

**NOMINATIONS OF THE 112TH
CONGRESS—SECOND SESSION**

HEARINGS

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

—————
FEBRUARY 7 THROUGH NOVEMBER 28, 2012
—————

Printed for the use of the Committee on Foreign Relations



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COMMITTEE ON FOREIGN RELATIONS
112TH CONGRESS—SECOND SESSION

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**NOMINATIONS OF CARLOS PASCUAL, JOHN
STEVENS, AND JACOB WALLEES**

TUESDAY, MARCH 20, 2012

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

Hon. Carlos Pascual, of the District of Columbia, to be an Assistant Secretary of State (Energy Resources)
John Christopher Stevens, of California, to be Ambassador to Libya
Jacob Walles, of Delaware, to be Ambassador to the Tunisian Republic

The committee met, pursuant to notice, at 2:50 p.m., in room SD-419, Dirksen Senate Office Building, Hon. Barbara Boxer presiding.

Present: Senators Boxer, Menendez, Coons, Udall, Lugar, and Risch.

**OPENING STATEMENT OF HON. BARBARA BOXER,
U.S. SENATOR FROM CALIFORNIA**

Senator BOXER. Good afternoon, everybody.

Today, the full Senate Foreign Relations Committee meets to consider three nominees for important posts at the State Department: Carlos Pascual to be Assistant Secretary of State for Energy Resources; John Christopher Stevens to be Ambassador to Libya; and Jacob Walles to be Ambassador to the Republic of Tunisia.

I am so pleased also to welcome Senator Christopher Coons. Where is he? Is he here? I will be so pleased—oh, there you are. [Laughter.]

I am so pleased to see you here. I doubt you are going to speak from there, Senator. Going to say a few words about Mr. Walles in short order.

Thank you so much, Senator.

The first nominee we will consider is Ambassador Pascual, who currently serves as a special envoy and Coordinator for International Energy Affairs at the Department of State.

Prior to this position, he served as the United States Ambassador to Mexico and as the Coordinator for Reconstruction and Stabilization at the State Department. Ambassador Pascual also served as the vice president and director of the Foreign Policy Studies Program at the Brookings Institution from 2006 to 2009.

Ambassador Pascual, you have been nominated to lead the newly established Bureau of Energy Resources at the Department of State.

And when Hillary Clinton, our Secretary of State, announced the new Bureau, she aptly stated, "You can't talk about our economy or foreign policy without talking about energy. With a growing global population and a finite supply of fossil fuels, the need to diversify our supply is urgent."

And I couldn't agree with her more. So if you are confirmed, you will be responsible for heightening attention to urgent global energy needs and helping to formulate effective U.S. international policy in such fields as biofuels, natural gas, and renewable energy.

And then our second nominee, John Christopher Stevens, recently served in Benghazi, Libya, as the special envoy to the Libyan Transitional National Council, or TNC. Prior to this post, Mr. Stevens served as the Director of the Office of Multilateral Nuclear and Security Affairs at Department of State.

Mr. Stevens is a career member of the Foreign Service.

He joined the State Department in 1991. And I am very proud to say he is a Californian.

Mr. Stevens, you have been nominated to be the U.S. Ambassador to Libya. And like so many, I watched in awe as the Libyan people fought with tremendous courage to bring an end to the brutal regime of Col. Muammar Gaddafi.

But now the Libyan people are facing another extraordinary challenge, building a functioning government, civil society from the ground up. If confirmed, we hope you will be able to help convince the Libyan people to lay down their arms, to put aside their differences, continue the hard work of building a new and better future for Libyan men, women, and children.

And our final nominee is Jacob Walles, who currently serves as Deputy Assistant Secretary of State for Near Eastern Affairs. Mr. Walles is also a career member of the Foreign Service, having joined the Department of State in 1981.

Prior to this post, he was a senior fellow at the Council on Foreign Relations, and he also served at the U.S. consul general—as the U.S. consul general and chief of mission in Jerusalem.

Mr. Walles has been nominated to be the U.S. Ambassador to Tunisia. And as we all know, the Tunisian people recently elected the al-Nahda Party into power, which describes itself as a moderate Islamist party. While many al-Nahda leaders have made encouraging statements about their commitment to democracy and a separation of religion and state, we have seen troubling proposals from some government officials that could push the country in the opposite direction.

If confirmed, we hope you will work to encourage the Tunisian Government to continue to build a strong representative and democratic government that respects the rights of all Tunisian people, in particular maintains the extraordinary rights that Tunisia has long offered to women.

So that completes my opening remarks, and I would turn to Senator Lugar. And when he is completed, we will turn to Senator Coons.

**OPENING STATEMENT OF HON RICHARD G. LUGAR,
U.S. SENATOR FROM INDIANA**

Senator LUGAR. Well, thank you very much, Madam Chairman.

I join you in welcoming our distinguished panel. I would like to extend a personal welcome to Chris Stevens, who spent a year on the committee staff in the 2005–2006 timeframe.

He then went to Tripoli as deputy chief of mission during reopening of diplomatic relations with Libya after 27 years. For much of that tour, Chris was the chargé d'affaires and lead interlocutor with the Gaddafi government. Chris was assigned again to Libya exactly a year ago, but this time his post was to be in Benghazi as the special envoy from our Government to the Transitional National Council.

Chris has served his country for 22 years on issues related to North Africa and the Middle East. He served as a Peace Corps Volunteer in Morocco, and as a Foreign Service officer, he served tours in Saudi Arabia, Egypt, Syria, Jerusalem, and Libya.

I understand his family is here from Oakland, CA, as the chairman has pointed out. I hope he will introduce them to the committee.

Madam Chairman, I valued Chris's knowledge and insight while he was on my staff, and also have appreciated his willingness to offer counsel on the situation in Libya over the past year. I am very pleased the President has nominated a man whose substantive knowledge, experience, and respected leadership are so well suited to this posting.

It is also a pleasure to welcome Ambassador Carlos Pascual, whose distinguished record is well known to the committee. In particular, I appreciate his efforts to promote the Nunn-Lugar Cooperative Threat Reduction Program as Ambassador to Ukraine, and I had the privilege of visiting with him in the Embassy during that tenure. Through the Nunn-Lugar partnership, Ukraine is nuclear weapons free.

Carlos also served as the first Coordinator for Reconstruction and Stabilization, a position I had long believed was needed to make our policies in post-conflict situations more effective. Currently, Ambassador Pascual serves as International Energy Coordinator, a position I prescribed and was signed into law by President Bush in 2007 with the primary mission of putting energy at the top of our diplomatic agenda and better leveraging relevant activities and expertise across our Government.

America's dependence on foreign oil imports from volatile and unreliable regimes is one of our foremost national security vulnerabilities. Iran's threat to shatter global economic recovery and splinter allied opposition to their nuclear weapons program by using their oil exports as leverage is just the most visible example today.

The hundreds of billions of dollars we use to buy oil from autocratic regimes complicate our own national security policies by entrenching corruption, financing regional repression and war, and inflating Defense Department costs. Given the multiple crises in the Middle East, and the certainty that threats to oil supplies are not limited to the current Iran situation, President Obama did not act in our national interest, in my judgment, when he rejected

approval of the Keystone XL pipeline. Even his own Energy Department says that Keystone would help lower gasoline prices.

Ambassador Pascual, I understand that you were not involved in the 1,217 days of Keystone XL analysis or the final decision. However, you will be responsible for any future applications and will need to restore confidence in the State Department's independence from White House politics. I would like you to share with us today specific steps you will take to ensure an expeditious review of any new Keystone XL application.

While broad energy security solutions will take time, I urge the administration to put in place, now, credible plans to manage an oil supply disruption. In particular, among the most significant challenges to enforcing strong sanctions on Iranian oil is concern over high gas prices.

In addition to steps to increase domestic supply liquidity, international planning is needed. The administration should actively accelerate pipeline alternatives around the Strait of Hormuz and approve Keystone XL. It should work to improve data transparency and reporting in oil markets, such as prospects for new production to come online in Iraq, South Sudan, and Colombia.

It needs to update international emergency response coordinating mechanisms and it needs to bring two of the fastest-growing oil consumers, China and India, into that system. And it should state clearly that restricting trade in energy is against U.S. interests. In other words, protecting Americans from oil price spikes takes more than talk of a release from the Strategic Petroleum Reserve.

Ambassador, I would appreciate your assessment of where we stand on achieving each of these goals.

Finally, Jake Wallis has served with distinction over a 30-year career in the Foreign Service—much of that time focused on promoting peace and stability in the Middle East. Most recently he served as Deputy Assistant Secretary of State with responsibility for Egypt, The Levant, Israel, and Palestinian affairs.

Given the importance to the United States of Tunisia's continuing transition to democracy, I am pleased that someone with his wealth of regional experience and perspective has been nominated to this post.

I thank you, Madam Chairman, for the opportunity to make this statement.

Senator BOXER. Thank you so very much.

And now we have the Honorable Chris Coons is going to introduce Mr. Jacob Wallis to be Ambassador to the Tunisian Republic. And we know that Mr. Wallis is from Delaware, and therefore, this is very appropriate.

Senator, please proceed.

**STATEMENT OF HON. CHRISTOPHER A. COONS,
U.S. SENATOR FROM DELAWARE**

Senator COONS. Thank you, Madam Chairwoman.

It is rare that Delaware gets to contribute to the rank of Ambassador. So I appreciate both you and Ranking Member Lugar allowing me to make a brief statement of introduction.

I am very proud of Jake Wallis, who was not only born and raised in Delaware until he went off to college at Wesleyan Univer-

sity, but also attended the same high school that I did. So there is a double source of pride for our home State.

As you both mentioned, for more than 20 years, Mr. Waller has served with distinction in the State Department, where he has played critical roles in Middle East and North African affairs. He served at the U.S. Embassy in Tel Aviv at the Office of Special Assistant for the Middle East Process, as chief of mission in Jerusalem, and now Deputy Assistant Secretary for Near Eastern Affairs.

In all these roles, he has demonstrated an adept understanding of developments in a very difficult region and a unique ability to manage a host of relationships and issues.

In his current position as Deputy Assistant Secretary of State for Near Eastern Affairs, he has overseen developments in a time of great regional transition and turmoil. He has a keen understanding of U.S. interests in the Middle East and has done a particularly good job briefing committee staff, I am told, on many regional developments and issues. These experiences will serve him well as U.S. Ambassador to Tunisia, a country at the heart of the Arab Spring, which has experienced significant political transition in the last year.

As Secretary Clinton recently told our committee, the new Islamist government in Tunisia has demonstrated great promise, especially with regards to human rights, women's rights, and economic reform. And it is my hope with your leadership, should you be confirmed for ambassadorship, that these positive trends and this emerging new chapter in our longstanding relationship with Tunisia will continue to mature.

I first met Jake at a dinner more than a year ago now with Israeli President Shimon Peres. At that dinner, President Peres said the uniqueness of the United States is that this is the only great power in history that became great not by what it took, but by what it gave, by helping other people regain their independence and their future.

This exemplifies, I think, what makes American diplomacy so great, helping others through tough transitions. This has been a real accomplishment of the Arab Spring that we have played a supportive role, and it is my hope that with your leadership, Tunisia will one of the best examples of a new government emerging from a very difficult transition.

I am confident Jake Waller will make a great Ambassador and continue to make the people of Delaware proud.

Thank you, and thank you, Madam Chairwoman.

Senator BOXER. Thank you so much.

Well, with that, we might as well start with you, Mr. Waller.

And I would ask each of you, if your family is here and you would like to acknowledge them, we would be thrilled to do that. They can stand, and we can give them the proper thanks. They deserve thanks because you are giving a lot of yourselves to your country.

Go ahead, Mr. Waller.

**STATEMENT OF JACOB WALLEES, OF DELAWARE, TO BE
AMBASSADOR TO THE TUNISIAN REPUBLIC**

Mr. WALLEES. Thank you, Chairman Boxer, Ranking Member Lugar, Senator Coons.

