

The President's Budget Request for FY 2005

Secretary Colin L. Powell

Opening Remarks Before the Subcommittee on Foreign Operations, Export Financing and Related Programs
House Appropriations Committee
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(11:10 a.m. EST)

CHAIRMAN KOLBE: The Subcommittee on Foreign Operations will resume. I sped back over here, but I know a lot of other members are on their way right behind me. And since they all have the Secretary's [written statement](#) here, full statement here, I'll let you proceed with your verbal statement. Of course, the full statement will be placed in the record.

Mr. Secretary, again, thank you very much for joining us, and thank you for your patience here during our votes.

SECRETARY POWELL: No, not at all. Thank you very much, Mr. Chairman. It's a great pleasure to be back before the committee. And let me begin by thanking the committee for its support of the State Department and our programs over the three years that I have been Secretary of State. I always enjoy coming before the committee to explain our programs and to receive your guidance and to benefit from your experience and wisdom.

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

The President's Fiscal Year 2005 [International Affairs Budget](#) Request for the Department of State, USAID and Other Foreign Affairs Agencies totals \$31.5 billion, broken down as follows: as you noted, \$21.3 billion for foreign operations; State operations, the running of the Department, \$8.4 billion; a very important P.L. 480 food aid program, \$1.2 billion; international broadcasting, increasingly important, \$569 million; and the support of the United States Institute for Peace, \$22 million.

Mr. Chairman, President Bush's top foreign policy priority is winning the war on terrorism. Winning on the battlefield with our superb military forces is just one step in this process. To eradicate terrorism altogether, the United States must help create stable governments, stable governments in nations that once supported terrorism, nations such as Iraq and Afghanistan. And we must go after terrorist support mechanisms, as well as the terrorists themselves, and we must, as was noted by members of the committee, alleviate conditions in the world that enable terrorists to bring in new recruits.

To these ends, in fiscal year 2005, our foreign affairs agencies will continue to focus on the reconstruction of Iraq and Afghanistan. We will continue to support our coalition partners to further our counterterrorism, law enforcement and intelligence cooperation, and we will continue to expand democracy and help generate prosperity, especially in the Middle East.

Mr. Chairman, 48 percent of the President's budget for foreign affairs supports the war on terrorism. For example, \$1.2 billion supports Afghanistan reconstruction, security and democracy-building activity; more than \$5.7 billion provides assistance to countries around the world that have joined us in the war on terrorism; \$3.5 billion indirectly supports the war on terrorism by strengthening our ability to respond to emergencies and conflict situations; and finally, \$190 million is aimed at expanding democracy in the Greater Middle East region, crucial if we are to attack successfully the motivation to terrorism.

Mr. Chairman, two of the greatest challenges confronting us today are the reconstruction of Iraq and Afghanistan. And let me turn first to Iraq. The Coalition Provisional Authority and the Iraqi Governing Council 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 force in the country. In addition, the CPA has established a new Iraqi army, issued a new currency, and refurbished 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 will continue to help provide critical infrastructure repair, including provision of clean water, electricity and reliable telecommunications systems, which are essential to 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 Iraq succeed in this historic effort. Alongside their military colleagues, USAID, State Department and Departments of the Treasury and Commerce and so many other government agencies are working to implement the infrastructure, democracy building, education, health and economic development programs which are so essential. And these efforts are now producing real progress in Iraq.

Late last week, there was a small bump in the road of this progress when certain Shia members of the IGC expressed their serious concerns with the administrative law. But we smoothed that bump, and this past Sunday -- Monday, we saw an historic event take place when the 25 members of the Governing Council signed the administrative law.

That law provides for democracy, it provides for a bill of rights, it provides for all Iraqis to be

part of the new Iraq as free citizens able to express their view. It provided for an independent judiciary. It provided for the military firmly being under civilian control. It provided for a way forward toward an interim government, toward the writing of a final constitution, and to putting a fully elected government in place in the not-too-distant future, I would guess sometime in the year 2005.

This is a major achievement, for Iraq, for the region and for the world, and we should be very proud of the part we played in this. We are hard at work with Ambassador Bremer now to arrange the transition. The transition, we hope, will go smoothly, and sovereignty will be returned on the 1st of July, and at that time we will take over our responsibilities in Iraq with a Chief of Mission, an Ambassador, as the CPA goes out of existence.

There may be some confusion as a result of certain press reporting this week, but let me make it absolutely clear that when the CPA goes out of existence, those responsibilities, non-military force responsibilities, get turned over to the Chief of Mission, the Ambassador, the State Department. And the State Department, in this arrangement, will have responsibility for all of those activities that are being undertaken.

Even if it is an agency of the Department of Defense, say the Department of the Army, which has such expertise in program management activities, those activities and that function performed by the Department of the Army will be performed under the direct supervision of the Chief of Mission, the President's Ambassador, who will be reporting through the State Department to the President.

And that Chief of Mission will be responsible for all governmental activities in Iraq, with the exception that the military chain of command will still have responsibility for the 100,000 soldiers who will be there and any direct DOD-to-Iraqi military programs that are underway, just as you would find the situation to exist in any of our other embassies around the world.

