

Secretary of State Colin L. Powell
The President's Budget Request For FY 2005
Written Remarks
Senate Budget Committee
26 February 2004

Mr. Chairman, members of the committee, thank you for the opportunity to testify on the State Department's portion of the President's Budget Request for Fiscal Year 2005.

The President's FY2005 International Affairs Budget for the Department of State, USAID, and other foreign affairs agencies totals \$31.5 billion, broken down as follows:

- Foreign Operations - \$21.3 billion
- State Operations - \$8.4 billion
- P.L. 480 Food Aid - \$1.2 billion
- International Broadcasting - \$569 million
- U.S. Institute of Peace - \$22 million

Mr. Chairman, the President's top foreign policy priority is winning the war on terrorism. Forty-eight percent of the President's budget for foreign affairs directly supports that priority by assisting our allies and strengthening the United States' diplomatic posture. For example: \$1.2 billion supports Afghanistan reconstruction, security and democracy building, and more than \$5.7 billion is provided for assistance to countries around the world that have joined us in the war on terrorism, and \$3.5 billion indirectly supports the war on terrorism by strengthening our ability to respond to emergencies and conflict situations. Moreover, \$190 million is aimed at expanding democracy in the Greater Middle East, in part to help alleviate the conditions that spawn terrorists.

In addition, \$5.3 billion is targeted for the President's bold initiatives to fight HIV/AIDS and create the Millennium Challenge Corporation, both of which will support stability and improve the quality of life for the world's poor – and, again, help to relieve conditions that cause resentment and despair.

Mr. Chairman, let me elaborate a bit on how some of these dollars will be spent.

WINNING THE WAR ON TERRORISM

Winning on the battlefield with our superb military forces is just one step in defeating terrorism. To eradicate terrorism, the United States must help create stable governments in nations that once supported terrorism, go after terrorist support mechanisms as well as the terrorists themselves, and help alleviate conditions in the world that enable terrorists to bring in new recruits. To this end, in FY2005 the State Department and USAID will continue to focus on the reconstruction of Iraq and Afghanistan, support our coalition partners to further our counterterrorism, law enforcement and intelligence cooperation, and expand democracy and help generate prosperity, especially in the Middle East.

Building a Free and Prosperous Iraq

The United States faces one of its greatest challenges in developing a secure, free and prosperous Iraq. The USG is contributing almost \$21 billion in reconstruction funds and humanitarian assistance to this effort. The World Bank and the International Monetary Fund are expected to provide another \$4 to 8 billion in loans and grants over the next three years. These resources, coupled with the growing assistance of international donors, will ease the transition from dictatorship to democracy and lay the foundation for a market economy and a political system that respects human rights and represents the voices of all Iraqis.

The Coalition Provisional Authority (CPA) and the Iraqi Governing Council (IGC) have made great strides in the areas of security, economic stability and growth, and democratization. Iraqi security forces now comprise more than half of the total security forces in the country. In addition, the CPA has established a New Iraqi Army, issued a new currency and refurbished and equipped schools and hospitals. And, as you know, the CPA is taking steps to return sovereignty to the Iraqi people this summer.

Much work remains to be done. Working with our coalition partners, we will continue to train Iraqi police, border guards, the Civil Defense Corps and the Army in order to ensure the country's security as we effect a timely transition to democratic self-governance and a stable future.

At the same time, we are helping provide critical infrastructure, including clean water, electricity and reliable telecommunications systems which are essential for meeting basic human needs as well as for economic and democratic development. Thousands of brave Americans, in uniform and in mufti, are in Iraq now working tirelessly to help Iraqis succeed in this historic effort. Alongside their military colleagues, USAID, State Department and the Departments of the Treasury and Commerce are working to implement infrastructure, democracy building, education, health and economic development programs. These efforts are producing real progress in Iraq.

The UN Secretary General's Special Advisor, Lakhdar Brahimi, returned from Iraq last week and gave his report to the Security Council. The Secretary General released the report on Monday of this week. We have had the report since it went to the Security Council and have been studying it. By any measure, the task facing us is going to be difficult and complicated. We still intend passing sovereignty to the Iraqis at the end of June. What sort of transitional Iraqi government will then be developed, to prepare for elections at the end of this year or early in the next, is the question now. Creating a democratic government in Iraq will be an enormous challenge. But Ambassador Bremer, working with the Iraq Governing Council and with the United Nations and our coalition partners, is committed to success. And when State Department assumes the lead role in July, we will carry on that commitment. We are already thoroughly involved. And we will succeed.