It is an honor to appear before you today as President Obama's nominee to be the U.S. Ambassador to the Republic of Tunisia. I am grateful to the President and to Secretary Clinton for the confidence and trust they have shown in me.

I would also like to thank Senator Coons for coming to introduce me today. I am proud of my roots in Delaware and pleased, Senator, that you took the time out of your busy schedule to join us today.

I have served our country as a Foreign Service officer over these past 30 years and spent much of my career working on the Middle East, pursuing our objectives of peace, regional stability, and economic cooperation. For 4 years, I served as consul general and chief of mission in Jerusalem.

Most recently, I have overseen U.S. policy in the Near East, dealing with the changes that have swept the Arab world in the past year. If confirmed by the Senate, I hope to use this experience to enhance our bilateral relationship with Tunisia, where the Arab Spring began just over a year ago.

The people of the United States and Tunisia share over 200 years of history. Only 3 years after the United States declared our independence, we signed our first agreement of friendship, cooperation, and trade with Tunisia. In 1805, the Tunisian Ambassador to the United States had the first known Ramadan iftar dinner with an American President. Since then, we have fought together against common enemies and helped each other in times of need.

This historic bilateral relationship now has a new touchstone, the momentous events of the Arab Spring that began in Tunisia in December 2010. The Tunisian revolution triggered the transformations now underway across the Middle East and North Africa. It also marked the beginning of a new phase of cooperation between Tunisia and the United States.

Tunisia is now leading the region into an era of democratic transition and serving as a model for others to follow. Tunisia is well-placed to do this, with its history of tolerance and respect for the rights of women and minorities.

The United States has an interest in seeing that this new democratic model in the region succeeds. In the words of Secretary Clinton, "We should do all we can to assist Tunisia in realizing a future of peace, progress, and opportunity."

As we know from our own Nation's history, building a democracy is difficult and time-consuming. Tunisia's first steps deserve praise, particularly the constituent assembly elections held in October 2011, which were the first truly democratic elections in that country in decades.

I share President Obama's view that we must support a people that have mustered the courage to stand up for their rights and who have taken courageous steps toward freedom and democracy. Just as we supported Tunisia after its independence in 1956, we have a chance now to support Tunisia's transition to democracy.

We have a range of tools at our disposal to support Tunisia's transition. In the interest of time, however, I would refer you to my full statement, which we have submitted for the record. I would be pleased to answer any questions that you might have.

And in closing, Madam Chairman and members of the committee, I just want to say thank you again for allowing me today to discuss our interests in Tunisia. I believe that we have the opportunity of a generation before us, and I am excited about this new chance to serve our country.

If confirmed, I look forward to working with you, with the other members of the committee, and with the Congress to continue to advance United States interests and promote our relationship with Tunisia.

Thank you very much.

[The prepared statement of Mr. Walles follows:]

PREPARED STATEMENT OF JACOB WALLES

Chairman Boxer, Ranking Member Lugar, distinguished members of the committee, it is an honor to appear before you today as President Obama's nominee to be the U.S. Ambassador to the Republic of Tunisia. I am grateful to President Obama and Secretary Clinton for the confidence and trust they have shown in me.

I have served our country as a Foreign Service officer over the past 30 years in advancing American interests abroad. I have spent much of my career working on, and living in, the Middle East, pursuing our objectives of peace, regional stability, and economic cooperation. For 4 years, I served as consul general and chief of mission in Jerusalem, where I successfully managed a growing post in a complex political environment. Most recently, I have overseen U.S. policy in the Near East, dealing with the policy ramifications for the United States of the changes that have swept the Arab world in the past year. If confirmed by the Senate, I hope to use this experience to enhance our bilateral relationship with Tunisia, where the Arab Spring began just over a year ago.

The people of the United States and Tunisia share over 200 years of history, with rich cultural, economic, and security ties. Only 3 years after the United States declared our independence, we signed our first agreement of friendship and trade with Tunisia. In 1805, the Tunisian Ambassador to the United States became the first to have a Ramadan iftar celebration dinner with an American President. Since then, we have fought together against common enemies, pursued the goals of regional stability, and helped each other in times of need. The United States operated a robust economic assistance program in Tunisia from 1957 to 1994. And Tunisia has responded in our recent time of need, offering assistance to address the oil spill in the Gulf of Mexico in 2009.

Our historic bilateral relationship now has a new touchstone—the momentous events of the Arab Spring that began in Tunisia in December 2010. The Tunisian revolution captivated the international community and triggered the transformations now underway across the Middle East and North Africa. It has also marked the beginning of a new phase of bilateral and people-to-people cooperation between the United States and Tunisia. Tunisia is now leading the region into a new era of democratic transition and serving as a model for others to follow. The United States has an interest in seeing that this new democratic model succeeds in the region. In the words of Secretary Clinton, “we should do all we can to assist Tunisia in realizing a future of peace, progress, and opportunity.” If confirmed, I will do all that I can to help Tunisia succeed on this path.

As we know from our own Nation's history, building a democracy is difficult and time-consuming. That process is rarely without controversy, setbacks, and sometimes disappointment. But Tunisia's first steps deserve praise, particularly the Constituent Assembly elections in October 2011, which were the first truly democratic elections in that country in decades. In our engagement with the Tunisian Government we have seen their commitment to meeting the legitimate aspirations of the Tunisian people.

I share President Obama's assessment that it is incumbent upon us to support people and governments that have mustered the courage to stand up for their rights and take courageous steps toward democracy, despite the challenges and difficulties that lie ahead. Just as we supported Tunisia shortly after its independence in 1956,

now we have a chance to support Tunisia's efforts to achieve critical goals in this democratic transition, including accountable governance, economic growth, and security.

We have a number of tools at our disposal that will allow us to support their efforts. Shortly after the revolution, the Department of State marshaled a strong package of assistance for elections and capacity-building for civil society to advance the rule of law and promote freedom of expression. With these forms of assistance, we sought to support the Tunisian people's efforts to contribute to the national political debate and decisionmaking process and to play active, constructive roles in their country's political transformation. If confirmed, I will continue the work that we have already begun in these areas, drawing on the resources of the Middle East Partnership Initiative (MEPI) and the U.S. Agency for International Development.

The Tunisian revolution was not only about greater democratic freedoms, it was also about greater equality and opportunity in the economic life of the country. The people called for transparency, anticorruption, and the ability to improve their socio-economic standing through merit and hard work, rather than through connections and secrecy. We are sensitive to Tunisia's economic development needs, and we will do all we can to support them.

If confirmed, I would welcome the opportunity to utilize the authorities and tools of the entire U.S. Government to help Tunisia address these needs. As an economic officer in my 30-year Foreign Service career, I have gained experience to draw on in enhancing our bilateral economic partnership with Tunisia. I will work with the Departments of Commerce and Treasury to promote responsible, market-oriented reforms that will increase Tunisia's attractiveness as an investment destination and place the country on a solid macroeconomic foundation. I will work with the Overseas Private Investment Corporation to facilitate the entry of American businesses and products into the Tunisian market, and with the U.S. Trade Representative to maximize the utility of our bilateral Trade and Investment Framework Agreement and other trade facilitation tools.

Programs are also needed to address the demands of young Tunisians eager for even more academic exchange and English language training. Our Fulbright program, previously underutilized in Tunisia, is now in heavy demand. We also have other tools at our disposal as well, and I would welcome the opportunity to expand recently developed university linkages and community college partnerships to build the capacity of Tunisia's educational system to better prepare Tunisian students for the demands of the modern global economy.

A prosperous, democratic Middle Eastern country, in which citizens are free to apply honest effort toward achieving a higher standard of living, is an important symbol that the age of autocratic and opaque control of the political and economic environment in the Arab world is a thing of the past. It is therefore in our interest to work toward sustainable, inclusive, and free-market economic growth in Tunisia through a range of mechanisms.

If confirmed, I will also endeavor to promote Tunisia's increasing engagement with the international community and greater cooperation on our regional security and foreign policy goals. Tunisia has demonstrated that it shares our interest in peaceful and cooperative relations across the Middle East and North Africa region and, if confirmed, I will continue our efforts to help build Tunisia's capacity to continue to be a good neighbor. I will work with the Department of Defense to continue to support the Tunisian military's efforts to secure the country's borders, improve its strategic planning capacity, and develop whole-of-government approaches to the national security challenges that the Tunisians face.

Madam Chairman and members of the committee, in closing I would like to thank you again for allowing me to discuss ways that we might advance U.S. interests in Tunisia. I believe that we have the opportunity of a generation before us, and I am excited about this new opportunity to serve our country in the critical period ahead. If confirmed, I look forward to working with you, with the rest of the Senate Foreign Relations Committee, and with the Congress to continue to advance U.S. interests and promote our bilateral relationship with Tunisia. I would be pleased to answer any questions you may have.

Senator BOXER. Thank you so much.
Mr. Stevens.

**STATEMENT OF JOHN CHRISTOPHER STEVENS, OF
CALIFORNIA, TO BE AMBASSADOR TO LIBYA**

Mr. STEVENS. Madam Chairman, Ranking Member Lugar, and Senator Coons, thank you for the honor of appearing before you today.

I wish to thank the President for nominating me to serve as Ambassador to Libya and for the confidence that he and the Secretary have shown in me.

At your invitation, Madam Chairman, I would also like to acknowledge my mother, Mary Commanday, and my stepfather, Robert Commanday, who are visiting from the Bay area this week.

Senator BOXER. Oh, good. Will they stand for us, please? Welcome.

Mrs. COMMANDAY. Thank you very much.

Senator BOXER. How is it back there?

Mrs. COMMANDAY. We have been here all week. [Laughter.]

Senator BOXER. You have been here all week. I heard it rained quite a lot, but we need the rain.

Mrs. COMMANDAY. Chris grew up in Larkspur and San Anselmo.

Senator BOXER. No kidding? That is where I raised my children.

We'll continue this over a cup of tea after. Please proceed.

Mr. STEVENS. Thank you.

It has been a great privilege to be involved in U.S. policy toward Libya at different points over the past several years, as Ranking Member Lugar has noted. I first served in Tripoli in 2007 in a country that was firmly in the hands of an oppressive dictator.

Last March, I led a small team to Benghazi as the special envoy to the Transitional National Council. It was a time of great excitement as the Libyan people first experienced freedom. But it was also a time of significant trepidation for what might come next.

Should I be confirmed, it will be an extraordinary honor to represent the United States during this historic period of transition in Libya. Libyans face a significant challenge as they make the transition from an oppressive dictatorship to a stable and prosperous democracy.

Colonel Gaddafi deliberately weakened the country's institutions, banned even the most rudimentary of civil society organizations, and outlawed all electoral activity.

During his rule, corruption was rewarded, initiative discouraged, and independent thought suppressed. To change such a system will take some time and much effort.

Libya's new leaders must build democratic institutions from scratch, consolidate control over militias, ensure that all Libyans are represented and respected in the new government, and dispose of the country's oil wealth fairly and transparently.

Despite these difficult challenges, there are some signs of progress. The interim government is paying salaries and providing basic goods and services to the Libyan people. It is reconstituting government ministries, preparing for elections in June, and ensuring that Libyans throughout the country are represented by the new government.

Libya's oil production, which is important in stabilizing world oil prices, is expected to reach preconflict levels by the end of the year.

It is clearly in the United States interests to see Libya succeed as a stable and prosperous democracy.

Such an outcome would enhance our security and economic well-being. It would also serve as a powerful example to others in the region who are struggling to achieve their own democratic aspirations.

There is tremendous goodwill for the United States in Libya now. Libyans recognize the key role the United States played in building international support for their uprising against Gaddafi. I saw this gratitude frequently over the months I served in Benghazi.

If confirmed, I would hope to continue the excellent work of Ambassador Cretz and his team in assisting the Libyans with their transition and forging strong ties between United States and Libyan officials, business communities, students, and others.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Stevens follows:]

PREPARED STATEMENT OF JOHN CHRISTOPHER STEVENS

Madam 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 Libya, and for the confidence that he and the Secretary have shown in me.

