committee: Thank you for your

support. Investing in global development progress remains in the U.S. national interest. In helping build more stable, open, and prosperous societies, we strengthen our own security and help to generate economic partners for the United States. With the FY 2018 budget request, USAID will continue achieving these results in the South Asia region through strong American leadership.

Thank you for the opportunity to testify today. I look forward to your counsel and questions.

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Mr. YOHO. I have to commend both of you. You were right on time, under the marker. That is good.

I find this so important that we are talking about this today. Outside of India which is the largest democracy, and us being the oldest democracy, I see the South Asia region being a fledgling democracy area. When I look at Sri Lanka going through the civil war that they did, they had for 30-some years, now that we have a democracy in place, a fledgling one since what, 2015. The insight that we have coming from the business world is not to put good money after bad.

We wanted to make sure that the investment we made stays, and the long-term benefit of that is there in the long term so that we can make sure there is rule of law and democracies that continue to foster those relationships in trade, economics, security, and cultural exchanges. It is so important that we do that.

I know we are going through some fiscal challenges in our country, there will be austerity measures as we have seen, but that doesn't mean you move away from the investments we have already made. We want to make those stronger. And so as we move from some of the maybe cuts from 96 percent, but we see MCC coming in there and investing what is it, \$500 million, roughly, in Sri Lanka, that we invest in the roads and the infrastructure and we build an economic base for those countries to build upon and it is so important that economic connectivity gets built upon.

And for Ambassador Wells, it is unclear that in the fiscal year 2018 budget the amount of funds that are requested to further the Indo-Pacific Economic Corridor initiative, could you give us a breakdown of the amount of funds that you think are necessary for this initiative to be successful?

Ambassador WELLS. Thank you. I just returned from Sri Lanka where I had an opportunity to meet with the President, Prime Minister, Foreign Minister, and leadership, and we had a very good conversations on Sri Lanka's need to continue along the road of reconciliation, what is a fragile post-conflict society, the important commitments that the government made with our assistance to the United Nations and our determination to help Sri Lanka meet those commitments.

I heard firsthand from the Sri Lankan leadership that they understood that they needed to intensify, that they are now starting to operationalize mechanisms like the Office of Missing Persons. They undertook the constitutional reform was going to continue and move forward. I think our role, our diplomatic role in ensuring that that reconciliation process continues is critical and we are deeply engaged with the Sri Lankan leadership in that conversation and have been since the dramatic formation of the national unity government.

In terms of the reductions in assistance, I mean there has been again a rationalization of our assistance across the board. But what I would emphasize is that ironically in Sri Lanka we are the largest grant provider of assistance. China is providing non-concessional loans that promote unsustainable debt burdens which I think are increasingly now of concern to the Sri Lankan people and the government, but what we bring to our relationship are multiple tools.

And so when I stand back and look at the totality of the relationship, how we have begun to engage incrementally on military-to-military engagement—we are going to have our first naval exercise in October—we have provided excess defense article equipment so that the Sri Lankans can perform more effectively as a maritime nation. We are starting an IMET program, moving from the enhanced IMET to a traditional professionalization courses IMET. Then you add to that our negotiation of a compact, we are actually close to, with congressional notification, a compact in Nepal.

The Sri Lanka compact is in the process of being negotiated. We have allocated a little over \$7 million this year to continue that process of defining what an MCC compact would look like and we would like to reach a compact by 2018. But that is, the kind of assistance that we bring is thought out, transparent, involves the public-private sector, has buy-in for civil society. The kind of investment that we make in Sri Lanka, I think, is deeply valued by both the government and the people. When I met with civil society representatives, including the leader of the Tamil opposition, they very much want to see a U.S. role and welcome our commitment to expanding both the economic as well as the diplomatic portion of our relationship.

So I recognize that there has been a significant percentage reduction in the ESF, but I think outside of ESF we are using our tools to reinforce a message of reform and to bring Sri Lanka into a space where they too will institutionalize the principles of the Indo-Pacific. Freedom of navigation, transparency, non-militarization, humanitarian assistance and disaster relief at its core, and I think we are making good progress there.

Mr. YOHO. I appreciate you bringing that up because it is so important, because we see how China has invested and it is loans, and they get them to where they are unsustainable and then they get into a situation where we saw the 99-year lease in Sri Lanka. And the investment that we want to do, we want them long term and it is to grow their economy, their economic base, the jobs for their youth. You said half the population in South Asia is under the age of 17.

I found it astounding that you said 70 percent of the infrastructure needed by 2013 is yet to be built. I think with our business model, our relationships in investing in their country for their economic development is the way to go versus funding or loans as China does, and we see that all over the world. And it is important the jobs that both of you do, all of our diplomatic core as they represent the United States of America to concentrate on that economic development, because if it is the economic development they have they are going to guard it, they are going to protect it, and it is going to make our alliance stronger. So I commend you.

I am out of time, and I know, Ms. Steele, you had something to say, but hopefully we can come back to you. I am going to turn to the ranking member. Thank you.

Mr. SHERMAN. Thank you, Mr. Chairman. Once again you have shown brilliance by starting your questioning regarding Sri Lanka. I will imitate that brilliance.

As I understand it Ambassador Wells, we are talking about a 92 percent decline in our aid to Sri Lanka. Does this request include

any support for reconciliation and reform efforts in Sri Lanka, and what signal are we sending with a 92 percent reduction? Ambassador?

Ambassador WELLS. I turn to my colleague to discuss the specific USAID programs, but again I recognize the severity of the percentage decline in the ESF but I would point to the totality of our programs. On the reconciliation side, diplomatically, we have always been the leading partner in driving the original agreement with Geneva which produced the government's historic—

Mr. SHERMAN. So we do a great job of talking, which is what diplomats and congressmen do, but in my world money talks and a 92 percent decline in money cannot be covered up by eloquence or good offices or even the art of the deal negotiations.

Ms. Steele, we are talking about \$3.3 million. That is basically—I hesitate to ask you about the aid for Sri Lanka because it has basically been zeroed out. I am sure Congress will not do that. But can you support reconciliation reform with \$3.3 million?

Ms. STEELE. Mr. Sherman, we have invested \$70 million since 2015 and we worked in reconciliation, economic growth, and good governance. We have been using those resources which continue to be still available, some of them, to build their capacity to continue to be able to do what we started out to do.

Mr. YOHO. Ms. Steele, thank you. I do want to go on to the next question.

I am sure Ambassador Wells, you are well aware of the Rohingya. As additional background, America saved the people of Kosovo by bombing a Christian country. We saved the Muslims of Bosnia. So my question is twofold. First, are we going to cajole or pressure Aung San Suu Kyi and the Government of Burma, Myanmar, to start respecting these people's rights, to change their legal structure so that groups that have been there for 100 years and longer are given citizenship; and secondarily, what are we going to do so that Muslims around the world know that we saved the Muslims of Kosovo and Bosnia, and here we are playing in a major role or what I hope will be a major role, in saving those of Southwest Burma?

Ambassador WELLS. Thank you. When I was in Bangladesh it was at the onset of the refugee influx. At that time it was about 20,000. It is now over 160,000, I believe, and the human tragedy is compelling. What we have worked to do is both to assist Bangladesh in responding to the crisis we are waiting—

Mr. SHERMAN. Ambassador, the easy thing is to just throw money at refugees in Bangladesh.

