

**STATEMENT OF AMBASSADOR ANNE W. PATTERSON
AMBASSADOR-DESIGNATE TO EGYPT
BEFORE THE SENATE COMMITTEE ON FOREIGN RELATIONS
JUNE 21, 2011**

Mr. Chairman, Ranking Member Lugar, and Members of the Committee,

Thank you for the honor of appearing before you today. I wish to thank the President for nominating me to serve as Ambassador to Egypt, and for the confidence that he and the Secretary have shown in me.

I would also like to recognize my husband David, who is retired from the Foreign Service, my stepdaughter Jessica, who is off to Afghanistan soon, and my son Andrew, who is shortly to be commissioned in the Marines. Our other children, Edward, and Rachel, are not here today.

If confirmed, I look forward to leading the professionals from all agencies who serve in our mission in Cairo. Serving with so many competent and dedicated people, over the years, often under difficult circumstances, has been the highlight of my career.

Should I be confirmed, I am under no illusions about the responsibility and challenges of serving as Ambassador to Egypt. This 5000-year-old society that has been a cradle of civilization and a longstanding regional leader is now the epicenter of enormous, promising changes in the Arab world. People everywhere were inspired by the events of Tahrir square and Egyptian citizens' desire for freedom and democracy. But we should remember that transitions to democracy are difficult and long; that there will be reverses and surprises along the way; and that the Egyptians will find their own, unique path.

When thinking about Egypt, I think we should be heartened by what has taken place in Latin America and Eastern Europe over the past forty years. While in Latin America the path to democracy and prosperity has hardly been a straight one, this hemisphere now has democratic governments in most countries and a degree of economic prosperity unimaginable forty years ago.

I am sure the Arab world will be no different. So let me say at the outset of this hearing that, if confirmed, I am firmly committed to supporting Egypt's democratic transition, which will reinforce much-needed respect for human rights, with all the moral, economic, and political support that the United States government can muster.

Let me outline the strategy that the Administration has developed and which I will pursue in Cairo, if confirmed.

The first priority will be to encourage and support, to the extent that Egyptians desire it, an election process which is free and fair. Polling suggests that many Egyptians will have the first opportunity in their lifetimes to vote in a free election, so enthusiasm is understandably high. Just as we do in the United States, we anticipate that the Egyptian government would invite international observers to witness this historic occasion. And as we do in hundreds of other countries, the United States will support non-governmental and civil society organizations who wish to enhance their organizational skills and play a more prominent role in public life. These groups are always essential ingredients in an open and successful participatory political system.

The strengthened democratic process should lead to increased respect for human rights in Egypt, since newly empowered citizens will demand it. We welcome the commitment of the interim government to repeal the emergency law, which has been used for years to justify widespread human rights abuses. We are concerned about arbitrary arrests, overly rapid and non-transparent trials, and attacks on religious groups, primarily but not exclusively, against Christians. Some particularly disgusting abuses against women demonstrators have taken place, and we have called on the authorities to prosecute those who committed them.

Second, it is clear that the need for a job was just as strong a motivator for demonstrators in Tahrir Square as a desire for freedom and justice. Egypt has to generate over 750,000 jobs a year to absorb young people coming into the labor force.

These young people are often not well prepared with skills needed for a modern economy, yet they have high expectations. Many of these young people have historically been employed by the public sector, but this is no longer practical given Egypt's shortage of resources.

In fact, the International Republican Institute has just come out with a poll which indicates that Egyptians overwhelmingly believe that next year they will be better off economically. But current economic trends are headed in the other direction, and most Egyptians are barely making ends meet. During this critical transition period, the military leadership has played a role in stabilizing the situation, but Egypt's economy has suffered from the unrest; tourism has declined; and investors are sitting on the sidelines as attacks on the private sector seem to have proliferated in the aftermath of the revolution. So, expectations for the new government will be unrealistically high.

As a result, a key part of our strategy, both bilaterally and working with the international community, will be to strengthen Egypt's private sector so that it can generate economic stability and broaden the benefits of economic growth to all Egyptians. It is keenly in our interests to promote economic recovery in Egypt. Young people who have jobs are more likely to be productive members of society and contribute fully in the democratic transition. Importantly, increased economic engagement with Egypt will also offer opportunities for American businesses by investing in and exporting to Egypt.

All Americans should be proud of what U.S. assistance has achieved in Egypt over the past thirty years, particularly dramatic advances in reducing infant and maternal mortality and promoting education. USAID built the Cairo sewage system, the world's biggest construction project at the time, with predictable results for developing professional skills in Egypt and sharply increasing health conditions in one of the most crowded cities on the planet. We are now refocusing our assistance on projects that are directly linked with private sector growth and sustainable jobs. Let me describe some of this to you.

As the President said in his May 19 speech, we are leading the effort in the international community to provide short-term stabilization for Egypt's economy. Egypt and the IMF have reached staff-level agreement on new financing and the World Bank and other international lenders will provide short term resources that Egypt needs.

We are seeking legislation which will allow us to forgive \$1 billion of Egypt's debt and ask Egypt to invest the local currency equivalent into an activity we mutually select. We intend it to be a major project that makes clear America's contribution to the Egyptian people. The Overseas Private Investment Corporation is working to expand lending to small and medium size businesses, which in any economy are the engine of job growth. OPIC is building on a very successful model in the West Bank. Chairman Kerry has introduced legislation to authorize enterprise funds for Egypt and the United States is working to reorient the EBRD to enable lending to Egypt. These have spurred private sector growth in Eastern Europe, and they will also spur private sector growth in Egypt. So, I believe that we have a sound plan going forward, along with other members of the international community, to encourage stability in Egypt by widening opportunities for both American and Egyptian firms.

Our third priority is to ensure that Egypt plays a strong and positive role in the region and that our interests continue to align. As one of only two Arab states to sign a peace treaty with Israel, Egypt has been a powerful ally for a two-state solution and a comprehensive Middle East peace agreement. Egypt has also been a valuable partner in fighting terrorism, reintegrating Iraq into the region, and providing assistance to refugees fleeing Libya. Egyptian officials have said repeatedly that they will abide by the peace treaty with Israel. We take those commitments seriously. The vast majority of Egyptians have no interest in regional conflict and want to move forward on their own democratic path. Our close defense cooperation with Egypt serves U.S. interests and is influential in promoting regional security.

Let me say that democracies can often be loud and bumptious, and I am sure that Egypt will be no different. During Egypt's transition we will hear many voices that are not to our liking, and Egypt's democratic process will be difficult at times because of the newness and fragility of its democratic institutions. If confirmed, I will do everything I can to support the aspirations of the Egyptian people during this period of transition. A successful, democratic transition in Egypt matters to the United States strategically; it matters to our allies; and it will serve as a model for the rest of the Arab world.

Let me say in closing that I am particularly grateful for the critical role members of this committee played in my last post. If confirmed, I know that this committee will play a similar role in maintaining our bilateral relationship with Egypt and in ensuring a credible democratic transition.

Thank you and I look forward to your questions.