

**EXAMINING THE PRESIDENT'S FY 2018 BUDGET
PROPOSAL FOR EUROPE AND EURASIA**

HEARING

BEFORE THE

SUBCOMMITTEE ON EUROPE, EURASIA, AND
EMERGING THREATS

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

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**EXAMINING THE PRESIDENT'S FY 2018
BUDGET PROPOSAL FOR EUROPE AND
EURASIA**

TUESDAY, JULY 25, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EUROPE, EURASIA, AND EMERGING THREATS,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:00 p.m., in room 2200, Rayburn House Office Building, Hon. Dana Rohrabacher (chairman of the subcommittee) presiding.

Mr. ROHRABACHER. Well, we hope that my colleagues come. And let me just say, I am Dana Rohrabacher, chairman of this subcommittee, and I am glad you all came today. I want to thank our witnesses for spending time.

We had a hearing earlier today on whether or not that we can basically put limitations onto foreign expeditions, military expeditions. The last time we gave permission for someone to go into military conflict, the Congress, it was 2001, and we have been fighting this long, elongated war since then without one congressional action.

Lyndon Johnson had one congressional action, and it was the Tonkin Bay Resolution, and that carried that all the way through the war. And whether or not there has to be some kind of a congressional acceptance of one form or another that does in some way approve of long-term commitments or a commitment that lasts longer than what we define what long term is.

We had a very fine hearing today that Chairman Royce and Ranking Member Engel hosted. And I felt that discussion was very—I find myself in favor of sunsets. And that was the whole thing: Can we give this approval if we are using military force in some places in the world? And should there be a sunset in it?

And I thought that was a very interesting thing for us to determine, because there is some argument that if you have a sunset, perhaps your enemy thinks, “Oh, we just hold out until that sunset is over.” Or the other aspect of it, or your people go there and they know, “We have got to get this over with. How are we going to get it done most effectively?”

So a lot of the issues that we talk about in foreign policy, I believe, are not differences in any type of moral or even practical differences between Members of Congress or the policymakers and the policy implementers. Really this is something that basically is more

sometimes practical, but it has to be practical mixed with what is moral.

So, anyway, I am very happy to be a Member of Congress and be part of the debate. Very pleased that we have our witnesses.

You know what I will do, is I will introduce the witnesses now, right? Okay. And then I will go to the opening statement.

So the Honorable John Heffern is the Acting Assistant Secretary of State for the Bureau of Europe and Eurasian Affairs and a senior career foreign service officer. He was formerly the U.S. Ambassador to Armenia as well as Deputy Chief of Mission at the U.S. Mission to NATO.

Thank you very much for being with us.

Mr. Daniel Rosenblum is a Deputy Assistant Secretary of State for Central Asia, previously served as coordinator for the U.S. Assistance to Europe and Eurasia from 2008 to 2014. Before that, he held numerous positions of responsibility within the State Department. That is before joining the executive branch. And he was a legislative aide in the executive branch for Senator Carl Levin.

Just in time, Gregory, they were going to have to hear another one of my jokes. Come on over here, buddy. Here we are. Let's see.

Ms. Margot Ellis is the Acting Assistant Administrator for Europe and Eurasia Bureau of USAID. She previously worked for USAID's Bureau for Food Security, and before that she had spent decades working in the arena of international development.

Thank you for being with us.

And now, with a name like Rohrabacher, it is hard for me to complain about how to pronounce anybody's name, but I will try. Ms. Ann Marie Yastishock—Yastishock, Yastishock, got it—USAID's Acting Senior Deputy Assistant Administrator for the Asia Bureau. She has held many positions of responsibility with USAID, including previously being the Deputy Mission Director for the regional office covering the Ukraine, Moldova, Belarus, and Cyprus.

So we have some very fine witnesses today. And I will now, with that—I should call it to order before I read this. Should I pretend that I already called it to order? No.

I call to order the Europe, Eurasia, and Emerging Threats Subcommittee for this afternoon's hearing on the administration's budget proposal.

Today we are reviewing the first budget request put forward by the new Trump administration. For the coming fiscal year, 2018, and for the accounts covered by jurisdiction of this subcommittee, the request's total is \$527 million, roughly 60 percent reduction from the 2016 fiscal year appropriation.

The topline reductions that have been proposed by the State Department and USAID have attracted a good deal of attention of many, and the condemnation from some. To a certain extent, that is to be expected. Yet, it is also essential to understand the priorities and programs behind these numbers, as well as the overall fiscal health of our Government.

Foreign assistance isn't the largest portion of a Federal budget, not even close. But we should demand the same standards of oversight and accountability that we expect from any Federal spending program. That the United States Government is nearly \$20 trillion

in debt means that every dollar that we spend places a much higher burden on the backs of our fellow countrymen and future generations of Americans, like my 13-year-old triplets at home.

We need to ensure we are getting every ounce of value out of this and every other expenditure, whether it is this or every other expenditure of the Federal Government. The current proposal to reduce government spending in some areas, including foreign assistance, divides us by our basic political philosophies. The ongoing effort to reorganize and rebuild the structure of the State Department has unavoidably created a certain amount of uncertainty and disruption of the status quo.

I propose that the right response to this isn't to stick our heads in the sand or to simply say no, no, no, or demand yes, yes, yes. This is an opportunity to seriously determine what our priorities are and to initiate some fresh thinking about how to go about achieving our goals.

From threats of foreign fighters being drawn from Central Asia to solving the crisis between Russia and Ukraine to instability in the western Balkans, U.S. diplomacy is absolutely essential. I thank the men and women of the State Department for their dedicated work and look forward to discussing the budget request with our witnesses.

We have already introduced our witnesses, but I would now like to recognize Mr. Meeks for his opening statement.

Mr. MEEKS. Thank you, Chairman Rohrabacher, for holding this hearing to provide us with an opportunity to examine the administration's 2018 budget request and our Government's ability to execute our strategy in the region.

The proposed cuts are staggering, in my view, and reflect an overreliance on hard power, as opposed to some of the utilization of soft power. Regardless, I would like to first thank all of the witnesses for their dedication to diplomacy and development.

In Congress, we value your work and sincerely appreciate the sacrifices you make because truly you are America's unsung heroes, here and abroad. You set the pace. You are the face of America. And we really thank you for your sacrifices and for what you do on a daily basis.

When discussing our fundamental strategy for Europe, a whole, free, and at peace Europe, my attention is immediately drawn to the malevolent role of the Kremlin. The Kremlin is playing a role exploiting, in my estimation, Western Europe, and sometimes even creating them.

When reading your testimonies from the administration, I see that the State Department understands the threat, but sometimes I don't see that the President understands the threat. Hence, Congress' vote to codify sanctions on those involved in the invasion of the Ukraine and the illegal attempt to annex Crimea.

The Kremlin's tools are well known: Cyber, exporting corruption, violating international borders and agreements, and supporting far left and far right parties in order to drive wedges in European societies. On the other hand, I cannot stress enough the importance of the countries and brave positive actors that are not in the spotlight.

Europe and Eurasia is a diverse region in terms of political and economic development and of cultural and historical backgrounds. It has been a difficult year in our subcommittee's region as the rise of populism, migration, and acts of terror have put additional strain on an already limited budget. I am convinced that the work of our diplomats and aid workers in the field ensure that America's interests are being protected, while bringing peace and prosperity to the region.

The proposed budget is a signal of the administration's priorities, and it is difficult to make the argument the diplomacy and aid in Europe is a priority when looking at this budget. A source of concern, of course, is Ukraine and the economic tightrope the government is currently walking.

Yes, the reform of the economy must be done by the Ukrainians themselves, following successive government failure to reform. But the new Ukrainian Government will have trouble to meet the rightful demands of its citizens without the West's economic and political support.

With a closing political window, I want to make sure that we help a nation committed to the idea of Europe getting reform right.

A few weeks ago this subcommittee hosted a lively hearing on progress and challenges in the western Balkans. This reflects a growing concern on both sides of the aisle in this subcommittee.

Since the hearing, we have seen some delicate political and economic progress. But I know how fragile this progress is, given temptations to get easy money without reform or adherence to the rule of law.

All this is to say that there is plenty of urgent work to be done in this region, in coordination with our EU partners. Yet, is the EU still an attractive goal for the western Balkans? I think it is.

Meanwhile, in Central Asia we face similar problems, but with different variables. As the Russian economy reels, citizens feel the combined effects of low oil prices, corruption, a non-modernized economy, and Western sanctions. As a result, scores of migrant laborers, many of them men, are returning home to Central Asia. Not only do the local economies rely on remittances as a source of income, but the economies may not be also able to absorb the influx of labor.

In these countries, having frustrated portions of society with nothing they can do to support their families, people will look toward more drastic options to express their despair. In the Caucasus, where USAID has been active through various problems in the diverse region, I would like to hear how the 2018 budget aims to address the problems that seem increasingly difficult. I am referring to the backsliding of democracy and significant flareups in so-called frozen conflicts.

As EU and NATO membership become either less attractive or attainable goals in the medium term, our assistance there becomes that much more important. I realize that these conflicts are incredibly complicated and will not be solved in a day or two. But I am a believer—a strong believer—in diplomacy, and I would like to encourage dialogue through organizations like the OSCE.

In conclusion, I look forward to discussing the proposed 2018 budget with our colleagues from State and USAID. And it is my

goal as the ranking member of this subcommittee to challenge and encourage you all to make sure our dollars are being used to their fullest potential in a region that is so dear and important to our economic and political interests.

Thank you. I look forward to listening to your testimony.

Mr. ROHRABACHER. Thank you, Mr. Meeks.

And what I would like to ask, of course, is that you condense your testimony into 5 minutes. And then we can have a dialogue after each of the—after the whole room is finished with their testimony.

So, Mr. Heffern, you may proceed.

STATEMENT OF THE HONORABLE JOHN A. HEFFERN, PRINCIPAL DEPUTY ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. HEFFERN. Thank you, Mr. Chairman, Ranking Member Meeks. Thank you for the opportunity to testify today. We really appreciate the interest and commitment of this subcommittee and your bipartisan support for our region and the work that we are doing there to promote and advance our national security interests.

This year, Mr. Chairman, we celebrate the 25th anniversary of the Freedom Support Act to foster democratic transition and economic growth in the independent states of the former Soviet Union. Let me start by highlighting a couple of the accomplishments that we have seen since my colleagues were here before the subcommittee a year ago.

With U.S. support, the macroeconomic situation in Ukraine has stabilized, and we have helped the government there jump-start some key financial, energy, and judicial reforms on the road toward comprehensive anti-corruption reform. We have also helped the Balkan countries implement judicial and anti-corruption reform, which are preconditions on the road to EU accession.

With our support, Kosovo has launched the most investigations, prosecutions, and convictions of foreign terrorist fighters in the region. And Montenegro is a full NATO member, demonstrating clearly the impact that U.S. engagement and foreign assistance can have helping these countries achieve their aspirations and resist external pressure.

Strengthening a Europe whole, free, and at peace remains squarely in our national security interest. When Europe is more secure, it is more prosperous, and so too is the United States.

The President's fiscal year 2018 foreign assistance request of \$451 million for Europe and Eurasia supports his priority of enhancing the safety and security of the American people. In fiscal year 2018, we are building on our successes by concentrating on our most critical objectives. We are focused on those areas where we can be most effective and exercise the most influence to ensure security and prosperity for the American people.

Let me walk you through briefly our four key priorities. First is countering Russian pressure. Second, supporting frontline states. Third, supporting the Balkans. And, fourth, defeating ISIS and other terrorist organizations.

So for our first objective, countering Russian pressure, virtually our entire budget request contributes to this effort. This request

prioritizes those programs aimed at countering Russia's malign influence across the region, including its effort to influence political outcomes and roll back economic reforms in order to undermine our interests and the interests of our allies.

Our assistance seeks to counter this influence by catalyzing anti-corruption efforts, by promoting independent and professional media, by facilitating trade and improving investment climates, and by bolstering energy security.

Our second priority is continued support for Ukraine, Georgia, and Moldova—more than half of our budget request, \$258 million. The effect of Russian pressure is greatest in these frontline states where Moscow continues to undermine international norms and violate the sovereignty and territorial integrity of its neighbors.

Building on our over \$1.3 billion provided to Ukraine since 2014, U.S. assistance there will center on three objectives: Furthering the Ukrainians' long-sought goal of a corruption-free county, advancing critical decentralization efforts, and promoting economic reform.

In Moldova and Georgia, our assistance will solidify democratic progress and further develop economic and financial institutions and create resilient states that can resist negative external pressure.

My couple of points on security assistance, in the interest of time, I will save till the Q&A.

Our third objective is support for stability and democracy in the Balkans, \$88 million. A stable and prosperous Balkan region is an enduring U.S. national interest and is fundamental to broader foreign policy goals.

These countries are vulnerable to exploitation due to corruption and weak rule of law, transnational crime, and overdependence on Russia for energy. U.S. assistance will build resilience to such pressure by supporting trade, energy, and economic diversification, independent media and civil society, anti-corruption and rule of law, and democratic governance.

And, finally, our fourth objective, defeating ISIS and other terrorist groups, \$15 million. In addition to the challenge of Russian malign influence, Europe faces significant terrorist threats. Building on last year's counterterrorism and partnership funds, which we appreciate from the Congress, our request includes \$15 million to help countries in the Balkans who have populations at risk of ISIS radicalization and recruitment.

In closing, as Secretary Tillerson has testified, ensuring the security and prosperity of the American people and advancing our values require difficult budgetary choices. Nevertheless, the United States plays a key leadership role in the region, and we are fully engaged with our allies and partners.

