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December 10, 2014

Chairman Ros-Lehtinen, Chairman Chabot, Ranking Member Deutch, Ranking Member Faleomavaega, Members of the Committee, thank you for the opportunity to appear before you today to discuss the future of Afghanistan following the conclusion of the International Security Assistance Force mission at the end of 2014 as well as the current state of the United States bilateral relationship with Pakistan

Please allow me to begin by once again thanking the members of the Subcommittee for your continued support for our mission. The American people have been generous, steadfast, and brave in supporting Afghanistan. I would particularly like to again honor the dedication of thousands of American military personnel, diplomats, and assistance professionals who have served – and continue to serve – in Afghanistan.

The Situation in Afghanistan

Before I begin, I think it is important to remember why we are so deeply involved in Afghanistan today. We began this mission in late 2001 because it was in that country that the attacks of September 11, 2001, were planned. We remain there today because we understand the importance of ensuring that never again will Afghan soil be used to launch attacks against us. In doing so over the past 13 years, as part of a military coalition of more than 50 nations, we have helped make Afghanistan, the region, and the world more secure. Over that same period of time, as an architect and funder of an international civilian assistance effort, we have helped the Afghan government build the capacity to provide security, education, and jobs to its own people. We should be proud of what we have helped Afghans accomplish simply in terms of the contributions we have made to alleviating human suffering, realizing human potential, and expanding human capital. In doing so, we have strengthened partnerships with the Afghan government and the Afghan people in the struggle against extremists who would threaten us all.

Today's hearing is timely. Having talked about 2014 as the critical year of transitions – political, security and economic – it is appropriate to talk about the way ahead as the year draws to a close. Politically, Dr. Ashraf Ghani and Dr. Abdullah Abdullah forged a political compromise amid an electoral process that, while imperfect, nevertheless honored the participation of millions of Afghans and led to the first peaceful and democratic transfer of power in Afghanistan's history. Their challenge in the new year will be to finish forming an effective and inclusive government capable of implementing the reforms laid out last week in London and responsive to the needs of all Afghans. On security, we are just a few short weeks away from December 31, when, as President Obama has made clear, the U.S. combat mission will also come to a close and the International Security Assistance Force that brought together nations from around the globe in support of the Afghan security forces and people, will be replaced with a new, more limited, international mission to train, advise, and assist the Afghan National Security Forces who by then will have taken full responsibility for the security of their country. (I will describe this mission, called "Resolute Support," in a moment.) With respect to Afghanistan's economic future, just last week in London, the new government put forward an ambitious plan to make the country more competitive, transparent and sustainable.

These are important, significant milestones, and it is important to recognize that change is coming. At the same time, it is important to talk about what will not change on January 1, 2015.

Security Continuity and Change

In fact, to a large extent Afghanistan's security transition already took place in July of 2013. For nearly eighteen months now, the Afghan National Security Forces (ANSF) have been in the lead on security throughout the country. For nearly two full fighting seasons, Afghan soldiers have been in front, protecting civilians, disabling improvised explosive devices the Taliban have come to rely on as their appeal among ordinary Afghans dwindles, and securing the tens of thousands of polling stations in this year's elections. We and our international partners have supported these efforts, while also supporting efforts to build Afghan capacity to take on the complex challenges of running a modern and professional military.

What is more, although ISAF will come to an end at year's end, the international community will continue to stand by Afghanistan. On January 1, NATO and partners from around the globe will begin the Resolute Support

Mission (RSM), charged with training, advising and assisting the ANSF. We will be the largest contributor to RSM, and we will also work bilaterally with our Afghan partners to continue our important counterterrorism efforts. Also unchanged is that the majority of Afghans want us there – the overwhelming endorsement the two houses of the Afghan parliament recently gave our Bilateral Security Agreement and the counterpart NATO Status of Forces Agreement was the latest testament to this fact.

A Government Focused on Governing

Also unchanged on January 1, 2015 will be the challenges Afghanistan faces, from endemic corruption to an insurgency that can only be ended through dialogue. New, however, is a government committed to confronting these challenges and to taking the difficult decisions needed to succeed. The first proof of this commitment was the agreement reached between Dr. Ashraf Ghani and Dr. Abdullah Abdullah this past summer to put aside their political competition, abide by the outcome of an unprecedented audit of the results of the presidential election, and form a government of national unity committed to an ambitious reform agenda.

All eyes are now on President Ghani and Chief Executive Officer Abdullah to deliver on the promises of security, better governance, accountability, and realizable, sustainable development goals. Both men understand the enormous tasks with which they have been entrusted by the Afghan people. The media have focused on the challenges of the new government in naming ministers. This is important. At the same time, we should not allow this to distract us from the impressive start the government has made in actually governing. Looking at a track record of less than ten weeks in office, it is clear that President Ghani and CEO Abdullah intend to get things done and take concrete steps to improve democratic governance. This is new. It is important. It has the potential to transform how Afghanistan interacts with the rest of the world.

