

**Secretary Kerry's Testimony to House Appropriations Subcommittee on State,  
Foreign Operations**

**March 12, 2014**

I'm really pleased to be here with you for this second budget season in my time as Secretary of State. I want to thank Chairwoman Granger and Ranking Member Lowey for your leadership and the commitment of each of you to our leadership in the world.

This is an important committee. People don't acknowledge that enough. I was in Congress for 29 years, and believe me, I know that choosing to be on this committee doesn't win you any votes back home. The work you do here doesn't drive fundraising. But it matters – it really matters – and this has never been more clear to me than over the past year – when I've seen over and over again firsthand just how much the world looks to the United States on issue after issue.

Trying to bring people together and find answers to tough challenges – that's what the United States does, and if we 'get caught trying,' then we're living up to what the world expects from us and what we expect from ourselves. I think that's especially true about the crisis in Ukraine. We have to be clear-eyed about the challenges, and certainly the environment has to be ripe for a breakthrough, but our objectives are very simple: to help the people of Ukraine achieve what brought thousands upon thousands into the Maidan in the first place. Our interest is in protecting the sovereignty, independence and territorial integrity of Ukraine, and with European partners, we absolutely have a responsibility to be engaged.

But we also have to be willing to sit down and try to deescalate this situation. That's why President Obama has asked me to leave tomorrow evening and fly to London to meet with Russia's Foreign Minister Sergei Lavrov on Friday.

I will make clear again, as we have throughout, that while we respect that Russia has interests in Ukraine, particularly in Crimea, that in no way – no way - justifies the military intervention the world has witnessed. There are many other legitimate ways to address Russia's concerns.

In my discussions with Minister Lavrov I'll also make it clear that Russia has reasons to make the right choice here. The costs for Russia's violations of international law – the cost of making Russia more isolated – not just from the United States, but from the

international community – is a cost that Russia should not want to bear, and doesn't have to bear if they make a better choice.

Congress' support is going to be absolutely vital. Whether its loan guarantees to help support a free Ukraine, an assistance stream or support for additional sanctions if they're necessary, you give us the tools to accomplish our goals.

So it couldn't be any clearer, what we do here really matters. When I think about that I remember where I was last week in Kiev – standing in the spot where Ukraine's former president had snipers pick off peaceful protesters one by one. It was very moving to be there, to speak with some of the Ukrainian people and hear how much they look to us.

The same is true far from Kiev or what's in the headlines. What we do matters to South Sudan, a nation that Frank Wolf and some of you helped to give birth to – a nation that's now struggling and needs our support to have a chance of surviving beyond infancy.

What we do matters in the Maghreb, where the State Department is coordinating with France to take down al-Qaeda, making sure French forces have the technology and weapons they need.

What we do matters in Central Asia, where we're working with several nations to stop the trafficking of narcotics, to keep more heroin off our streets and cut off financing for terrorists and extremists.

What we do matters on the Korean Peninsula, where we are working with our partners from the Republic of Korea to make sure we can meet any threat from North Korea and for the denuclearization of the Korean Peninsula. Thanks to the State Department's work, the South Koreans are now making the largest financial contribution to these efforts in the history of our joint security agreement.

What we do matters from Bosnia to Indonesia in our work with NGOs and civil society groups to defend religious freedom. Protecting the universal rights of people to practice their faith freely or working to bring an end to the scourge of anti-Semitism -- this isn't just what we do in this budget; this is an essential part of who we are as Americans.

I firmly believe that in an increasingly interconnected world, global leadership isn't a favor we do for other countries, it's vital to our own strength and security and the opportunities we provide for our children.

I spent enough years in Congress to know that I shouldn't call anything that costs billions of dollars a bargain. But when you consider that the American people pay just one penny of every tax dollar for everything the \$46.2 billion in this request provides – for all it does to protect our interests and promote our values -- I believe the American people are getting an incredible return on their investment.

We've kept our funding request in line with what was appropriated to the Department and USAID in FY 2014 within our base request of \$40.3 billion. The additional part of our request, for Overseas Contingency Operations (OCO), totals \$5.9 billion. With OCO funding we support programs in Iraq, Afghanistan and Pakistan as we continue to right-size our commitments. These resources also provide the State Department and USAID the ability to respond to the humanitarian crisis in Syria and the flexibility to meet some unanticipated peacekeeping needs.

I know it might be easy for some members of Congress, and maybe even some of you, to support larger cuts in this budget. What's impossible to calculate is the far greater price our country would pay for inaction. It's impossible to calculate the dangers in a world without American leadership and the vacuum that would create for extremists and ideologues to exploit.

For me it's no coincidence that the places where we face some of the greatest national security challenges are also places where governments deny basic human rights and opportunities for their people. That's why supporting human rights and stronger civil societies, development assistance, investing in our partnerships with our allies: these are the surest ways to prevent the kind of horrible human tragedy we see Syria today.