The priorities that I have outlined here today reflect difficult choices. We are targeting our resources to assistance programs that have proven successful in getting countries in the region to resolve conflict, to implement reform and fight corruption, and build stable and prosperous societies. All these goals are directly in the U.S. interest. With your help, we will continue to build on this foundation.

Thank you, Mr. Chairman, subcommittee. And I am glad to take any questions.

[The prepared statement of Mr. Heffern follows:]

Testimony of John A. Heffern
Acting Assistant Secretary, Bureau of European and Eurasian Affairs
House Committee on Foreign Affairs
“Examining the President’s FY 2018 Budget Proposal for Europe and Eurasia
July 25, 2017

Chairman Rohrabacher, Ranking Member Meeks, and members of the Subcommittee, thank you for the opportunity to testify today on the President’s FY 2018 budget request for Europe and Eurasia. I deeply appreciate your interest, commitment, and strong bipartisan support for our region and the work we are doing there to protect our national security interests.

Over the last year, through our diplomatic engagement and foreign assistance, the United States has stood with our allies and partners in the region in facing a number of challenges, including Russian aggression, terrorist attacks, and the migration crisis. Fundamentally, there has been increasing pressure to abandon the path towards Euro-Atlantic integration. We have had some notable accomplishments that advance our belief that every country has a right to chart its own future.

- We continued our staunch support for the principle that borders cannot be changed by force. Our goal is to restore the territorial integrity of Ukraine. As we pushed for full implementation of the Minsk agreements and maintained Euro-Atlantic unity in support of sanctions on Russia for its ongoing aggression in eastern Ukraine and occupation and attempted annexation of Crimea, U.S. foreign assistance helped stabilize the macroeconomic situation in Ukraine and jump-started key reforms in the financial, energy, and justice sectors, including the launch of an entirely new patrol police organization, comprehensive measures to reduce corruption, and increased capacity of the Ukrainian Armed Forces.
- Supported by the European Reassurance Initiative (ERI), the United States led NATO to move forward with the most significant reinforcement of NATO collective defense at any time since the Cold War. This endeavor included the establishment of a rotational enhanced Forward Presence (eFP)—consisting of four battalion-sized multinational battle groups—in the Baltics and in Poland, where the United States is a Framework Nation; an increased NATO land, air, and sea presence in the Black Sea region; and, steps to improve national and collective resilience against cyber-attacks and hybrid warfare.
- Montenegro’s NATO accession shows the effect of U.S. engagement in the face of Russian pressure, disinformation campaigns, and malign influence activities. NATO membership also underscores the country’s progress towards full integration into Euro-Atlantic institutions. Montenegro’s commitment to this process is seen in its stepped-up efforts to fight corruption, including in several cases involving defendants with links to governing officials.
- U.S. foreign assistance helped countries across the region become more economically resilient. In Georgia, for example, improvements in the production and export of hazelnuts directly support the livelihood of vulnerable communities near the Russian-

occupied territories of Abkhazia and South Ossetia. And, in Moldova, exports to the European Union (EU) grew by 11 percent between 2015-2017, reinforcing Moldova's European choice and that country's implementation of the Deep and Comprehensive Free Trade Area agreement with the EU that Moldova signed in June 2014.

Yet 25 years since the passage of the Freedom Support Act, which aimed to foster democratic transition and economic growth of the independent states of the former Soviet Union, we recognize that our goal of achieving a Europe "whole, free and at peace" is not yet complete and that the ongoing struggle of people to live in peaceful, safe, democratic, independent, and free societies will continue to require our long-term commitment to achieve sustainable success.

The President's FY 2018 foreign assistance request of **\$451 million for Europe and Eurasia** supports the President's priority of enhancing the safety and security of the American people, which includes advancing our vision of a Europe that is whole, free, and at peace. With these resources, we will continue to build on our successes by concentrating on our most mission-critical objectives and needs—those areas where we can be most effective and exercise the greatest influence to ensure security and prosperity for the American people. Let me address each of these objectives and needs that we have prioritized for FY 2018.

Our FY 2018 Budget Request prioritizes those programs aimed at **countering Russia's malign influence across the region**, including Russian efforts to influence political outcomes, introduce false and distorted public narratives, roll back economic reforms, and undermine European energy security – all to the detriment of U.S. national security and Allied interests.

The effects of Russian pressure continue to be greatest in the frontline states of Ukraine, Georgia, and Moldova, where Russia continues to undermine the international order and to violate the sovereignty and territorial integrity of its neighbors, as well as to conduct disinformation campaigns and malign influence activities intended to weaken democratic institutions and transatlantic unity. The Administration's FY 2018 Request dedicates **\$258 million in foreign assistance resources, 57 percent of the total for the entire Europe and Eurasia region, to support these three key countries.**

Building on the \$3 billion in sovereign loan guarantees and over \$1.3 billion in foreign assistance provided since 2014, U.S. assistance to Ukraine in FY 2018 will center on Ukrainians' long-sought goal of achieving a corruption-free Ukraine; on critical decentralization initiatives that will help local governments better manage resources; and on economic reforms that will make doing business in Ukraine easier, creating opportunities for U.S. firms and investors. We will also continue to support the OSCE's Special Monitoring Mission, our best source of reporting and information on the security situation in Ukraine's east as we work to bring peace, relieve suffering, and restore Ukrainian control over all its sovereign territory.

In Georgia and Moldova, our assistance will continue work to solidify democratic progress, further develop economic and financial institutions to ensure a reliable business environment, and create resilient states that can better resist negative external pressures.

U.S. assistance programs will also seek to counter Russian influence throughout the region, including by:

- promoting independent, professional media;
- supporting civil society;
- catalyzing anti-corruption efforts;
- facilitating trade and improved investment climates;
- bolstering energy security through regulatory reform;
- leveraging multinational support for critical infrastructure needs;
- supporting energy diversification;
- highlighting Russian projects that would undermine European energy security and hurt Ukraine, such as Nord Stream II and a multi-line Turkish Stream;
- and opening new markets for U.S. investment.

The President's FY 2018 Request also continues vital U.S. support for our partners and allies in the region, as they enhance their capabilities to defend their borders. Congressional support for the U.S. contribution to NATO's enhanced Forward Presence (eFP) in the Baltics and Poland has had a multiplier effect. Eighteen Allies have joined the United States in offering significant contributions to this deterrence effort. Notably, the President's FY 2018 \$4.8 billion ERI request for DoD includes \$150 million to help build Ukraine's capacity to defend its sovereignty and territorial integrity, and to support its efforts to transform its military institutions. We will also look to take advantage of the \$200 million in Foreign Military Financing (FMF) loan subsidy budget authority requested globally by the Administration, as well as working in close partnership with DoD, to help meet our partners additional security needs.

Even as we focus efforts to address Russian malign influence throughout the region, we remain convinced that supporting these countries' Euro-Atlantic aspirations remains the best remedy to addressing vulnerabilities to external pressures. To this end, our FY 2018 Budget Request prioritizes **maintaining support for stability and deepening democracy in the Balkans, with \$88.1 million, or 20 percent of the overall Europe and Eurasia request.**

A stable and prosperous Balkan region is an enduring U.S. national interest and fundamental to our broader foreign policy goals. Lacking common European structures and institutions, these countries have vulnerabilities malign actors can exploit, including corruption and weak rule of law; entrenched transnational organized crime; over-dependence on Russian energy; and increasing Russian media investments. For these reasons, we are working to build regional resilience through our positive support of the region's NATO and EU integration goals.

Through longstanding foreign assistance programs, we are working with partners to neutralize corruption – the currency of Russian influence in the Balkans and a serious threat to democratic systems. We are increasing transparency and accountability in governments and business environments, and encouraging civil society and independent media to lead the charge for reforms and to root out corrupt actors. Exposing corruption through investigative journalism has become a key mechanism for ensuring the stability and legitimacy of democracies throughout the region. Our assistance supports two successful programs in the region that facilitate

investigative journalist networking and trains local partners on fact-checking; public records analysis; and personal, digital, and legal security.

In addition to the challenges posed by Russian malign influence, Europe also faces a significant **terrorist threat from ISIS, foreign terrorist fighters (FTFs) returning home to Europe, and homegrown violent extremists**. Although our broader campaign against ISIS, which includes alignment of resources and diplomatic efforts to counter the global challenge of radicalization, has shown results on the battlefield and in Europe, where the number of FTFs travelling to Iraq and Syria has significantly dropped, the United States is now preparing to deal with the challenge returning FTF's may pose to Europe's security. To address some of these challenges, especially in the Balkans, the Administration's FY 2018 Request includes **\$15 million to help countries develop and implement strategies to counter violent extremism**, through action plans and initiatives that will prevent ISIS networks or other extremist groups from emerging in Europe. Our assistance will also support programs that work against efforts by ISIS and other extremist groups to recruit and radicalize individuals in vulnerable communities and will continue to build on the programs we have started in the Balkans, where Bosnia and Herzegovina and Kosovo have populations at particular risk of ISIS radicalization, recruitment, facilitation and plotting. This effort would not be possible without the Counterterrorism Partnership Fund Congress has generously provided in FY 2016 and FY 2017, and we are deeply appreciative of that support. We are already starting to see results. For example, Kosovo has reached its highest level of investigations, prosecutions, and convictions of FTFs in the region. This is due in part to the long-term commitment of U.S. assistance and support for law enforcement and justice sector reforms.

In sum, these priorities reflect difficult choices, but as you know, a tight budget climate is not a new development. Over the last few years, we have targeted resources to assistance programs that have proven successful in getting countries in the region to resolve conflict, implement reforms, fight corruption, and build stable and prosperous societies. All these goals are directly in the interest of the United States. We will continue to build on this foundation.

We are also pursuing greater cooperation with our partners and allies in Europe to leverage resources and capabilities. A small but successful example is the Europe and Eurasia Bureau's Emerging Donor Challenge Program (EDCP), which builds partnerships with European countries that had once been beneficiaries of U.S. assistance and that now are both providing funds to and sharing their experience with their neighbors still on the road toward full integration with the Euro-Atlantic community. Through the five rounds of the EDCP that have already taken place, the partner countries in the program have more than matched the United States' contribution to over 60 assistance projects on rule of law, civil society, media, good governance, anti-corruption, and economic growth in the Western Balkan, Eurasia, and Central Asia.

As Secretary Tillerson has testified, ensuring the security and prosperity of the American people and advancing our values requires difficult budgetary decisions. Nevertheless, the United States plays a key leadership role in the region, and we are not disengaging. We will make the best use of all the tools at our disposal to ensure the security and prosperity of the United States and to maintain our leadership in the world while keeping faith with the American people who have entrusted us to put the tremendous resources of this great country to the best use possible.

Mr. ROHRABACHER. Thank you very much.
Mr. Rosenblum.

STATEMENT OF MR. DANIEL N. ROSENBLUM, DEPUTY ASSISTANT SECRETARY FOR CENTRAL ASIA, BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. ROSENBLUM. Thank you, Mr. Chairman, Ranking Member Meeks. Thanks very much for the invitation to testify today. I am going to talk about how our policies and programs in Central Asia, as reflected in the President's fiscal year 2018 budget request, advance our Nation's interests and values.

In the 25 years since the dissolution of the Soviet Union, through administrations of both political parties, there have been two consistent U.S. national security interests in Central Asia: The independence, sovereignty, and territorial integrity of these states; and stability, ensuring these countries do not become havens for terrorist activity.

We have pursued these interests through our diplomacy and our foreign assistance by seeking to promote security, prosperity, and improved governance. Strong bipartisan support from Congress has been essential to whatever successes we have achieved, in partnership with the people and governments of the region.

Our fiscal year 2018 request of \$76.1 million for assistance to Central Asia focuses on building economic resilience and better regional economic connections, securing borders and countering transnational crime, addressing the conditions that lead to terrorist recruitment, and promoting responsive and accountable governance.

With the 2015 launching of the C5+1 diplomatic platform, the U.S. established a framework for high-level engagement with the countries of Central Asia, providing a channel for us to collaborate on common priorities. Using funding that was specifically provided for this purpose by Congress in fiscal year 2016, the C5+1 projects are facilitating trade and transport links, diversifying energy sources, fostering cooperation on environmental challenges, and developing a common front on counterterrorism.

C5+1 promotes connectivity in a region that has one of the lowest levels of intra-regional trade in the world and strengthens the Central Asian states' ability to carry out fully independent foreign policies.

The Central Asian states share long borders with Afghanistan and are directly affected by what happens there. Their citizens are actively and sometimes successfully recruited by terrorist groups, and the flow of illegal narcotics continues to transit through their territory. So it makes sense that security concerns feature prominently in our budget request.

Our assistance programs in fiscal year 2018 will focus on building the capacity of law enforcement and civilian security forces to respond to terrorism-related threats, countering money laundering and illicit human and narcotics trafficking, and preventing the spread of weapons of mass destruction. Our assistance also helps counter violent extremism by trying to address the root causes of radicalization.

Programs in this budget request also support economic reform at the government level and work with the private sector to expand trade and export opportunities. These programs are helping to create employment in regions where terrorist recruitment occurs, and they also often result in opening up markets to more U.S. business, technologies, and equipment. There are several examples of this in my written testimony, which I ask to be printed in the record.

Mr. ROHRABACHER. Without objection.

Mr. ROSENBLUM. Central Asia's neighbors play a big role in shaping the region's development. The impact of China on the infrastructure and economies of this region continues to grow, and it has now become the largest trading partner of all five countries. While we do not collaborate directly with the Chinese in Central Asia, it may be possible to leverage their activity to complement the economic and trade goals of the United States.

Meanwhile, the administration will continue to underscore that projects undertaken by China in Central Asia must be sustainable and not run counter to internationally accepted norms.