Ambassador WELLS. In addition—

Mr. SHERMAN. How tough are we going to be on the Burmese Government?

Ambassador WELLS. In addition to the assistance we will provide to the—are providing and will continue to provide to the Bangladesh Government, the U.N. had a—Kofi Annan went out and did a report on the situation which produced several recommendations including recommendations like a joint commission on border management. We are working to see how we can have both countries sit down and implement some of those recommendations. But

I agree with you that this is a crisis and there needs to be both a humanitarian and a political response to it.

Mr. SHERMAN. But does Aung San Suu Kyi recognize her debt to those of us and millions and millions of Americans who worked for democracy in her country and are now watching the government over which she has significant influence carry out these atrocities?

Ambassador WELLS. I am afraid I am not able to speak for my colleague, Acting Assistant Secretary Susan Thornton, but from—

Mr. SHERMAN. Okay. So your jurisdiction does not include—

Ambassador WELLS. It does not.

Mr. SHERMAN. Okay. And if I can sneak in one more question, when a business asks for the help of the State Department and says it is important, do you look at how many jobs are involved in the project or could you end up working just as hard because a big business looking for a foreign supplier to be helped, looking to license IP, looking to do things that are very profitable for the company but involve very few jobs? Do you have a jobs analysis that guides you in determining how much effort to put into an economic request?

Ambassador WELLS. Our goal is always to support American business and analyses are done of the individual proposals and their effect on creation for U.S. jobs. Companies have to petition to the U.S. Department of Commerce in order to receive advocacies, specific advocacy for that company, in which case they have to be the only American company competing to have specific recognition.

Mr. SHERMAN. But if you have two projects, one in one industry, one in another industry, they are the only American companies—one, they both will produce \$100 million worth of profit for the companies, but one will produce a lot of jobs and one is just IP licensing, what mechanism do you have to prioritize the jobs profits over the licensing profits?

Ambassador WELLS. We will advocate for all U.S. companies under that circumstance.

Mr. SHERMAN. Okay. I yield back.

Mr. YOHO. Yeah, we will probably do three rounds. The wisdom of Congress is that we book all of our meetings at the same time and so people who are on the Judiciary—and you know how it goes. Anyways, let's move on.

I would like to talk about the Maldives. Being an island nation of 393,000 people, roughly, it represents a growing terrorist threat. They are one of the largest sources of ISIS fighters per capita in the world operating abroad. Knowing that, what is the administration's reasoning for nearly eliminating the already modest U.S. assistance commitment to the Maldives? Ms. Steele?

Ms. STEELE. We recognize that violent extremism is a very important issue in the Maldives and we are in the process of putting together an assessment team to take a look at what we can do to help address the drivers of violent extremism in the Maldives at this time.

Mr. YOHO. Okay. Ambassador Wells, do you have any comment on that?

Ambassador WELLS. We are also assessing how we can enhance our information sharing relationship with the Maldives in order to

counter terrorism, counter violent extremism while at the same time recognizing that the government, the President, has consolidated control, has stripped the authority of many democratic institutions. There are complications and challenges in working with the Government of the Maldives.

Mr. YOHO. Okay, let me ask you both because we hear about the cuts for Sri Lanka but we don't talk about the investment of MCC of \$500 million, roughly. Are the other countries, are we at a point where MCC is going into Bangladesh, the Maldives, Nepal, have we looked at business models? Because the way we invest on those we hold the countries accountable with the metrics that are set up in those and it is more of an investment in the infrastructure and business.

What are your thoughts on that, say, for the Maldives? Have we looked at that?

Ambassador WELLS. The MCC has very rigorous standards and criteria for countries to be eligible for compacts. Currently, within the South Asia region it is Nepal and Sri Lanka who are, Nepal is at the end stage of negotiating the compact and Sri Lanka is at the beginning. So the criteria will still need to be applied so there is no movement at this stage to consider a compact for the Maldives.

Mr. YOHO. Okay. And in your experience in the countries that have used the MCC business model do you find that more effective than just foreign aid through USA—through some other form versus, you know, just giving money out and doling it out like we have done in the past in other countries?

Ambassador WELLS. I think they are very complementary and I will turn to Gloria. But my personal experience is that the MCC and its ability to do public-private partnerships, to tap in the government and the business community, and to implement gender-related components to it has been very useful in multiple compacts. But it doesn't substitute for all the other assistance work that we do. Gloria?

Ms. STEELE. Yes. When I was in the Philippines, I was Mission Director in the Philippines before coming here and we had an MCC compact there as well as a robust Partnership for Growth program run by USAID, and they are complementary. They don't actually—they don't substitute for one another. We work on very specific issues that are of the time important to them. We did an analysis with them to identify what areas they wanted to work with and they complement what MCC does.

But MCC's analyses of the programs they do are put together 5 years before because it is a 5-year compact and so we focus on the constraints they face at the time. They are complementary but they don't substitute for one another.

Mr. YOHO. Okay, thank you. With President Trump's speech, I think it was a week or two ago where he was talking about our pivot with Afghanistan and Pakistan and India's more increasing role with Afghanistan and we saw India's willingness to stand up to China in the Northern Territory and then we saw the resolution of that peacefully. Thank God. Are there provisions in the proposed budget that could help deepen the U.S.-India security partnership

which could be beneficial in checking China's unwarranted territorial claims through the rest of Asia?

Ambassador Wells, you brought up the mil-to-mil cooperation between the United States Navy with Sri Lanka. What are your thoughts on that dealing with India and how can we strengthen that relationship?

Ambassador WELLS. The United States supports peaceful and stable relations globally among all countries, including India and China, and our goal ultimately in the Indo-Pacific region is, you know, every nation should be able to work together to uphold international norms and to prosper. While we strongly support, we obviously strongly support a prosperous India that plays a leading global role, both China and India are leading powers but our relationship with India really stands on its own. It stands on its own because it is based on democratic values, on close political and economic ties.

If you look at the military relationship between the United States and India, it is an extraordinary story over the last 10 years where we went from zero in military sales to \$15 billion. We are currently holding the largest military exercise with India and Japan, the Malabar exercise that brings together 10,000 personnel and our largest carriers. We are with India as a major defense partner.

We are able to now offer advanced technologies, and during the visit of Prime Minister Modi with President Trump in June we had the unprecedented offer of the nonlethal Sea Guardian UAV for maritime security. Now we want to build on that military partnership. India over the next 7 years is projected to spend \$30 billion in military modernization. Our companies like Boeing and Lockheed with the F-18s and the F-16s are natural competitors and would deeply enhance our interoperability with India.

But then how do we build that relationship further outward? So we are already working with Japan. There are opportunities to work with Australia. How do we as democratic nations that share values enshrine those values? And again freedom of navigation, demilitarization, you know, working together on disaster response, humanitarian assistance, setting a standard for the region.

I think when I was at this conference in Colombo which brought the countries of the region, really, from the Seychelles to Singapore together I was impressed by the unity of purpose. People seek that. They want that. We have an opportunity to create this working relationship.

Mr. YOHO. Thank you.

Mr. Sherman, round two.