It has been a great privilege to be involved in U.S. policy toward Libya at different points over the past several years. I first served in Tripoli in 2007, in a country firmly in the hands of an oppressive dictator. Last March I led a small team to Benghazi as the Special Envoy to the incipient Transitional National Council. It was a time of great excitement as the Libyan people first experienced freedom. But it was also a time of significant trepidation for what might come next. Should I be confirmed, it will be an extraordinary honor to represent the United States during this historic period of transition in Libya.

Libyans face significant challenges as they make the transition from an oppressive dictatorship to a stable and prosperous democracy. Colonel Qadhafi deliberately weakened the country's institutions, banned even the most rudimentary of civil society organizations, and outlawed all electoral activity. During his rule, corruption was rewarded, initiative discouraged, and independent thought suppressed. To change such a system will take some time and much effort. Libya's new leaders must build democratic institutions from scratch, consolidate control over militias, ensure that all Libyans are represented and respected in the new government, and dispose of the country's oil wealth fairly and transparently.

Despite these difficult challenges, there are already signs of progress. The interim government is paying salaries and providing basic goods and services to the Libyan people. It is reconstituting government ministries, preparing for elections in June, and ensuring that Libyans throughout the country are represented by the new government. Libya's oil production—which is important in stabilizing world oil prices—is expected to reach preconflict levels by the end of the year. Several polls have shown the interim leadership is still viewed favorably by the majority of the population.

It is clearly in the U.S. interest to see Libya become a stable and prosperous democracy. Such an outcome would enhance our security and economic well-being, through, for example, security cooperation in the region, steady oil and gas production, and opportunities for U.S. businesses as Libyans rebuild their country. It would also serve as a powerful example to others in the region who are struggling to achieve their own democratic aspirations.

There is tremendous goodwill for the United States in Libya now. Libyans recognize the key role the United States played in building international support for their uprising against Qadhafi. I saw this gratitude frequently over the months I served in Benghazi—from our engagements with the revolution's leadership to our early work with civil society and new media organizations. If confirmed, I would hope to continue the excellent work of Ambassador Cretz and his team in assisting the Libyans with their transition, and forging strong ties between U.S. and Libyan officials, business communities, students, and others.

As you know, the administration has proposed a modest package of technical assistance for Libya during the transition period. It is fair to ask why the United

States should provide any assistance at all to Libya, given the country's wealth. Libya's new leaders have often stated that the country intends to fund its own operations and reconstruction, and they are, in fact, already doing so, tapping their petroleum revenue and other assets of the previous regime.

It is in the U.S. interest to fund a limited number of activities that address immediate security and transition challenges. These U.S.-funded programs are aimed at: preventing weapons proliferation; providing advice to the interim government on elections and other transitional governance issues of immediate concern; and promoting a vibrant civil society. A limited investment in the immediate transition needs of Libya now will pay dividends for a lasting U.S.-Libya partnership in the years to come, and will help ensure that Libya contributes to regional stability and security.

Should I be confirmed, it would be a great honor to lead our Embassy in Tripoli in setting the foundations for a mutually beneficial relationship with a newly democratic Libya.

Thank you and I look forward to your questions.

Senator BOXER. Thank you so much.

The Honorable Carlos Pascual.

STATEMENT OF HON. CARLOS PASCUAL, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSISTANT SECRETARY OF STATE, ENERGY RESOURCES

Ambassador PASCUAL. Madam Chairman, Ranking Member Lugar, it is an honor to be here before you today as the President's nominee to be the first Assistant Secretary of State for the Bureau of Energy Resources.

I thank President Barack Obama and Secretary of State Hillary Rodham Clinton for their trust and confidence. I appreciate the opportunity to submit a longer version of this testimony for the record.

My 12-year-old boy wishes that he was here. He has a math test. But he asked me to send you a high-five and a fist bump for listening to his daddy.

Senator BOXER. That is cute.

Ambassador PASCUAL. The fact that this position of Assistant Secretary for Energy Resources has been created is a testimony to the leadership of the members of this committee, starting with legislation, Senator Lugar, that you introduced in 2006 to create a Coordinator for International Energy Affairs.

Senator Lugar, I remember well the opportunity I had to introduce you in December 2007 at the Brookings Institution, where you sketched a comprehensive global energy strategy, and through such bipartisan cooperation, our oil imports today are at their lowest levels since 1995.

Secretary Clinton built on these foundations in proposing to President Obama to create the Bureau of Energy Resources. The State Department's first Quadrennial Diplomacy and Development Review concluded that the effective management of energy resources is fundamental; fundamental to our national security and economic prosperity. It underscored as well the importance of diplomatic leadership.

The Department of Energy has unsurpassed technical capacity and deep relationships with energy ministries around the world. The Department of Commerce, together with OPIC, Ex-Im, and TDA, can help convert American energy expertise into business opportunities. USAID has the capacity to offer technical advice to bring energy services to deprived populations.

But by working with these agencies to create a strategic platform for our government, an Energy Resources Bureau can make more effective use of our resources to safeguard America's energy security.

The opportunity to be considered for this position is a high point of my career. While working on the former Soviet states as Ambassador to Ukraine, as Ambassador to Mexico, and as vice president of the Brookings Institution, energy security reverberated in my work. Across these experiences, this lesson became clear. Governments must set strong, market-based incentives for the development of energy resources. But the success of those policies depends on private investment and strong commercial relationships.

If confirmed in the position of Assistant Secretary for Energy Resources, I will make it my highest priority to draw on the expertise in government, the private sector, and the not-for-profit sector to inform an energy diplomacy strategy focused on America's energy security.

Hydrocarbons today make up 85 percent of the world's fossil fuel sources. We must use our diplomacy to ensure that access to oil, natural gas, and coal, but also to renewable energy is adequate, reliable, sustainable, affordable for the future.

Today's markets are global. And in today's world, energy producers and consumers are not adversaries. We both depend on stable markets to foster global economic growth.

Today, we see the importance of our energy diplomacy as we implement under the National Defense Authorization Act of 2012, which was spearheaded by this committee, sanctions to deny revenue to Iran's nuclear program. Iran has used every opportunity to threaten actions to disrupt oil markets. The best immediate counter to these threats is unrelenting engagement with producers and consumers to help facilitate market relationships that keep supply and demand in balance.

As the State Department's Coordinator for International Energy Affairs, I have traveled since January to Saudi Arabia, the United Arab Emirates, Libya, Iraq, Turkey, China, Nigeria, Angola, and Colombia, and conferred with our European allies. And we have engaged the world's main energy producers. They have reinforced to us that they will meet market demand as it arises.

With those who import Iranian crude oil, we have left no doubt about our seriousness of purpose. Today, Secretary Clinton announced that 11 countries—10 that had imported Iranian crude oil in the European Union, plus Japan—have significantly reduced their volumes of imports of Iranian crude oil. Their actions underscore the success of our policy in strictly enforcing the provisions of the NDAA as passed by the Congress.

If confirmed as Assistant Secretary for Energy Resources, I pledge to make the pursuit of good governance and transparency in the energy sector a central theme of the work that I do. The Cardin-Lugar amendment to the Dodd-Frank Wall Street Reform and Consumer Protection Act set a new standard for transparency in extractive industries, and I hope the regulations expected from the SEC reflect the clear intent of the law.

As this committee knows, the purpose of American foreign policy is to make our Nation prosperous and strong.

Energy diplomacy is one of our strongest tools to achieve the fundamental purpose of our foreign policy. I would welcome the opportunity to take on this challenge, if confirmed as Assistant Secretary for Energy Resources.

I look forward to your questions.

[The prepared statement of Ambassador Pascual follows:]

PREPARED STATEMENT OF AMBASSADOR CARLOS E. PASCUAL

Madam Chairman, Ranking Member Lugar, members of the committee, I am honored to appear before you today as the President's nominee to be the first Assistant Secretary of State for the Bureau of Energy Resources or "ENR." I thank President Barack Obama and Secretary of State Hillary Rodham Clinton for their trust and confidence. If confirmed by the United States Senate, I will bring to this position more than 25 years of practical experience in government and as a leader in one of the world's most respected think tanks—as well as an absolute dedication to my country.

The fact that this position of Assistant Secretary for Energy Resources has been created is a testimony to the vision and leadership of members of this committee, starting with legislation Senator Lugar introduced in 2006 to create in the State Department a "Coordinator for International Energy Affairs." Our Nation is indebted to Senator Lugar and this committee for keeping energy security at the forefront of American foreign policy. Senator Lugar, I remember well the opportunity I had to introduce you in December 2007 at a policy address at the Brookings Institution. There, you presented the Nation with a bold challenge to promote strong diplomacy, entrepreneurial innovation, and energy diversification as a platform for security. Through consistent bipartisan cooperation and the capabilities of the American private sector, today we see that U.S. oil imports have been falling since 2005. We have more oil and gas rigs operating in the United States today than the rest of the world combined. Our oil imports as a share of total consumption have declined from 57 percent in 2008 to 45 percent in 2011—the lowest level since 1995.

Secretary Clinton built on these foundations in proposing to President Obama to create the Bureau of Energy Resources. This Bureau emerged from the State Department's first Quadrennial Diplomacy and Development Review (QDDR). The QDDR's conclusions on energy were at the same time simple and profound: the effective management of global energy resources is fundamental to our national security and economic prosperity. Further, it became clear that diplomatic leadership in this area will strengthen American capacity to use our vast energy resources in government and the private sector to our national benefit. The Department of Energy has unsurpassed technical capacity in energy research and innovation and deep relationships with energy ministries around the world. The Department of Commerce, together with the Overseas Private Investment Corporation (OPIC), Export-Import Bank of the United States (EXIM), and the U.S. Trade and Development Agency (TDA), have the capacity to help convert American energy expertise into trade and investment opportunities. USAID has the capacity to bring technical advice to developing nations seeking to bring energy services to deprived populations. By working with other agencies advancing America's international energy interests to forge a coherent strategic platform that brings together these capabilities, the creation of an Energy Resources Bureau is a multiplying force. It can make our Nation stronger and more targeted in our ability to pursue our energy security goals.

The opportunity to be considered for this position is a high point in my career, where I have consistently seen energy issues reverberate in importance. From 1997 to 2004, I had the opportunity to work on the transition of the former Soviet states to economically independent and self-sufficient nations. The mismanagement of Soviet energy resources was one of the very factors that contributed to the collapse of the Soviet Union. Later, strong U.S. policies—particularly the development of multiple pipelines—reinforced the independence of the Caspian states. Internal reform of Ukraine's electric power sector in 2000 created the basis for investments that allowed Ukraine to close the Chernobyl nuclear power plant. Even in this decade, lack of transparency in commercial energy relationships has caused gas supply crises between Russia and Ukraine that have also shaken European markets. While serving as the Vice President of Brookings, I had the chance to learn of the dynamic interplay between energy markets and technological change from cochairing with Daniel Yergin a semiannual seminar on energy security. Across these experiences, this lesson became clear: governments must set strong market-based incentives for the development of energy resources, but the success of those policies will depend on private investment and strong commercial relationships.

If confirmed in the position of Assistant Secretary for Energy Resources, I will make it my highest priority to draw on the expertise in government, the private sector, and the not-for-profit sector to inform an energy diplomacy strategy focused on America's energy security. Hydrocarbons today make up 85 percent of the world's fuel sources. We must use our diplomacy to insure that access to oil, natural gas, and coal are adequate, reliable, and affordable. We must use our diplomacy to forge policies that make our energy future sustainable—both commercially and environmentally. To do this we must have strong and consistent relationships with energy producers—producers of all forms of energy in all parts of the world. Today's markets are global. And in today's world, energy producers and consumers are not adversaries. We both must understand that stable markets foster the best climate for global economic growth.

Today we see the importance of our energy diplomacy as we implement, under the National Defense Authorization Act of 2012, sanctions designed to deny Iran revenue from petroleum sales, which in turn fund Iran's illicit conduct. Iran now faces unprecedented and damaging sanctions applied by the United States and our partners around the world. Iran has used every opportunity to undermine our efforts by threatening actions to disrupt oil markets. The best immediate counter to these threats is unrelenting engagement with producers and consumers to help facilitate market relationships that keep supply and demand in balance. Such engagement has been central to my role as the State Department's Coordinator for International Energy Affairs. Since January, I have traveled to Saudi Arabia, the United Arab Emirates, Libya, Iraq, Turkey, China, Nigeria, Angola and Colombia—and conferred with European allies.