Winning the Peace in Afghanistan

Mr. Chairman, Afghanistan is another high priority for this Administration. The U.S. is committed to helping build a stable and democratic Afghanistan that is free from terror and no longer harbors threats to our security. After we and our coalition partners defeated the Taliban government, we faced the daunting task of helping the Afghan people rebuild their country. We have demonstrated our commitment to this effort by providing over \$3.7 billion in economic and security assistance to Afghanistan since 2001.

Through our assistance and the assistance of the international community, the government of Afghanistan is successfully navigating the transition that began in October 2001. Afghanistan adopted a constitution last month and is preparing for democratic national elections in June. With technical assistance from the U.S., Afghanistan successfully introduced a new stable currency in October 2002 and is working to improve revenue collection in the provinces. The lives of women and girls are improving as women pursue economic and political opportunities and girls return to school. Since 2001, the United States has rehabilitated 205 schools and 140 health clinics and trained thirteen battalions of the Afghan National Army (ANA). Also, President Bush's commitment to de-mine and repave the entire stretch of the Kabul-Kandahar highway was fulfilled. The road had not been functional for over 20 years. What was once a 30-hour journey can now be accomplished in 5 or 6 hours.

While the Afghanistan of today is very different from the Afghanistan of September 2001, there is still much left to accomplish. In the near-term, the United States will assist the government of Afghanistan in its preparations for elections in June to ensure that they are free and fair. To demonstrate tangible benefits to the Afghan people, we will continue to implement assistance on an accelerated basis. The FY2005 Budget contains \$1.2 billion in assistance for Afghanistan that will be focused on education, health, infrastructure, and assistance to the ANA, including drawdown authority and Department of Defense "train and equip". For example, U.S. assistance efforts will concentrate on rehabilitation and construction of an additional 275 schools and 150 health clinics by June 2004, and complete training and equipping of fifteen army battalions. The U.S. will also extend the Kabul-Kandahar road to Herat so that people and commerce will be linked East and West across Afghanistan with a ground transportation link between three of the largest cities.

Support for Our Coalition Partners

As part of the war on terrorism, President Bush established a clear policy to work with other nations to meet the challenges of defeating terror networks with global reach. This commitment extends to the front-line states that have joined us in the war on terrorism and to those nations that are key to successful transitions to democracy in Iraq and Afghanistan.

Our assistance enables countries cooperating closely with the United States to prevent future attacks, improve counter-terrorism capabilities and tighten border controls. As I indicated earlier, the FY2005 Budget for International Affairs provides more than \$5.7 billion for assistance to countries around the world that have joined us in the war on terrorism, including Turkey, Jordan, Afghanistan, Pakistan, Indonesia and the Philippines.

U.S. assistance has also resulted in unparalleled law enforcement and intelligence cooperation that has destroyed terrorist cells, disrupted terrorist operations and prevented attacks. There are many counterterrorism successes in cooperating countries and international organizations. For example:

- Pakistan has apprehended more than 500 al Qaeda terrorists and members of the Taliban through the leadership of President Musharraf, stronger border security measures and law enforcement cooperation throughout the country.
- Jordan continues its strong counterterrorism efforts, including arresting two individuals with links to al Qaeda who admitted responsibility for the October 2002 murder of USAID Foreign Service officer Lawrence Foley in Amman.
- The North Atlantic Treaty Organization has endorsed an ambitious transformation agenda designed to enhance its capabilities by increasing deployment speed and agility to address new threats of terrorism.
- Colombia has developed a democratic security strategy as a blueprint for waging a unified, aggressive counterterror-counter-narcotics campaign against designated foreign terrorist organizations and other illegal, armed groups.

The U.S. and its Southeast Asian allies and friends have made significant advances against the regional terrorist organization Jemaah Islamiyah which was responsible for the Bali attack in 2002 that killed more than 200 people. In early August 2003, an Indonesian court convicted and sentenced to death a key figure in that bombing.