Mr. SHERMAN. I want to pick up where I was on prioritization of two different companies that would like your assistance. You don't have unlimited resources, so one possibility is that advocacy for a U.S. company consists of just sending a letter or rubber-stamping a document in which case you do have unlimited resources. You could send out 1,000 letters a year, but I would hope that you are doing more than that.

If you have to prioritize between—I mean, do you have unlimited, I know you don't have unlimited resources. Are there significant resources being used to advocate for U.S. businesses? And

given the fact that your resources are limited, how do you prioritize which companies to put a lot of effort behind?

Ambassador WELLS. I mean in countries where you have a vibrant trade relation and foreign direct investment relationship then yes, I mean the bigger deals where we are eligible and allowed under U.S. regulation to lobby specifically for a company those projects that deliver more jobs for Americans are going to occupy the attention.

Mr. SHERMAN. How are you certain that your—because we talked privately in my office. I brought to your attention the fact that an ambassador was advocating for German-built cars, not in your region I might add. So how do you, do you get a report as to okay, I have limited resources. I could put a little more time in this project or that project, do you get any report as to how many U.S. jobs are involved?

Ambassador WELLS. When countries apply—

Mr. SHERMAN. Or is it just the size of the deal? Because they both could be \$100 million deals but one is \$100 million of licensing as the one that is \$100 million of product. So they both, if you just say how big is the deal they are the same size deal, but what do you do to prioritize jobs to know how many jobs are behind the project?

Ambassador WELLS. No, I am speaking now from my personal experience as a former Ambassador to Jordan. And there what you receive from the Commerce Department, and I would have to defer to my Commerce colleagues, you receive an analysis of what the deal is and an understanding of the—

Mr. SHERMAN. I would urge you to insist for the Department of Commerce that jobs be the first line. Not how many profits, not how big is the deal, how many jobs.

I want to go on to Sindh. We have seen disappearances, both of those who advocate for the Sindhi-speaking community and those who advocate for the Muhajirs. These two groups don't tend to get along but it seems like their political activists are disappearing. I look forward to working with you to make official inquiries of the Pakistani Government of political activists who have just disappeared including the brother of a friend of mine.

I know that we have a Web site from the consulate in Karachi in the Sindhi language. We do some public diplomacy which means the State Department has determined that reaching out in the Sindhi language makes sense. Have you communicated that over to the broadcasting board of governors saying, hey, we are reaching out to people in the Sindhi language, you should too? Or more importantly, what do I do to get you to do that?

Ambassador WELLS. You have just inspired me to reach out. But I would note that in countries like Sri Lanka, for instance, our Embassy is doing programming in seven languages and its seven different markets. We are often confronted in places like Pakistan and India where there are multiple languages that have deep reach at the state level or even lower where there is a need to target information. So I absolutely take your point—

Mr. SHERMAN. I ask questions about Sri Lanka. It is very important. Pakistan has an undisclosed number of nuclear weapons and three or four major languages and it is important that we reach out

beyond just Urdu. The State Department has done that and my inspiring you will inspire the board of governors of the broadcasting operation to do the same.

Let's see. Oh, you mentioned airplane exports to India either in our private conversations or here. That may be our biggest single export to India. We are in competition with Europe. They have an export finance authority. We have the EXIM Bank. Without the EXIM Bank we are at a distinct disadvantage in selling planes to India.

Have you found the EXIM Bank to be helpful and do you think that we would have an even bigger trade deficit with India if we didn't have an EXIM Bank?

Ambassador WELLS. I can't comment on what motivates individual companies. I mean over the course of my career of course I have appreciated the work of EXIM in supporting U.S. exports and particularly in the aircraft sector, but I would note that in our trade relationship with India these exports are continuing regardless. During the Prime Minister's visit in June we had the announcement of a \$23 billion plane sale and planes, commercial aircraft as well as military aircraft, are a key sector for exports in the future.

Mr. SHERMAN. Well, I hope that the President will appoint people to the board of directors of EXIM Bank that will carry out its duties. Otherwise, you may be back here assuming that you—well, assuming that Rex Tillerson takes my advice and makes you the permanent assistant secretary.

Do you have a plan to reach balanced trade with the major countries in our area? Because if I share one thing with the President it is a real focus on the trade deficit numbers because those numbers translate into real jobs, real lives, lives that can be ruined, lives that I have seen being ruined. We have this trade deficit. You are doing a few things about it. But do you have a goal? Do you have a strategy designed to achieve a particular goal and is a balanced trade relationship the goal?

Ambassador WELLS. It is a clear priority for the Trump administration, absolutely. During the visit of Prime Minister Modi with President Trump, this was discussed. And I think that—

Mr. SHERMAN. Was it discussed in the nature not of, well, we would like to sell more to India; was it discussed in the idea we want to achieve balance in the trade? Because when I first got to Congress, an administration official said yes, if we could expand exports by \$1 billion and expand imports by \$2 billion that would be great because we would have \$3 billion more in trade. And so is the goal just, is there a strategic goal to reach balance with India and with Bangladesh?

Ambassador WELLS. The administration is doing an assessment of the top countries with trade deficits and the goal is to equalize and reduce those trade deficits. In the case of India there are obvious areas where we can work to improve IPR protection, to reduce non-tariff barriers. We have several high-level, serious dialogues through USTR and the Department of Commerce to tackle specific sectorial issues. We have used the WTO in the case of our chicken, our poultry and egg exports, where we expect India to implement the WTO ruling and this is a major part of our dialogue.

Mr. SHERMAN. I have got to interrupt for one more question because I promised you I would ask this. Is India going to change its liability laws to put America nuclear plant builders on the same liability footing as those entities that have sovereign immunity such as those from China, France, and Russia?

Ambassador WELLS. India took three actions. They joined the convention on Supplementary Compensation for Nuclear Damage. It is a multilateral treaty.

Mr. SHERMAN. Did they sign the additional protocol?

Ambassador WELLS. The additional protocol of the IAEA?

Mr. SHERMAN. I think there is a particular—please continue.

Ambassador WELLS. So they joined this multilateral treaty that lays out a framework for liability and then they announced guidance that its nuclear law, domestic nuclear legislation, was in conformance with that law. Then the third thing they did was they set up a domestic insurance pool for operators and vendors for liability from nuclear accidents. Those three steps are designed to increase confidence in the domestic and foreign companies in the nuclear industry.

Mr. SHERMAN. Are companies—

Ambassador WELLS. All I can say is that Westinghouse found them sufficient.

Mr. SHERMAN. Westinghouse. Now if they could just move their jobs back to the United States I would be more happy with them. I yield back.

Ambassador WELLS. Can I respond to—

Mr. SHERMAN. I didn't even mention global warming. We talked about the Maldives.

Mr. YOHO. No.

Mr. SHERMAN. I didn't mention the ex-Maldivian island.

Mr. YOHO. I said tax reform.

Ambassador WELLS. But the \$10 billion in U.S. content, in export content in the nuclear deal, potential in the nuclear deal, we believe would generate 50,000 jobs.

Mr. YOHO. 15,000?

Ambassador WELLS. Yeah.