As we have engaged, the world's main energy producers have reacted in a similar and consistent way: they will meet market demand as it arises, because producers, like consumers, have an interest in economic growth that is linked to energy access. In Europe we have seen complete solidarity as they took action on January 23 to ban all new contracts for Iranian crude oil and phase out existing contracts by July 1. With those who import Iranian crude oil, we have left no doubt about our seriousness of purpose. We have seen a rise in oil prices as countries work out transitions from Iran to other suppliers. At any given time we will see production declines in parts of the world, as have occurred recently in South Sudan and Yemen. But the global relationships we are forging place us in a position of strength, as a leader in our goals toward Iran, and as a partner with other key producers in promoting stable energy markets at price levels consistent with economic recovery in the global economy.

We have also seen that improved stability and market incentives create opportunities. Libya has restored over 1 million barrels per day of production, a testimony to that country's desire to forge a new future. Iraq in 2011 increased its production of oil by nearly 300,000 barrels per day, and could realistically see another 500,000 barrels per day increase in 2012. Production prospects are strong from discoveries on the west coast of Africa, from the presalt fields in Brazil and of course here in the United States. In a global market of about 90 million barrels per day, there is not a magic bullet in achieving energy security. But the converse is also a strength—diversification in global production adds resiliency. And when diversification is combined with good business climates and market incentives for production, then we have a platform for efficient energy markets and sustainable economic growth. These goals will guide our energy diplomacy.

Our challenge as well is to look ahead, foster innovation and investment, assess changing markets and politics, and create business opportunities. In the United States we have experienced a natural gas revolution, due to technology and private investment. U.S. natural gas production grew in 2011—the largest year-over-year volumetric increase in history—and easily eclipsed the previous all-time production record set in 1973. We have learned valuable lessons to share on environmental safeguards, transparency, and regulation. Australia, Indonesia, Russia, Argentina, and Qatar just to name a few—have vast additional gas capacity that will come into the market in the coming 5 years. Increasingly gas is being traded as LNG, potentially changing the very structure of that market. One can envisage gas trading relationships not exclusively dominated by point-to-point pipelines that make consumers beholden to single suppliers. As a resurgent gas supplier, understanding this market will help us shape the rules—to make them transparent, predictable, and thus to our commercial benefit. These changes in global gas markets are fundamental to both our geopolitical and commercial interests, and to the effective conduct of American foreign policy.

Business opportunities abound as well in clean and renewable energy and energy efficiency. American companies are world leaders in wind, solar, hydro, power transmission, efficient generation, and smart grids. The scale of this market is huge. The

International Energy Agency estimates that from 2011 to 2035, the world will see \$5.9 trillion in new investments in hydroelectric and other renewable power, \$2.8 trillion in coal, gas and oil-fired plants, and \$1.1 trillion in nuclear power. This shift to renewable power is market driven, and unprecedented in the world's economic history. It is big business. Fostering market environments to compete in these fields is good for energy security, and it will generate export markets and American jobs in a field where we are commercial leaders.

This changing face of global electric power also requires us to change the lens through which we see energy and economic development. Access to energy is the strongest driver of economic growth. To achieve universal access to energy by 2030, developing nations need to invest hundreds of billions of dollars in power infrastructure, but that is just 2.5 percent of global private investments in power. The challenge will be making strategic use of limited public resources to attract private capital to the markets of developing economies. Already, many poor people pay more for diesel-generated power than we do. The key to change is to create viable business models that bring efficient and reliable power to the poor, to foster their growth, to make it possible to educate their children, and to bring greater stability to where they live.

If confirmed as Assistant Secretary for Energy Resources, I pledge to make the pursuit of good governance and transparency in the energy sector a central theme for the Energy Resources Bureau. The Cardin-Lugar amendment to the Dodd-Frank Wall Street Reform and Consumer Protection Act set a new standard for transparency in extractive industries, and I hope the regulations expected from the SEC reflect the clear intent of the law. This effort compliments other efforts the State Department already undertakes, including strong engagement on the Extractive Industries Transparency Initiative, and a technical assistance program called the Energy Governance and Capacity Initiative, which provides advice and assistance to countries with emerging oil and gas industries, to help those countries manage their resources and revenues responsibly. Good governance and transparency will in the end help ensure that resources are used wisely, to the benefit of all citizens. That is good for economic growth, stability, and our foreign policy interests.

As this committee well knows, the purpose of American foreign policy is to make our nation prosperous and secure. We have learned that in an interconnected world, we advance our security and prosperity when our friends and allies advance with us. Energy diplomacy is one of our strongest tools to achieve the fundamental purpose of our foreign policy. With the wise stewardship of resources, and by fostering private innovation and investment to expand energy access, we can ensure that the world's energy resources become a sustained driver of growth and stability. I would welcome the opportunity to take on this challenge if confirmed as Assistant Secretary for Energy Resources.

I look forward to your questions.

Senator BOXER. Thank you.

I wanted us to talk about energy because I picked up on some of Senator Lugar's comments. He and I agree on a lot, but we don't agree on everything, and that is an area where I just see the world quite differently. And it makes your job, Mr. Pascual, very interesting.

But Senator Lugar talked about protecting Americans from oil price spikes, and I couldn't agree with him more. That is where we agree. We want to protect Americans from these spikes at the pump because it hurts, and it hurts us as we are getting on with our economic recovery.

And my view is I look at the oil companies. They are the ones who are raising the prices. So I want to know why are they raising the prices? Are they doing badly? Do they need to make sure they can maintain?

Well, you look at it. The five big oil companies' profits went up 75 percent last year. And instead of thanking America for it, they don't. They push up the cost of a gallon of gas, week after week, week after week, week after week.

And this is before any troubles were brewing in the Middle East, brewing worse troubles in Iran. And now, of course, you add that,

and you have got a lot of speculators on Wall Street that are pushing up the futures. So I would just say in order to protect American consumers, we should press the oil companies to not punish the American public as they make record profits, No. 1. And No. 2, we should use the power that Congress gave the CFTC to protect, make sure we don't see more of the speculating.

Now I think the other problem is, as we have seen these prices go up, we have seen petroleum exports from America go up by 67 percent over what period was that? Since 2009. We are exporting American-made petroleum, and we ought to keep it here.

Now we are importing less. And Ambassador Pascual, you are right. We are importing less, and why? One reason is fuel-efficient cars. Thanks to President Obama and bipartisan leadership in Congress, we are using fuel-efficient cars. That is really helping us. And moving toward electric, hybrid, and all the rest.

Less demand. That is good. So less demand for imports. But if we could keep some of the American-grown oil here, we would have even less, fewer imports.

So I am not going to ask you anything about what I just said because it is way too political and it is not in your portfolio. But I do want to ask you a question that I think is in your portfolio, Mr. Ambassador.

We are trying to move toward alternatives to imported oil. Advanced biofuels like cellulosic fuel, algae, I see a lot of it in our State, Mr. Stevens, and we are making progress. And I see us as an exporter of these technologies.

Do you, as you look at your portfolio and how it looks at this, can you talk to us about the potential for America to be the leader on these alternative fuels? Because the whole world is thrown off kilter when there are these problems in the Middle East and so on.

Mr. Ambassador.

Ambassador PASCUAL. Madam Chairman, thank you for raising that issue, and it is absolutely essential that we have a balanced portfolio of energy resources that we look at when we look at the world economy.

On biofuels, the United States is largest producer of biofuels. We are the largest exporter of biofuels right now. We are one of the leading researchers in new technologies in biofuels.

Interestingly, today, we are exporting biofuels to Brazil, which is an interesting dynamic that has occurred in the relationship. We have a particularly strong relationship with Brazil on the development of biofuels. As a result of our work together with Brazil, we have been undertaking joint research projects in Central America and in parts of Africa.

We have worked together in the context of the Global Biofuels Energy Partnership, which is a broader international organization that has created standards on the development of biofuels so that in the process of developing them, we can assure that they are done in a way that is economically sound, socially sound, and environmentally sound. And that many of the questions that have been raised in the past and the tradeoffs between biofuels and food production don't have to become an argument for the future because we have clarity in the way that these issues are assessed and developed.

The critical thing here is that a market in biofuels is developing internationally. We are a leader in this field. I would just only underscore as well the importance of the United States being a leader in other forms of renewable technologies—in wind and solar and transmission and smart grids.

And in particular, in the area of smart grids and information technology, increasingly, the world is going to have to adopt these technologies to make the best possible use of the energy sources that are available to them. And this isn't just a question of an environmental issue. The environmental part is important, but the export of American products and goods and services and the creation of jobs in this wide-open field is one where we have a competitive advantage.

Senator BOXER. Well, Mr. Ambassador, I really thank you for your terrific response because I see this as a great growth sector for America, these clean energy alternatives. Because, again, the whole world suffers when there is instability in the Middle East, and this would be a great role for us.

I want to talk about Tunisia for a minute. Well, I want to talk about the role of religion and politics not just in America, but in Tunisia. That is a joke.

Anyway, on one side are the Salafists, who adhere to a strict interpretation of Islam, are calling for a much more significant role for religion in the country's political system. On the other side are those who very much want to maintain Tunisia's historically secular political system.

According to the Agence France Presse, just today thousands of Tunisians marched in the capital city of Tunis, holding banners saying, "Leave my Tunisia free" and "Separation of religion and state."

Mr. Walles, do you expect to see these protests grow in size and scope? Are you concerned that both sides could pull further apart and present significant challenges for this emerging democracy?

Mr. WALLEES. Thank you, Senator Boxer, for the question.

I think, as I look at what has happened in Tunisia, they were the first country to experience a revolution in the Arab Spring, and they have been going through a process, first of having elections. Now they are in the process of drafting a constitution.

What happened in Tunisia is for 30 years, there was a repressive regime that pretty much suppressed any free political discourse, and that lid has now been lifted. And there is this discussion going on in Tunisia about these very issues.

As they draft a constitution, they have to go through a process of deciding what form of government do they want? Do they want a parliamentary system or Presidential system, or a mixture of that? And what is the relationship between religion and the state?

And as you said, there are extremes on both sides here, and we have seen some extremist statements from the Salafists in particular, but the fact of the matter is that most of the political discourse and the discussion has been within what is the proper bounds of a political discussion there.

And the election that they had, the party that got the most votes was the al-Nahda Party, which is a moderate Islamist party, as you described them. But they decided to go into a coalition government

with two other parties, both secular parties, one from the center, one from the left. So there is a fairly broad range of views within the government.

And each of the parties in the government have talked about the need to work together and to compromise and to look for ways to develop a consensus on how you would deal with these issues. So while there are extreme voices, the bulk of the Tunisian population is represented by these parties in the government that are looking for ways to work together.

You mentioned also the rights of women, which is an area where Tunisia has led the Arab world. They have some of the strongest protections for the rights of women in their constitution and in their penal code. And there have been voices as well, calling for that to be rolled back, but we have also seen from within the government, and including in the Islamist al-Nahda Party, talking about the need to maintain those protections.

So there is a lot of discussion going on, a lot of turmoil about the way forward. They are going to have to find Tunisian solutions to these problems.

But as we have approached the Arab Spring, whether it is in Tunisia or elsewhere, we have always emphasized the importance of universal values—protection of the rights of minorities, protection of the rights of women, free speech, freedom of association, freedom of religion. That is a touchstone for our approach across the Arab Spring, and I think that also needs to be the focus of our approach in Tunisia as well.

Senator BOXER. Thank you very much.

I will hold my question for you, Mr. Stevens, until my second round and call on Senator Lugar.

Senator LUGAR. Well, thank you very much, Madam Chairman.

Just to indicate our degree of accord, I would point out that I have been driving a Prius for the last 6 years. [Laughter.]

Senator BOXER. Me, too.