I hope that President Ghani and Chief Executive Abdullah will have the opportunity in the near future to discuss their plans and their accomplishments themselves. I want to note a few of the concrete results they have produced in their short time in office thus far. As I have already noted, President Ghani authorized the signing of the BSA and NATO SOFA the day after he was inaugurated, and he and Dr. Abdullah worked together closely to shepherd these crucial agreements through the two houses of parliament. President Ghani announced the reopening of the Kabul Bank investigation, signaling an earnest desire to make good on the

promise to hold accountable those who have enriched themselves at the expense of the Afghan people.

Money laundering legislation that had been languishing was revived and redrawn, allowing the international Financial Action Task Force to upgrade Afghanistan's status in that grouping. The government pushed through the lower house of parliament changes to the country's mining laws to make this important industry more attractive to private sector investment. We have already seen the intent to solidify the gains of the last decade on human rights, including women's rights, with both President Ghani and Dr. Abdullah making efforts to consult constructively with various sectors of civil society. President Ghani's commitment to advancing human rights is reflected in his pledge to nominate women to senior government and judiciary positions, as well as Afghan First Lady Rula Ghani's public role urging men and women alike to defend the protection of human rights. We will continue to work with the Afghan government to maintain this forward movement on human rights.

It is also encouraging that at the London Conference the Afghan government recognized the need to intensify and broaden their efforts to control the production and sale of narcotics. Our experience around the world shows that successful counternarcotics (CN) efforts require a long-term, multi-faceted approach, well integrated within the broader context of supporting good governance and sustainable economic growth and dependent upon security and stability. The United States looks forward to working with renewed commitment with the new Afghan government to build upon the CN capabilities that have been developed over the past decade.

Economic Challenges and Prospects

Afghanistan also faces continued economic challenges. At the London Conference on Afghanistan held last week, the international community renewed its commitment to continue supporting Afghanistan as it charts a path to greater sustainability. For their part, the Afghan representatives – including President Ghani himself – acknowledged the need to enact policies that provide an enabling investment climate that allows the private sector to grow the Afghan economy and provides jobs for a growing population of educated youth. Still more important, President Ghani and CEO Abdullah have committed to implementing reforms that improve governance, decrease corruption, increase transparency, accountability and efficiency, and to increase government revenues to address a dangerous budget shortfall. The onus is on the Afghan government to develop a plan and a budget

that will work within current realities while also setting the stage for the kind of economic growth Afghanistan needs to gradually reduce the need for international aid.

And as I said before, Afghanistan's economy – and indeed its security – is inextricably tied to events impacting the broader region. Afghanistan's neighborhood – the "Heart of Asia" – is one of the least integrated regions in the world, and the United States has been supporting greater regional economic cooperation and connectivity through its New Silk Road initiative. Regionally-led for around out efforts to promote regional cooperation, including the Afghan-led Istanbul Process, launched in November 2011 and representing a step forward in terms of dialogue and cooperation between Afghanistan and its neighbors. This emerging consensus is an important development in terms of the political and security trajectory of Afghanistan. The Heart of Asia-Istanbul Process enables diverse countries in the region, as well as their the northern neighbors in Central Asia, to come together in the spirit of cooperation and mutual trust to identify areas where we can work together on shared interests. And there is no greater shared interest in this region than Afghanistan's stability and prosperity. As the participants in this process declared in Beijing in October, economic development, along with mutual respect, is key to stability of a region," and therefore committed "to enhance regional economic cooperation" for "the long-term development of Afghanistan."

In a welcome sign of progress in the region's growing economic cooperation, earlier this month Tajikistan, Kyrgyzstan, Afghanistan, and Pakistan finalized negotiations on power purchasing and master agreements for the CASA-1000 electricity transmission line project. Combined with the Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) regional electricity project, CASA-1000 and TUTAP would make real the idea of a regional energy market connecting South and Central Asia.

These projects are important because Afghanistan's economic future depends on improved connectivity with regional and international markets. To facilitate that broader goal, I am pleased to report that the United States and Afghanistan have agreed to improve private sector links between our countries by issuing visas that will be valid longer and will allow for multiple entries for eligible business travelers, students, exchange visitors and tourists.

The Situation in Pakistan

Turning to Pakistan, we have a bilateral relationship that is full of both opportunity and challenges. But the bottom line is that our relationship is vital to the national security of the United States, we have many shared long-term interests in both economic and security cooperation, and our policy of sustained engagement to date has yielded tangible incremental results. A stable, prosperous Pakistan that plays a constructive role in the region is in both our countries' interests, and has an acute effect on the region. Pakistan is a complex democracy, representing 190 million people and grappling with substantial security challenges. It is often easy to criticize its imperfect progress; however, it is also easy to overlook its successes. In May of last year, Pakistan made its first democratic transition from one civilian government to another in its history. This year, the military undertook multiple operations seeking to root out terrorism, including a major operation in North Waziristan. Pakistan concluded an agreement with the IMF last year and has made progress in stabilizing its economy and implementing reforms, but has further to go to realize its economic potential. Protests this year have challenged Pakistan's democratic institutions but they appear to be weathering the storm. In the aggregate, it is a positive trajectory, both in terms of Pakistan and our bilateral cooperation.