Mr. YOHO. No, I want to build on that. When we look at what China's done with the One Belt One Road, there is over \$1 trillion invested, roughly, that they have invested through loans from other countries and they have such a strong presence. Do you feel the business model that we are working with our foreign aid as small as it is, but more importantly with the relationships we are developing with like-minded democracies, is enough to offset that? And our mil-to-mil cooperation with India and with Sri Lanka, what are your thoughts on that? Is that enough to fend off the encroachment of China with their investments?

Ambassador WELLS. I mean our priority has been to increase interregional connectivity.

Mr. YOHO. Right.

Ambassador WELLS. If you look at the region, their interregional trade comprises only 2 percent which is the lowest in the world. A lot of what we bring to the table is the soft assistance, helping with regulations and frameworks and how do you do customs and how do you streamline procedures. And that assistance has proved, I

think, very useful for countries like Bangladesh and India, where in my written remarks I note it takes 20 permits to export something from one side of the border to the other. So how do we break down those barriers? How do we use MCC to promote, you know, electricity trade between Nepal and India?

Mr. YOHO. Right, with the hydroelectric investment.

Ambassador WELLS. Exactly, and also the road maintenance component of it, so you actually have the infrastructure that can support the trucks that can support the trade. And so, you know, these are very specific sometimes and targeted regulatory reforms, other times they are major investments in infrastructure. But I think we are seen as an extremely credible and valuable partner in this effort. Gloria?

Mr. YOHO. Ms. Steele, can you add to that?

Ms. STEELE. Yes, I think that what we are doing in all of Asia I would say is trying to level the playing field for American companies to be able to come in. In many of the countries in which we work, we work with the governments to be able to do public-private partnerships so that they don't have to go into debt but rather attract investments leveraging their own funds. And that I have found, this has also helped to keep more investments from other countries including China to come in. It has worked there effectively in East Asia in particular where we have done that.

Mr. YOHO. Okay, thank you. I am going to ask something, it could be a little controversial. But a potential challenging in the U.S.-India relationships and partnership is the rise of the Hindu nationalist politics which detract from the India's traditional, inclusive, multi-faith democracy. A less harmonious India raises human rights concerns and endangers our growing partnership. What are the administration's priority regarding human rights in India?

Ambassador WELLS. India provides the highest constitutional protections for religious minorities, and our goal is to work with India and to encourage India to meet the goals that it sets for itself in its own constitution and its laws. There are cases obviously of religious, as we detail in both the Human Rights Report and the International Religious Freedom Report, of infringements and there was the tragic murder of a journalist just this week who was often the subject of nationalist criticism.

These are challenges for any democracy, but India is a democracy and it is a vibrant democracy and we have respect for Indian institutions and ability to rise and meet these challenges, and we certainly in all of our engagements at senior levels encourage the Indian Government to do so.

Mr. YOHO. Okay. Ms. Steele, I am going to ask you something because Dr. Bera is on his way down, I heard, and this probably doesn't get asked a lot of people in your situation or your position, but what is it that you could see from the United States Congress that if we changed in our policies or directions would help facilitate what you do?

I know appointing people would be a good thing or getting them through the Senate. I will bring it up to—I will agree with my colleague here that there have been a lot of positions appointed but they haven't been passed through the Senate. I know that would

be something—and I see you guys both writing things down so this will be good.

I will let you direct these at Mr. Sherman—no, both of us because so many times we get the information, and I know there are things that you have said, man, if they would have asked this, or, you know, if there is something that we should have asked that we didn't, I would like to hear your thoughts if you are comfortable doing that.

Mr. SHERMAN. And don't hesitate to say that the President's budget requests are completely wrong and that we should be providing far more money especially for Ms. Steele's efforts.

Mr. YOHO. If you do that do it in the third person. I am not saying this, but somebody else told me this.

Mr. SHERMAN. Yes. I will add that to the question. Do you know intelligent people who believe that the President's budget requests are completely wrong and that higher amounts should be spent?

Ambassador WELLS. I just want to say I am very honored that the Secretary Tillerson has trusted me as a senior career officer of 28 years' experience to lead the Bureau at this time and I think it is a mark of his faith in the institution that he has done so. There is a very ambitious and I think very credible and inclusive discussion of reform of the State Department that is underway. It is coming to its conclusion and I know we all look forward to its results. I would say that I am sitting here before you because Secretary Tillerson trusts the colleagues, the career colleagues that he is working with.

I interpreted your question a little bit differently on what Congress can do. I mean what I would encourage, I really encourage congressional visits. Many of these issues are so complicated to understand the dynamic in Sri Lanka, to understand India's rise and the complexity of India as a democracy, and the challenges that a democratic government in India has to navigate is best seen firsthand. In my experience as a Foreign Service Officer and as an ambassador, having congressional visits really built the strength and the foundation for a relationship.

Mr. YOHO. I appreciate you saying that because I just got back from a codel to South Korea and Taiwan and we hear the same thing there, you know, congressional delegation visits, the higher up the better because it shows that cooperation and alliance.

Ms. Steele, do you want to add to that?

Ms. STEELE. Yes. Especially at this time when resources are more limited, we would like to be able to build a more trusting relationship between you and us so that flexibilities, a little bit more flexibilities will be available to us to be able to use resources, the limited resources that we have.

Mr. YOHO. Maybe we should visit the State Department then?

Ms. STEELE. No, we will come and visit you more often and provide information, because I think that the relationship built on more trust will enable us to be more responsive and agile on the needs of, vis-a-vis the needs of the countries, and this is particularly important when resources are limited.

Mr. YOHO. It really is and that trust builds on the relationships built on that trust and I think it so important. So many times I feel like when people like you come into a hearing you feel like it

is a to-get-you type and it is not. Our goal is to make our relationships with the countries and the regions that we represent stronger and we rely on your information.

With that I am going to turn over to Dr. Bera who I just had the pleasure to be in South Korea and Taiwan. Doc.

Mr. BERA. Thank you, Mr. Chairman. I think this is a very timely hearing, obviously, as we think about the U.S. role in the world the important mission of USAID and the emerging importance and dynamism of South Asia. Let's think about it in a couple ways.

I know we will be having a hearing on Afghanistan but the interconnected nature between Afghanistan, India, and Pakistan was highlighted in the President's comments, I guess it was a week ago, last week. As we look at our continuing mission in Afghanistan I know USAID has had a role, but the President—and I would actually support the President's statement that the importance of India continuing to have a role in helping build infrastructure, helping build stability and then the complexity of Pakistan there in terms of harboring some of the groups that are creating an instability there creates this complication, Pakistan's concern when the more India is involved in Afghanistan the more Pakistan seems to get concerned as well.

I would just be curious, Ambassador Wells or Ms. Steele, how you would think about that in terms of kind of negotiating and navigating that with the desire of creating that stability in Afghanistan and how it interrelates with India and Pakistan.

Ambassador WELLS. Well, just as Pakistan has very real and legitimate security interests in Afghanistan so does India. We would like to see, and appreciate constructive economic investments, investments in Afghanistan's stability and institutional stability, and so if you look at India, by 2020 they have pledged to spend \$3 billion. Some of the projects they have already funded include the Parliament House, an important dam, training in India for experts and in agro experts very vital programs that and Afghanistan is going to need.

In that instance, I think the more international partners we can bring to bear who do constructive investments again in the economic sphere and in the development sphere we are very supportive of.

Mr. BERA. All right.