Since September 11, 2001, 173 countries have issued orders to freeze the assets of terrorists. As a result, terror networks have lost access to nearly \$200 million in more than 1,400 terrorist-related accounts around the world. The World Bank, International Monetary Fund and other multilateral development banks have also played an important role in this fight by strengthening international defenses against terrorist finance.

While progress has been made attacking terrorist organizations both globally and regionally, much work remains to be done. The FY2005 President's Budget strengthens our financial commitment to our coalition partners to wage the global war on terror. Highlights of the President's request include \$700 million for Pakistan to help advance security and economic opportunity for Pakistan's citizens, including a multi-year educational support program; \$461 million for Jordan to increase economic opportunities for Jordanian communities and strengthen Jordan's ability to secure its borders; and \$577 million for Colombia to support President Uribe's unified campaign against drugs and terrorism.

In September 2003, at the United Nations, President Bush said: "All governments that support terror are complicit in a war against civilization. No government should ignore the threat of terror, because to look the other way gives terrorists the chance to regroup and recruit and prepare. And all nations that fight terror, as if the lives of their own people depend on it, will earn the favorable judgment of history." We are helping countries to that judgment.

Mr. Chairman, one of the aspects of the War on Terrorism that gives us a particular sense of urgency is proliferation of weapons of mass destruction. These terrible weapons are becoming easier to acquire, build, hide, and transport.

On February 11, President Bush spoke at the National Defense University (NDU) and outlined the Administration's approach to this growing danger. The President described how we have worked for years to uncover one particular nefarious network – that of A.Q. Khan.

Men and women of our own and other intelligence services have done superb and often very dangerous work to disclose these operations to the light of day. Now, we and our friends and allies are working around the clock to get all the details of this network and to shut it down, permanently

We know that this network fed nuclear technology to Libya, Iran, and North Korea.

At NDU, President Bush proposed seven measures to strengthen the world's efforts to prevent the spread of WMD:

- Expand the Proliferation Security Initiative (PSI) to address more than shipments and transfers; even to take direct action against proliferation networks.
- Call on all nations to strengthen the laws and international controls that govern proliferation, including passing the UNSCR requiring all states to criminalize proliferation, enact strict export controls, and secure sensitive materials.
- Expand our efforts to keep Cold War weapons and other dangerous materials out of the hands of terrorists -- efforts such as those accomplished under Nunn-Lugar.
- Close the loophole in the Nuclear Nonproliferation Treaty that allows states such as Iran to produce nuclear material that can be used to build bombs under the cover of civilian nuclear programs.
- Universalize the IAEA Additional Protocol.
- Create a special committee on the IAEA Board of Governors to focus on safeguards and verification.
- And, finally, disallow countries under investigation for violating nuclear nonproliferation treaties from serving on the IAEA Board of Governors.

As the President said at NDU, the nexus of terrorists and WMD is a new and unique threat. It comes not with ships and fighters and tanks and divisions, but clandestinely, in the dark of the night. But the consequences are devastating. No President can afford to ignore such a threat. And President Bush will not ignore it.

Expansion of Democracy in the Middle East

We believe that expanding democracy in the Middle East is critical to eradicating international terrorism. But in many nations of the Middle East, democracy is at best an unwelcome guest and at worst a total stranger. The U.S. continues to increase its diplomatic and assistance activities in the Middle East to promote democratic voices -- focusing particularly on women -- in the political process, support increased accountability in government, assist local efforts to strengthen respect for the rule of law, assist independent media, and invest in the next generation of leaders.

As the President emphasized in his speech last November at the National Endowment for Democracy (NED), reform in the Middle East is of vital importance to the future of peace and stability in that region as well as to the national security of the United States. As long as freedom and democracy do not flourish in the Middle East, resentment and despair will continue to grow -- and the region will serve as an exporter of violence and terror to free nations. For the United States, promoting democracy and freedom in the Middle East is a difficult, yet essential calling.

There are promising developments upon which to build. The government of Jordan, for example, is committed to accelerating reform. Results include free and fair elections, three women holding Cabinet Minister positions for the first time in Jordan's history, and major investments in education. Positive developments also can be found in Morocco, which held parliamentary elections last year that were acclaimed as free, fair and transparent.

