

Testimony of Asif J. Chaudhry
Ambassador-Designate to the Republic of Moldova
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Senate Foreign Relations Committee

Mr. Chairman and Members of the Committee, it is an honor and a privilege to appear before you today as the President's nominee to be Ambassador to the Republic of Moldova. I deeply appreciate the confidence and trust that President Bush and Secretary Rice have placed in me. If confirmed, I look forward to working closely with Congress to promote U.S. interests in Moldova.

I am a career Foreign Service officer with the Foreign Agricultural Service (FAS) of the United States Department of Agriculture. I am currently assigned as the Deputy Administrator of FAS, in charge of the Office of Global Analysis. I have spent most of my career working on issues dealing with international trade, market reforms and developing economic infrastructure in Eastern Europe and the Former Soviet Union countries. As the Agricultural Attaché at the U.S. Embassy in Warsaw, Poland, in the early 1990s, I was fortunate to have been a part of U.S. government efforts to establish rural infrastructure that was key to the successful transition of its economy to a new direction.

As the Agricultural Counselor in Moscow Russia during 1996-99, I was involved in implementing one of the largest ever U.S. government commodity assistance programs that helped protect a one-billion dollar market for U.S. agricultural products. During this time, I also had the opportunity to support U.S. efforts to reform parts of the Ukrainian agriculture sector. During my most recent overseas assignment as the Minister Counselor for Agricultural Affairs in Cairo, Egypt (2002-2006), I was fortunate to have negotiated the removal of several trade barriers and restrictions on U.S. exports in a number of countries in the Middle East including Egypt, Lebanon, Jordan, and Israel. If confirmed, I hope that my extensive leadership experience in working in economies in transition towards a free market system, especially in the former Soviet Union countries, and my commitment to the U.S. values of freedom and democracy will make me an effective representative of the United States and Ambassador to Moldova.

The United States is a strong partner with Moldova as it attempts to deepen its democratic reforms at home and integrate with Europe. The United States has an excellent relationship with President Voronin, Prime Minister Greceanii, and other senior officials in the Moldovan Government. We

support those in Moldova who are firmly committed to democratic principles and to sound economic policies. I would like to take a moment today to focus on the four U.S. priority interests with Moldova: first, democracy; second, economic development; third, the frozen conflict in Transnistria; and fourth, transborder crime and, in particular, trafficking in persons.

First: Democracy

Moldova will hold parliamentary elections in the spring of 2009 and the new parliament will elect the next president. The previous parliamentary elections in 2005, as well as June 2007 local elections, were judged by independent observers to be generally free and well administered. Both elections, however, fell short of meeting all standards central to a genuinely competitive election. The United States will be closely monitoring the 2009 campaign and election to encourage Moldova to meet all international election commitments. If confirmed, I will be personally involved in trying to ensure free and fair elections. Moldovan Government influence over and restrictions on the media remain a key concern as we look ahead to the elections. It is regrettable that overall media freedom has deteriorated in Moldova, according to international NGOs that monitor media practices. Freedom House, for example, rated the country's media as "not free" for the past four years. Corruption is another serious obstacle to good governance in Moldova. It undermines Moldovan citizens' faith in their democratic institutions and impedes Moldova's modernization.

Second: Economic Development

Despite sustained economic growth, Moldova remains one of Europe's poorest countries, with many of its citizens working abroad, not being able to find adequate opportunities at home. Moldova still lacks an adequate investment climate and needs to take a more concerted approach to economic reform. If confirmed, I plan on working with Moldova on these pressing issues. Additionally, Moldova remains dependent on Russia for its energy supplies and as the primary market for its exports, both of which Russia has disrupted in recent years. It is important that Moldova employ sound policies to diversify its economic base and also take advantage of help and cooperation from other countries to sustain growth and find new markets.