Senator LUGAR. There we go. So you can understand the bipartisan outlook we have on these things.

I would say, beyond that, as a corn farmer, I have been promoting corn ethanol for the last 15 years, and this has become a very prominent part of the biofuels. I appreciate there are all sorts of debates about corn ethanol, but nevertheless, it has displaced maybe 9 percent of the oil usage that we have in this country, and I hope it will do more.

Let me just say in the Ag Committee, we take up regularly the CFTC, the Commodity Futures Trading Commission, and this deals with the question of so-called speculations. Others would just say price finding. But the dilemma illustrated by the oil price controlled by the CFTC and so forth is that there is great fear throughout the world, not just in our country, that the supplies transited through the Strait of Hormuz are likely to be affected by problems in Iran or elsewhere. Therefore, with both these possible severe disruptions of supply and the view of many that the Saudis alone have a reserve capable of addressing a significant supply decrease in mind, we are in a precarious predicament in which there could be a huge spike in price of gasoline in a short period of time, given the foreign policy questions we are discussing today.

Which gets us back to, Ambassador Pascual, the fact that essentially these are questions of the security of our country, but they have a high content of diplomacy that we believe belongs in the State Department at the highest levels. And in testimony before this committee during the duration of time I have served, we have had one hearing after another in which it was recalled that Franklin Roosevelt and the Saudi monarchs came to some sort of implicit agreement that we in the United States needed oil.

They needed also our friendship and, if not, protection. And attempting to maintain this over the years, of course, has brought us into the Middle East in many ways, and we have expended hundreds of billions of dollars over the course of the years even in times of relative peace in the region just to keep clearing the path and to making certain that our naval power was sufficient.

So these are diplomatic considerations that are closely intertwined with our national defense, that I think these issues affect all of us. What I simply want to ask you, Ambassador Pascual, is that given the precarious nature of the oil situation, as we look at it presently and as reflected in prices at the pump or any other indicator, what are the provisions that our country can make?

One of them, obviously, is to use less, conserve and, therefore, do those things which we can in our buildings, quite apart from our cars and transportation systems and every other way that we use fossil fuels or any other sort of fuel.

We can, obviously, as the chairman has suggested, push very hard for biofuel substitution for almost anything else that might be there. And we have made great progress.

Indeed, the 59 percent of the oil we were importing maybe a couple of years ago is down to 50 percent. That is significant. That is 50 percent, and it gets to the guts of how our whole economy works at this point, given our international responsibilities.

So can you outline for us, at least in the work you have been doing already, prior to assumption of this new position and confirmable situation, how the State Department looks at this overall picture now of the prices that are clearly rising because of fears and the reality that there is very little reserve left anywhere in the world we could call upon?

Ambassador PASCUAL. Senator, thank you very much.

This is an issue of great interest to the American people, and it is of great concern to Secretary Clinton, to the President, and certainly to members of this committee.

One of the things that we have to recognize is in this period where there have been rising energy prices and some degree of speculation in the market, as you and Madam Chairman have both indicated, Iran has tried to use that opportunity in every possible way to talk up the potential risk and push prices up. We have to recognize that that is its intent.

At the same time, the best way to counter that is to be able to look at all the possible energy sources that we have, as both of you have indicated, to have diversification in our energy strategy and policies.

In the United States today, we now have more oil and gas rigs operating than the rest of the world combined. We have significantly increased our production of oil. We have significantly in-

creased our production of natural gas as well, which is another very important issue to be able to get back into.

If we look at the situation internationally, there is no magic bullet that one can use and say that this is going to resolve the world's energy problems. But it underscores the importance of having a broad and diversified strategy, and that is one of the reasons why in my job over the past months, I have been so busily engaged, for example, in going to the Middle East and engaging with Saudi Arabia and Kuwait and the United Arab Emirates.

And in those discussions, it has been interesting to the extent to which those countries have been reinforcing that they will respond to market demand. And indeed, even yesterday, there was an extraordinary meeting of the Saudi cabinet of ministers at the end of which they said the kingdom will work individually and in cooperation and coordination with the GCC and other producers inside and outside OPEC to ensure adequate oil supply, stabilize oil markets, and bring down oil prices to reasonable levels.

It is an indication of the changing environment that we have today where producers and consumers have to have shared interests. It is why in visits to Iraq, for example, we have been working with them not only over the past year to help them increase their production by 300,000 barrels a day, but looking ahead, developing a strategy and a framework and a relationship in which we can help them secure their plans of producing another 500,000.

My colleague to my right already indicated in Libya the significant recovery that we have seen to 1.4 million barrels a day and the potential of reaching higher levels by the end of the year. There are a number of other countries that are critical to engage in. In our own hemisphere, Colombia, Brazil, Canada, I would just underscore as significant countries and contributors to world energy markets.

And the point of this is, is that this issue is not simply resolved by talking to one country, but by dealing with many countries in a concerted and strategic way. But at the same time, undertaking the kinds of actions that you and Senator Boxer have indicated of reducing our own consumption, ensuring that we have energy efficiency and fuel efficiency measures to be able to reduce the demand in the United States.

Senator LUGAR. I thank you very much.

Thank you, Madam Chairman.

Senator BOXER. Thank you so much, Senator.

Senator Menendez.

Senator MENENDEZ. Thank you, Madam Chair.

Ambassador Pascual, let me ask you—well, before I do, let me just say I spoke to Secretary Clinton earlier today when she informed me of the exemption of the sanctions to the 10 European Union countries and Japan because of those nations' significant reductions in petroleum purchases from Iran. And as the author of the sanctions, I support the Secretary's decision and applaud the action of our friends and allies in the European Union and Japan for their forthright and expedient action.

And I think it sends a very clear message to others in the world about what they will need to do to offset their purchases of Iranian oil and, hopefully, create stability in the oil markets.

That, plus the swift determination on Saturday, which is the financial messaging service provider cutting off services to the Central Bank of Iran and 30 designated Iranian banks that are on our list, is having a real impact. And that impact can be seen through Iran's currency plummeting as well as Iran's oil shipments in February falling to a 10-year low. This is exactly what we were trying to achieve.

So that is the good news. The rest of what I want to get a sense of, since you will be in a key position based on how we wrote the law, is how do you define significant reduction and what level of reduction predicated your decision to recommend—I assume you were part of this process—to recommend the EU and Japan be exempted from sanctions today?

Ambassador PASCUAL. Senator, thank you very much. Thank you for your leadership in passing the legislation. Thank you for your very encouraging statement.

I think that you hit on the key word in your statement about how to think about the issue of significant reduction, which is encouragement, example to others. Japan was a model, a model in the sense of a country that went through the tragedy of Fukushima, and at the same time, it worked to build the national consensus within its political system to underscore the fact that the threat of Iran was so great that it was necessary to continue to reduce their imports of Iranian crude.

If Japan was able to do what it did over a course of 4 years, but in particular in the second half of last year, drastically reducing its imports of Iranian crude oil, that should be an example to others that they could potentially do more.

The European Union was another important example in which they have essentially ended new purchases, new contracts for Iranian crude oil, and are phasing out contracts, existing contracts by July 1. In other words, they are going to zero. The European Union did that for its own reasons, and we applaud the rationale.

If we had been involved with a country in the negotiation and had preemptively or ahead of time taken a position on a specific percentage, we might have actually prescribed a percentage that was less than what that country was willing to do. And so, I think, going back to your words, example, encouragement, example to others.

Here are two examples of what one country and a set of 10 countries, the European Union as a whole, have done. And what we are looking for is for countries to come to us and tell us if they believe that they should be in that category that deserves an exemption. What are the kinds of significant reductions that they are willing to pursue?

And to engage in a dialogue on that basis in order to be able to exact what we want through this legislation and I believe was your intent, which was to deny export markets to Iran.

Senator MENENDEZ. Well, let me explore this a little bit more with you. I appreciate your answer, but am not suggesting that you have a numerical number in mind.

But obviously, from the European Union, which is going to be zero, to Japan, which is about, what, 30-percent reduction or a 25-percent reduction?

Ambassador PASCUAL. The Japanese reduction, the current reduction is one that is privileged commercial information. But what is publicly available is that over the last half of last year, depending on the data source, that seasonally adjusted, they reduced between 15 and 22 percent.

Senator MENENDEZ. OK. So it seems to me that if the Japanese, with everything that they faced with the tsunami, the knocking out of their nuclear power, could in this time period do what they did that that would be, in my mind, the low mark for other nations who want to achieve the avoidance of sanctions. Would you agree with that?

Ambassador PASCUAL. I think, Senator, that we want to continue to press for other countries to use these as examples and be able to present the best case that they can if they believe that they should be considered.

I think that there are factors that we are going to have to take into account, including the percentage of their imports that come from Iran, the impact that they would have on their national economy, the kind of alternatives that they might have in the near term to seek other supplies. And on the basis of that, believe what is the best possible case that we can be able to work out with these individual countries.

Senator MENENDEZ. Have you already made any determination about which countries' sanctions will and won't apply at this point?

Ambassador PASCUAL. No, sir.

Senator MENENDEZ. Beyond today's announcement?

Ambassador PASCUAL. The determinations—the only determinations that have been made are the two that were announced by the Secretary of State today, the 10 European countries and Japan.

Senator MENENDEZ. What countries are you most concerned about in the context of reducing purchases of petroleum from Iran at this point?

Ambassador PASCUAL. Sir, there are 23 countries that have imported crude oil from Iran. Eleven of them were covered today. Of the remaining 12, I think there is public information on the overall levels of how much those countries are importing.

I would rather not go into the question of concern because what we would really like to see is those countries coming to us in a way that is open and engaging and shows a coincidence with the United States and our other partners that we all have a concern for reducing revenue to Iran and being able to negotiate and work out with them the best possible circumstance to reduce their imports.

Senator MENENDEZ. Well, let me just say that as much as I was complimentary, I think that what was done today was probably the easy part, to some degree, in terms of determining these countries. And we applaud them.

But the next tranche is going to be a lot more difficult. And so, the standards that are set as you move toward the next tranche of countries that on the list that are not in the universe that was exempted today is going to be incredibly important. We are going to be looking to engage with you to get a sense of the outline of what is an exemption at the end of the day because that is going to set the standard.

And of course, and I will close on this and wait for the second round, as the Secretary herself said, when she was before the full committee, and I asked her if she expected that significant reduction was every 180 days? And her answer was "yes."

So, how we start off is incredibly important in that regard.

Senator BOXER. Thank you, Senator.

Just we have a vote at 4 p.m., do we not? OK. So we are going to try to complete this, but I think we will have time for a second round.

Yes, Senator.

Senator RISCH. Yes, Madam Chairman, I will yield back to you for the second round.

Senator BOXER. Are you sure?

Senator RISCH. Positive.

Senator BOXER. OK. I want to ask a question about Libya. And thank you for taking on this challenge. This is not an easy time to go over there. I am just very proud that you have accepted this challenge.

As one who backed the decision to engage in the U.N. no-fly zone, obviously, there is much to be proud of—the successful overthrow of Gaddafi and watching the Libyan people try to build a new government, a civil society from the ground up.

But I want to ask you about something troubling—the militias that refuse to disarm. Today, there may be up to 200,000 fighters in Libya who are refusing to lay down their arms despite pleas from the highest levels of the transitional Libyan Government.

What plans has the Libyan Government outlined to demobilize militia groups? What steps has it actively taken to implement those plans? What assistance has the U.S. Government offered? And just overall, are you concerned that armed militias could play an intimidating role in the runup to the planned elections in June?

Mr. STEVENS. Thank you, Madam Chairman, for your kind remarks and for your question.

This is probably the most serious question that Libyan authorities face right now, the issue of disarming and demobilizing and reintegrating the militias into Libyan civilian life. As you said, there are thousands and thousands of militia members scattered around the country and based in the capital and Benghazi as well.

The Libyan authorities are grappling with this issue as we speak. In fact, they already began some months ago in the final days of the revolution. And the plans that they have put together have a goal of incorporating some of them into the security forces, be they the police or the military, and some of them into civilian life, hopefully, the private sector or perhaps other civilian government jobs.