Ambassador WELLS. I have nothing to offer.

Mr. BERA. Okay. And as we think about that role we will continue to have a presence there trying to provide training and security and we have made significant investments in Afghanistan in terms of educating a generation of girls. You are seeing a younger generation that is now as they enter adulthood does give Afghanistan this possibility of creating those civil institutions and we would hate to lose some of that.

Shifting to some of the projects in India that I have had a focus on in terms of empowering women and girls in India, I do have some real reservations about the proposed budget cuts that would decimate some of these programs, some of the cuts to UNFPA. Again, I don't think this is a time for the United States to be stepping out of that void, especially as India historically has been a recipient nation. As it is starting to develop, it also is developing into

being a donor nation and partnering with us to do some interesting things as we go into third countries into Africa and so forth.

I guess again whoever it is appropriate to, Ambassador Wells, maybe you want to touch on the importance of maintaining some of those investments that we have in India.

Ambassador WELLS. We really see our relationship with India transitioning. As India itself becomes an increasingly important provider of assistance in the region, we are moving away from India as a donor recipient to India as a partner, as you said, in third countries.

We have done interesting work in Africa. There are opportunities for us to do joint training in Afghanistan. And so what we have tried to do, and I will refer to Gloria here, is to really prioritize the remaining funding in those areas where we think we can provide the best multiplier effect or assist Indian private sector and government in being able to tackle a problem more creatively and effectively.

Mr. BERA. Great. Ms. Steele, do you want to—

Ms. STEELE. In following up on the theme of prioritization, the health situation in India, we have prioritized working on the health situation in India. It is probably one of the worst problems and where we can be better partners and where our dollars will make a bigger difference. They have more incidence of TB than any in the world. They have one-fourth of the maternal and child mortality in the world. And so with the limited resources we have, we have prioritized funding in India around health, TB prevention and cure, and maternal and child health.

Mr. BERA. And obviously if we could get you more funding then you could have a bigger impact; so thank you.

Ms. STEELE. Yes.

Mr. YOHO. Thank you for that.

Next, we will go to Mr. Connolly from Virginia.

Mr. CONNOLLY. Thank you, Mr. Chairman, and thank you for holding this hearing. Great to see you both again. I will say you have got a job to do and God bless you for trying to do it. But when we talk about South Asia perhaps it is the most effective region in the world with respect to the retrograde policies of the Trump administration. Ripping up TPP, ripping up our participation in the Paris climate accord and of course slashing AID's budget especially in this region, all those things probably have the most effect, the most intense effect in South Asia than anywhere else on the planet.

To that end, correctly debating, and I know my friend, the chairman of this committee, he is going to defend Trump, but I also know that Ted Yoho has really reflected on how important a foreign assistance program is. It is a modest investment. It is a modest part of our diplomatic machinery to keep America great and I really applaud the chairman of the subcommittee for articulating that position.

I know that was not his original position when he first got elected to Congress, but like all of us we learn. We come to appreciate. I certainly hope that happens in the administration because the cuts being proposed, the retreat being proposed, I think is profoundly deleterious to U.S. interests and simply opens the way to another power in Asia that is only too happy to walk through that

opening. That is not making America great again, that is making America weak again.

Let me ask you, Ms. Steele, and feel free, Ambassador Wells, to comment. I am not asking you to comment on what I just said because that would impolitic for both of you. In fact, I am going to say for the record you both vehemently disagree with everything I just said, defending the Trump administration.

But South Asia, we have got the heaviest monsoon rains in 40 years, 1,400 dead, hundreds of thousands of homes damaged or destroyed, 41 million people directly affected, and a third of an entire sovereign nation, Bangladesh, underwater. How well prepared are we to respond to that crisis, Ms. Steele?

Ms. STEELE. We are prepared to respond to the crisis when and if they request for our assistance.

Mr. CONNOLLY. I am sorry, I can't hear you.

Ms. STEELE. When they request for assistance we will be there.

Mr. CONNOLLY. You mean Bangladesh has not requested any assistance?

Ms. STEELE. No, not on the flooding. Nepal has, but Bangladesh has not. They have not right now, but we are poised and prepared to assist when they do.

Mr. CONNOLLY. Could the fact that a third of an entire sovereign nation, Bangladesh, being underwater, could it have anything at all to do with, I don't know, the warming of the climate? Hmm, all right.

Ambassador WELLS. Could I just add another dimension to—

Mr. CONNOLLY. Of course.

Ambassador WELLS. In our military-to-military cooperation we have done extraordinary work in disaster assistance, humanitarian response, including with Bangladesh and with Nepal. In fact, we tragically lost seven of our own in Nepal in a helicopter accident in the wake of the earthquake response. And so in Bangladesh where we have built over 500 cyclone shelters, we have worked on how you manage water resources, there has been a significant U.S. investment in that effort and an ongoing commitment to increase the capacity of Bangladeshis to respond.

Mr. CONNOLLY. I appreciate that Ambassador Wells, but the fact of the matter is the Trump budget slashes health for these three countries by 50 percent and this flooding is now leading to a mass outbreak of diarrheal related diseases, malaria, Dengue fever, and possibly cholera. How can we in good conscience cut our health budget to these countries in half in light of what is happening in front of our faces? How can we justify that? How can we make those programs efficacious with a 50 percent cut?

Ms. STEELE. On humanitarian assistance and disaster response, these are not bilaterally allocated. We have a central fund for humanitarian assistance. As I mentioned earlier, Mr. Connolly, we are prepared to respond when they request for our assistance and they have not done so. And I believe as my colleague Alice said, we have invested in helping them mitigate the impacts of disasters and we are ready. The budget that you see that is allocated for these countries does not reflect the humanitarian assistance budget that we have centrally.

Mr. CONNOLLY. Mr. Chairman, will you allow me just one follow-up question with respect to Bangladesh?

Mr. YOHO. Okay.

Mr. CONNOLLY. I thank the chair. Why hasn't Bangladesh asked for our help? I am puzzled by that. I mean maybe the phone is underwater with the rest of the country.

Ms. STEELE. I do not know the response to your question and I will follow up and ask, but we have not received—

Mr. CONNOLLY. And Ambassador Wells, do you have any idea?

Yeah, thank you. I am sorry. I just, I don't want to—I am running out of time, so I didn't mean to be abrupt.

All right. Well, if anyone is listening, Bangladesh, please call. Got a phone number? No? All right, State Department, thank you. Thank you, Mr. Chairman.

Mr. YOHO. Thank you. Dr. Bera would like to have another shot at some questions if you guys are okay.

Mr. BERA. Yeah, I actually just wanted to make a statement. You know, listening to my colleague Mr. Connolly as well as being a classmate of Chairman Yoho and serving on Foreign Affairs with Mr. Sherman, this is an incredibly important time for the United States with everything going on around the world and in South Asia to continue to stay engaged and involved.

Both Ambassador Wells and Ms. Steele, you guys are doing the best you can within the circumstances and the resources that are being provided, and I think it is important to make a statement about the public servants who serve us within the State Department and represent our country around the world. Again I just want to make a statement on how much as a member of the Foreign Affairs Committee and a Member of Congress we appreciate their service. We understand they are doing what they can and I think it is important for us to let them hear how much we as Members of Congress as well as the public and the citizens of the United States appreciate that service and representation, so thank you.