The U.S.-Pakistan Strategic Dialogue is the mechanism that underpins our intensive cooperation on these shared interests, from counterterrorism to energy to economic growth and defense. We expect that this dialogue and cooperation will not only continue, but increase, well beyond the transition in Afghanistan. We also recognize that our engagement with Pakistan is critical to advancing our regional objectives. The region, despite its challenges, is one of potential and growth, and encouraging regional integration is central to our approach.

Due to the importance of the relationship, we have invested in a substantial civilian assistance program in Pakistan, which complements the robust security assistance program. Both assistance programs underpin our long-term engagement and U.S. national security objectives, and must continue beyond transition in Afghanistan. For example, U.S. civilian assistance supports our cooperation with Pakistan as it addresses its energy crisis. It has helped Pakistan foster stability and trade while expanding the writ of the government in the Afghanistan-Pakistan border regions. These efforts will only grow in importance as Pakistan concludes operations in North Waziristan and elsewhere. Our security assistance, which is focused on counterterrorism and counterinsurgency support, has aided Pakistan in its fight against militants.

As mentioned previously, in June Pakistan undertook a counter-militancy operation in North Waziristan, after a period of ultimately unsuccessful peace talks and many years of planning. The operations have disrupted militant activities in the tribal areas and resulted in seizures of weapons caches and significant quantities of IED materials. The affected groups had been using the area to plan and launch attacks into Afghanistan and within Pakistan. Our security assistance has aided Pakistan in prosecuting the North Waziristan campaign, with a case in point being its ability to strike with precision, including with F-16s, and limiting collateral damage in the process. The operation is the latest phase of Pakistan's efforts to extend greater government control in the Federally Administered Tribal Areas (FATA), beginning with Bajaur Agency in 2008 and is the most extensive of the FATA operations conducted to date.. We recognize that Pakistan has suffered greatly at the hands of terrorists, and its sacrifices are laudable.

But it is also clear that the job is not done. Militant groups such as the Pakistani Taliban and Afghan Taliban, including the Haqqani Network, continue to pose a threat to Pakistan, to Pakistan's neighbors, and to the United States. As such, it is vital that the operation continues and that every effort is made not just to disrupt safehavens and militant networks, but to prevent them from being reestablished in the tribal areas and from operating elsewhere in Pakistan. We are concerned about public reports of groups being assisted in leaving these areas prior to the operation. Pakistani leaders have told us that they are targeting all militant groups, including the Haggani Network, and we will hold them to these commitments. In particular we have been very clear with the Pakistani leadership about the need to prevent the re-establishment of Haqqani safehavens, and Pakistani leaders have said publicly that they will not allow this to happen. I know that many in Pakistan have been surprised by what they discovered in Miram Shah and Mir Ali – networks, tunnels, IED factories, and munitions. These discoveries underscore the risks of safehavens on either side of the Afghanistan-Pakistan border.

This hearing has a regional focus. In that vein, improved relations between Pakistan and Afghanistan, and indeed between Pakistan and the United States, stand to improve more quickly if Pakistan continues efforts to eliminate the safehavens from which militants in Pakistan plan and execute attacks not just on Pakistanis, but also on U.S., Afghan, and other personnel and facilities whether in Afghanistan or around the world. This is why we continue to focus on counterterrorism cooperation with Pakistan, where we have made good progress, particularly in our joint counter IED efforts. Importantly, Pakistan is taking direct

action to interdict and disrupt IED networks, helping to stem the flow of IEDs into Afghanistan and within Pakistan.

Indeed, there is real potential for improving Afghanistan-Pakistan relations under the new government in Kabul, and it will be up to both countries to build on the initial goodwill generated through President Ghani's visit to Islamabad and earlier visits by Pakistani officials to Kabul. We are encouraging them to do so through concrete steps, and offering support where appropriate. For example, on the security front, Pakistan and Afghanistan are moving forward with improving their security and military cooperation to manage the border as a key priority to reduce tensions and eliminate militant safehavens on both sides of the border. On the economic front, they have committed to streamlining cross-border trade and strengthening transportation linkages between the two nations. Whether it is on the security relationship, on the economic and trade relationship, on a full range of other issues and through multiple channels, I think that there is an alignment of interests here between Afghanistan and Pakistan which we have not had for quite a while and we need to encourage them to take advantage of it. Indeed, it is for these two countries to take the initiative, and as we have seen both on recent agreements on the CASA-1000 regional electricity transmission project and a range of cooperative projects coming out of President Ghani's visit, early indications are that both countries' leaders are striving to do so. South and Central Asia is one of the least economically integrated regions in the world, and all countries stand to benefit from increased linkages.

Again, all of these issues present both opportunities and challenges that directly impact our long-term national security and are being addressed at the highest levels of our governments. For example, Secretary Kerry discussed these issues with Chief of Army Staff General Raheel Sharif in late November, and again with Prime Minister Nawaz Sharif earlier this month in London. We are planning for a Strategic Dialogue Ministerial session early in 2015. Our constructive engagement with Pakistan has garnered results, and will continue to be an important component of our national security strategy going forward.

With that, I again thank you for your attention and look forward to your questions.