In April 2003, the Administration launched the Middle East Partnership Initiative (MEPI), an intensive inter-agency effort to support political and education reform and economic development in the region. The President continues his commitment by providing \$150 million in FY2005 for these efforts.

To enhance this USG effort with a key NGO, the President has doubled the NED budget to \$80 million specifically to create a Greater Middle East Leadership and Democracy Initiative. NED is a leader in efforts to strengthen democracy and tolerance around the world through its work with civil society. We want that work to flourish.

As President Bush said in his November speech at NED: "The United States has adopted a new policy, a forward strategy of freedom in the Middle East. This strategy requires the same persistence and energy and idealism we have shown before. And it will yield the same results. As in Europe, as in Asia, as in every region of the world, the advance of freedom leads to peace."

Public Diplomacy in the Middle East

And the advance of freedom is aided decisively by the words of freedom.

Democracy flourishes with freedom of information and exposure to diverse ideas. The President's FY2005 Budget promotes expansion of democracy in the Middle East by providing public access to information through exchange programs and the Middle East Television Network.

New public diplomacy efforts including the Partnerships for Learning (P4L) and Youth Exchange and Study (YES) initiatives have been created to reach a younger and more diverse audience through academic and professional exchange programs. In FY2005, the P4L and the YES programs, funded at \$61 million, will focus more on youth of the Muslim world, specifically targeting non-traditional, non-elite, often female and non-English speaking youth.

U.S. broadcasting initiatives in the Middle East encourage the development of a free press in the American tradition and provide Middle Eastern viewers and listeners access to a variety of ideas. The U.S. revamped its Arabic radio broadcasts in 2002 with the introduction of Radio Sawa, which broadcasts to the region twenty-four hours a day. As a result, audience size

for our Arabic broadcasting increased from under 2 percent in 2001 to over 30 percent in 2003. Based on this successful model, the U.S. introduced Radio Farda to broadcast to Iran around the clock. Building on this success, the FY2005 President's Budget Request provides over \$70 million for Arabic and Persian radio and television broadcasts to the Middle East. This month, the United States launched the Middle East Television Network, an Arabic language satellite network that will have the capability of reaching millions of viewers and will provide a means for Middle Easterners to better understand democracy and free market policies, as well as the U.S. and its people. This network kicked off on February 14 with nine hours per day of broadcasting. By mid-March, the broadcasting will be 24/7. The network – *Al-Hurra*, or “the Free One” -- reaches 22 countries, including Iraq. President Bush has already appeared on the network and I did an interview earlier this week.

OUR NEW APPROACH TO GLOBAL PROSPERITY

President Bush's approach to global economic growth emphasizes proven American values: governing justly, investing in people, and encouraging economic freedom. President Bush has pledged to increase economic engagement with and support for countries that commit to these goals through an ambitious trade agenda and new approaches to development assistance focusing on country performance and measurable results.

The Millennium Challenge Account (MCA)

In February of 2003, we sent the Congress a budget request for the MCA and legislation to authorize the creation of the Millennium Challenge Corporation (MCC), the agency designed to support innovative development strategies and to ensure accountability for results.

The MCC will fund only proposals for grants that have clear, measurable objectives, a sound financial plan and indicators for assessing progress.

The Congress appropriated \$1 billion for MCA for FY2004. The FY2005 Budget request of \$2.5 billion makes a significant second year increase to the MCA and paves the way to reaching the President's commitment of \$5 billion in FY2006.

Trade Promotion Authority (TPA)

President Bush recognizes that the fastest, surest way to move from poverty to prosperity is through expanded and freer trade. America and the world benefit from free trade. For this reason, one of his first actions upon taking office in 2001 was to seek TPA, allowing him to negotiate market-opening agreements with other countries. The President aims to continue vigorously to pursue his free trade agenda in order to lift developing countries out of poverty, while creating high-paying job opportunities for America's workers, businesses, farmers and ranchers and benefiting all Americans through lower prices and wider choices. As the President said in April, 2001 at the Organization of American States: “Open trade fuels the engines of economic growth that creates new jobs and new income. It applies the power of markets to the needs of the poor. It spurs the process of economic and legal reform. It helps dismantle protectionist bureaucracies that stifle incentive and invite corruption. And open trade reinforces the habits of liberty that sustain democracy over the long term.”