And I know Frank and others have seen these horrors first hand, as I have. When you look those refugees in the eyes or see their numbers, there is simply no way the richest and most powerful nation in the world can turn away. For both the Syrian people and for Lebanon, Turkey, and Jordan, coping with how to keep their societies running and keep extremists away as they host refugees, the support we provide in this budget could not be more urgent. I believe it is both a moral and security imperative.

With our assistance to the Philippines, recovering from one of the worst natural disasters in its history, we are also leading the way. Through an \$56 million contribution from State and USAID to the Philippines, we are working with our partners so that hundreds of thousands of people can put their lives back together and so that one of oldest allies in the Pacific can get back on its path to prosperity.

Within our core budget request is also a \$1.35 billion contribution to the Global Fund to fight AIDS, Tuberculosis, and Malaria. The goal that President Obama has set today for an AIDS free generation would have been absolutely unthinkable even 10 years ago but today that goal is within reach. Because of PEPFAR's incredible success, we are now working to transition the leadership of these life-saving programs to local hands with Rwanda, Namibia, and South Africa some of the first to take the reins.

Because of our leadership and commitment, children waking up today in Sub-Saharan Africa face a far different future than they did a decade ago. And just as our partners in Asia and Europe made a transition from being recipients of American aid to becoming donors in their own right, that kind of transformation is now possible in Africa.

Part of making sure African nations and many other emerging markets make the most of their opportunities is approving reforms to the International Monetary Fund. The IMF has been a central part of the transformation of so many countries and to greater trade with the United States and opportunities for our own people. Brazil, Chile, Columbia, India, Korea, Mexico, Peru, the Philippines, Thailand – all of these nations once borrowed from the IMF. Now they are creditors with some of the most dynamic economies in the world.

Ukraine's struggle for independence, particularly its financial independence, depends on Congress ratifying reforms that will help Ukraine borrow through the IMF's Rapid Financing Instrument. Our \$1 billion loan guarantee is needed urgently but it's only through the IMF -- a reformed IMF -- that Ukraine will receive the additional help it needs to stand on its own two feet.

The State Department will continue to partner with the IMF to support global economic stability but we also have an obligation to be strong advocates for America's commercial interests. That's why I've charged each of Foreign Service Officers with an economic mission: to create opportunities for Americans and work with our businesses to gain a foothold or larger share of global markets.

I know there are some who are skeptical about this kind of economic diplomacy but you can't argue with some of the results. Just look at the patient advocacy from Embassy Lusaka that helped a New Jersey-based firm win an \$85 million contract to build 144 bridges in Zambia with the potential to grow to \$250 million.

Look at the work of our consular staff in Kolkata that helped bring Illinois-based Caterpillar together with Sasan Power Limited on a \$500 million deal to develop a 3,960 MW power plant.

Or look at what Embassy Wellington and Embassy Apia achieved, helping TE Subcom, a company based in New Jersey, to land a \$350 million contract to lay fiber optics across the Pacific.

When 95% of the world's consumers live outside of our market and when foreign governments are out there, aggressively backing their own businesses, this is the kind of advocacy American workers need to compete.

Telling our story where it matters most is vital to both the success of our businesses and the appeal of our values. With this budget's investments in stronger people to people ties, educational exchange and countering violent extremism, we are shaping the debate. We are keeping traditional programs like our flagship Fulbright strong, while revitalizing the way we engage through quick-impact investments to shape emerging leaders in civil society around the world.

We call some of these investments quick impact but you and I both know their lasting benefits. I can't tell you how many times foreign leaders share their experience of studying in the United States and the permanent and positive impression it made. And all

of you who have colleges and universities in your districts also see the financial impact from the \$22 billion each year that international students bring to the US economy.

This budget also strengthens our partnerships where so many of our economic and security interests converge, in the East Asia and Pacific region. With this budget we bolster our bedrock alliances with South Korea and Japan as well and develop deeper partnerships with Vietnam and the Philippines as they assume greater security roles. This budget also keeps ironclad our partnership with Israel, providing \$3.1 billion in security assistance.

As we make these investments around the world, we can never eliminate every risk—especially in a world where our vital interests are not confined to secure, prosperous capitals. But we can and will do more to mitigate risks and keep our people safe. This budget implements the recommendations of the independent Benghazi Accountability Review Board (ARB) and makes additional investments that go above and beyond.

My friends, I think it's fair to say that we are doing the best we can in a difficult budget environment. I firmly believe that this budget strikes a balance between the need to sustain long-term investments in American leadership and the political imperative to tighten our belts. I believe this budget is a blueprint for providing the minimum our people need to carry out their mission: to enhance national security, to promote global stability and prosperity, and to help the American people seize the opportunities in a changing world. Thank you.