Mr. Chairman, Afghanistan is another high priority for this Administration. The United States 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 of 2001. Afghanistan adopted a constitution in January and is now preparing for democratic national elections this June.

What a tremendous achievement, in just a few months' time really, from where they were, a destroyed society. I remember when the Taliban first left and President Karzai went in to assume authority. Not a single telephone in the country. We were conducting all of our work with President Karzai with one telephone. And now we have come a long way, to the point where they have a constitution, they have a functioning government, an army is being built

and elections will be held for President and, we hope not too long after, or perhaps at the same time, yet to be decided, a new legislature.

With technical assistance from the United States, Afghanistan successfully introduced a new, stable currency in October of 2002. Just eight months earlier, we were still seeing Afghans passing around money by the pound in order to pay for the simplest items needed for daily life. Now, a stable, functioning currency.

And Afghanistan is working to improve revenue collection in the provinces in order to empower the central government.

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, 140 health clinics, and trained 13 battalions of the Afghan National Army.

Also President Bush's commitment to de-mine and pave the entire stretch of the Kabul-to-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 five or six hours. This joins the country back together again, provides for commerce, provides for people to go back and forth in a way that they haven't seen in decades.

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 those elections are free and fair.

To demonstrate tangible benefits to the Afghan people, we will continue to implement assistance on an accelerated basis.

The 2005 budget contains \$1.2 billion in assistance for Afghanistan that will concentrate on education, on health, infrastructure and assistance to the Afghan National Army. For example, U.S. assistance efforts in this budget will focus on rehabilitation and construction of an additional 275 schools, another 150 health clinics by this summer and beyond, and complete training and equipping of 15 army battalions. The United States will also extend the Kabul-to-Kandahar road to Herat so that people and commerce will be linked east and west, as well as north and south, across Afghanistan.

Mr. Chairman, the challenges we face in Iraq and in Afghanistan are hugely complex. They're daunting and dangerous. In both those countries the security situation still requires improvement. But we're making progress and we'll continue until we have achieved our objectives in both countries, two countries that are on their way to good governance, tolerance, economic recovery, democracy, friendship with the United States and friendship with their neighbors.

Mr. Chairman, 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 that have global reach. This commitment extends to the frontline 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 counterterrorism capabilities and tighten border controls. As I mentioned earlier, the 2005 budget provides for more than \$5.7 billion for assistance to those countries around the world that have joined us in the war on terrorism, including Turkey, Jordan, Afghanistan, Colombia, Pakistan, Indonesia and the Philippines.

While progress has been made attacking terrorist organizations, both globally and regionally, much work remains to be done. The 2005 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 to strengthen Jordan's ability to secure its borders; and \$577 million for Colombia, to support President Uribe's unified campaign against drugs and terrorism.

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

On February 11th, President Bush spoke at the National Defense University and outlined this 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. The network has now been uncovered. We are learning more and more about it. It is out of business and it will not go back into business.

I know that there are questions about what should happen to Mr. A.Q. Khan at this point, and this is a matter that the Pakistani authorities will have to deal with. Dr. Khan is considered something of a national hero in Pakistan for helping to create a nuclear deterrent for Pakistan.

But at the same time, he was doing things which were totally inconsistent with his obligations, totally inconsistent with proliferation activities. We pointed it out to the Pakistanis. We provided them the intelligence information. New revelations that became known to us as a result of our efforts in Libya were presented to the Pakistan authorities, and as you know, Dr. A.Q. Khan acknowledged what he had done, went on television, and we are now learning more and more. He is fully cooperating with Pakistani authorities, who are providing us information.

And President Musharraf determined that, at this point, the best outcome for Pakistan, and

to make sure this network truly was dug up and removed root and branch, was to provide a conditional amnesty to Dr. Khan, a conditional amnesty that can be reversed if President Musharraf believes that cooperation is inadequate or he believes another set of actions are appropriate.

Men and women of our own and other intelligence services have done superb and often 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 other networks to shut them down permanently. We know that this network, the Khan network, fed nuclear technology to Libya, Iran and North Korea.

President Bush, when he talked to this at the National Defense University, also said that we'd be taking other actions to deal with the problem of proliferation: first, expanding the Proliferation Security Initiative to address more than just shipments and transfers, and even to take direct action against proliferation networks; he called on all nations to strengthen the laws and international controls that govern proliferation, including passing the United Nations Security Council resolution requiring all states to criminalize proliferation, enact strict export controls and to secure sensitive materials; expand our efforts to keep Cold War weapons and other dangerous materials out of the hands of terrorists, such as expanding the work of the Nunn-Lugar program; universalize the IAEA additional protocol; close the loophole to 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; create a special committee of the IAEA Board of Governors to focus on safeguards and verification; disallow countries under investigation for violating nuclear nonproliferation obligations from serving on the Board of the IAEA.

As the President made clear at NDU, the nexus of terrorists and weapons of mass destruction is a unique threat. It comes not with ships and fighters and tank divisions, but clandestinely in the dark of night. And the consequences are devastating. No President can afford to ignore such a threat, and President Bush is not and will not ignore it.