Since receiving TPA in 2002, the President has made good on his promise, completing free trade agreements with Chile and Singapore, which were quickly approved by Congress and went into effect on January 1. We have recently completed negotiations with five Central American countries on the Central America Free Trade Agreement (CAFTA) and are working to bring the Dominican Republic into that agreement. Earlier this month, we announced the conclusion of an agreement with Australia. Negotiations are ongoing with Morocco, the Southern African Customs Union (SACU), Bahrain, and on the Free Trade Agreement of the Americas (FTAA). We are concluding comprehensive agreements that include market access for goods and services, strong intellectual property and investment provisions, and include commitments for strong environmental and labor protections by our partners. These arrangements benefit Americans and our trading partners.

Building on this significant progress, the President intends to launch free trade negotiations with Thailand, Panama, and the Andean countries of Colombia, Ecuador, Bolivia and Peru. The President has also stated his vision for a Middle East Free Trade Area by 2013, to ignite economic growth and expand opportunity in this critical region. Finally, the President is committed to wrapping up successfully the World Trade Organization's Doha agenda. The United States has taken the lead in re-energizing these negotiations following the Cancun Ministerial.

CARING FOR THE WORLD'S MOST VULNERABLE PEOPLE

Emergency Plan for AIDS Relief

When President Bush took office in January 2001, the HIV/AIDS pandemic was at an all time high, with the estimated number of adults and children living with HIV/AIDS globally at 37 million, with 68 percent of those individuals living in sub-Saharan Africa. From fiscal years 1993 to 2001 the total U.S. Government global AIDS budget was about \$1.9 billion. As part of the Emergency Plan for AIDS Relief, the President proposed \$2 billion in fiscal year 2004 as the first installment of a five-year, \$15 billion initiative, *surpassing nine years of funding in a single year*. The President's Emergency Plan for AIDS Relief represents the single largest international public health initiative ever attempted to defeat a disease. The President's Plan targets an unprecedented level of assistance to the 14 most afflicted countries in Africa and the Caribbean to wage and win the war against HIV/AIDS. In addition, programs will continue in 75 other countries.

By 2008, we believe the President's Plan will prevent seven million new infections, treat two million HIV-infected people, and care for 10 million HIV-infected individuals and those orphaned by AIDS in Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia.

Announced during President Bush's State of the Union address on January 28, 2003, the Emergency Plan provides \$15 billion over five years for those countries hardest hit by the pandemic, including \$1 billion for the Global Fund to Fight AIDS, Tuberculosis and Malaria. The FY2005 Budget provides \$2.8 billion from State, USAID, and the Department of Health and Human Services (HHS) to combat global AIDS, more than tripling funding for international HIV/AIDS since the President took office.

Over the past year, we have worked with the Congress to pass legislation laying the groundwork for this effort and to appoint a senior official at the State Department to coordinate all U.S. Government international HIV/AIDS activities. Ambassador Randall Tobias has been confirmed by Congress and has now taken steps to assure immediate relief to the selected countries.

On Monday of this week, Ambassador Tobias, Secretary Thompson, USAID Administrator Andrew Natsios, and I rolled out the strategy for this plan and announced the first dispensation of dollars -- \$350 million in contracts to some of the NGOs and PVOs who will be carrying out the fight at the grass-roots level. It was a thrilling moment, I can assure you.

As a crucial next step, the FY2005 Budget Request expands on the Emergency Plan. By working together as a highly collaborative team, and placing primary ownership of these efforts in the hands of the countries that we are helping -- just as you will recall the Marshall Plan did so successfully in post-WWII Europe -- the Department of State, USAID and HHS can use significantly increased resources quickly and effectively to achieve the President's ambitious goals in the fight against global AIDS.

Mr. Chairman, President Bush summed it up this way in April of last year, "There are only two possible responses to suffering on this scale. We can turn our eyes away in resignation and despair, or we can take decisive, historic action to turn the tide against this disease and give the hope of life to millions who need our help now. The United States of America chooses the path of action and the path of hope." These dollars put us squarely on that path.