In terms of the steps they have taken, they have coalesced around more than one plan. I have to say it is not as organized as one might like it to be. But the steps that they are following involve, first of all, registering the names and personal data of the militia members, and they have made quite a bit of progress on this. Long lists of these people, who they are, where they are from, what skills they have, and where they would like to fit into Libyan society. So this is the first step.

And then, beyond that—

Senator BOXER. So, if I can interrupt? So they want to re-integrate them? Because that is important. Remember in Iraq what happened? Said no more Baath Party members of the militia, and they just turned them all away, and that started a whole what I would say "civil war."

So that is very interesting. Thank you for that information. Continue.

Mr. STEVENS. They are very mindful of the Iraq experience, and in fact, some of them use the phrase "debaathification" as something that they would want to avoid. So just to finish this thought, the next step would be to actually hire portions of them into the security services and the military and then direct others into the civilian areas of life, including training.

Now what are we doing about this? Well, the U.N. is taking the lead role in organizing the international effort to help in many of these areas, and one of them is providing advice and assistance based on other experiences that countries like ourselves and the EU members have had around the world with similar situations.

And so, we and the EU and other countries are working with the U.N. to provide assistance in this area, mainly in the form of advice.

Senator BOXER. Thank you.

I am just going to give back the rest of my time and call on Senator Lugar.

Senator LUGAR. Thank you, Madam Chairman.

Mr. Walles, Tunisia essentially has not been overlooked by all the drama going on elsewhere, but there has been an assumption that democracy and democratic institutions have made substantial progress. In your opening statement, you illustrated ways that that is so.

What I am curious about is what the benchmarks for knowing that, as a matter of fact, these institutions have taken hold? It was a surprise perhaps to many Americans to begin with that the Arab Spring began in Tunisia, as this would not have seemed to have been the logical focal point. But nevertheless, it did occur, and as the chairman has pointed out, some unusual people were elected in the legislative process.

What I wonder is just as further observation, many of the people most celebrated in the Arab Spring were young people demonstrating in the squares, using Twitter and other forms of social media. But what seems to have followed is a reimposition of older people, whether they be religious leaders or elderly politicians who were not with the previous government. And the young people do not seem to be playing an increasingly significant role.

Are we likely to see, therefore, a resumption again someday of people who feel that they are not getting the fulfillment in terms of jobs and their lives because even though there has been a change of regime and supposedly more democracy and human rights and so forth, somehow or other, they are still coming out on the short end of it?

Mr. WALLEES. Thank you, Senator Lugar, for the question.

You know, I have been working the past year on Egypt and a number of other countries that have been going through this. Each

of these countries is a little bit different, and the circumstances in each country are different as they proceed.

Tunisia went first, as we noted earlier. And they have had their election of a constituent assembly. They are now in the process of drafting a constitution. The constitution, I think, will be an important benchmark because they are going to have to grapple with a lot of difficult issues, including the relation between religion and the state, the role of women, things like that.

So that is an important thing that we need to watch out for. Once they have a constitution, they will then elect a parliament, a permanent parliament. Right now, it is just a constituent assembly, and then they will also elect a President. And so, that is another benchmark as well.

In Tunisia, as elsewhere in the Middle East, young people played an important role in the revolution. I think they will have to play an important role in the progress to democracy as well.

There were a lot of reasons why the revolution took place in Tunisia, why this started in Tunisia, but economic pressure was an important thing. There is a very high unemployment rate in Tunisia now, particularly among young people. The unemployment rate for young people is about 30 percent.

And particularly in the interior areas, which are much more disadvantaged, there is a very high rate of disaffection among youth. So that is an area that they are going to have to look at as well. So it is not just about building these institutions and the building blocks of the political process. It is also about building the economic underpinning for that so they can be a prosperous country as well.

Those are areas that we are going to look to. We have been supporting. And if confirmed, those are things that I would be looking at as well.

Senator LUGAR. Thank you very much.

I will yield my time to others.

Senator BOXER. Thank you.

We are going to go Senator Menendez, Senator Risch, Senator Udall.

Senator MENENDEZ. Thank you, Madam Chair.

Ambassador Pascual, just two final questions. There are energy analysts that are projecting that Iran's oil exports will fall by as much as 50 percent in the coming months, meaning that Iran might lose the capacity to export between 800,000 to 1 million barrels per day of oil. Is that estimate one that you share, or do you have a different one?

Ambassador PASCUAL. If one looks at the commitments made by the European Union to eliminate their imports of Iranian crude oil, if we look at reductions made by Japan, if we look at other statements that other countries have made, while it is difficult to predict an exact number, that is in the ballpark of what countries have been saying that they are going to reduce in Iranian crude imports.

Senator MENENDEZ. On a slightly different topic, the Spanish company Repsol has begun to drill in Cuban waters, despite the fact that Cuba is clearly incapable of mitigating a leak that would harm U.S. interests in the Caribbean. Does your office have a role

in this project? Have you had conversations with Repsol on their drilling in Cuba?

Ambassador PASCUAL. No, sir. My office does not have a role in this. I have not had conversations with Repsol about this issue. We have discussed issues with Repsol, particularly to their imports of Iranian crude oil, which they have actually now brought to zero.

Senator MENENDEZ. OK. And finally, Mr. Stevens, I have the families of 32 of 189 Americans who died on Pan Am Flight 103. And as someone who has been supportive of our efforts in Libya, but I also believe it is very important, as I told the Prime Minister when he visited the committee, that in order for Libya to be able to move forward in its future, it must reconcile events of the past.

And there are still many of these families who believe that justice has not been achieved for them. And while their loved ones can never be replaced, a sense of justice is desired and is ripe.

So my question is have you met or will you meet with the Department of Justice about their open Pan Am case before departing for Tripoli? And is it your understanding of U.S. policy to continue to actively pursue information about the bombing and other terror attacks orchestrated by the Gaddafi regime against U.S. citizens?

Mr. STEVENS. Thank you, Senator.

The Pan Am 103 bombing was a horrific act and one that we cannot forget, and I certainly will keep on my mind when I go to Libya, if I am confirmed.

I do plan to meet with the Justice Department officials in the coming days and weeks to discuss their case, which I understand is ongoing, and I am referring to the criminal case. And we have, as you know, raised this issue with the interim Libyan authorities, including during the visit of the Prime Minister of Libya a week or so ago when you met with him.

So, Senator, absolutely, that would be on the top of my list of issues—

Senator MENENDEZ. So you will visit with Justice before going to Tripoli?

Mr. STEVENS. Absolutely.

Senator MENENDEZ I appreciate you say you will keep it on the top of your mind. I would like it to be one of your priority items in your agenda.

Mr. STEVENS. It certainly would be, sir, if I am confirmed.

Senator MENENDEZ. Thank you very much.

Thank you, Madam Chairman.

Senator BOXER. Thank you.

Senator Risch.

Senator RISCH. Briefly, we are going to vote in a minute. So I want Senator Udall to have a chance. But I just have one question on the import reductions.

I understand that this information is I don't know whether it is classified or what you call it. But when are we going to get numbers on this? How can we make a judgment on this without having actual numbers of what the cutback is going to be?

Ambassador PASCUAL. Actual data on performance by countries usually is a couple of months in time lag. What we have seen already from the European Union is that they have taken legally

binding measures that they cannot execute new contracts. That is happening already right now.

As a result of that, they are not putting in place any additional supplies in the supply lines. They have committed to completely phase out or end existing contracts by July 1.

We have been in regular contact with the European Union to determine if that has been the case, and indeed, we have seen from the European Union continued phase-down of all of those contracts. We have also seen, anecdotally, that as a result of the measures that have been put in place on prohibitions on finance and on insurance, especially for ships and for tankers, that many countries have simply not been able to import Iranian crude because they can't get ships.

All of these things have actually accelerated the process of implementation. We are continually analyzing what the implications might be in terms of the numbers of volumes. But we, unfortunately, don't actually see that reflected in the data coming out of countries for a 1-to-2-month time lag.

Senator RISCH. How about the Japanese? You spoke of the European Union.

Ambassador PASCUAL. The Japanese, as I mentioned, going forward, the information that they have provided us is commercially privileged because of the contracts that are involved. But what is public is what the import trends have been over the last 6 months of 2011.

And from that, we have looked at different sources of data, including the International Energy Association, our own domestic data on actual ship movements, and depending on the data source, when you look at seasonally adjusted data, they have reduced imports in the range of 15 to 22 percent.

Senator RISCH. What is your level of confidence in that estimate?

Ambassador PASCUAL. It is extraordinarily high. It is corroborated by every type of data source, both what is coming out of the country by their customs data as well as shipping data, which is based on commercially available information on ship movements, liftings, and unloadings.

Senator RISCH. Thank you, Madam Chairman.

I want Senator Udall to have a chance. So I yield my time.

Senator BOXER. Senator Risch, thank you. And thank you for pressing on that. I think that was very helpful.

Senator Udall, welcome.

Senator UDALL. Thank you, Chairman Boxer.

Good to be with you all today.

Mr. Stevens, one of the programs that Gaddafi left behind was a huge water project known as the Great Manmade River. The goal of this project was to bring water to arid regions of the country and improve the agricultural capabilities of the country. What is the current status of this project?

I know issues have been raised in terms of sustainability and whether this was a good project or not. Is the United States supporting the project? What are you doing in terms of environmental review if you are going to work to move it forward?

Mr. STEVENS. Thank you for the question, Senator.

The Great Manmade River Project, of course, is one of Gaddafi's legacies. It was actually begun before he came to power and got its start during oil exploration by an American company that stumbled on some water out in the desert in southern Libya.

Since then, it has provided a good portion, if not the majority of Libya's water supply. Critics say that it is expensive and that it is a waste, that they are trying to grow agriculture in areas which they shouldn't. People on the other side say, well, it is a resource they have, and why shouldn't they use it?

During my time in Benghazi during the revolution, it largely continued to work unaffected. There was a brief interruption at one point, but they since made the repairs that were necessary, and now it continues to provide significant water to Libyans, both to cities and to farmers.

We are not providing any sort of assistance at all to this project. It is strictly funded by the Libyan Government, and they are using foreign contractors from Korea and Turkey and other places to help them.

Senator UDALL. Thank you.

Ambassador Pascual, one of the issues, and I know you have heard about it some here from various questions that have come at you, but is the gas prices and how they are getting out of hand and how people back home in New Mexico and California and Indiana, all places across the country, people, you know, why at this particular time are they spiking?

And I am wondering what, from your standpoint and what would you do as Assistant Secretary to improve the energy security of the United States, and what should be the short and long-term priorities to increase energy stability internationally?

Ambassador PASCUAL. Senator, thank you very much.

We had had an opportunity to discuss it, and I think you put it in exactly the right terms of energy security for the United States because that is, indeed, what the American people are looking for.

One of the things that we have underscored throughout this discussion is that there is no single answer, but it needs a diversified strategy. That diversified strategy has to include what we are doing at home, including the measures and the steps that we have pursued to increase production, where we have had significant increases in our productions of both oil and gas over the past 5 years.

It has been important to reduce our consumption and the kinds of fuel efficiency and other efficiency measures that we put in place in the United States that have cut consumption.

On the international side, one of the things that we have done and in my position as Coordinator for International Energy Affairs that we have been seeking to do is to engage all major producers and partners to understand what the prospects are for their production, to understand where there are potential bottlenecks where we can work together, to engage with energy companies to understand where we might be able to resolve issues that allow them to increase their investment and increase their productive capabilities.

We have spent time working with countries in the Middle East, and we have had consistent assurances that they will now respond to market demand. I mentioned yesterday an extraordinary meet-

ing of the Saudi Cabinet that resulted in a conclusion that they will continue to produce supplies that will actually seek to balance out prices on the international market.

And we have to recognize in the context of this that one of the things that Iran will do is do everything possible to talk up insecurity and risk and making statements such as cutting off the Strait of Hormuz. And when things like that happen, it creates speculation in the futures markets as well.