Russia's strong influence in Central Asia isn't surprising or abnormal, given their geographic proximity and the many cultural and people-to-people linkages developed over the past 200 years. What does concern us is the Russian Government's apparent position that any actions directed at developing closer ties between the U.S. and Central Asia are really attempts to weaken Russia. This is reflected in a constant stream of anti-American disinformation spread by Russian media throughout the region.

Our assistance programs in Central Asia engage with governments, but also reach private business and civil society, and help to show that U.S. is not engaged in a zero-sum competition, but rather, interested in partnering with Central Asians to build a more stable, secure, and prosperous society.

Prosperity and stability in Central Asia will benefit not only the people of that region, but the broader South Asia region, and the American taxpayer as well.

Thank you again for the opportunity to testify today. And I look forward to your questions.

[The prepared statement of Mr. Rosenblum follows:]

Testimony of Daniel Rosenblum
Deputy Assistant Secretary of State for South and Central Asian Affairs
Before the House Foreign Affairs Committee Hearing on
“Examining the President’s FY 2018 Budget Proposal Europe and Eurasia”
July 25, 2017; 2:00pm

Mr. Chairman, ranking member, and members of the subcommittee, thank you for the invitation to testify today. These budget hearings provide an important opportunity to set forth how the programs and policies supported by the American taxpayer are advancing our nation’s interests and values, both at home and abroad.

Since the five countries of Central Asia became independent twenty-five years ago, the United States has been there to support them, by means of diplomacy and assistance, to remain both independent and sovereign. The strong bipartisan support from Congress for this goal through those years has been essential for the success of U.S. government efforts to promote security, stability, prosperity, and improved governance in this region that remains of critical importance to the United States.

While there is still more work to be done, U.S. assistance is having a positive impact. To give just a few examples: our security assistance has strengthened the capacity of border guards and Customs officials throughout the region to stop the flow of terrorists, drugs, and weapons of mass destruction. With the help of U.S. programs, the Government of Uzbekistan is adopting rule of law reforms aimed at increasing the independence and professionalism of the judicial sector. In Tajikistan, a comprehensive reading skills program has measurably increased the reading levels in elementary schools, and community policing programs are

expanding to more parts of the country, due to their demonstrated effectiveness in improving relations between law enforcement and local citizens. In the Kyrgyz Republic the parliament rejected legislation inspired by Russia's so-called "NGO foreign agent" law, as a result of strong advocacy efforts by Kyrgyz civil society.

Our fiscal year 2018 request of **\$76.1 million for assistance to Central Asia** will focus on key U.S. priorities, including improving security and stability through economic resilience and greater regional connectivity, securing borders effectively and countering transnational crime, addressing conditions that lead to radicalization, violence, and potential terrorist recruitment, and promoting responsive and accountable governance.

With the 2015 launching of the C5+1 diplomatic platform, the United States established a framework for high-level engagement with the countries of Central Asia, providing a channel for us to come together on agreed priorities and to advance a regional agenda where one had previously been lacking. Using the funding specifically provided for this purpose by Congress in fiscal year 2016, projects being launched are helping the C5+1 advance trade and transport facilitation, energy diversification, environmental cooperation, and counterterrorism efforts. This engagement promotes greater cooperation and connectivity in a region that has one of the lowest levels of intra-regional trade in the world. It also improves the ability of the Central Asian states to resist economic and political pressures from the powerful countries that border the region.

In addition to advancing cooperation under the C5+1, we are also working to increase regional connectivity through work to lower non-tariff trade barriers by

providing technical advice on customs and standards; to address transboundary water issues; to assist the Central Asian countries to diversify markets for their goods and produce; and, to establish linkages through multi-country energy projects. The most significant of these -- CASA-1000, a regional energy project-- will allow Tajikistan and Kyrgyzstan to deliver excess hydropower in the summer months through Afghanistan to Pakistan.

The impact and influence of China on the infrastructure and economies of the region continues to grow, as it has now become the largest trading partner of most of the countries of Central Asia. While we do not collaborate directly with the Chinese on their projects in Central Asia, it may be possible to leverage their activity to complement the economic and trade goals of the United States. Meanwhile, the Administration will continue to underscore that projects undertaken by China in Central Asia must be transparent and sustainable, and not run counter to internationally accepted norms.

Shared borders with Afghanistan, recruitment of foreign terrorist fighters, and narcotics trafficking also mean that the security of the countries of Central Asia is another priority for the United States. Our assistance programs in FY 2018 will focus on increasing the capacity and professionalism of border troops, countering money laundering and illicit human and narcotics trafficking, in order to degrade funding sources for extremist groups and transnational criminal organizations, as well as preventing the spread of weapons of mass destruction, their delivery systems, and destabilizing accumulations of conventional arms. Programs will focus on building the capacity of law enforcement and civilian security forces to deter, detect, and respond to terrorism-related threats as well as to interdict terrorist transit. Our assistance also helps counter violent extremism by addressing drivers

of radicalization, including through community policing programs. Such programs are important to maintaining stability in the region, which is critical both for our efforts in Afghanistan and to prevent new havens for foreign terrorist fighters.

The largest bilateral assistance request in Central Asia is for **Tajikistan, at \$21 million**. Tajikistan has a long border with Afghanistan. At a time when unrest continues to roil in the northeastern part of Afghanistan, across the border from Tajikistan, it is more important than ever to stay engaged on issues of border security, to countering the flow of narcotics and weapons, and to work with local police and communities on ways to mitigate potential factors that lead to unrest, disenfranchisement, and radicalization. Tajikistan remains hard hit by a decline in remittances from Tajik migrant workers in Russia, and more than half of our request will go toward helping to improve the health and economic situation of this largely agrarian population. While this assistance directly helps vulnerable segments of the population, it also serves to diminish flows of labor migrants, some of whom have been vulnerable to recruitment by extremist groups.

Uzbekistan is the only country in Central Asia for which the Administration is requesting an increase – bringing the ESDF request up to \$7 million compared to the FY 2016 AEECA level of \$5.4 million – in response to new openings and requests for support following the election of President Shavkat Mirziyoyev in December 2016. The Uzbek government has asked for technical assistance for implementing rule of law reforms that will increase the independence, transparency, and professionalism of the judiciary, increase judicial oversight of investigative processes, and enhance the role of defense legal counsel.

The FY 2018 request will expand U.S. support for diversifying Uzbekistan's agricultural sector, as part of that country's effort to reduce its reliance on cotton. It's worth noting that this is already providing export opportunities for America's horticultural sector, including recent Uzbek purchases of walnut saplings. Additional U.S. support for economic reforms could result in opening up markets to more U.S. businesses, technologies, and equipment.

Russia remains extraordinarily influential in Central Asia, politically, economically and in terms of security relationships. This is not surprising or abnormal, given their geographic proximity and the many cultural and people-to-people linkages developed over the past 200 years. What does concern us is the "zero-sum" policy applied by the Russian government in the region, consistently implying that any actions directed at developing closer ties between the United States and the Central Asian states are really attempts to "weaken" Russia or undermine its position in the region. This is reflected in a constant stream of anti-American viewpoints and disinformation spread by Russian media throughout the region. Our assistance programs in Central Asia are intended to show Central Asians an America that is incongruous with the caricature they see in Russian media. Our programs engage with governments but also reach all levels of society, including private business and civil society, and help to show that the U.S. is interested in working directly with the people of Central Asia to help them build a stable, secure, and prosperous society.

The foreign assistance budget request for FY2018 will allow us to stay involved in our priority areas of economic resilience, security, and governance where we are making a difference, but also to capitalize on new openings that are arising.

Kazakhstan continues to be a good partner in the region, taking a greater role in

the world via a growing prosperity and non-permanent seat on the United Nations Security Council. **Uzbekistan's** foreign policy under its new president is focused on improving relations with its immediate neighbors, which is helping to improve the environment for regional cooperation. The **Kyrgyz Republic** will hold presidential elections this fall, leading to another democratic transition of power and a new administration in that country. It is now more important than ever to stay engaged and provide encouragement to the countries of Central Asia. Prosperity and stability in that region will benefit not only the people of Central Asia, but also of the broader South Asia region and of the United States as well.

Thank you again for the opportunity to testify today on this important region, and I look forward to your questions.

Mr. ROHRBACHER. Thank you very much.
Ms. Ellis.

**STATEMENT OF MS. MARGOT ELLIS, ACTING ASSISTANT TO
THE ADMINISTRATOR, BUREAU FOR EUROPE AND EURASIA,
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

Ms. ELLIS. Thank you. Chairman Rohrabacher, Ranking Member Meeks, on behalf of the United States Agency for International Development, I would like to thank you for this opportunity to testify today on the President's fiscal year 2018 budget request for Europe and Eurasia. I would also ask that the full text of my testimony be inserted into the record, as I will now just touch on a few high points.

Mr. ROHRBACHER. Without objection, so ordered.

Ms. ELLIS. In many ways, the Europe and Eurasia region is a USAID success story. Of 24 original partner countries, half have graduated from USAID assistance and have successfully joined the Euro-Atlantic community through institutions such as NATO and the European Union.

Many of these countries are now among our closest allies and have become important trading partners. U.S. exports to these graduates have increased fivefold in 20 years, exceeding the growth of U.S. exports worldwide. We are especially proud that a number of these graduates have even become donor countries themselves.

Progress in the region, however, is uneven. Important achievements are at risk and intractable issues remain. Radicalization and violent extremism, democratic backsliding, and Russia's disruptive foreign policy are all potential threats to regional stability and U.S. national security interests. USAID support for economic, energy, justice sector, and democratic reforms, and to counter violent extremism, is critical to partner countries facing these challenges.

As we look to fiscal year 2018, our priority interventions will focus on areas where U.S. assistance is best positioned to advance our foreign policy priorities in the region, which I will briefly outline for the committee.

USAID will support Georgia, Moldova, and Ukraine in their right to chart their own futures as they undertake critical reforms to strengthen their political systems.

In Ukraine, the administration's request of nearly \$204 million demonstrates that Ukraine remains a top priority of the United States. Failing to follow through on reform in Ukraine would likely cause a domino effect of instability in Europe and Eurasia, which would present serious concerns for our own national security.

USAID programs will help stabilize Ukraine through reforms that promote the rule of law and greater transparency, strengthen civil society, increase energy independence, and improve cybersecurity in the energy sector. Assistance funds will also be used to grow the economy and improve the business climate, making Ukraine a more reliable trade partner for the United States.

In Georgia, the President's request of roughly \$34 million will build on the promising momentum this county has made toward Euro-Atlantic integration and represents a significant investment in Georgia's future as a strategic partner in the South Caucasus. USAID support will improve democratic governance, expand pri-

vate sector competitiveness, and foster an economic environment that is fair, transparent, and attractive for foreign investment from U.S. and Western businesses.

In Moldova, the President's budget request will advance key political reforms ahead of Moldova's parliamentary election scheduled for 2018. Our assistance will build public support for reforms by tackling corruption and increasing transparency, broadening economic opportunity, and generating space for more Moldovans to engage in civil society. Sustained progress in these areas will result in an increasingly stable, economically sound, and secure Moldova that is anchored in ties to the West.

In the western Balkans, despite real signs of progress, fragile political institutions, unreliable rule of law, and restricted media put the successful transition of these countries at risk. Heightened ethnic and ideological tensions divert attention from needed reforms, and energy dependent and endemic corruption expose the region to Russian exploitation.

USAID assistance will strengthen the rule of law, improve access to objective information, promote greater energy independence, and help the region implement needed economic and political reforms.

The President's budget request for the Balkans will also protect America's security and that of our allies by providing resources to root out violent extremism through programs that address the underlying conditions that contribute to conflict and instability.

Taken together, USAID assistance is well positioned to advance real change for our partner countries and to improve the lives of citizens throughout Eastern Europe and Eurasia.

USAID's Europe and Eurasia Bureau has long embodied the President's desire to engage international organizations, the private sector, and other donor countries in our mission overseas. In many areas we catalyze co-investment from other donors in USAID projects across the region and across sectors, generating impacts well beyond what any single donor country could achieve alone.

Finally, we know that success in the region will be difficult, but as emerging risks threaten shared goals of stabilization and prosperity, our sustained engagement in the region is as important as ever.

Thank you for your attention. I will be glad to take your questions.

[The prepared statement of Ms. Ellis follows:]

Statement of the Honorable Margot Ellis
Acting Assistant Administrator, Bureau for Europe and Eurasia
U.S. Agency for International Development
House Foreign Affairs Subcommittee on Europe, Eurasia, and Emerging Threats
“Examining the President’s FY 2018 Budget Proposal for Europe and Eurasia”
July 25, 2017

Chairman Rohrabacher, Ranking Member Meeks, on behalf of the U.S. Agency for International Development (USAID), I would like to thank you for this opportunity to testify today on the President's Fiscal Year (FY) 2018 budget request for Europe and Eurasia.

In many ways, the Europe and Eurasia region is a USAID success story. The region as a whole has undergone an historic transformation in the short time since the collapse of communism. Young countries have overcome tremendous social, political, and economic hurdles to chart a new course for their citizens, guided by free markets and democratic principles. Of 24 original partner countries, half have graduated from USAID assistance and have successfully joined the Euro-Atlantic community through institutions such as NATO and the European Union (EU). Many of these countries are now among our closest allies and have become important trade partners. U.S. exports to these graduates have had a fivefold increase in twenty years, growing from over \$2 billion in 1995 to over \$10 billion in 2015. This rate exceeds the growth of U.S. exports worldwide. These countries are thriving, and many have become donor countries themselves. USAID is a proud partner to this change.

Progress in the region, however, is uneven. Important achievements are at risk and intractable issues remain. The Balkans, the Caucasus, Moldova, and Ukraine are subject to influence, interference, and infiltration by America’s rivals. Radicalization and violent extremism, economic slowdowns, democratic backsliding, and Russia’s expansionist and disruptive foreign policy are all potential threats to regional stability and U.S. national security interests.