Emergency Humanitarian Assistance – Helping Others in Need

The President's Budget Request reflects a continued commitment to humanitarian assistance. The request maintains U.S. leadership in providing food and non-food assistance to refugees, internally displaced persons, and other vulnerable people in all corners of the world. In addition, the budget reflects the findings of the Program Assessment Rating Tool (PART) evaluations completed for the United Nations High Commissioner for Refugees and for USAID's Public Law 480 Title II international food assistance, which confirmed a clear purpose for these programs.

In 2003, the Administration provided funding to several international and non-governmental organizations to assist nearly 200,000 Angolan refugees and internally displaced persons return home after decades of civil war.

In an Ethiopia enveloped by drought, the Administration led international efforts to prevent widespread famine among 13 million vulnerable people, providing over one million metric tons of emergency food aid (valued at nearly half a billion dollars) to the World Food Program and NGOs, funding immunizations for weakened children, and supplying emergency seeds to farmers.

In Sudan, the Administration worked with the United Nations and the Government of Sudan so that vital assistance could be delivered to the Sudanese people. This year the U.S. will provide about \$210 million in vital assistance to the people in the south, including approximately 125,000 metric tons (valued at nearly \$115 million) in food aid, as well as non-food assistance, such as sanitation and water. We anticipate that a comprehensive peace agreement in Sudan will

allow us to expand significantly our development assistance to help the Sudanese people in effecting a long-awaited recovery following decades of civil war. The FY2005 Budget includes \$436 million in humanitarian and development, economic, and security assistance funding, much of which will be contingent upon a peace settlement between the government and the south.

The FY2005 Budget ensures that the Administration can continue to respond quickly and appropriately to victims of conflict and natural disasters and to help those in greatest need of food, shelter, health care and other essential assistance, including those in areas starting to recover from conflict and war, such as Liberia. In particular, the budget requests funding for a flexible account to give the President the ability to respond to unforeseen emergency needs, the Emergency Fund for Complex Foreign Crises, funded at \$100 million.

KEEPING AMERICANS SAFE AT HOME AND ABROAD

Mr. Chairman, we also have a sacred responsibility to look to the security of our citizens here and overseas, when that security is a part of our responsibility.

The State Department has the responsibility to protect more than 60,000 U.S. Government employees who work in embassies and consulates abroad. Since the 1998 bombings of two U.S. embassies in East Africa, the State Department has improved physical security overseas; however, as many of you are well aware, many posts are still not secure enough to withstand terrorist attacks and other dangers. To correct this problem, in 1999, the State Department launched a security upgrade and construction program to begin to address requirements in our more than 260 embassies and consulates.

Capital Security Cost Sharing Program

Working with the Congress, President Bush has accelerated the pace of improving and building new secure facilities. Moreover, we have reorganized the Overseas Buildings Office to manage the effort with speed, efficiency, and effectiveness. Within the budget, we are launching a plan to replace the remaining 150 embassies and consulates that do not meet current security standards over the next 14 years, for a total cost of \$17.5 billion. To fund construction of these new embassy compounds, we will begin the Capital Security Cost Sharing (CSCS) Program in FY2005. We will implement this program in phases over the next five years.

Each agency with staff overseas will contribute annually towards construction of the new facilities based on the number of positions and the type of space they occupy. We arrived at the cost shares in the FY2005 President's Budget Request in consultations with each agency and the State Department's Overseas Buildings Office.

CSCS is also a major component of the President's Management Agenda Initiative on Rightsizing. Along with securing facilities, we have focused on assuring that overseas staffing is deployed where they are most needed to serve U.S. interests. As agencies assess the real cost of maintaining staff overseas, they will adjust their overseas staffing levels. In this way, new embassies will be built to suit appropriate staffing levels. The program is already producing rightsizing results. Agencies are taking steps to eliminate unfilled positions from their books to

reduce any unnecessary CSCS charges, which in turn is leading to smaller embassy construction requirements.

Border Security

Prior to September 11, 2001, the State Department's consular officers focused primarily on screening applicants based on whether they intended to work or reside legally in the United States. In deciding who should receive a visa, consular officers relied on State Department information systems as the primary basis for identifying potential terrorists. The State Department gave overseas consular officers the discretion to determine the level of scrutiny that should be applied to visa applications and encouraged the streamlining of procedures.