Mr. SHERMAN. If the gentleman will yield, I so appreciate the individuals who work at the State Department. I married one of them.

Mr. YOHO. Well said on both counts with both of you, because I was going to end that way.

Ambassador Wells, Ms. Steele, as you go forward, as our State Department goes forward in these economic times that we are having in our country and as we are having some challenges here, we may be cutting some programs, but we are going to replace it with the goodwill as you said the humanitarian assistance. You are the spokesmen for the United States Government as you go to these countries and we rely on you to instill into those countries the belief that we are here with them. We will stand with them. We will work through our challenges, but we are there to provide that assistance.

So I do appreciate it. This committee, I think, speaks as a voice of unity in saying that same thing, and again I can't tell you how much we appreciate you coming in, being up front and just very engaging. Thank you both. This meeting is adjourned.

[Whereupon, at 11:21 a.m., the subcommittee was adjourned.]

A P P E N D I X



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**SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128**

**Subcommittee on Asia and the Pacific
Ted Yoho (R-FL), Chairman**

September 7, 2017

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on Asia and the Pacific in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Thursday, September 7, 2017
TIME: 10:00 a.m.
SUBJECT: Maintaining U.S. Influence in South Asia: The FY 2018 Budget
WITNESSES: The Honorable Alice G. Wells
Acting Assistant Secretary
Bureau of South and Central Asian Affairs
U.S. Department of State

Ms. Gloria Steele
Acting Assistant Administrator
Bureau for Asia
U.S. Agency for International Development

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Asia and the Pacific HEARING

Day Thursday Date September 7, 2017 Room RHOB 2172

Starting Time 10:04 am Ending Time 11:17 am

Recesses (___ to ___) (___ to ___) (___ to ___) (___ to ___) (___ to ___) (___ to ___)

Presiding Member(s)

Rep. Ted Yoho

Check all of the following that apply:

Open Session

Executive (closed) Session

Televised

Electronically Recorded (taped)

Stenographic Record

TITLE OF HEARING:

"Maintaining U.S. Influence in South Asia: The FY 2018 Budget"

SUBCOMMITTEE MEMBERS PRESENT:

*Rep. Ted Yoho, Rep. Mo Brooks, Rep. Dana Rohrabacher, Rep. Scott Perry
Rep. Brad Sherman, Rep. Tulsi Gabbard, Rep. Gerald Connolly, Rep. Ami Bera*

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an * if they are not members of full committee.)

HEARING WITNESSES: Same as meeting notice attached? Yes No

(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

*Connolly SFR
Titus QFR
Keating QFR
Yoho QFR*

TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED _____

John J. Gray
Subcommittee Staff Associate

Statement for the Record

Rep. Gerald Connolly

AP Subcommittee Hearing: "Maintaining U.S. Interests in South Asia: FY 2018 Budget Hearing"
September 7, 2017

Maintaining U.S. influence in South Asia is a critical U.S. foreign policy priority. The United States has longstanding interests in the region, including supporting democratic institutions, enhancing regional security, strengthening regional trade and infrastructure, and addressing health and environmental issues. Protecting these interests requires investment, collaboration, and robust diplomatic capacity. Unfortunately, the Trump Administration has undermined nearly every foreign policy tool we have to protect American interests in the region. President Trump has proposed decimating U.S. diplomatic missions and foreign assistance, failed to fill key State Department positions, and pulled out of the Paris Climate Accord.

President Trump's FY 2018 international affairs budget represents a unilateral retreat from U.S. global leadership, and the South Asia sub-region is no exception. The President's budget would reduce U.S. assistance to the region by 48 percent, a more drastic cut than any other region except Europe and Eurasia. Every South Asian country is subject to a sizeable decrease in U.S. foreign assistance. Digging deeper, the President's budget decimates regional programs that foster democratic governance, economic growth, global health, and climate resilience.

As we bear witness to consecutive hurricanes of unprecedented strength in the southern United States, South Asia is simultaneously experiencing the heaviest monsoon rains in forty years. This extensive flooding has claimed the lives of more than 1,400 people and damaged or destroyed hundreds of thousands of homes in Bangladesh, India, and Nepal. Rising floodwaters and landslides are directly affecting at least 41 million people. More than one-third of Bangladesh is underwater. The humanitarian crisis is worsening as thousands of people succumb to an outbreak of diarrhea, malaria, and dengue. Yet, Trump's budget justification proposes no disaster readiness funding for the affected countries and slashes their global health programs by roughly half. Furthermore, Trump has withdrawn from the Paris Climate Accord, an agreement that committed nearly 200 countries to mitigate the effects of climate change, which have been the most severe in South Asia.

When the U.S. walks away from our global commitments, we need to remember that our adversaries stand ready to take our place. Earlier this year, I visited Sri Lanka with the House Democracy Partnership (HDP). The oldest democracy in Asia, Sri Lanka is emerging from decades of civil war and undertaking significant political and economic reforms that will benefit its own people and U.S. interests. I have supported reconciliation efforts between the Sri Lankan government and its ethnic minority Tamils. Our assistance also helps ensure maritime security and freedom of navigation for this strategically located island amid the major sea lanes of the Indo-Asia-Pacific. In Sri Lanka, the creeping influence of Beijing is palpable. Everywhere you look, the Chinese have built a major highway, an airport, a stadium, and in the fishing town of Hambantota, a

deep-sea port. Trump's budget would gut U.S. assistance to Sri Lanka by 92 percent – an engraved invitation delivered right to China's doorstep.

I am thankful to the witnesses for appearing before us today, and I have no doubt that you are both highly qualified civil servants. Nonetheless, each of you is here in an acting capacity because President Trump has declined to invest in the human resources necessary to carry out the State Department's and U.S. Agency for International Development's missions. At State, only four out of twenty-two assistant secretary vacancies have a nominee, and none would cover South Asian Affairs. At USAID, no one has been nominated to fill any of the ten deputy and assistant administrator positions. President Trump recently said that his administration is not even looking to fill all the vacant positions.

The hard truth is that when the United States does not act as a forceful advocate for our principles and our interests abroad, we leave a vacuum. When U.S. leadership retreats, adversaries who do not share our interests and values fill that vacuum and endanger U.S. security. I look forward to hearing from our witnesses on how the President's budget protects U.S. interests in the South Asia region when it decimates our diplomacy and development missions.

Questions for the Record submitted to
Acting Assistant Secretary Alice Wells
By Chairman Ted Yoho
Subcommittee on Asia and the Pacific
House Foreign Affairs Committee
September 7, 2017

Question:

Ambassador Wells, throughout the hearing you noted the economic potential of South Asia and how it could provide economic opportunities for American businesses. How does the Administration plan to utilize the Indo-Pacific Economic Corridor, one of the only South Asia specific programs mentioned in the FY 2018 budget, to grow the economies of South Asia, Southeast Asia, and the United States? Can you please describe the plan? Also, please provide a breakdown of the amount of funds that have been requested for this program and if there are any public/private partners that we are already engaged with.