U.S. assistance remains an important national security instrument in realizing the overarching goal of a Europe whole, free, and at peace. This is why USAID is committed to assisting countries in the region on their path to democratic consolidation, economic independence, and Euro-Atlantic integration. Our efforts are focused on supporting economic, energy, justice-sector and democratic reforms that foster resilient, democratic societies able to advance our shared security and prosperity.

Ukraine, Georgia, Moldova

Russia’s aggression and continued occupation of parts of Georgia, Moldova, and Ukraine infringes upon international principles of sovereignty and territorial integrity, and threatens each country’s declared priority of Euro-Atlantic integration. USAID will continue to support these countries in their right to chart their own futures as they undertake critical reforms to strengthen their political systems, economies and resistance to Russian pressure.

In Ukraine, the Administration’s foreign assistance request of \$203.8 million demonstrates that Ukraine remains a top priority for the United States. Success in Ukraine is critical for the country’s own future and

that of its neighbors, just as Ukraine failing to follow through on reform would likely cause a domino effect of instability in Europe and Eurasia and present serious concerns for our own national security. As the country grapples with the challenges following the 2014 Revolution of Dignity, Ukraine has a unique opportunity to solidify its trajectory toward becoming a prosperous, democratic state governed by Western values; otherwise it could backslide on progress made to date and fail to deliver on the promise of a better future for its citizens. The challenges ahead are compounded by intense political, military, and economic pressure from Russia, including a relentless information war to undermine Ukrainian stability. Yet, possible signs of change are on the horizon. While the forces resistant to change remain entrenched in many parts of the political milieu, economy and society, and continue to oppose meaningful reforms, the pro-Western government seeks continued U.S. support to decisively shift its course to that of a prosperous, democratic state governed by European values and integrated into the global community.

USAID programs will help stabilize Ukraine by promoting the rule of law, countering Russian disinformation and strengthening civil society, and increasing Ukraine's energy independence and strengthening the energy sector's cyber security. The fight against corruption is front and center in Ukraine's reform efforts as well as in U.S. assistance. The international community, along with Ukrainian civil society, plays a key role in these governance reforms, and continues to apply significant pressure on the Government of Ukraine to move forward on its anti-corruption reform agenda. While the pace of reform is slow, recent changes to the Ukrainian Constitution empower the judiciary to have greater independence and accountability, and could pave the way for future progress.

The humanitarian needs in eastern Ukraine are great. The ongoing conflict has left 3.8 million people in need of aid. In FY 2016 and FY 2017, the United States provided more than \$66.438 million in humanitarian aid to support access to safe drinking water, emergency shelter materials, hygiene kits, and other critical relief supplies. While ensuring that humanitarian relief is provided, USAID will also start transitioning toward providing its support to increasingly traditional development assistance that will be required for the resilience of the country. USAID assistance has played a critical role in responding to evolving developments in Ukraine. The FY 2018 request will ensure the U.S. Government continues to support Ukraine at this critical juncture as it navigates a challenging path toward becoming a stable, democratic state.

In Georgia, the President's foreign assistance request of \$34.1 million represents a significant U.S. investment in the country's future as a strong, democratic, strategic, and prosperous partner in the South Caucasus. Georgia has made great strides toward Euro-Atlantic integration, holding two free and fair elections, signing an EU Association Agreement, and earning visa-free travel to the EU. The programs in the FY 2018 budget will build on this progress. USAID support to Georgia will improve democratic governance, expand private-sector competitiveness, and foster an economic environment that is fair, transparent, and attractive for foreign investment from U.S. and Western businesses. To date, USAID has also helped to open up new markets in the West for Georgian businesses, which diminishes reliance on any one trading partner. In agriculture, privately-run processing, mechanization, and farm service centers established with U.S. assistance ensure the sustainable provision of mechanized services, agricultural inputs, and technical advice for farmers and agribusinesses across rural Georgia. In 2016 alone, USAID agriculture assistance generated over \$43 million in new sales by primary producer firms and processing companies. Sustainable economic growth in this manner will strengthen Georgia's European integration.

The President's budget foreign assistance request of \$20.3 million for Moldova will advance key political reforms ahead of Moldova's parliamentary elections, scheduled for 2018. Our focus on improving the business climate will build public support for reforms by tackling corruption and increasing transparency, broadening economic opportunity, and improving the standard of living for ordinary Moldovans. This past year, USAID assistance helped Moldovan agricultural producers reduce dependency on the Russian market by expanding and diversifying into new EU and Middle East markets. With support from USAID, the Moldovan government reported an 86 percent increase in the dollar value of high-value agricultural exports to non-traditional export markets over the last six years. Sustained progress in these areas, coupled with support for reintegration with Transnistria, will result in an increasingly stable, economically sound, and secure Moldova that is anchored in ties to the West.

Western Balkans

Despite real signs of progress in the western Balkans -- fragile institutions, unreliable rule of law, poor governance, and restricted media endanger these young democracies and create vulnerabilities to destabilizing actors. The region faces multiple threats, including violent extremists, organized criminal groups, and malign foreign players, especially Russia, which has demonstrated time and again its intent to undermine the region's efforts toward Euro-Atlantic integration.

Political fragility puts the successful transition of western Balkan countries at risk. For example Bosnia's tenuous Dayton Accords system of governance is outmoded and fracturing. Kosovo, Europe's newest state, is not recognized by Serbia and five EU member states, and peacekeepers remain stationed in the country nearly two decades after fighting ended. Public sector corruption is a substantial impediment to governance. Countries across the region score poorly on Transparency International's corruption perceptions index, reaching as low as 36, in the case of Kosovo, on a scale of 0-100. Entrenched and corrupt political elites stymie reforms and foment popular discontent and disillusionment with democracy, which Russia increasingly exploits. Heightened ethnic and ideological tensions run high across the western Balkans and divert attention from and progress in reforms, a situation perhaps best illustrated in Macedonia. Still, there is cause for optimism. Over the past six months alone, four Balkan countries have held elections -- Kosovo, Albania, Macedonia, and Serbia-- which were broadly accepted to be free and fair. The President's FY 2018 request includes approximately \$88.1 million for the western Balkans. Our assistance builds capacity of democratic institutions, including the judiciary and civil society, and will help the region build on this momentum toward democratic governance.

Currently, the western Balkans region is almost entirely dependent on Russia for natural gas, leaving the region vulnerable to exploitation. So long as the Balkans is without alternate energy sources, Russia is at liberty to undermine independent, market-oriented institutions as well as the region's progress toward regional market development. The President's FY 2018 budget request support their efforts to invest in needed energy infrastructure, implement market reforms, and import gas from multiple sources, cutting off an important tool of Russian influence and opening up potential investment opportunities for U.S. companies.

Corruption is the currency of malign Russian influence. Corrupt actors abuse regulatory loopholes and inefficient, byzantine bureaucracies for self-benefit, often leaving law-abiding, well-intentioned citizens – including foreign investors – little or no recourse to protect basic property rights, enforce contracts, or achieve fair judicial enforcement. Lack of economic and political reform in these areas instills a lack of confidence in freedom and democratization. USAID assistance supports legal and regulatory reform and capacity building to ensure transparent enforcement. These initiatives promote increased economic integration with Europe and help cement the relationship of Balkan countries with the West, thereby limiting Russia’s ability to manipulate them through economic levers.

Compounding the threats posed by external meddling in the region, the western Balkans region faces the internal challenge of dealing with the threat of violent extremism. Open source reporting shows that as many as 950 foreign fighters from the region have traveled to Syria and Iraq since 2012. Stagnant economic conditions and high levels of youth unemployment, as well as the continued isolation of Kosovo on the world stage, provide ripe conditions for radicalization.

Rooting out violent extremism in the Balkans is critical to advancing America’s national security interests. The President’s budget request for the region protects America’s security and our allies by addressing the underlying conditions that contribute to conflict and instability, foreign fighter recruitment, and radicalization. At USAID, we work to thwart radicalization from gaining a foothold in the region by applying an evidence-driven, pragmatic approach that targets the most vulnerable citizens and are tailored to specific drivers of conflict. Through a whole-of-government approach, we can attack this challenge at the earliest stages, with preventative efforts before radicalization occurs, all the way to post-prosecution.

In Bosnia and Herzegovina, USAID support helps mitigate external pressures that lead to radicalization and violent extremism through a community-based approach that engages at-risk youth in local initiatives and build communities’ capacity to resist extremist propaganda and recruitment. In Kosovo, USAID tackles the issue from different angles to lessen the appeal of extremism. The program offers alternative, positive messaging and tools, skills and job opportunities, and monitors the implementation of the Government of Kosovo’s Combatting Violent Extremism (CVE) Strategy and Action Plan.

Our efforts to prevent recruitment and radicalization are targeted to specific communities, but offer us important lessons to build upon in our work throughout the region. As we know, the threat of extremist ideologies anywhere is cause for concern everywhere. Thus, we are examining opportunities to further expand preventative and CVE programming into our development portfolios throughout the Balkans, as well as in the Caucasus.

Leveraged Funding and Partnerships

As we work to ensure efficiency and effectiveness of U.S. assistance overseas, we acknowledge that we have to prioritize and make some tough choices. However, in USAID’s Europe and Eurasia Bureau, our work has long embodied the President’s desire to engage international organizations, the private sector, and other donor countries in our mission overseas.

USAID works closely with the EU and other European donors to prioritize assistance, jointly fund

projects, and attain maximum leverage while avoiding duplication. In Armenia, for example, we are partnering with the private sector, the host government, and Yerevan State University in a public-private partnership for the “Establishment of Innovative Solutions and Technologies Center Project” worth \$7 million over the course of three years. USAID’s investment of \$2.5 million is yielding \$4.5 million in non-USG funding in support of this program, which will develop and strengthen the educational capabilities of Armenian higher educational institutions in information technology and enhance their research potential in education. In Ukraine, USAID and the EU are jointly supporting communities to implement decentralization reforms, with investments of \$50 million and \$102 million, respectively, in parallel projects with complementary objectives. Our combined efforts will ensure that decentralization reforms span the entirety of Ukraine.

In many areas, the U.S. plays a leading role, catalyzing co-investment from other donors in USAID projects across the region and across sectors. In Moldova, Sweden has partnered with USAID on our flagship business competitiveness program, contributing \$2 million for projects in information and communications technologies, light textiles and wine production. The Swiss have co-invested in small business development in Macedonia, while Poland has co-funded a project to train media professionals on increasing citizen awareness of the benefits of the EU Association Agreement and potential accession for Ukraine.

Of course, long-term change hinges on a clear manifestation of political will from host governments. USAID works closely with these governments to ensure they are both politically and financially invested in USAID’s assistance programs. In Macedonia, for example, the Ministry of Agriculture will invest \$800,000 for USAID’s Development Credit Authority guarantee, a needed boost to help farmers in the country expand and modernize. USAID has also developed close relationships with countries such as Estonia, Poland, Latvia, Romania and others across Eastern Europe that were once foreign assistance recipients after the fall of the Soviet Union. Today, these countries have progressed to a point where they are now starting their own foreign assistance programs, often in close collaboration with USAID.

Partnerships like these form the backbone to our assistance approach in the region and generate impacts well beyond what any singular donor country could achieve. We are very proud to see these “graduated” countries now providing support to countries still endeavoring to transition to stable, modern democracies. At USAID we often say that our ultimate goal is to work ourselves out of a job. As you can see, in parts of Europe and Eurasia – we have done just that.

Conclusion

It is clear that countries in Eastern Europe and Eurasia face serious challenges. While we have seen some success in our efforts to address internal vulnerabilities, mitigate Russian influence, and combat extremism, transformation in the region is incomplete. U.S. assistance, primarily technical or advisory, remains critical for the region’s continued integration into the European and world systems. A stable, prosperous Eastern Europe and Eurasia that is integrated into the global community and a strong partner on counter-terrorism will make America safer, grow the U.S. economy, and bring peace to the region.

These young democracies are fighting battles on multiple fronts. USAID is uniquely positioned to assist these countries on their paths toward greater Euro-Atlantic integration, which will require long-term commitment. Our assistance builds resilience throughout the region through efforts to develop civil society and independent media; a growing private sector and increased energy security; and democratic institutions grounded in the rule of law. We know that success in the region will be difficult, but as emerging risks threaten shared goals of stability and prosperity, our sustained engagement in the region is as important as ever.

Thank you for your attention. I'll be glad to take your questions.

Mr. ROHRABACHER. Thank you very much.
And now Ann Marie Yastishock.

**STATEMENT OF MS. ANN MARIE YASTISHOCK, ACTING SENIOR
DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA,
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, HAR-
VARD LAW SCHOOL (FORMER DIRECTOR OF THE NATIONAL
COUNTERTERRORISM CENTER)**

Ms. YASTISHOCK. Chairman Rohrabacher and Ranking Member Meeks, thank you for the invitation to testify today on USAID's role in advancing U.S. foreign policy priorities in Central Asia. Before I begin, I ask that my full statement be entered into the record.

Mr. ROHRABACHER. Without objection, it is so ordered.

Ms. YASTISHOCK. Thank you.

It is in our national interest to support a secure, stable, prosperous Central Asia. Doing so contributes to a more effective partner in countering the violent extremism that exerts an increasing pull over Central Asians. It means Central Asia is more capable of resisting Russian pressure and disinformation. It means helping to stabilize neighboring Afghanistan through increased trade and energy linkages. And it means Central Asia is more effective at containing its rampant and deadly tuberculosis epidemic.

Yet, tremendous complex challenges stand in the way. ISIS is recruiting from the region, which is now a major source of its fighters. In search of work, millions leave Central Asia annually, a reality that becomes ever more urgent when you consider the region's immense youth bulge. The majority depart for Russia, where they are vulnerable to terrorist group recruitment and human traffickers. The situation is indeed urgent and demands our continued engagement.