And so, it is critical to continue on this all-out front to provide a sense and perception, but also the reality that supplies can be available and to do that—and by doing that to be able to counter the other factors related to the risk and speculation which could be in the marketplace.

Senator UDALL. OK. Thank you.

And one final question for Mr. Wallis. The former President Ben Ali was known to use the domestic security services to repress dissent in the country. Furthermore, it is believed that the security services outnumbered the military considerably, with nearly 200,000 members.

How is the new government dealing with the remnants of the domestic security services, and what will the United States do to help improve the human rights situation in Tunisia to ensure a similar organization is not formed by future governments?

Mr. WALLIS. Thank you, Senator, for the question.

You are correct that in the past under the Ben Ali regime, the internal security forces were an instrument of repression on the population. That is no longer the case, although these security forces continue to exist. And this is a priority issue for the new government in terms of how they would reform these security forces.

Many of the members of the current government, including the ministers, were imprisoned under Ben Ali or they were exiled during that period. So they have firsthand experience with this repression. So they are not, by any means, prepared to continue that sort of thing.

But in order to make sure it doesn't happen again, they are going to have to reform the security forces so they are not an instrument of repression. They are an instrument to provide security for the people, which is what they should be doing.

In terms of what the United States could do, this is an area that we have begun to look at a little bit. We have experience in other places in the Middle East where we have worked with security forces and helped them reform. I know from my time in Jerusalem, we began a program like that for the Palestinians, and that has been a success.

Whether that would apply in the Tunisian case is something we are going to have to look at. I think the first step will be for the Tunisian Government to decide what they want to do with those security forces and how they want to reform them, and then we can look at whether it would be appropriate for us to assist in that.

Senator UDALL. Thank you very much.

And Chairman Boxer, thank you, and thank you for your testimony today. I look forward to moving these nominations forward expeditiously.

Senator BOXER. Senator Udall, thank you so much for coming here and asking those questions.

And Senator Lugar, thank you so much for chairing this hearing with me today and for your thoughtful questions.

I want to thank our nominees. They are outstanding. I can't imagine why we shouldn't act on each and every one of you expeditiously.

We will leave the record open for 24 hours to accommodate any of our colleagues who would like to submit written questions.

And again, we are going to do everything we can to move forward quickly.

Thank you for making the sacrifices for your country.

And we stand adjourned.

[Whereupon, at 4:05 p.m., the hearing was adjourned.]

ADDITIONAL QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

RESPONSES OF JOHN CHRISTOPHER STEVENS TO QUESTIONS SUBMITTED
BY SENATOR RICHARD G. LUGAR

Question. Please provide detail for the committee on the Libyan fiscal situation, particularly as it pertains to assets frozen and unfrozen around the world.

Answer. Libyan authorities recently released the 2012 budget, which totals 68.5 billion LYD (or \$55 billion). According to local press reports, it is a balanced budget which relies heavily on oil revenues.

In December 2011 the U.N. delisted the assets of the Libyan Central Bank and the Libyan Arab Foreign Bank. The United States also removed sanctions on those two government entities, leaving very few assets frozen under U.S. jurisdiction. Those assets are now available to Libyan authorities. The Libyan Government has not requested that sanctions be lifted from the two remaining government entities listed at the U.N., Libyan Investment Authority (LIA) and the Libyan African Investment Portfolio (LAIP), pending its reorganization of their management structures.

Question. You are headed to an Embassy which was greatly damaged in the revolution. Please describe the Department's plans for rebuilding your Embassy and facilities.

- Has the Government of Libya made any offers to assist in the reconstruction?
- What money has been designated and what planning has been done by OBO?
- What is the plan for consulates, if any?

Answer. Due to the level of destruction at the former Embassy compound, the Department has established an Interim Embassy until such time as a New Embassy Compound can be built.

At this time, the Government of Libya has not specifically offered to assist in the reconstruction of the U.S. Embassy but is engaged with the Department of State on the issue of land acquisition as we conduct initial site searches for the New Embassy Compound.

OBO is working closely with Department offices and other agencies that will be working in the Interim Embassy to ensure that the facility adequately meets security and operational needs of all tenants. Evaluation teams have traveled to Libya to review existing facilities to ensure proper planning and usage of the facilities.

Funding for building the Interim Embassy will come from all agencies that will make use of the facility. Within the Department, the Bureau of Resource Management is fully aware of the financial needs associated with the Interim Embassy.

Currently, the Department is staffing a small office in Benghazi, Libya, that is responsible for monitoring the pulse of political action in eastern Libya. However, once national elections have taken place, the Department will reassess its utility.

Question. Will assignments for Tripoli staff be conducted in a normal fashion, or are they being given shortened assignments and special incentive packages?

Answer. There is a temporary incentive package for personnel assigned to Tripoli now and in the 2012 summer and winter 2012/2013 cycles. The Department will return to a 2-year tour of duty when security and living conditions normalize.

Embassy Tripoli is operating in extremely difficult conditions. U.S. Government employees are housed on a secure compound, two to four persons per bedroom and up to four people per bathroom depending on the number of personnel. All movements off-compound must be coordinated with a security package. Due to the limited living space, employees are not permitted to take unaccompanied baggage, household effects, consumables, or personal vehicles to post.

The incentives package entails 1-year assignments, with 35 percent hardship pay, 25 percent danger pay, and the provision of two Rest and Recuperation (R&R) trips or one R&R and two Regional Rest Breaks (RRB).

This package is being reevaluated as the situation in Tripoli changes and will be adjusted based on the overall security, stability, and openness of the situation.

Question. Gas prices for many Americans currently top \$4 per gallon and worldwide the price of a barrel of oil is \$107. You stated in the hearing that Libya expected to be back to prewar levels of oil production by the end of the year, but would you provide more details on the status of the Libyan production and export capacity? Are American firms back fully, and if not, what reasons are they expressing to you?

Answer. Even though the United States imports little oil from Libya, restoring Libya's participation in the global oil market will have the effect of stabilizing supplies, which is important for our ability to access supplies at an affordable price—a key element of our energy security policy. Libya is making significant progress in restoring output to its precrisis oil production level of about 1.6 million barrels per day and is currently producing over 1.4 million barrels per day, according to the Libyan authorities.

Most of the U.S. firms involved in production in Libya have reopened their offices in Tripoli and are taking steps to resume normal operations. U.S. firms have identified both security and logistical constraints in their meetings with us and we have engaged with the Libyan authorities on these issues.

Question. If you were addressing American businessmen, what would you want to tell them about opportunities in Libya? Do you expect to have a Senior Commercial Officer from the Department of Commerce as a member of your Country Team to assist American companies interested in investing in Libya?

Answer. As Ambassador Cretz has so often stated—and the Libyans have repeated publicly—Libya is now “open for business.” U.S. Embassy Tripoli, in coordination with the Department of State's Bureau for Economic and Business Affairs, established a series of sector-specific teleconferences which provide a “direct line” for American companies to the U.S. Ambassador. The Embassy has completed six sector-specific teleconferences to assist the American private sector identify commercial opportunities in Libya. These teleconferences have focused on sectors including infrastructure, security and health care, and have had upward of 100 participants per call. This program has been such a success that Secretary Clinton has asked the Department of State to expand it worldwide. If confirmed, I will continue the program in Libya, in order to keep U.S. companies abreast of all commercial opportunities emerging with Libya's political and economic transition.

The demand by the U.S. private sector for commercial opportunities in Libya is big, and it's only getting bigger. There is also tremendous demand in Libya for goods and services produced by U.S. companies. Broadly, there is great need for infrastructure, information and communications technology, oil and gas services, power generation, transportation products, and infrastructure, including rail.

I refer you to the Department of Commerce for details on their staffing plans in Libya and elsewhere. If confirmed, I certainly would want Department of Commerce representation in the Country Team at Embassy Tripoli.

Question. What, if any, role will U.S. assistance play in the security sector reform elements you discussed in the hearing?

Answer. The United States will continue to play a supporting role to the transitional Government of Libya (GOL) in security sector reform. We will work with the U.N. Support Mission in Libya (UNSMIL) and international partners to coordinate our assistance, and if confirmed, I will assist in these efforts.

Libya's Ministry of Defense (MOD), Ministry of Interior (MOI), Ministry of Justice (MOJ), and intelligence services are being reconstituted in the wake of the revolution. Currently, there is minimal absorptive capacity within the GOL for robust security sector assistance. The greatest need is for technical expertise to help the GOL shape its security apparatus and to assist GOL efforts to disarm, demobilize, and reintegrate (DDR) revolutionary fighters.

UNSMIL and our international partners have taken the lead in assisting the GOL to implement a DDR process. UNSMIL is diligently working to facilitate GOL secu-

rity sector coordination through the creation of a Libyan national security staff. The U.K. has embedded a technical expert in the Libyan MOI to assist in standing up a GOL police force. Jordan has signed a memorandum of understanding (MOU) with the MOI to train 10,000 new police cadets in basic police curriculum. The Libyan MOD has launched an assistance coordination mechanism to keep track of assistance to the armed forces, avoid duplication and identify gaps. The French have conducted joint maritime training with the Libyan Navy. Qatar and the UAE have committed to MOD assistance, but have not had any real engagement or response to date.

UNSMIL is also working closely with the GOL to coordinate the DDR process. The GOL and UNSMIL report that Libya's Warrior Affairs Committee has registered 148,000 fighters to date. Assisted by the international community, the GOL has announced a 3-year plan to integrate 25,000 revolutionaries into the regular military and 25,000 into the police forces. The remaining revolutionary forces will be reintegrated into civilian life through initiatives to develop small and medium business enterprises, or through new educational and training opportunities.

We aim to support these efforts by deploying targeted security sector assistance that will focus on bolstering GOL capacity and leveraging international assistance. In April, the Department's Export Control and Related Border Security (EXBS) program will fund the deployment of a team from the Bureau of International Security and Nonproliferation, Office of Export Control Cooperation, and the Department of Homeland Security, Customs and Border Protection, to conduct a 1-week consultation and basic enforcement training overview for Libyan MOI, MOD, and Customs Officials who will be leading the efforts to develop and integrate Libya's border security forces. We introduced the Defense Institution Reform Initiative (DIRI) program to Libyan Prime Minister El-Keib during his March 2012 visit. If accepted by the GOL, DIRI will provide a team of experts to advise the MOD on rightsizing its security forces and integrate rebel fighters into the Libyan armed forces.

Over the summer, the Anti-Terrorism Assistance (ATA) program will send an assessment team to evaluate the current capacity of Libyan law enforcement units that perform counterterrorism functions and to examine whether and how we can begin offering ATA training in the coming year.

In late March, we will deploy a security sector transition coordinator to U.S. Embassy Tripoli who will coordinate and report on these border security and MOI training efforts. We are also using the congressionally notified Presidential Draw-down authority to provide nonlethal personal equipment to the MOD as it forms a national military capable of providing protection to the civilians and civilian populated areas within Libya.

Additionally, funding from the FY 2011 Middle East Response Fund (MERF) will be used to support a DDR advisor in Tripoli whose focus will be on reintegrating militias into civilian life through advising the GOL on creating employment and education opportunities for former militia fighters.

Question. Libya faces significant needs as it develops its civil society in this period of transition. The United States is prepared to assist with training and technical assistance. With oil production at 1.4 million barrels per day and expected to increase—to what degree is Libya able to use its own national assets to bear the costs of this development.

Answer. We do not have detailed information on the exact expenditures of the Libyan Government in various sectors, including in civil society. We, however, do have evidence that the government has taken steps to ensure it has funds to meet the country's needs including by working to get the production of oil back to prewar levels. The government has also passed a budget of \$55 billion, helping to ensure that ministries can pursue reform, renovation, and capacity-building projects.

The Libyans have repeatedly stated they want to pay for the reconstruction and reform of their country and promote civil society. In the near term, however, Libya is spending the majority of its resources on ensuring that salaries are being paid and that basic services are provided to the Libyan people. The United States and the international community are currently filling short-term gaps in priority sectors and funding actors that we believe should receive assistance independent of the government, including certain civil society groups and the media.