Answer:

The Indo Pacific Economic Corridor (IPEC) program and ongoing IPEC projects will be phased out by FY 2018 and replaced by a newly developed SCA regional foreign assistance program that is linked to the South Asia Strategy and Indo-Pacific regional cooperation efforts, as well as South and Central Asian Affairs and USAID's Joint Strategic Plan and Joint Regional Strategy, currently being updated to reflect administration priorities. A strategic review of current regional policy and assistance efforts is currently underway to inform program development, and regional connectivity remains a central priority.

Regional funds will continue to be used to support connectivity and improve economic prospects for citizens of South Asia and the United States by reducing barriers to trade, improving the investment environment, and promoting a more transparent business environment. Funds will also support development of South Asia's energy markets and infrastructure and other public investments, aligning them with the needs of recipient countries. Such programming is intended to address important development needs of the region, leverage U.S. comparative advantages, create opportunities for U.S. businesses, and promote regional stability through increased economic opportunities. The FY 2018 request contains \$5 million in Economic Support and Development Fund resources for regional programming. Funding has not yet been linked to specific projects or partners, but will be implemented via a mix of grants, interagency agreements, and contracts that aim to advance the regional strategies listed above.

Question:

Some propose an FY 2018 653(a) spending plan that cuts Feed the Future resources from over \$1 billion as included in the FY 2017 enacted omnibus down to \$797 million. In particular, the CGIAR (agricultural research/Consultative Group for International Agricultural Research) centers are taking a huge hit – upwards of 40%. How does State plan to maintain U.S. leadership in important areas such as agriculture research in the face of these potential cuts?

Answer:

As we work to streamline efforts and ensure the efficiency and effectiveness of U.S. taxpayer dollars, we have had to prioritize and make some tough choices. The reductions will allow us to advance our most important policy goals. While Feed the Future and CGIAR contribute to U.S. foreign policy, in a constrained budget environment, the FY 2018 Request prioritizes advancing the most critical U.S. national security interests and foreign policy objectives.

Question:

Ambassador Wells, despite a burgeoning partnership and growth in some sectors, challenges remain for many industries that seek to do business with India. Some have identified the problem as being that we do not have sufficient leverage in bilateral commercial discussions. What do you think the State Department can do in India to help create an environment that provides greater market access for U.S. companies and stronger protections for their intellectual property in?

Answer:

Getting our economic partnership right is critical to advancing our goals of peace and stability in the Indo-Pacific region and promoting growth and prosperity in India and the United States. There is great potential complementarity in our economic relationship, but too many U.S. companies continue to face a broad range of challenges to doing business in India, including restricted market access, regulatory shortfalls, and weak protection for intellectual property. Working with the Indian government to overcome these challenges, facilitate fair and balanced trade, and reduce the trade deficit will remain one of our core lines of effort. We will engage India as an equal partner as we continue to encourage Indian economic reforms.

Question:

Ambassador Wells, during the hearing you noted that due to limited resources State typically only advocates for larger U.S. companies looking to do business in South Asia. With the barriers to doing business in South Asia being so great, how do you think can State work with USTR and other U.S. government agencies to not only help large U.S. companies, but small and medium business that want to do business in South Asia as well?

Answer:

The United States has a wide variety of tools at our disposal to help U.S. companies looking to do business in the region. In terms of addressing policy barriers in South Asia, the State Department has funded and coordinated Commercial Law Development Programs through the Department of Commerce. We have also partnered with the Foreign Agricultural Service on technical assistance programs on sanitary and phytosanitary regulations, including providing training to port health inspection officers, who are tasked with examining incoming agricultural goods for pests and other diseases. Our embassies are monitoring and tracking various economic indicators on a daily basis, particularly the World Bank Ease of Doing Business Index, and are pursuing opportunities to influence

trade and investment regulations able to move South Asia, economies towards becoming more free, open, and transparent. For example, our State staff in Washington regularly meet with their USTR counterparts to help facilitate Trade and Investment Framework agreements, which aim to decrease the barriers to U.S. trade and investment with overseas partners. USTR's top-line issues, including individual business cases, are transmitted to our embassies overseas to be raised with host governments and eventually resolved.

As for direct engagement with U.S. businesses, the State Department regularly coordinates Direct Line webinars from U.S. ambassadors overseas to U.S. businesses interested in that country. Every call centers around a specific industry – for example, a call on agricultural equipment export opportunities in Kazakhstan or recent changes in investment framework in Sri Lanka – and allows representatives from U.S. businesses to call in from their offices in the United States and have a direct conversation with the U.S. ambassador.

The State Department also partners with a variety of other U.S. government agencies to provide financing, trade support, and market research through a range of for-fee services. The Overseas Private Investment Corporation (OPIC) has made several visits to the region to understand the opportunities and unique risks of each market so they can more effectively target and support interested U.S. businesses. OPIC's ability to provide political risk insurance and financing is particularly helpful in countries that are growing economically but have a history of political instability that make commercial financing unavailable. This is especially the case for small- and medium-sized enterprises (SMEs) that might be entering the international market for the first time. The Export-Import Bank of the United States is also crucial in helping SMEs begin to export their goods to new markets, a challenge for even large companies in difficult regulatory environments.

Finally, State also has a network of partner posts with the Foreign Commercial Service (FCS) that allows certain embassies and consulates to offer the full range of FCS for-fee services including the Gold Key export matching service, which provides companies with a full, vetted list of partners and assistance in setting up meetings in country. In South Asia, these posts operate at the U.S. embassies in Bangladesh, Sri Lanka, Uzbekistan, and Turkmenistan. These partner posts are in addition to FCS offices in our embassies and consulates in India, Kazakhstan, and Pakistan.

Question:

What is the Department's assessment of India's attempt to set price controls on medicines and medical devices? What can be done about this trend, and what are the tools the US can use -- either in the bilateral relationship or in multi-lateral forums, to push back on this kind of government intervention?

Answer:

India's price controls on pharmaceuticals and medical devices are a great concern to the Department. We will continue to raise this issue at high levels with the Indian government, including most recently at the bilateral Trade Policy Forum on October 26. We continue to impress upon the Indian government that medical device pricing should account for the costs and risks of innovation. We will also continue to highlight that suppliers should be able to exit the market at will. We encourage the Indian government to include a separate definition of medical devices, in line with international best practices, in an amended Indian Drugs and Cosmetics Act.

Question:

How does health factors, especially air quality influence, whether Embassy New Delhi remains an accompanied post. Why isn't New Delhi air a disqualifier?

Answer:

The security, safety and health of our employees remain as one of our top priorities. While population-based data demonstrate risks from air pollution to many age groups and individuals with underlying conditions, the specific risks are more difficult to apply to a particular individual or age group. The State Department's Bureau of Medical Service's medical clearance process helps identify some individuals who may be at higher risk, or have limiting underlying medical conditions, and for whom an assignment to New Delhi may be inadvisable.

To mitigate exposure, Mission India is equipped with high-quality air purifier and filtration systems in residences, office buildings, and the American Embassy School. These systems have been shown to substantially lower indoor air pollution levels. In addition, modified Environmental Protection Agency guidance on outdoor activity is available that would limit pollution exposure based on a day's Air Quality Index. Lastly, the Department's Air Pollution Working Group and in-house Air Pollution Specialist work with the Centers for Disease Control and Prevention, Environmental Protection Agency, World Health Organization, and internal bureaus to monitor air pollution and explore other initiatives to reduce the harmful impact on our employees and their families.