The President's fiscal year 2018 budget request for Department of State and USAID foreign assistance in Central Asia is \$76 million. Our focus is on immediate security threats, including countering violent extremism, human trafficking, and the spread of drug-resistant TB. It is also on helping to shape regionally and globally connected economies that offer sufficient domestic employment and create a new market opportunity for America.

Our leadership in Central Asia is helping Central Asian countries to develop the wherewithal to determine their own futures.

Next, I will provide a brief overview of the key countries.

First, Tajikistan, a country that shares a long border with Afghanistan and is the poorest in Central Asia. The budget request supports our continued focus on increasing stability and strengthening economic resilience.

In agriculture, our efforts to improve quality and productivity are benefiting the U.S. private sector, too. Fruit varieties, vegetable seeds, and pruning equipment we have introduced have come from California and Massachusetts.

Assistance will also support programs to engage civil society on improving government service provision, improve education quality, expand access to information, and increase knowledge of basic democratic principles. At the same time, we will continue to inte-

grate nutrition interventions to address the country's high rates of under and malnutrition among children.

In the Kyrgyz Republic, Central Asia's only parliamentary democracy, our focus is on bolstering the country's democratic progress and contribution to regional security and prosperity. The budget request allows us to continue supporting citizen oversight, media independence and diversity, and engraining rule of law and respect for human rights.

To support job creation, we are leveraging local private sector investment to develop small enterprises. The budget request also supports expanding USAID's civic engagement efforts to focus specifically on youth and communities susceptible to the influence of violent extremism.

Through our regional platform based in Kazakhstan, USAID is improving regional economic and energy connectivity to bolster economic growth and independence. The budget request supports our continued leadership, facilitating business connections, and developing the electricity market to increase trade between Central Asian countries, Afghanistan and Pakistan, and beyond.

In addition, we are working to mitigate the drivers of radicalization to violence and terrorism recruitment among vulnerable populations, including labor migrants, impoverished youth, and university students. USAID also leads countertrafficking information campaigns and helps reintegrate survivors.

Through bilateral funding, we are strengthening the fight against TB. We are partnering with a subsidiary of Johnson & Johnson to expand the use of the first new TB drug available in over 40 years. This complements country-tailored assistance and ongoing efforts to scale up game-changing diagnostic technology from California.

Finally, in Uzbekistan, our assistance is focused on supporting budding reforms in trade and good governance to increase economic opportunity and create responsive government.

Mr. Chairman and committee members, investing in Central Asia's development progress remains in our national interest. In helping build more stable, open, and resilient societies, we build stronger security and economic partners, while reducing the need to put our men and women in uniform in harm's way. With the fiscal year 2018 budget request, USAID will continue achieving these results in Central Asia through strong American leadership.

Thank you. And I look forward to your counsel and questions.

[The prepared statement of Ms. Yastishock follows:]

Statement of Ann Marie Yastishock
Acting Senior Deputy Assistant Administrator, Bureau for Asia
United States Agency for International Development
Before the House Committee on Foreign Affairs,
Subcommittee on Europe, Eurasia, and Emerging Threats
“Examining the President’s FY 2018 Budget Proposal for Europe and Eurasia”
Tuesday, July 25, 2017

Chairman Rohrabacher, Ranking Member Meeks, and Distinguished Members of the Subcommittee:

Thank you for inviting me to testify on the vital role of the United States Agency for International Development (USAID) in advancing U.S. foreign policy priorities in Central Asia. It is an honor to testify once again before this committee.

Development plays an indispensable role, alongside diplomacy and defense, in advancing U.S. national security and economic interests. With less than 1 percent of the FY 2018 discretionary budget request, USAID’s work supports dramatic progress in cutting poverty and averting crises worldwide. Our efforts bolster self-reliance in developing countries, which helps them build a sustainable path of progress that benefits us all by building stronger trade and security partners.

When it comes to Central Asia, a region of the world especially vulnerable to instability and economic shocks, development success is vital. A secure, stable, prosperous Central Asia is in the U.S. national interest. Successfully achieving these objectives means the region is a more effective partner in countering the violent extremism that exerts an increasing pull over Central Asians. It means Central Asia is more capable of resisting Russian pressure and countering Russian disinformation—for example, through enhanced trade relationships in the region and beyond, as well as through better access to independent sources of information. It means helping to stabilize neighboring Afghanistan through increased trade and energy linkages, and closer people-to-people ties. And it means Central Asia is more effective at containing its rampant and deadly tuberculosis (TB) epidemic, which undermines global health security and disrupts economic productivity.

Yet tremendous, complex challenges stand in Central Asia’s way. On violent extremism, the Islamic State of Iraq and Syria (ISIS) is recruiting from the region, and Central Asia has now become a major source of foreign terrorist fighters. A February report by the Hague-based International Center for Counter-Terrorism claimed that Tajikistan is the leading source of ISIS suicide bombers. A major driver of migration from the region is lack of domestic income opportunities—a reality that becomes even more urgent when you consider the region’s youth bulge (more than half of the population is under the age of 30). Youth unemployment in Uzbekistan, for example, has remained constant for years at approximately 20 percent. As a result, millions leave Central Asia annually in search of work. According to the World Bank, Central Asia has the two most migration-dependent economies in the world (Kyrgyz Republic

and Tajikistan). The majority of labor migrants land in Russia, where they may fall victim to terrorist recruitment and human traffickers. Research has shown that many of the foreign terrorist fighters from Central Asia fighting in Iraq and Syria were recruited from labor migrants working in Russia and Turkey.

The situation is indeed urgent, and it is in America's interest to remain engaged. With over two decades of experience in the region, USAID plays a leading role in partnering with the countries of Central Asia to ensure the development decisions they make today help realize the region's long-term success—which is critical to our own security and prosperity.

The President's fiscal year (FY) 2018 budget request for Department of State and USAID foreign assistance in the Central Asia region is \$76.06 million. This request directs foreign assistance investments to approaches that have the most impact and are the most cost-effective in advancing U.S. national security objectives, while fostering economic opportunities for the American people and asserting U.S. leadership. In Central Asia, our focus is on immediate security threats, including countering violent extremism, human trafficking, and the spread of drug-resistant TB, but it is also a focus on helping to shape regionally and globally connected economies that can sustain the jobs the region needs at home and create new market opportunities for U.S. businesses. Our leadership in Central Asia is helping to provide balance as well as choices for Central Asian countries to develop the wherewithal to determine their own futures, and not succumb to external pressures.

Next, in order of budget request size (USAID-only), I will provide a brief country-focused overview of the FY 2018 budget request.

Tajikistan

Tajikistan shares a long border with Afghanistan, is the poorest of the five Central Asian countries, and has 60 percent of its population under the age of 30. The budget request for Tajikistan will support our continued focus on increasing stability and strengthening economic resilience to address factors contributing to the rise of violent extremist recruitment in the country. Specifically, funds will focus on improving the agricultural sector, with an emphasis on encouraging small enterprises, to provide employment opportunities and heighten trade within the region. Our investments in this area are benefiting the U.S. private sector, too. High-quality fruit varieties, vegetable seeds, and orchard tree saplings we've introduced in Tajikistan have come from California companies, with the pruning equipment sourced from Massachusetts.

At the same time, we will continue to integrate nutrition interventions at the household, community, and health facility levels in order to address the country's high rates of under- and mal-nutrition. According to the World Bank, one in three Tajik children under 5 years old is either stunted or wasting, which impairs lifelong learning and healthy growth.

Good governance programming will engage civil society and local and regional authorities to improve government provision of services, especially access to clean drinking water, which will make inroads against water-borne diseases that negatively impact children. Assistance will also

support programs to improve education quality, provide greater access to information, spur civic involvement, and increase knowledge of basic democratic principles.

Kyrgyz Republic

Our focus in the Kyrgyz Republic—Central Asia’s only parliamentary democracy—is fostering greater stability and resilience to bolster the country’s continued democratic progress and contribution to regional security and prosperity. The budget request allows us to continue supporting citizen oversight, media independence and diversity, and inculcating the rule of law and respect for human rights.

To assist in job creation, the budget request supports enhancing the competitiveness of small enterprises, including agriculture-based business firms. Our efforts are successfully leveraging local private sector investment. In the agricultural processing sector, for example, U.S. support has enabled local companies to provide up to 10 times USAID’s investment in new equipment and processing lines.

The budget request also supports efforts to further strengthen our mutual security by addressing potential drivers of radicalization to violence. USAID plans to expand its civic engagement efforts to focus specifically on youth in communities susceptible to the influence of violent extremist organizations. The program aims to create opportunities for young people to support themselves while remaining in their communities, and to enable them to better represent and address their concerns in concert with local government and civil society organizations.

Central Asia Regional

Through our regional platform, based in Almaty, Kazakhstan, USAID is working to improve regional economic connectivity, particularly in cross-border energy trade, and to mitigate the drivers of radicalization to violence and terrorist recruitment among vulnerable populations, including labor migrants, impoverished youth, and university students.

Central Asia is among the least economically-integrated regions in the world. U.S. assistance leverages host country and donor support to connect the region to and through Afghanistan as well as to Pakistan and India, seeking to foster and connect markets, trading routes, and economies in an effort to bolster economic growth and independence, as well as mitigate the lure of violent extremism. In recent years, USAID programs facilitated trade deals worth \$210 million for small- and medium-sized businesses through networking events. The budget request will support continued technical assistance, training, and planning support to introduce best practices on increasing regional energy connectivity, generation capacity, and cross-border power trade. The impact of USAID’s support for the regional electricity market is enhanced through close collaboration with the private sector and international financial institutions. Major efforts to strengthen and connect the power grids in Central Asia with Afghanistan and Pakistan are expanding access and alleviating electricity shortages, creating more jobs, and preparing the ground for Tajikistan, Kyrgyz Republic, and Afghanistan to earn critical revenues for energy transit and exports, which in turn reduces dependence on U.S. financial assistance in the future. Our approach is also presenting new market opportunities for American firms in the energy

sector. Our assistance is placing Central Asian countries in a stronger position to attract the latest technology and expertise, areas in which the United States has a competitive advantage.

In cooperation with the International Organization for Migration (IOM), USAID is working to prevent radicalization to violence by preparing labor migrants for what they should expect when they arrive in their country of destination. For example, for migrants seeking employment opportunities in Russia, our program provides information on safe migration practices, information on labor rights, and where they can access legal assistance. USAID has launched a pilot program that works with labor migrants from Tajikistan and Kyrgyz Republic banned from working in Russia—which can be due to something as minor as an “administrative offense”—to lower their susceptibility to ISIS recruitment. A new program will engage scholars, civil society, and governments in countering the vulnerability of at-risk groups, especially madrassah and university students. USAID also leads counter-trafficking information campaigns and provides victims of trafficking with services and vocational skills, so they can find employment in their own country and be less susceptible to recruitment by ISIS.

In the Kyrgyz Republic, Tajikistan, and Uzbekistan, through bilateral funding, we are strengthening the fight against TB, which has grown resistant to the two most effective drugs available today. We are partnering with Janssen Pharmaceuticals, a subsidiary of Johnson & Johnson, to expand the use of bedaquiline, the first new U.S. Food and Drug Administration-approved TB drug on the market in over 40 years that we introduced in the region two years ago. This complements ongoing efforts in all three countries to scale up, in partnership with other donors, the distribution of cutting-edge American technology (produced in California) that reduces the wait time for a diagnosis from two months to less than two hours. In each country, we have tailored our assistance to local strengths and needs. In the Kyrgyz Republic, we are helping to restructure the national TB program to be more effective at treating and stemming the spread of the deadly disease. In Tajikistan, USAID is laying the groundwork for drug safety monitoring by drafting the national plans, clinical protocols, and necessary drug safety requirements. And, in Uzbekistan, USAID TB education programs targeting the general public and the media have helped to dispel misconceptions and stigma toward TB patients.

Uzbekistan

Following the 2016 death of the country’s longtime president, Islam Karimov, Uzbekistan elected a new leader, Shavkat Mirziyoyev, who has launched judicial, anti-corruption, economic, and other substantive reform efforts that put the country at the crossroads of a transformation. For over a decade, Uzbekistan’s deep suspicions of outside influence have hampered U.S. diplomatic and development efforts. However, through our steadfast development assistance, we have built partnerships and now have key government buy-in on these reforms to achieve development breakthroughs long in the making. Our assistance is focused on supporting reforms that promote positive outcomes in trade, good governance, and service provision in order to increase economic opportunity and support responsive government policies.

The United States is helping Uzbekistan shed its state-centered economic model through structural reforms that will help to open up the economy, reduce corruption, and improve the

business climate for U.S. companies to sell goods and services. The budget request also supports programs working to increase private sector competitiveness in the Uzbek horticultural sector. This includes increasing agricultural productivity, quality, and stronger market linkages, including for exports. Since 2015, USAID has been helping Uzbek farmers learn better farming practices from American counterparts in California. This exposure has significantly increased the demand for specialized U.S. equipment and horticultural products. Earlier this year, Uzbek companies purchased \$1.5 million in walnut tree saplings from California nurseries, with plans for additional purchases worth up to \$10 million over the next five years.

U.S. rule of law programs also directly influence Uzbekistan's budding reform efforts through training of Uzbek judicial sector professionals conducted by U.S. and international experts to increase accountability and alignment with Uzbekistan's international obligations. U.S. assistance has also leveraged support from other donors to help facilitate the country's current transition of its civil court system to a state-of-the-art, online "e-Court" system, where citizens can file and access court cases and records. The budget request supports these continued efforts in addition to activities to improve the legal and regulatory framework for non-governmental organizations.