Mr. Chairman, the war on terrorism, including halting the spread of weapons of mass destruction, is our first priority. Moreover, the reconstruction of Iraq and Afghanistan plays heavily in our counterterrorism efforts. But there is much else that is on our foreign policy agenda that is just as important and gets just as much attention.

Africa, as has been noted, is high on our foreign policy agenda, particularly with respect to the devastating HIV/AIDS pandemic. If your people are dying in the millions, particularly your people of working age and younger -- your teachers, your doctors, your nurses -- it is extremely difficult to make any kind of improvements in your society. It is President Bush's intent to fight even more aggressively against this horrible pandemic; 8,000 people will die today of HIV/AIDS.

Over the past year, we have worked with the Congress to pass legislation laying the groundwork for this fight, and to appoint a senior official at the State Department to coordinate all U.S. Government activities with respect to HIV/AIDS. This official, Ambassador Randall Tobias, has been confirmed by the Congress and he is hard at work in

the Department.

In late February, Ambassador Tobias, Secretary of Health and Human Services Tommy Thompson, USAID Administrator Andrew Natsios and I rolled out the strategy for the HIV/AIDS 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 grassroots level. It was a thrilling moment, I can assure you, to finally see this program come into existence.

As a crucial next step, the 2005 budget expands on the President's plan with \$2.8 billion to combat AIDS in the most affected countries in Africa and the Caribbean -- some 14 targeted nations.

We will place primary ownership of these efforts in the hands of the countries that we are helping. Together -- the Department of State, USAID, Secretary Thompson's Department of Health and Human Services -- we use the significantly increased resources quickly and effectively to achieve the President's ambitious goals in the fight against global AIDS.

There are other dimensions of economic success in Africa and around the globe, and they, too, are part of our foreign policy agenda. For example, a program that we are beginning to implement now is the President's new approach to development assistance, which we have already spoken to in the course of these -- of this hearing.

In February of 2003, we sent the Congress a budget request for the Millennium Challenge Account and legislation to authorize the creation of the Millennium Challenge Corporation, the agency designed to support our new and 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 generously appropriated \$1 billion for MCA in 2004. The 2005 budget request makes a significant second-year increase to the MCA and paves the way to reaching the President's commitment of \$5 billion in 2006.

With these dollars, we will help those countries committed to helping themselves, commitments demonstrated by the fact that their governments govern justly, invest in their people and encourage economic freedom.

As I said earlier, the war on terrorism is our first priority. I also said that the fight against HIV/AIDS and the need to continue and even to revolutionize our development efforts around the world are top priority. And these last two efforts, HIV/AIDS and the Millennium Challenge Account, they really relate to one another; they really are connected. And I strongly believe that both of these programs should be fully funded by the Congress.

And they are not competing with our other efforts. Our child survival and health and our other development assistance programs are not being cut back to make room for MCA or for HIV/AIDS funding. We more than tripled funds for basic education from 2001 to 2004,

and our 2005 request remains the same. Other programs in key sectors of development assistance, to include agricultural and economic growth programs, are essentially straight-lined from '04 to '05.

The slight reduction in the environmental sector will not affect high priority efforts such as the Congo Basin Forest Initiative. Our request for child survival and health is also at about the same level as our '04 request.

Finally, we remain committed to addressing the urgent needs of the African subcontinent. In addition to benefiting from President Bush's HIV and MCA initiatives, which are targeted towards Sub-Saharan Africa, Africa assistance in our '05 request is up more than 7 percent over '04.

But as you know, Mr. Chairman, we can't deal with any of our foreign policy priorities unless State operations are not also fully funded. I know that such operations are not this subcommittee's specific oversight responsibility, but the full Appropriations Committee will have to consider the funding that I have requested to run the Department.

As you recall, we created the Diplomatic Readiness Initiative in 2002 to address the serious staffing and training deficiencies that had become very adverse to the conduct of America's diplomacy. The goal of the 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, an emerging priority that we have seen all too often in the last couple of years.

To bring these new people on board, to select the best men and women, we significantly improved the Departmental hiring processes, to include recruiting personnel from diverse experiences and cultural backgrounds and people who would fill critical skill gaps that we had. In the process, we broke records in recruiting, and thus had the best and brightest from which to select. Upwards of 50,000 people are taking the foreign service exam now every year, and we'll be reaping the benefits of this new inflow of personnel for decades to come.

We also created new mandatory leadership and management training to make sure that the future leaders of the Department will be good stewards of the resources given to them by the Congress and by the American people.

I'm very proud of what we've been able to do with respect to recruiting, very proud of what we've been able to do to put our building program under sound management. Embassies are going up, and they're coming online under cost and on time. We have improved our information technology systems throughout the Department.

So I think, Mr. Chairman, that we have done what the Congress asked us to do with respect to being good stewards of the resources that you have provided to us. And I would like to thank you for the support that you have given to our foreign operations activities, as well as the support you have given to my ability to manage and lead the State Department in a

manner that the American people want to see it managed and led.

Thank you, Mr. Chairman.

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