While we understand that air pollution affects the health of our employees and their families, air quality is not one of the factors considered when determining whether a post should be designated as 'unaccompanied' or whether family members should accompany our employees abroad. As necessary, the Department uses drawdown options such as Authorized Departure or Ordered Departure to evacuate family members and/or employees from a post. The Under Secretary for Management makes a drawdown decision when it is in the national interest for some or all employees and/or their eligible family members to depart post, or if there is imminent danger to the lives of employees and/or their eligible family members. The Department believes that separating families creates a significant hardship on affected family members, and does not take such actions unless absolutely required.

Question:

Please explain current plans for U.S.-India bilateral discussions, including what format will replace the Strategic and Commercial Dialogue. How is SCA raising human rights related items with India?

Answer:

As President Trump and Prime Minister Modi agreed in their recent call, our two governments have resolved to establish a new 2+2 ministerial dialogue co-led by the U.S. Secretaries of State and Defense and by the Indian Ministers of External Affairs and Defense. We expect the inaugural 2+2 ministerial to take place in early 2018. The dialogue will focus on areas of vital national interest, including strengthening defense and security cooperation and deepening engagement on regional strategic priorities. The United States and India will continue to address trade and commercial issues

through the Trade Policy Forum and the Commercial Dialogue, recently hosted in Washington on October 26 and 27 by USTR and the Department of Commerce, respectively.

The Department of State raises pressing human rights concerns with India at every appropriate opportunity including in private diplomatic discussions, as well as through engagement with civil society and representatives of India's many faiths, castes, and tribes. Through this engagement, we intend to strengthen our bilateral human rights cooperation and to demonstrate global leadership as two democracies committed to supporting civil society and upholding democratic values, transparency, and the rule of law.

Question for the Record submitted to
Acting Assistant Secretary Alice Wells
By Representative Dina Titus
Subcommittee on Asia and the Pacific
House Foreign Affairs Committee
September 7, 2017

Question:

I am very concerned about the message the President's budget sends to Sri Lanka. As you know, the budget basically eliminates assistance to Sri Lanka, cutting it by 92 percent. The budget justifies this cut by noting that assistance was increased following historic elections and reforms in 2015, and should now be reduced. The budget only requests funds for military to military cooperation, eliminating important funding for good governance, civil society, and economic activity. Your written statement lays out lofty goals for our cooperative efforts and vision for the country, but the budget fails to support those goals. You recently visited Sri Lanka. Did you discuss these proposed cuts with the Sri Lankan government? What feedback did you get from your counterparts?

Answer:

The FY 2018 Request reflects the Administration's commitment to a leaner, more efficient government and ensures that resources are aligned with core U.S. foreign policy objectives. For the sake of efficiency and greater accountability to U.S. taxpayers, it also reflects hard choices that reduce funding. This should not be taken to mean that the United States is less committed to Sri Lanka or our other friends and partners. The bilateral relationship extends beyond just the provision of assistance. We will continue to work with Sri Lanka to advance U.S. interests and strengthen the partnership.

During my meetings with Sri Lankan leaders in Colombo in early September, we discussed many areas of continuing and growing engagement. My interlocutors expressed appreciation for the expansion of bilateral military-to-military relations that has accompanied progress on Sri Lanka's reform agenda. We talked about the headway the Millennium Challenge Corporation is making toward a compact with Sri Lanka. We discussed potential cooperation to advance shared maritime interests by strengthening a rules-based architecture for the Indian Ocean region. The response to these discussions was overwhelmingly positive. In addition, together with USAID, we will continue to use prior-year funding to advance U.S. interests in Sri Lanka.

Questions for the Record Submitted to
Acting Assistant Secretary Alice Wells
By Representative Brad Sherman
On behalf of Representative William Keating
House Foreign Affairs Committee
September 7, 2017

Question:

Reports of human rights violations, weakened rule of law, and increasing extremist violence continue to emerge from Bangladesh. The current Hasina government has also received significant criticism for suppression of civil and political rights and for intimidating members of the political opposition: What progress has been made thus far by the Bangladeshi government to address these issues?

Answer:

The Department of State is concerned about reports of human rights violations, weakened rule of law, extremist violence, suppression of civil and political rights, and intimidating of members of the political opposition in Bangladesh. We closely monitor the human rights environment, and we report abuses and violations in the annual Human Rights Report. We will continue to use this annual report to press for improvements in human rights in Bangladesh. In our engagements with the government of Bangladesh, the Department of State continues to press the importance of respect for rule of law, professional law enforcement agencies and an independent judiciary.

Bangladesh has taken some steps to address security force abuses, such as limited measures to investigate and prosecute cases of abuse and killing by security forces through the establishment of the Internal Enquiry Cell of the Rapid Action Battalion. But much more can be done to conduct full, transparent, and independent investigations into all police crossfire killings. In accordance with the Leahy laws, the United States does not provide security assistance, including training or equipment, to security force units when we have credible information that those units have committed gross violations of human rights until the host nation government takes effective steps to bring the responsible persons to justice. Leahy restrictions create an opportunity and incentive for Bangladesh to hold perpetrators of abuse accountable, and we will assist its government, to the maximum extent practicable, in its accountability efforts.

As Bangladesh approaches its next general elections, the U.S. government will continue to press for free, fair, and nonviolent elections. A vigorous civil society and free media are hallmarks of a healthy democracy, and we continue to encourage the Bangladeshis to allow a more open environment for public debate in the run-up to its elections, scheduled for no later than January 2019.

The promotion of human rights and rule of law continues to be an essential component of our engagement with Bangladesh.

Question:

What is the U.S. government doing to address the growing instability in Bangladesh and to encourage the Bangladeshi government to address these issues?

Answer:

The United States, through its programming and advocacy, maintains a broad partnership with Bangladesh to promote a democratic, prosperous, and secure future for the country. These programs range from development assistance to promotion of a democratic, free and open society to countering violent extremism and terrorism.

Since the deterioration in the security situation beginning in 2015, the United States has taken significant steps to build capacity for security services while promoting respect for rule of law and human rights and prevention of radicalization to violence.

After the July 2016 attack on Holey Artisan Bakery, we dramatically increased our counterterrorism cooperation with Bangladesh by expanding upon already robust capacity-building efforts aimed at law enforcement agencies, enhancing our ongoing work with civil society, and providing equipment and mentorship tailored to meet Bangladesh's unique challenges.

Question:

How are American interests in this strategically vital region affected by these threats to Bangladesh's democracy?

Answer:

The security of our Mission in Bangladesh relies on a stable, transparent, and democratic Bangladesh. We continue to encourage Bangladesh to respect human rights and rule of law in its approach to counterterrorism and security challenges.

Our focus is on helping the government of Bangladesh to prevent further attacks, protect citizens who are under threat, investigate those that have occurred, and prosecute and incarcerate those who are responsible.

We continue to urge Bangladeshi authorities to focus on the drivers of violent extremism in their society and to work to counter violent extremism in all its forms. As an example, Bangladesh will be the recipient of a Counter Terrorism Partnership Fund (CTPF) initiative to promote counterterrorism and address drivers of violent extremism through the themes of community policing, justice sector reform, CVE-related prison programming, information sharing, and counterterrorism investigations.