Conclusion

Mr. Chairman: Investing in global development progress remains in the U.S. national interest. In helping build more stable, open, and resilient societies, we build stronger security and economic partners for the United States while reducing the need to put our men and women in uniform in harm's way. With the FY 2018 budget request, USAID will continue achieving these results in the Central Asia region through strong American leadership.

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

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Mr. ROHRABACHER. Well, thank you all very much. We will proceed, and I will have a few minutes to talk to you and ask questions, then Mr. Meeks and our other members of this committee who come in. Ms. Kelly first, and then whoever comes in next.

So with that said, the OSCE was mentioned by my colleague, Mr. Meeks. Let me just state for the record, I see that as an institution that could serve us well in trying to find solutions or trying to find compromises when we are in a conflict situation.

And I would hope that when we are dealing with Russia and Central Asia, that the OSCE—let me note that the OSCE validated the election of Mr. Yanukovich in Ukraine. And it was his overthrow by force that set in motion this horrendous ongoing killing that is happening in that part of the world. Had he been permitted to be unelected, which was 2 years away, I don't believe there would have been any of this.

And so let us hope that when we call on the OSCE, we help them, and we abide by their decision, rather than let someone like Yanukovich be elected and then forced out under a really violent situation.

This is the 20th anniversary of the fall of communism in the Soviet Union. Let me note, I spent my entire life trying to reach that day. My entire life was dedicated to that. And I was very, very happy when that happened.

And I worked for Ronald Reagan and worked with him on some ways. I just will have to brag, Mr. Meeks, that I didn't write the "tear down the wall" speech, but I am the one who smuggled it to the President before his senior staff had reason to hide it from him. So I really take these things very seriously.

And let us also note—and the witnesses, please, feel free to comment on this—that during that time period after the Soviet Union fell apart and it became Russia, the Communist Party disintegrated, and we came in and tried to help a lot. There was a—you mentioned the program that we had that was aimed at trying to help Russia establish a market economy.

Let me just ask you, during that time period, the amount of money that we were putting into Russia to try to help them develop a market economy, did we find that some American businessmen were there extracting wealth and taking advantage of the situation?

Mr. HEFFERN. Mr. Chairman, I don't have the, frankly, the history of the Freedom Support Act to respond to that specific question. What I would say is that we had been hoping, and I was at NATO in those early years as well, that Russia would emerge as a real partner for us in the West.

Mr. ROHRABACHER. Right.

Mr. HEFFERN. And as it became clear that they just did not accept the post-Cold War settlement and that they were trying to push back on that settlement, and their aggression in Georgia in 2008 and Ukraine in 2014 demonstrates that, it became harder and harder for us to continue that kind of partnership.

Mr. ROHRABACHER. Yeah, I guess, they couldn't accept that the elected leader that was a pro-Russian was being forced out and we were colluding in that; or that in Georgia, that the Government of Georgia, after we started negotiating about NATO, immediately de-

cided to break a 5-year truce and invade Ossetia and Abkhazia and kill Russian truce observers.

We will do other hearings on that, but let me just note, I think it is a horrible thing that we are now gone from 25 years ago where we had such hope, to now that we have people, as far as I can see, who really want to refight the Cold War. They want a new Cold War.

And I see back 25 years ago when the Russians pulled the most historic removal of troops occupying a foreign country in the history of mankind, a peaceful withdrawal of troops from the countries they occupied, I had great hope. And now, today, we just seem to have so much belligerence.

Let me note, in Central Asia, which we heard about today, Central Asia, we are not afraid that the Russians already have influence, we understand that they have influence there, and we don't see them as a horrible impact on Central Asia. But in the Balkans, however, we see that countering Russian pressure is more important than countering radical Islamic terrorism.

And, of course, what we have in the Balkans are two of Europe's heavily Islamic countries, with Albania and Kosovo, and down in that region. It seems to me that, again, we got priorities, our priorities of countering Russian pressure, which can be interpreted as Russian influence.

Russia has an influence on Central Asia, and it has an influence in the Balkans and elsewhere. I see Russia as our competitor for influence. I do not see them as an enemy. And I certainly think radical Islam should have a much higher priority than trying to prevent Russia from having that influence.

With all of that said, I think that the fact that you guys are having to deal with this budget cut, as Mr. Meeks has so accurately pointed out, I want to just tip my hat to you, because I know it is really a difficult thing to set priorities and to make decisions, real decisions, because when you are talking about cutting down money those are the real tough decisions. So I thank you for that.

And I will give each one of you 1 minute to comment on what I just said, if you disagree with me, and please feel free. And then I am going to have Mr. Meeks then spend 5 minutes saying where he disagreed with me.

Go right ahead.

Mr. HEFFERN. Sir, thank you for the opportunity to respond. I would say that your priorities, sir, absolutely, defeat of ISIS is our top priority globally, whole of government-wise it is the top priority, there is no question about that. And when you count the whole-of-government approach on defeating ISIS, it is a huge effort, sir, and you know, in blood and treasure.

So the small amount of foreign assistance that I described in our modest budget is not the entire U.S. Government, Trump administration effort there. So I would say that we clearly share that priority that you—

Mr. ROHRABACHER. I see. Good answer.

Mr. HEFFERN. Yes, sir.

Mr. ROSENBLUM. Sir, just to comment briefly on the question of Russian influence in the region.

I guess the key question for us in Central Asia and I think throughout this entire region is the ability of countries to make independent and sovereign choices about how to set their economic policy and their foreign policy and their security relationships. And that is the principle I think we uphold consistently throughout the regions, is that we are advocates for countries to have that, that independence, and not to be making choices out of sort of fear and intimidation, but rather the free sovereign choice.

Mr. ROHRABACHER. Okay.

Ms. ELLIS. Our goal is to promote democratic, resilient societies in Europe and Eurasia and promote economic growth and energy security to create conditions for Europe whole, free, and at peace. But this, the U.S. Government's contribution, is but one contribution, and it is really a shared commitment—a shared commitment with other donors, especially our European partners, with the private sector, as well as with the host governments.

And I could cite many examples where we have leveraged support from European partners, from the private sector, and from the host countries to make sure that we have a shared commitment to realize this vision that I set before you.

Mr. ROHRABACHER. Thank you.

And finally.

Ms. YASTISHOCK. I would agree with Dan, with the economic choices for the Central Asian countries, but also that our priorities really are CVE, countering violent extremism, in Central Asia particularly. But I would also add health is a major concern for us and something that we will be using and prioritizing with our assistance funds.

Mr. ROHRABACHER. Well, thank you all very much. And I will return.

Mr. Meeks, take as much time as you would like.

Mr. MEEKS. I see we have been joined by a couple of my colleagues, so I will do 5 minutes.

This budget has been—well, first, let me start out with what I said before. I really note that you made a choice being career diplomats. And I do not think that the work that you do is acknowledged enough by folks in the United States of America.

Just as we rightly praise the men and women in our Armed Forces for what they do, it is as important that we salute you for what you do. For, as General Mattis indicated, without diplomacy, the more we have got to spend on the other side. And the cost of human lives on the other side and the cost of human values on the other side is, in my estimation, a very dangerous thing overall.

And so I salute you. People don't take enough time to talk about the sacrifices you make in regards to your families. Oftentimes you are away weeks, months, and sometimes years. But thank you for what you do and what you continue to do.

And you do it—you know, we sit up here through politics and we have Democratic and Republican administrations, and sometimes you will see our roles and our voices change. But you do it on a level, straight, no matter whether it is a Democratic President or Republican President, and you got to find a way out of no way oftentimes. And I thank you.

Which brings me to where I am really concerned. In this day and age, when the world is so much smaller and we really need to rely upon our allies and our friends in the EU and NATO more than ever, but when I see a 46 percent reduction in Europe and Eurasia and a 53 percent reduction in Central Asia, I am really concerned because of all of the work that you have talked about that you need to get done.

So how do you prioritize? Because if those are cuts that have to be made—and I am hoping it is not, that we will restore them in a bipartisan way. I think that from talking to folks in our subcommittee we will.

But if that was a reality, how do you prioritize what you do cut? And do you do across-the-board cuts or are you going to be compelled to make a decision that one program may be better than others for whatever the reason is? How do you do that and keeping us to be the leaders with our allies in the world?

Mr. MEEKS. Mr. Heffern.

Mr. HEFFERN. Mr. Meeks, first, thank you very much for your comments about foreign service and civil service career employees. We appreciate that very much.

The point that you made, sir, is an important one, the need to prioritize. And I think you will find, if you look at our charts, that it is, there is no across-the-board cut, either by country or by sector. In each case, we had to make difficult decisions in terms of our priorities to build upon, as I said, the success stories where we have had an impact, where we find that we have been effective, and where we can continue to be effective in the future on the high priority areas.

So you will find that there are some steep cuts, perhaps, in some education programs or working with the legislature in this country or that country. In countries like Armenia, we are trying to move from an assistance-based relationship to a trade-based relationship.

So in each country we have a different strategy, working closely with our AID counterparts and colleagues.

Mr. MEEKS. Ms. Ellis.

Ms. ELLIS. Thank you.

First, we applied the lens in terms of our priority. We look at, number one, national security priority. So, for example, when we are looking at the Balkans, countering violent extremism there is elevated.

Second thing is looking at trying to promote U.S. economic opportunities. And referring back to Secretary Heffern's mention of Armenia, when we had to make some tough choices there, we decided to focus on the IT and energy sectors, because these were sectors that not only could promote Euro-Atlantic integration, but also provided opportunities for U.S. business expansion and partnership with Armenia.

And the third is U.S. leadership. So our ability to take on programs and to be able to leverage resources from other partners, including the European Union, these are the types of programs that we choose.

And most of all, we look at impact. I think those programs that are most successful have a greater chance of being sustained. If we

don't find the political will of the host country, we decide to abandon them.

So I will give you an example. In Ukraine there was lack of political will in terms of moving forward on customs reform. So if we didn't feel that we had an equal partner, so we are not going to waste U.S. Government taxpayer resources in that particular sector, and we will focus on the sectors that we have the most chance of success.

Mr. MEEKS. Just speaking of that, and either Ms. Ellis or Ms. Yastishock, I think that in the United States Congress right now we might be fighting a bit of Ukraine fatigue, shall I say, especially as it goes to reforms. And it seems that the reforms are slow and a lot of the old guard is still in place, and there are questions there, and Russia's involvement in there. And from my viewpoint, the best Russian policy there is a good Ukraine policy.

So I would hope that we would continue steadfast support. But given the proportion of dollars, a lot of the dollars that we do have and I guess maybe still remain that we give to Ukraine, how do you assess the pace of the reforms in the Ukraine? And how do you understand that relationship between the Ukraine and Russia to be now and in the future?

Ms. ELLIS. Thank you.

I think when we look at Ukraine, we say we are fighting a war on two fronts, a war against countering Russian malign influence, but also a war against old Ukraine, old, corrupt, oligarchic practices, and each are equally challenging.

When I look to assess the progress that has been made, I look really to the period from 2014 to the present. The U.S. Government has, thanks your committee and others within Congress, has generously appropriated \$1.3 billion to Ukraine just in that period of time.

And I look to the successes that we have had on the anti-corruption front. In partnership with the Ukrainian Government, we have established a number of anti-corruption institutions, including one that is focusing on asset declarations, another that is akin to our FBI, a special prosecutor's office to address anti-corruption.

The Government of Ukraine credibly and importantly has instituted an e-procurement system that is saving hundreds of millions of dollars that would have gotten lost in corrupt transactions previously. They have also held credible elections during the last few years, introduced political finance laws.

So they made a lot of very positive progress. But there are some important reforms ahead. And these are the tough reforms, whether we are talking about pension reforms, land reform is another tough one on the agenda. And specifically with regard to anti-corruption, setting up an independent court or chamber to deal with anti-corruption is another tough institutional battle that we are working with the Ukrainian Government.

And then, in addition, resourcing these anti-corruption institutions to make sure that they have the resources to enable them to do their work.

So when I recently visited Ukraine, I asked a counterpart about this very issue and how we are doing on reform. And he reminded me of something from U.S. history, the period from 1880 to 1940.

And it took us a period of 60 years for the U.S. to move from an era of being robber barons to regulated industries.

So it is a reminder to me that these are tough challenges ahead, and they require sustained commitment. So I think Ukraine has come a long way. We are maybe halfway there. Our business is not completed yet. But I think we have a good partner. And I hope that with the U.S. Government's foreign assistance we can remain an engaged partner.

Thank you.

Mr. HEFFERN. May I answer? If I can just very briefly on this.

When Secretary Tillerson was recently in Kyiv, he purposely decided to meet with reformers before he met with President Poroshenko. And it was a very interesting group. It was two private sector, reform-minded business people and investors and two civil society, more on the activist side.

And all four of them had the same assessment: That in the last 3 years the reforms have been very significant, as Ms. Ellis has said, but that it slowed down a bit. And they are a bit concerned that the next batch of reforms will be the hard ones. The anticorruption court and judges is a key one.

So Secretary Tillerson pushed President Poroshenko hard on that point, commending him for the progress but saying there is still a lot to do.

So thank you for not having too much Ukraine fatigue yet and staying with us a few more years.

Mr. MEEKS. I have got colleagues, so I yield back. If we have another shot, I have one more question.

Mr. ROHRABACHER. Oh, sure, sure. No, no, absolutely.

All right. Well, I think we are going to go with Mr. Keating because he has been here during the whole thing, and then we will end up with you.

Mr. KEATING. Thank you, Mr. Chairman.

I am curious, Deputy Assistant Secretary Rosenblum, you were talking about countries' sovereignty, and you said you want that instead of "decisions made on fear and intimidation." What were you talking about, "fear and intimidation," from whom, when you said that a few minutes ago?