Today, Consular Affairs at the State Department, working with both Customs and Border Protection and the Bureau of Citizenship and Immigration Services at the Department of Homeland Security, are cooperating to achieve our goals more effectively by sharing information and integrating information systems.

The Department of State has invested substantial time, money, and effort in revamping its visa and passport process as well as its provision of American Citizen Services. The Department has more than doubled its database holdings on individuals who should not be issued visas, increased training for all consular officers, established special programs to vet applications more comprehensively, increased the number of skilled, American staff working in consular sections overseas, and improved data-sharing among agencies. The State Department, along with the Department of Homeland Security, is currently developing biometrics, such as fingerprints, digital photographs or iris scans, for both visas and passports in order to fulfill requirements of the Patriot and Border Security Acts and the International Civil Aviation Organization.

As a part of the State Department's efforts to screen visa applicants more effectively, and in particular to ensure that a suspected terrorist does not receive a visa to enter the United States, we will be an active partner in the Terrorist Screening Center (TSC). The TSC, established in December 2003, will maintain a single, consolidated watchlist of terrorist suspects to be shared with Federal, state, local and private entities in accordance with applicable law. The Department of State will also participate in the Terrorist Threat Integration Center (TTIC), a joint-effort aimed at reducing the potential of intelligence gaps domestically and abroad.

To achieve our goal of secure borders and open doors, in FY2005 the State Department plans to expand the use of biometrics to improve security in the visa and passport processes; more effectively fill gaps worldwide by hiring people with specific skills including language expertise; improve and maintain all consular systems; and more broadly expand data sharing with all agencies with border control or immigration related responsibilities. The budget in FY2005 includes \$175 million for biometric projects including photographs and fingerprints to comply with Border Security and Patriot Acts.

The Border Security program underwent a PART analysis in the development of the FY2004 and FY2005 budgets and this budget request reflects the results of those analyses. The Department is moving ahead on program management improvements that clearly link to the Department of Homeland Security goals related to visa policy.

THE CRITICAL IMPORTANCE OF DIPLOMATIC READINESS

We created the Diplomatic Readiness Initiative (DRI) in 2002 to address staffing and training gaps that had become very adverse to the conduct of America's diplomacy. The goal of DRI was to hire 1,158 new foreign and civil service employees over a three-year period. These new hires, the first over-attrition hires in years, would allow us to provide training opportunities for our people and greatly improve the Department's ability to respond to crises and emerging priorities overseas and at critical domestic locations. To bring these new people on board – and to select the best men and women possible -- we significantly improved Department hiring processes, to include recruiting personnel from more diverse experience and cultural backgrounds and people who could fill critical skill gaps. In the process, we broke records in recruiting and thus had the best and the brightest from which to select. The Department of State will be reaping the benefits from this process for many years to come. We also created new mandatory leadership and management training, enhanced public diplomacy and consular training, and made significant increases in the amount of language training available for new Foreign Service Officers. DRI hiring has supported the Department's efforts in responding to crises since September 11th and provided the additional resources necessary to staff overseas locations that truly represent the front line in the war on terrorism.

Some of these positions, however, are being diverted to support new requirements not envisioned by DRI, such as permanently staffing new embassies in Afghanistan, Iraq, Sudan, and possibly in Tripoli. Because of this, the FY2005 Budget Request provides additional resources to continue our DRI commitment.

DRI has allowed the Department to focus on recruiting, training and retaining a high quality work force, sized to requirements that can respond more flexibly to the dynamic and demanding world in which we live. We need to continue it.

USAID has begun a similar effort to address gaps in staffing in technical skills, calling it the Development Readiness Initiative. USAID plans to hire approximately 40 Foreign Service Officers in FY2004 under this initiative. This Budget Request includes authority for USAID to hire up to 50 additional Foreign Service Officers in FY2005, in order to fill critical skill gaps identified through a comprehensive workforce analysis.

Mr. Chairman, I have focussed your attention for long enough. There is more in the President's Budget Request for FY2005; but what I have outlined above represents the top priorities for the State Department. I will be pleased to answer any questions you have about these priorities or about any other portion of the budget request in which you are interested. If I cannot answer the question myself, I have a Department full of great people who can; and I will get you an answer for the record.

Thank you.