

Testimony of
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International Security and US Assistance to Europe: Review and Reform for the State
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Mr. Chairman, Ranking Member Keating, thank you for inviting me.

I was Assistant Secretary for European and Eurasian Affairs from October 2023 through January 2025 and was head of the Secretary's sanctions office from April 2022. I have spent approximately half my career in the private sector (starting and selling a couple of businesses) and half at State, where I started for the first time in October 1989. I have worked in the Office of the Legal Adviser, the US Mission to the United Nations, the Secretary's Office, Office of Policy Planning, and as a presidential envoy twice, for the western Balkans and for the safe return of US hostages.

I am now unemployed.

Two introductory notes. I am encouraged that the Committee is considering whether to proceed with an authorization bill. Of course, this effort pays off only if there is a clear understanding that the Executive Branch will take care to execute such a law faithfully once it is enacted, including by spending the funds appropriated in the way authorized by Congress. I look forward to hearing the views of Committee members on how this can be achieved.

Second, this hearing focuses on only EUR and two other bureaus, but this small picture can help us understand some larger issues. I will speak as a user of the other two bureaus' expertise from my time in the Secretary's office, sanctions office, and a regional bureau.

I have managed several start-ups in the Department and have concluded that questions about structure are best addressed by looking at a few simple questions, about goals; leverage; and influence.

WHAT IS THE US TRYING TO DO?

We all want to promote American security, prosperity, and values. Since WW2 we have done this by persuading others that they should want to join in this work and to do this work together. For the first time, our major allies are talking about working without and

even against us. Poland has floated the idea of seeking nuclear weapons, and even Germany is talking about a world not dependent on the US.

The importance of coordination is why Europe, and EUR in the State Department, play a central role globally. Simply put, Europe provides the most consistent and powerful set of partners. With the US and Europe together we have close to three times Russia and China's combined GDP. Europe shares our values along with an irreplaceable 80 year history. Virtually every channel for setting standards and projecting power turns on the US's work with European partners – for example, the P3 in the UN, the Quad, the Quint, 5 of the 8 G7 members, NATO and a host of other organizations. This experience of working together pays off when new challenges arise; for example, it helped the US persuade 155 countries to join in opposing anti-satellite missile launches several years ago, and the dangerous activity has since stopped – to the credit of the arms control officials who worked on them.

This history is filled with deep disagreements on many issues, but the fundamental fabric multiplies US power and offers a place where concerns can be aired.

Now, this Administration has declared an ambitious foreign policy agenda – economic and possible territorial expansion on four continents, peace in Ukraine, a new relationship with Russia, something with China, and an initiative with Iran, among other things – and various statements about how it intends to get there – alone; or with others provided that they make changes in their domestic arrangements (as the VP's Munich speech suggests); or by coercing others; or something else.

We don't know yet how the Administration intends to measure success. The President may be aiming to improve (by his lights) results from the traditional structures – more burden-sharing, fewer demands on the US, more access to resources, and so on – or to replace the structure of cooperation with something else.

The relatively small questions raised today about State Department organization may help us understand the direction of travel. Management at the State Department should explain how the President's ambitions are consistent with indiscriminate cuts and arbitrary targets seen so far, like eliminating AID, closing consulates, and proposing cuts of 20% in personnel along with slashing funding.

A few specific topics might help start the conversation. For example, the President wants elections in Ukraine, but the Administration has eliminated the funding (mainly through the National Endowment for Democracy) that helps to prepare those elections. This includes the best survey and focus group work in Ukraine, something that helps us understand the domestic political constraints operating on the government, something that is central to

the government's approach to peace. Now we are blind except where people do their own research on social media.

Second, the Administration also wants Ukraine to pay more for its defense, but it is jeopardizing the ability of Ukraine to export its main products -- including critical minerals that seem to matter to the Administration -- by cutting assistance for core reforms, restricting the delivery of air defense (critical for ports to keep operating), and backing the election of a pro-Russian candidate in Romania, which has been a crucial export route. What's the plan for Ukraine's minerals to get to market, now and in the future?

Another example: every arms control and non-proliferation arrangement has come about with strong US leadership and support, including both non-proliferation of weapons of mass destruction and of destabilizing conventional weapons. The President wants novel, large strategic arms control progress. Is there a plan to convert the President's interest in strategic arms control to a working agenda?

Finally, Russia is historically weak across parts of what were the Soviet Union and in eastern and central Europe. Those states clamor for less Russia and more assistance from the US. Here are just two examples:

- In Moldova, US and EU assistance is critical in moving a key state toward the West. Already a Russian enclave that was a haven for gun-running and money-laundering for decades has been weakened. Critical elections this year are subject to enormous interference, including vote-buying and disinformation campaigns. Will the Administration reinstate the assistance that helps Moldovans make a democratic, free choice?
- An agreement between Armenia and Azerbaijan, something Turkey will support, could end decades of violence and open up trade routes from central Asian countries who otherwise must choose between Russia and China. US leadership is critical, and a small bit of US funding will be essential (and lucrative). Will the Administration leave the Caucasus and central Asian countries to work between Russia, China, and Iran, or will it seek to weaken those adversaries?

CAN WE GET OTHERS TO JOIN US?