Mr. ROSENBLUM. Mr. Keating, thanks for your question.

What I had in mind was talking about sort of consistently applying this idea that countries should have the independence to make decisions about how to affiliate, what economic organizations to belong to, what security organizations to belong to.

And I often get asked in the region, in Central Asia, the region that I visit the most, what do we think, for example, about the fact that Kyrgyzstan 2 years ago joined something called the Eurasian Economic Union, which is a group of countries led by Russia that form sort of a customs union. And I have always said that this was Kyrgyzstan's sovereign decision. They had to decide what was in their about interest to join.

But I also point out at the same time that when other countries have made those decisions, such as Ukraine made back in 2013 when they were headed toward signing agreements with the European Union, there was clearly pressure applied at that time, which

caused a reversal of that decision and which led to many of the things that followed.

So I think consistency in the way we apply this is very important.

Mr. KEATING. Pressure from whom?

Mr. ROSENBLUM. From their neighbor.

Mr. KEATING. Which neighbor?

Mr. ROSENBLUM. From Russia.

Mr. KEATING. Thank you for saying that. That was hard to get out of you. But it is true.

And the other issue is, when you are saying sovereignty, that could be interpreted—not you, but those words—dealing with the EU as an entity.

How are our dealings? Do you think there are any conflicts between dealing with the EU as an entity versus sovereign countries? Do you think that is trouble for us in any way as a country in dealing with that?

Mr. HEFFERN. Sir, if I could take that one.

Mr. ROSENBLUM. Please.

Mr. KEATING. If I could, Mr. Rosenblum, I finally got you to hello. So if you could first, because you brought that up, those words.

Mr. ROSENBLUM. Mr. Keating, I will defer to my colleague, Mr. Heffern, on the current dynamic of the relationships with the EU.

Mr. KEATING. You don't have an opinion?

Mr. ROSENBLUM. I can only speak for the policy that I work on today, which has to do with our relationship with Central Asia, so I would like to defer to my colleague. Thank you.

Mr. KEATING. All right. That is fine. Thank you.

Mr. HEFFERN. Mr. Keating, thank you.

One of the key differences, of course, in the European Union, is that countries who are member states of the European Union have voluntarily given up some elements of their sovereignty to the Commission in the areas of trade and others, based on the free choice of the people and the governments of concern.

So there is no outside pressure to do this or to do that. They have done this voluntarily, to cede some sovereignty to the Commission through the European Union process.

For the United States, we negotiate bilaterally with the European Union. It is a bilateral negotiation. It is not with 28-states or soon to be 27-member states. And so when we hopefully do some kind of a trade negotiation of some sort, to be determined, it will be a bilateral negotiation with the EU. And it will be a difficult negotiation. It always is. But we hope to be able to do that.

Mr. KEATING. That is encouraging. Thank you.

Just quickly, I am just following those lines. It might not seem significant in the scope of things, but I am very concerned with the Brexit issue and how our relationships will be and what is going to happen to Ireland. I mean, there is really a very tangled web there in terms of some of the legal issues that are still embedded in the EU, citizenship of people in the north that are actually EU citizens.

Do we have any policy yet from the U.S. standpoint how we could try and use whatever influence we could? And we have had a his-

tory of influence in Ireland on the peace, the Good Friday Agreement and other agreements that we have had. Are there some engagement discussions in that area?

Mr. HEFFERN. Yes, sir, there are. Just briefly on Brexit.

First, our goal working with our British allies and friends in the EU is for there to be a strong EU and a strong U.K. after they do their 2-year whatever the negotiation is going to be, very difficult negotiation coming up. So our goal is for it to be as mutual a separation as possible so that we end up, they end up with a strong EU and a strong U.K.

On Northern Ireland we are still hopeful that the parties there can come up with a power-sharing agreement, very important that they do that, to work out an arrangement so that there is not direct rule or problems with the border and all, as you have described. And we have been engaged diplomatically, not so much on the foreign assistance side, very tiny bits of money in the past have gone to cooperation with Northern Ireland, but on the political side, the diplomacy side, lots of engagement to help them try to find a way toward a power-sharing agreement.

Mr. KEATING. Yes, because the U.S. was such a prominent, by their own admission, player in that accord.

So thank you very much. I yield back, Mr. Chairman.

Mr. ROHRABACHER. And we have a new member with us, at least to the committee, Brian Fitzpatrick. And let's note that we just discussed Ireland, so it would be appropriate for you to talk now.

Mr. FITZPATRICK. We will leave Ireland alone. Thank you, Mr. Chairman and the ranking member.

Thank you for being here.

I just had a brief followup regarding Ukraine. As an FBI agent one of my international assignments was in Kyiv, in the Embassy there, working anticorruption. And there was an entity that we started to establish, which I believe is still in existence, the National Anti-Corruption Bureau, which at the time was run by a gentleman named Artem Sytnyk. I don't know if he is still there or not. But to say that the corruption issues in that country are systemic would be an understatement.

And one of the challenges that we ran into was clearly the Yanukovich regime was notoriously corrupt. Poroshenko came in at least under the banner of fighting corruption, in addition to Yehor Soboliev, who at least from the Rada perspective was sort of the champion in anticorruption.

What we found both in that Bureau and in the Prosecutor General's Office was that the corruption was really systemic at the higher levels. And as well intended as the people were on the lower levels, and I know at the National Anti-Corruption Bureau, we recruited people from all segments of that country, prosecutors who really wanted to do good, but their sense was that it was more window dressing than anything and that there wasn't a true organic desire to weed out corruption, that it was more for appearance purposes, that they weren't getting the funding and the support in the upper levels of government that they really needed to be successful.

So I know several of you have spent time in Kyiv. Is that your sense? And what can we do on this committee and on the broader Foreign Affairs Committee to help the people of Ukraine in that

fight against corruption? Because the desire is there, particularly amongst the younger generation.

Ms. ELLIS. I am glad you mentioned this, Congressman.

I think one of the investments that has really vindicated some of our choices in the past in Ukraine has been a sustained investment in civil society. And I think the fact that we, the U.S. Government, for many, many years have been supporting civil society in Ukraine was vindicated during the Euromaidan, because it was civil society which led the peaceful protests that led to the change in government.

And it is that very civil society that is setting the reform agenda. They have this reanimation package of reforms that is really setting the legislative agenda. And it is that accountability within the populous at large that can demand that reform. We can do so much as a donor, but clearly if we don't have civil society on board as a voice our impact is somewhat limited.

Mr. HEFFERN. Sir, on the State side, again, Secretary Tillerson was recently in Kyiv and met with some key people there, Ambassador Yovanovitch and others.

And what was clear from the conversations he had there earlier this month was that the reforms that Ms. Ellis described in terms of the electronic release of the financial disclosure forms of all the key policymakers, a very, very extensive disclosure. If we can get good civil society, if we can help them get good press, independent press, that would be very important. That would be an important check and balance on corruption there if the civil society and the press will do their job and investigate those disclosure forms and really see who is doing what in the government.

What we are finding and what the NGOs all reported to us was that as the reforms have gotten more effective; it sort of began to creep into the pocketbooks of some of the oligarchs. It is getting tougher.

And so what we need to do, sir, and if the committee and the Congress could continue to help us, is to continue to push the two-pronged approach on reform: Congratulations on what you have done so far, Mr. Poroshenko, but we need you to continue to do more. Not we, the people of the Ukraine, need you to do more. A successful Ukraine is the best defense against Russian aggression, and so a successful Ukraine is what we all want.

Mr. FITZPATRICK. Would it make sense for us to tie funding and assistance to measurable anticorruption objectives? Because civil society investment in that is critically important, I will agree, but that is more external pressure, rather than internal government-to-government measurable metrics.

Because until that corruption issue is addressed their economy is going continue to struggle. I don't know what the exchange rate is now. I think it is probably 25 grivna to a dollar. It was 8 to 1 about 5 years ago.

Mr. HEFFERN. Sir, there is all kinds of conditionality on our assistance now, as Margot was saying. We have terminated a number of programs where we felt they were not committed.

Margot, did you want to?

Ms. ELLIS. Also importantly, we leveraged our reforms with the IMF. And the IMF agreements are conditioned, the release of spe-

cific tranches of money are conditioned on specific reforms, some of them relating to anticorruption. So we do have a very strong, powerful financial lever through the IMF.

Mr. ROHRABACHER. Thank you very much.

I will now recognize Mr. Meeks for his final either questions or a statement.

Mr. MEEKS. Just a quick question. You know, I just really appreciate, it has been a good hearing, Mr. Chairman, I think, a very good hearing, and following.

I just wanted to follow up, because we talked about the Ukraine. I wanted to mention, maybe Mr. Heffern or anyone else that want to join in, where once upon a time we were able to take for granted democratic institutions, we are seeing some wariness in certain countries, which have concerns to me. And I know the President visited Poland, for example, but there have been some concerns about democratic institutions in Poland and maybe the same thing in Hungary.

And I think what has been really important for us and what we want to make sure, that when the West leads, that we keep our democratic institutions, lead by example and others to follow.

So maybe what threats, Mr. Heffern, for the countries that are in Central Europe, what do you think, like Poland and like Hungary, what do you think is the best tool for the United States to use to make sure that countries in Central Europe maintain the shining examples of democracy and democratic institutions, which I think is tremendously important for us?

Mr. HEFFERN. Sir, in Central Europe, the backsliding, as you have described it, certainly in Hungary, and the rule of law issues that we have had and we have seen in Poland, are very important issues and very much a subject of our dialogue with them and with their neighbors.

I have seen Secretary Tillerson in a number of meetings with Polish counterparts, and rule of law is always one issue that he raises quite forcefully, that if you want investment you need to have independent courts, otherwise American investors aren't going to be coming to your country. So he has been able to put it based on his experience in a very frank and helpful conversation, I think.

And we welcome President Duda's decision to veto two of the judicial bills that the legislature just passed, which we considered unhelpful in terms of judicial developments.

So we work with the Poles on these issues very carefully, as well as their contributions in NATO and everything else. They are obviously tremendously important partners and allies on a whole host of issues, as well.

In terms of Hungary, there have been a number of issues. The university issue I know, Congressman, I know you are familiar with this. A number of issues where we have pushed them to engage with the right parties, with the states, so that the states will work out what the arrangement is for this university. It is not for us to negotiate as the U.S. Government how this university is accredited there.

So where issues have popped up with Budapest, we have been very open and frank with them to try to help the people there in

civil society there work with the government to resolve some of these issues. But you have identified two important issues, sir. Thank you.

Mr. MEEKS. And my last question, there will be a third country that I am concerned about, because it seems as though since there is no route right now into the EU or NATO, Macedonia. Do you think that there have been some deterioration of key fundamental principles like freedom of the media and the rule of law and democratic governance there also?

I know we got this thing with the name and with Greece. I don't know whether there could be any leverage to put on Greece to make a difference there. Do you think that the State Department would be willing to put some leverage on Greece to allow Macedonia into NATO under the temporary U.N. reference at the earliest possible time?

Mr. HEFFERN. Mr. Meeks, from my time at NATO, I worked a lot on the name question. But your first question, let me touch on that first.

There was a serious political impasse in Macedonia. You saw the violence in the Parliament. We were actively engaged both here from Washington and in Skopje, and we are pleased to see that the party, the opposition party that had a plurality in the recent elections, was given the mandate to form a new government, I believe it was in May, and has now done that.

So that was a pretty important—a very important political transition, recognizing the results of the most recent election. So we welcomed that as a step forward for Macedonia.

The other issues you have identified are very much part of our bilateral agenda with them as well, yes, sir.

Mr. MEEKS. Thank you. I yield back.

Mr. ROHRABACHER. We have just a few minutes left. Ironically, we are debating the sanctions bill as we have this hearing.

And, Brad, if you could—we will give you a few minutes, but I want to have the last say, which we just gave your side that number of minutes. So go right ahead. Prioritize, I think is what I am telling you.

Mr. SHERMAN. Okay. Everybody is an acting? Has an assistant secretary for your bureau been nominated?

Mr. HEFFERN. Named, sir.

Mr. SHERMAN. Named, but not nominated.

Mr. HEFFERN. I am not sure it has come forward yet, but the White House has announced the new assistant secretary designate for EUR.

Mr. SHERMAN. And how about the DAS's and PDAS's, is that subject to—well, do we know who those folks will be or are you those folks?

Mr. HEFFERN. We are not confirmed, sir, so we are there until somebody tells us to go someplace else.

Mr. SHERMAN. In the tradition of the State Department would you continue to—would the PDAS and the DAS's continue to be the same?

Mr. HEFFERN. Sure, yes, sir. If and when Mr. Mitchell is confirmed, the current team would stay until he decided to make a change.

Mr. SHERMAN. Okay. And the tradition would be that you would stay. Okay.

Let's talk a little bit about demining Artsakh. Our assistance programs for what was then called the Republic of Nagorno-Karabakh have since fiscal year 1998 supported lifesaving maternal healthcare, provided for clean drinking water, and cleared mines and unexploded ordnance.

HALO Trust, which is leading the demining effort, reports it has completed about 88 percent of its mission, but continues to need U.S. funds to continue lifesaving work. Additional humanitarian needs continue.

Do we expect the HALO Trust to be funded so that it can complete the demining effort, Mr. Acting Assistant Secretary?

Mr. HEFFERN. Ms. Ellis will want to jump in on this, too.

But, sir, very briefly, over the years, as you know, we have given Nagorno-Karabakh, the people of Nagorno-Karabakh, \$45 million in assistance, humanitarian, as you have described it, for water and demining.

As I understood the recent HALO Trust report, they were estimating closer to 96, 97 percent coverage on their demining efforts, which is very important. And there was going to be an assessment of that before we made decisions on next steps.