Cooperation with Moldova on the Millennium Challenge Corporation's (MCC) Threshold Country Program has been very good. Corruption is a principal constraint to economic growth and saps confidence in the government. The \$24.7 million Threshold Program administered by USAID

is designed to help Moldova combat corruption in government institutions and improve transparency and accountability. As of the latest quarterly report in March 2008, the program met all performance targets. Moldova submitted its MCC Compact Program proposal in February 2008. The proposal requests \$518 million in assistance for road and irrigation system rehabilitation, a transition to high-value agriculture, energy sector rehabilitation, and support for the development of rural primary health care. It is now under review by MCC, which is examining the proposed components to ensure they will have positive rates of return as well as the size of the funding request.

Third: Transnistria

The United States is committed to a resolution of the Transnistria conflict that guarantees Moldova's sovereignty and territorial integrity. I am convinced that this long-standing conflict can and should be resolved. The United States remains committed to the 5+2 process, involving the Moldovan and Transnistrian sides, the Organization for Security and Cooperation in Europe (OSCE), Russia and Ukraine, with the EU and the United States serving as active observers. Despite the best efforts of many, including the Finnish Chairmanship of the OSCE, the 5+2 talks have not made progress on core settlement issues, like the future status of the Transnistrian region or the withdrawal of the Russian peacekeeping presence. Recent, informal discussions among the 5+2 parties have focused on confidence-building initiatives that seek to create favorable conditions for resumption of formal settlement talks, and have shown some progress. I am encouraged by the Finnish OSCE Chairman in Office's commitment to resolving the conflict and intend to do what I can to move an acceptable solution forward. In this vein, if confirmed, I intend to follow the example set by Ambassador Kirby and reach out actively to all parts of Moldova, including the Transnistria region, to show the interest and support of the United States in Moldova's future as a united country.

The United States and NATO Allies have for more than eight years urged Russia to fulfill its 1999 OSCE Istanbul Summit commitments relating to withdrawal of Russian military forces and facilities from Moldova and Georgia. NATO Allies have made clear that fulfillment of those commitments is essential for us to complete ratification of the Adapted Treaty on Conventional Armed Forces in Europe (the Adapted CFE Treaty). In fall 2007, the United States developed, and NATO Allies endorsed, a creative package proposal for parallel actions on fulfillment of remaining Istanbul commitments by Russia, and ratification of the Adapted CFE Treaty by NATO Allies. That package, which has the support of the government of Moldova, is still under discussion. The ideas set out in the package

concerning Russian withdrawal from Moldova are among the most contentious with Moscow. We will remain in close contact with Moldovan authorities as those talks go forward. The United States regards the presence of Russian forces on Moldovan soil, without Moldova's consent, as a violation of the basic principle – contained in the CFE Treaty – that countries should be able to choose whether or not to allow foreign forces on their territory.

Fourth: Transborder Crime and Trafficking in Persons

Criminal networks that illicitly transport contraband goods, drugs, counterfeit currency and people are active in Eastern Europe. The U.S. Government provides considerable training to Moldovan law enforcement agencies or officials to help combat transborder crime. We are particularly worried about trafficking in persons. Moldova is a major source country for trafficking in women and girls for the purpose of sexual exploitation. Labor trafficking of men to work in Russia is increasingly a problem as well. The government's lack of visible follow-up to allegations of government officials complicit in trafficking in persons is a serious concern. The State Department's Office to Monitor and Combat Trafficking in Persons downgraded Moldova to Tier 3 on June 4, finding that the government does not fully comply with minimum standards for the elimination of trafficking and is not making significant efforts to do so. Prime Minister Greceanii, who recently took office as Prime Minister, has stated that she is serious about combating trafficking in all forms. If confirmed as ambassador, I will urge the Prime Minister to make good on these intentions, particularly in addressing the alleged complicity of some government officials in trafficking.

In Conclusion

Moldova is a country that continues to make strides in its economic and political development. It is a friendly country where the United States enjoys considerable influence. It deserves our support and encouragement.

Mr. Chairman, I thank you again for the opportunity to share my thoughts about the relationship with Moldova. If confirmed, I look forward to working with you closely, and would welcome the opportunity to host you and other members of Congress in Chisinau.

I would be happy to answer any questions you may have.