Some things are cheaper if we do them with others. Others – like stopping illegal migration and the growth of terrorist groups or setting international standards for new technologies – need others. How does State Department organization help us understand how we will get others on board?

For example, President Trump says that he wants to cut the \$80 billion spent by the US annually on nuclear weapons. A small investment in ISN and ADS (several hundred people, along with a few hundred million dollars in helping other countries control materials essential to producing dangerous weapons) seems like a way to get others to lower the need for us to spend as much. The expertise in the USG for nuclear tasks with Russia, China, and Iran sit in those bureaus. ADS is already 25% under its ceilings and has a young cohort brought in to work on WMD, AI, and advanced conventional weapons. And the expertise can't be incubated outside the USG. Will the Department keep this expertise in place and provide it with appropriate leadership?

NATO is another good example of burden-sharing. NATO fought with the US in Afghanistan, as did more than 40 NATO partners. That's the ultimate test, and those who want to erase their contributions from history should have no place in US policy-making. In 2014, NATO allies agreed to spend 2% of GDP on defense by 2024. By 2017, 4 did; by 2021, 9 did; by July 2024, 23 spent 2%, and Europe as a whole met the 2% threshold, while numbers were going up for the others. Significantly, in 2024 Allies agreed to fund NATO's new regional defense plans, a commitment to raise defense spending above 3% of GDP. Now they might do more, but without US commitment to the alliance they will go their own way.

Another example is sanctions and trade restrictions. We can all agree that it is better for us if Russia, Iran, Venezuela, North Korea, and China are not able to ship valuable and often dangerous goods in a fleet that operates outside regulatory and legal structures. We have finally gotten agreement from key states to restrict the operation of this shadow fleet. Much of the expertise needed to strike those arrangements resides in EUR and ISN (and another bureau, EB). Similarly, the relationships and know-how that can keep dangerous items out of the hands of these rogue states sits with the couple of hundred people in ISN.

Yet another example: any peace agreement in Ukraine will depend on international ceasefires and a long-standing set of practices for transparency, monitoring, and conflict avoidance. This expertise sits largely in the bureaus under discussion today. Even if no Americans are on the front-lines, the support flows through organizations that these bureaus support, and US support in the venues where disagreements will be addressed can be critical.

WILL THE US LOSE INFLUENCE IF WE PULL BACK?

Where we step back, China will step up, and Russia will assert itself where it can. Two examples:

First, the key battle for the prosperity of the next generation will be whether China or the US, with our partners, sets the standards for AI, biomedicine, and energy technologies. These aren't things that even the world's largest economy can compel. They will be agreed among trading partners.

Here simple math helps. China is 1.3 billion people with purchasing power near that of the US population. If we stand alone – 350 million people without close relationships -- China will seek to get much of the globe working to its technical specifications and market practices. In early 2021 Europe was looking to conclude an investment agreement with China, and turned away from it only with strong involvement of the US in building manufacturing and supply chains together. China had already won control of key bodies until from 2022 on the US and our partners wrestled back control.

That is why we need to work with our partners in Europe and our close allies and partners like Japan, South Korea, Australia, Canada, and a few others we will be larger and much more wealthy than China and used to writing rules that the world follows. Key swing states in Asia and across the world do not want to side with China, but if the US pulls up the drawbridge, they will feel that they have no choice.

A second example is the economic impact of military spending. Without a clear US commitment to NATO, European allies will reinvigorate their own industries and make more weapons. This may risk proliferation and threaten US leadership, including on jobs. Europe now spends two-thirds of its defense spending with US firms. That looks to be \$50 – 100 billion over the next years and potentially much more, depending on what is agreed in Brussels this week and Germany over the next several weeks. Some of those funds may go to the European subsidiaries of US firms, but those will not be jobs in your districts.

Already, the UK is paying for Ukrainian air defense missiles, buying French technology and locating the jobs inside the UK. We should not seek a world in which the US profits from war, but we should not ignore the costs of walking away.

CONCLUSION: WOULD RESTRUCTURING HELP WITH ANY OF THE ABOVE THINGS?

Mr. Chairman and Ranking Member Keating, during 20 years of working with scores of companies I saw lots of restructuring efforts. Most often the only people who benefited from restructuring were the management consultants.

Two things matter. First is a clear explanation of the purpose, such as the specific bad habits to be broken or the new objective being elevated. Otherwise restructuring looks like disruption to cause fear, and it is the leadership that looks afraid. Second is a decision about whether to keep expertise in house. If experts are let go, the question is whether it is

not needed or to assert that it can be found elsewhere. The State Department already has a mix of people with deep expertise and those who, like some of us on the panel, develop expertise elsewhere and rotate through. A decision to remove all the home-owned expertise should need strong justification. Those who believe that information should be controlled outside the Department are probably making the decision that private sector control of information or advice is better than control in the name of the taxpayers. This needs examination.

Above all, structure requires leadership, not complaints. Leadership needs clarity about goals and models of how to get the work done.

Mr. Chairman and Ranking Member Keating, thank you. No Administration has all the answers it needs in March of its first year, of course. But it is getting late early. The longer that there is uncertainty the more likely that others will make decisions about America, without America.

Thank you. I am happy to answer any questions.