Margot.

Mr. SHERMAN. And I will ask the Acting Assistant Administrator.

Ms. ELLIS. And this is normally funded from our regional budget. I mean, we are very close, with I think it is 97.6 percent of the area demined. So we have a request from Congress for us to be engaged, and if you put in a similar request I am sure we would be responsive.

Mr. SHERMAN. Thank you.

One more question, this one for the Acting Assistant Secretary. We sign tax treaties with trading partners around the world, and we have seen a surge in U.S. commercial engagement with Armenia, including, as reported by the Ambassador, upwards of \$500 million in new American investments in the Armenia energy and mining sectors.

Now, the Department of Treasury has to prioritize where to put their tax lawyers. A number of other countries want to negotiate these agreements with us. But it occurs to me that what the Soviet—what the Russians, I almost called them Soviets—call the near abroad, we have a national security interest in making sure that we have good commercial ties with the former Soviet states.

Have you weighed in with the—or do you intend to weigh in with the newly appointed, almost confirmed Assistant Secretary of the Treasury to say that the State Department would give a high priority to negotiating this treaty, especially when the Armenian Government has gone on record and said, “We will just start with the American model”?

Mr. HEFFERN. Mr. Sherman, you have identified a really important potential for our relationship with Armenia there in the Q&A. Ms. Ellis and I described how we are trying to work with Armenia to go from an assistance-based bilateral relationship to a trade-based one.

And thanks to you and others in Congress and the diaspora we were able to work with USTR to have a trade and investment framework agreement with Armenia, which is an active dialogue with Armenia now with USTR that covers a whole range of trade and investment issues. So that was a very important step in the process.

On the bilateral tax treaty, the Treasury does indeed make this decision, and they make it based very clearly on one criterion, sir, as I understand it. That is, do U.S. companies want it and do U.S. companies benefit from it or not?

And the assessment that they have received so far from the U.S.—

Mr. SHERMAN. I assure you that they are allowed to also consider whether the State Department thinks it is in our national interest. And I hope very much they hear from you, but I know they are going to be hearing from some major American companies, as well.

Mr. HEFFERN. And just the old agreement from the Soviet Union still works and companies still use it, but we do have under active consideration a bilateral answer.

Thank you.

Mr. SHERMAN. I look forward to working with you.

And I yield back.

Mr. ROHRABACHER. Okay. Brad, I wish you would have been here earlier. This has been a great panel, and we have learned a lot.

I know I speak for Mr. Meeks as well in thanking you for being with us today. But I am the chairman so I get the last word. All right. And I am an opinionated person, so here we go.

But let me just—a couple of points that I think need to be made. These are very, I think, vitally important for how we approach the challenges we face.

I think just shipping more weapons into Ukraine is going to make things worse. I think trying our hardest to bring peace between Ukraine and Russia, that type of approach is going to do much more in the long-term—and even the short-term—for the people of Ukraine and the people of Russia.

Neither one of those countries is going to succeed as long as there is violence and force and that type of activity going on right there. And both of them depend on each other's economic interaction in order to be prosperous.

And so I would hope that we do not focus on a supposed military solution, because there will be no military solution. It just won't happen. Russia is too big and too close and too strong militarily for Ukraine to make that difference.

So what we have to do is find a way for a compromise where they can actually end these hostilities. That should be, as far as I am concerned, our number one goal, is to bring peace to that area.

And I was upset. Does Belarus still not have a U.S. Ambassador? Belarus, does it still not have a U.S. Ambassador?

Mr. HEFFERN. No, sir. It is a permanent charge.

Mr. ROHRABACHER. Okay. So here we are, the country, in Minsk, where we have major agreements have been negotiated, and the President of Belarus, the old line commie himself, has tried to play a positive role. We have the Minsk agreement as a basis for some sort of compromise to go on. And yet we can't even have an ambas-

sador in Belarus for some of that same unrelenting hostility that Russia is facing right now.

When I went to Belarus—were you with me, Gregory, on that?—we got there and we said, “Well, why don’t we have one?” And they said, “Well, because of the political prisoners.” Oh, I go, man, they must have 50, 60, 100 political prisoners there. They had six. Six political prisoners. Two of them were members of the Young Anarchist League who had thrown bottles filled with gasoline at some Embassy.

No, there is something wrong here. And I think that what we have here is, after the fall of communism in Russia, things for whatever happened, whatever reason, over the years, instead of trying to help Russia become part of Western Europe and part of the economic, our whole economic scene, we started looking at them again as the evil empire. Which I have to admit that Ronald Reagan used that line, that is as far as I will go.

But the fact is that what you need to do if we are going to have peace is to stop going with that belligerent attitude and try to find solutions. And I sure hope—there are some things that have been—anyway, I sure hope that is what the emphasis that we have. And I know that today in this panel that I have recognized a positive spirit, okay, and I think that is what we have today, and I thank you for it.

Let me just note, when Russia was down and out in the economic crisis that they went through because they were transferring over to a market economy, during that time we had our own American oligarchs in Russia siphoning wealth out of that society. Our Government was pumping billions of dollars in there, but for every billion dollars we pumped in we had our own guys and bankers from the West taking wealth out of that society.

And by the way, some of those American businessmen who were over there making billions off their chaos didn’t even pay taxes over there and then didn’t pay taxes over here either.

So there are a lot of, how do you say, misdeeds that have been going on in the private sector as well as in government policy that have led us to this.

One, and let me just note, the people who put the most pressure on the Ukrainian Government in terms of how they would meet their economic crisis was not Russia. Yanukovich went to the EU and asked for a deal. They were in an economic crisis. The EU offered them that much.

They went to Russia and said, “What about you?” And Russia said, “Oh, no, we really want you”—and I have read the two offers. There is no doubt about it, that the reason Yanukovich decided to go with the Russian offer is it was a better offer.

And then instead, instead of saying, okay, it is not in our interest to have that economy go away from Europe, that economy should be going toward Europe, which is a legitimate thing, you have to wait until the next election to get somebody, but instead we colluded with those.

And it was no peaceful replacement of Yanukovich. Yanukovich was taken out of power by brute force. Forty-three policemen were killed. Now, there are 108—we hear about the figure of 100 and something people killed in the square there, Maidan. Yeah, 43 of

them were policemen who had been shot. This was a violent overthrow of a democratically elected government.

And again, let me note, I have no doubt that had we waited for the election Yanukovich would have been kicked out by the voters. So we bear a lot of, as far as I am concerned, the burden of responsibility of bringing peace back to that society, because through that action we have created a very violent, chaotic situation in that country.

I would say that we have here China is the largest trading partner in Central Asia. I think that should be of more concern to us than anything else, that and radical Islam's penetration into Central Asia.

Those better be priorities for us. There is the threat. I do not see the Russian Army invading Western Europe. So we are spending billions of dollars more to prevent that, and I have no—does anyone on the panel think that Russia is prepared to invade Western Europe? I don't think so. I don't. And please let me know after, and we will put whatever disclosure you have on that in the record of this.

But, look, there is a great threat, as we have heard today, of radical Islam penetrating Central Asia. And if Central Asia is penetrated by radical Islam this is going to be a far different world for all of us.

And we should again be recommending not excluding Russia, because as we say, Russia is part of their economy, but us getting involved in a cooperative spirit, building a new economic order, so to speak, in Central Asia that is tied to the rest of the world, the Western world.

So with those thoughts, I think it is kind of interesting that we are having this hearing at a time when on the floor they are debating the Russian sanctions bill. And so let me just say that I will actually be voting for that bill. So I want it to be on the record that. I can't be there for the debate.

And I will tell you why. I disagree with the sanctions aimed at Russia, but I am used to—when you are in a democratic process like this, and Mr. Meeks and I know this full well, you have got to compromise. I believe in two-thirds of that bill, you know? I believe that we ought to have sanctions against Iran and North Korea. So I will go along because I think two-thirds of it is right. And, anyway, that is why I am voting that.

A couple of other things about—well, let me just say, I don't think that we can only think in terms of the Ukrainian attachment now to Europe. We need to actually bring Ukraine and Russia into this whole—into an economic cooperation—not cooperation, but interaction with the rest of the world and Europe.

So with that said, I am trying to think if there is one other point I would like to make. But I want to thank all of you. Okay, Ukraine. Okay, peace and cooperation. I covered that.

Anticorruption. One note about anticorruption. I think this idea where we are trying to pressure people to have a court, an anticorruption court, if they want our help in Ukraine, they need to have an anticorruption court because that is one of the major things that—it hasn't just brought down this government's ability to function, it has brought down—all of the governments of

Ukraine since the fall of communism have been basically undermined by the corruption of the top people in the government.

So I think that focusing on that, rather than focusing on trying to send them weapons so they can fight harder in this conflict, is counterproductive.

With that said, thank you all very much. I hope we have learned a lot. You can always come to Mr. Meeks or come to myself. We are the top people in the committee that oversees your activities, and we want to be helpful to you and be a positive force, not a negative force. And you guys are being a positive force. So thank God.

And this hearing is adjourned.

[Whereupon, at 3:35 p.m., the subcommittee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE RECORD

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

Subcommittee on Europe, Eurasia, and Emerging Threats
Dana Rohrabacher (R-CA), Chairman

July 18, 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 Europe, Eurasia, and Emerging Threats in Room 2200 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Tuesday, July 25, 2017

TIME: 2:00 p.m.

SUBJECT: Examining the President's FY 2018 Budget Proposal for Europe and Eurasia

WITNESSES: The Honorable John A. Heffern
Principal Deputy Assistant Secretary
Bureau of European and Eurasian Affairs
U.S. Department of State

Mr. Daniel N. Rosenblum
Deputy Assistant Secretary for Central Asia
Bureau of South and Central Asian Affairs
U.S. Department of State

Ms. Margot Ellis
Acting Assistant to the Administrator
Bureau for Europe and Eurasia
U.S. Agency for International Development

Ms. Ann Marie Yastishock
Acting Senior Deputy 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 202/225-5621 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 Europe, Eurasia, and Emerging Threats HEARING

Day Tuesday Date July 25, 2017 Room 2200 Rayburn HOB

Starting Time 2:00 pm Ending Time 3:35 pm

Recesses 0 (to) (to) (to) (to) (to) (to)

Presiding Member(s)

Rep. Dana Rohrabacher

Check all of the following that apply:

Open Session
Executive (closed) Session
Televised

Electronically Recorded (taped)
Stenographic Record

TITLE OF HEARING:

Examining the President's FY 2018 Budget Proposal for Europe and Eurasia

SUBCOMMITTEE MEMBERS PRESENT:

Rep. Greg Meeks, Rep. Brian Fitzpatrick, Rep. Brad Sherman, Rep. Bill Keating, Rep. Robin Kelly

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

N/A

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.)

Attached

TIME SCHEDULED TO RECONVENE _____

or
TIME ADJOURNED 3:35 pm


Subcommittee Staff Associate


The FY 2018 Foreign Affairs Budget – July 25, 2017
Rep. Greg Meeks, *EE&ET Subcommittee Ranking Member*
Questions for the Record to Ambassador John Heffern

- Did the Vice President press President Vucic to fulfill his commitment to Vice President Biden to bring to justice those who perpetrated or were involved in the murders of the Bytyqi brothers? What was the result of that conversation?
- Did the Vice President press President Vucic to bring to justice those who attacked and burned the US embassy in Belgrade? What was the result of that conversation?
- Did the Vice President press President Vucic to bring to justice all persons involved in the 1999 killings and mass burial of almost 1000 persons from Kosovo, as laid out in the Dossier released by the Humanitarian Law Center of Belgrade in January of this year? What was the result of that conversation? If the Vice President did not raise this issue, why did he not raise it?
- What did the Vice President say to President Vucic about the expanding security relationship between Serbia and Russia? Did he express concerns about the deliveries of MiG-29 fighters, T-72 tanks, and BRDM-2 armored vehicles, as well as the Vucic's interest in purchasing S-300 surface to air missiles? What was the result of that conversation? If the Vice President did not raise this issue, why did he not raise it?

The House and Senate just passed the bipartisan Russia, Iran, and North Korea Sanctions bill. It contained a provision (Sec. 231) to incentivize allies and partner nations to wean themselves off Russian weapons.

- What is your plan to encourage and help our allies and partners to transition from Russian weaponry to NATO standard weapons?

[**Note:** Responses to the previous questions were not received prior to printing.]



The FY 2018 Foreign Affairs Budget – July 25, 2017

Questions for the Record from Rep. Sherman Directed Towards Amb. John Heffern

RE: Azerbaijani Cease-Fire Violations & Section 907 of the Freedom Support Act

Background:

In the past few months, there have been multiple reports of Azerbaijan initiating hostilities along the Line of Contact in Nagorno-Karabakh. I continue to believe that the Organization for Security and Cooperation in Europe (OSCE) Minsk Group is the best route to a durable and equitable peace.

Members of this group should use their collective influence to take three practical steps towards improving the situation between Nagorno-Karabakh and Azerbaijan, outlined in the Royce-Engel proposals. All sides should agree not to deploy snipers, heavy arms, or new weaponry along the line of contact. They should accept OSCE-monitored, advanced gunfire-locator systems and sound-ranging equipment to determine the source of attacks. Finally, the OSCE should deploy additional observers to better monitor ceasefire violations. **Unfortunately, Azerbaijan has not accepted these measures.**

Questions:

- 1) Do you support funding for confidence building measures, such as the Royce-Engel proposals?
- 2) What actions do you recommend the United States take to prevent the repeated Azerbaijani cease fire violations?
- 3) The national security waiver provision of Section 907 has a reporting requirement. Can you provide the reports required for each year that Section 907 was waived?

[**Note:** Responses to the previous questions were not received prior to printing.]