RESPONSES OF JACOB WALLEES TO QUESTIONS SUBMITTED
BY SENATOR RICHARD G. LUGAR

Question. What, if any, have been the concrete results of U.S. transition support programs in Tunisia to date? How should the U.S. Government shape its future for-

eign aid programs in terms of balancing objectives related to security, democracy, the economy, and regional policy? How, if at all, can or should the United States assist with security sector reform?

Answer. The United States is committed to supporting Tunisia's transition to democracy and helping to establish a foundation for political stability and economic prosperity. Since the revolution, we have committed approximately \$197 million from FY 2010 and FY 2011 resources to support Tunisia's transition.

Securing a successful transition to democracy in Tunisia is a key policy priority for the United States, the importance of which cannot be overstated. A successful Tunisia will set a clear example for other democratic transitions underway in the Middle East and North Africa. Success will require progress in all four areas—security, democracy, economy, and regional policy. Following the revolution, U.S. efforts focused heavily on supporting Tunisia's political transition, especially in the runup to the October 2011 Constituent Assembly elections. We are now seeking to provide critical support needed to stabilize the economy and promote broad-based economic growth. We are also bolstering our efforts to assist Tunisia by promoting regional stability, countering terrorism, preventing the proliferation of illicit items, building law enforcement investigative capabilities, and enhancing border security efforts. Moving forward, we will continue to work with the Tunisian Government to build its capacity, to support civil society as they participate constructively in national political debate, and to support the Tunisian military and civilian security forces' efforts to improve the rule of law, promote regional security, and respect the rights of the Tunisian people.

Following the revolution, initial U.S. Government assistance efforts focused heavily on supporting Tunisia's political transition and election preparations. This included technical assistance to the Independent Elections Committee (IEC). We also supported voter education, facilitated political party outreach to women and youth, and helped to expand opportunities for women and youth to run for office and play leadership roles. The Tunisian elections were fair, credible, and transparent.

Since then, we are developing a robust economic assistance package that includes programs designed to ease the fiscal strain on the Government of Tunisia while encouraging private sector investment and market-oriented reforms. In this regard:

- We are finalizing with the Government of Tunisia a loan guarantee program to support its economic stabilization and economic reform goals.
- Tunisia will benefit from a Millennium Challenge Corporation (MCC) Threshold Program, which will support policy reform that can lead to faster growth and generate employment.
- We intend to capitalize a U.S.-Tunisian Enterprise Fund with an initial \$20 million to help Tunisians launch small and medium enterprises that will be the engines of long-term opportunity.
- The Peace Corps will return to Tunisia this year to provide English language training and programs to help prepare Tunisian students and professionals for future employment, build local capacity, and foster citizenship awareness at the grassroots level.
- USAID will implement an Internet Communication and Technology (ICT) sector development program. We are also supporting an OPIC franchising facility in Tunisia, as well as programs focused on developing entrepreneurship and employability skills.

Our security assistance for Tunisia includes \$17.5m in FMF and \$1.854m in IMET in FY12. Our bilateral military relationship, which has always been good, has grown stronger in the days since the revolution. We have a regular high-level bilateral dialogue with the Tunisian military, the Joint Military Commission, during which we share our respective regional security priorities, assess the Tunisian military's needs as they support Tunisia's territorial integrity, and discuss ways to support those needs to serve our mutual bilateral interests.

Security sector reform is also an important priority for the Government of Tunisia. Prior to the revolution, the Ministry of Interior was a key player in the regime's oppressive rule. The current government is aware of that legacy and wants to change it. Tunisia has a new Minister of Interior, a former political prisoner of the Ben Ali regime, who is untainted by collaboration with the former regime. He will lead Tunisia's reform efforts in this critical sector.

The United States stands ready to respond to Tunisian requests for support in this area. A ready and capable police force that respects human rights and adheres to the rule of law is critical to the success of a democratic country.

If confirmed as Ambassador, I would work actively to maintain programs that address all of these objectives—security, democracy, economy, and regional policy—in a balanced way.

Question. How would you evaluate al-Nahda's economic policy platform? To what extent does the coalition government share a common view of economic policy priorities and how to approach them? What steps are being taken to promote economic growth and job creation, and to address socio-economic grievances and regional economic disparities?

Answer. Even prior to the current government's assumption of office, al-Nahda reiterated its commitment to market-oriented economic growth.

Further, all political parties currently represented in government recognize Tunisia's urgent need to attract investment and create jobs. These are Tunisia's top two economic priorities today, and the parties are united in their pursuit of those goals.

The coalition partners are working together to develop the details of a common approach to these challenges, and each party has affirmed the need for greater accountability, transparency and foundational reform to make Tunisia's economy more vibrant, inclusive, and responsive to the global market. They are aggressively courting foreign direct investment. And they are working together to pass a new budget to facilitate development in previously marginalized regions of the country in order to close the developmental divide.

Question. The Peace Corps can be a powerful asset in promoting U.S. interests and values, particularly among Tunisia's more vulnerable populations in the interior of the country. How do you intend to leverage the presence of Peace Corps Volunteers in Tunisia to good effect?

Answer. The Peace Corps represents an important opportunity to enhance people-to-people ties between Tunisia and the United States. As it does in other countries, the Peace Corps will work with the Tunisian Government to determine programming, priorities, and volunteer site placement.

If confirmed as Ambassador, I will support the Peace Corps in its discussions with its Tunisian partners to ensure that Peace Corps Volunteers reach the most vulnerable populations in the south and interior of the country, and are meeting the needs of the communities in which they serve.

RESPONSES OF CHRISTOPHER STEVENS TO QUESTIONS SUBMITTED
BY SENATOR BARBARA BOXER

Question. According to the United Nations, as many as 6,000 detainees—about three quarters of those arrested during Libya's civil war—continue to be held in prison facilities run by individual militia groups operating outside the control of the government.

International human rights groups including Amnesty International and Human Rights Watch have provided deeply disturbing evidence of what appears to be widespread abuse.

- If confirmed, how will you work to promote the humane treatment of prisoners in Libya?

Answer. I share your concern regarding continuing reports of arbitrary detention and prisoner abuse. I, too, find these reports deeply troubling and, if confirmed, I would continue to raise the issue at the highest levels of the interim Government of Libya, as I understand Ambassador Cretz and his team are currently doing.

Ambassador Cretz and his team have stressed the importance that the United States places on protecting human rights and the specific need for the Government of Libya to get all detainees and detention facilities under central government control as soon as possible. Our Embassy has also joined with other like-minded embassies and multilateral organizations to press these points, a practice that I would continue if confirmed.

The interim Libyan Government has made positive statements regarding its respect for human rights, condemnation of torture, and commitment to consolidating control over militias and detention centers, including informal sites where most allegations of mistreatment originate. We recognize that this will be an important step in ensuring humane treatment and in establishing registration and review processes in accordance with international standards, but the government needs to go further.

If confirmed, I would continue the close contact with the Ministry of Justice that Ambassador Cretz and his team have maintained. I would continue to emphasize that the United States stands ready to assist Libya as it seeks to develop new Libyan judicial and corrections systems that meet international standards by ensuring due process and protecting basic human dignity.

I would also continue to promote continued Libyan Government collaboration with the International Committee of the Red Cross, the Office of the U.N. High Commis-

sioner for Refugees, and the International Organization for Migration which can provide technical assistance on protection of migrants and refugees as well as visit detainees, as our Embassy in Tripoli is already doing.

Question. In November 2011 I held a joint Foreign Relations subcommittee hearing with my colleague Senator Casey to examine the role of women in the Arab Spring with a specific focus on Egypt, Tunisia, and Libya.

- If confirmed, will you commit to working to help ensure that women play a strong, meaningful role in the political process in Libya and that their rights are fully protected?

Answer. Libyan women played a vital role in the 2011 civil uprising and revolution that toppled Moammar Qadhafi. During my time as the Special Envoy to the Transitional National Council in Benghazi last year, I had the privilege to meet and work with many inspirational Libyan women supporting the cause of the people. If confirmed, I am committed to ensuring that women are encouraged and supported to play a strong, meaningful role in the political process in Libya and that their rights are fully protected in law and in practice.

After 42 years of Qadhafi's dictatorship, Libyans have very limited experience with democracy and an open political process. Most candidates, both men and women, have no experience in the democratic realm and the challenge for the Libyan people will be to create a national dialogue in which all of Libya's diverse population can participate. A number of Libyan women activists are already urging strong women's participation in decisionmaking bodies and speaking out about the importance of electing women in the June elections. Under the electoral law passed in February of this year, 80 of the 200 delegates to the interim National Congress will be elected from lists submitted by political parties. Party lists are required to alternate between male and female candidates, a process known as the "zipper quota." Observers hope that the law will lead to increased participation by women in the government. A similar system was used in Tunisia and, based on that experience, some electoral experts expect that around 10-15 percent of the Parliament will be comprised of Libyan women. This is still far lower than women's percentage of the population but is a start.

Numerous women's groups and women-led organizations have emerged in Tripoli, Benghazi, and outlying areas since the beginning of the revolution. A few of these organizations, most of which are led by women who have management experience working for international corporations or significant experience outside Libya, have successfully initiated or completed projects that include a women's rights march to advocate at the Prime Minister's office, national conferences for youth and women, a reconciliation campaign, the establishment of women's centers and holding fundraising events. Many of the women's organizations are loosely constituted groups with limited organizational capacity to plan or implement activities beyond charity functions but have expressed a desire to expand their activities. Both experienced and inexperienced organizations have begun approaching our Embassy in Tripoli for assistance with conferences to inform women about their rights and prospective roles in elections, constitutional development, civil society, and the economy.

I believe that the United States can help to provide targeted amounts of technical assistance to help these organizations build up their capabilities in these nascent stages, as we are already doing through USAID's Office of Transition Initiatives (OTI) and the Middle East Partnership Initiative (MEPI). I understand that the United States is one of the only donors currently providing support to these local grassroots women's organizations and, if confirmed, it's a priority I will continue to emphasize.

USAID/OTI has already been providing support to women-led organizations as well as others that have significant female participation. USAID/OTI is currently planning initiatives such as: holding a national workshop on women in elections that will train women to educate people in their home communities about the importance of having female representation in the constituent assembly and constitutional commission; developing a toolkit of materials to be used in multiple training opportunities; and replicating a successful women's center that aims to facilitate engagement among women about how they can engage in political life. In addition to these new activities being developed, as mentioned above, USAID/OTI has already funded women's NGOs for the following projects: a constitutional workshop for government, political, and civil society leaders; a public awareness campaign to promote reconciliation, unity, and forgiveness as a means to move the nation toward a peaceful transition; and a youth training session that included a field visit to a local women's NGO.

MEPI programs in the sphere of women's empowerment include: a program to help Libyan businesswomen and women entrepreneurs connect with their counter-

parts throughout the region; a National Democratic Institute-led candidate training for a group of aspiring women politicians; and a small grants and capacity-building program for several small women-led or women-focused civil society organizations. These organizations are working to combat discrimination against women, encourage the participation of Libyan housewives in the political process, support the advocacy efforts of women with disabilities and establish a women's training center.

I applaud and support all of these programs and, if confirmed, would like to continue similar programming in support of women's political participation and the protection of women's rights in the new Libya.

RESPONSES OF JACOB WALLEE TO QUESTIONS SUBMITTED
BY SENATOR BARBARA BOXER

Question. As you know, the leaders of Tunisia's ruling al-Nahda Party have stated that they intend to uphold the country's progressive laws regarding women.

However, many remain concerned about the future of women's rights in Tunisia, particularly in light of growing calls by hard-liners for an Islamic State.

- Do you believe that al-Nahda will uphold and protect women's rights? Or are you concerned that they could make modifications to the country's laws to appease more hard-line elements?
- If confirmed, will you commit to working with Tunisia's leaders to encourage the promotion of women's rights in the country's new constitution, and to convey the message that women's rights are critical to security and prosperity in Tunisia?

Answer. As you note, the leaders of the an-Nahda Party have affirmed their intention to uphold and protect the rights Tunisian women are afforded under that country's constitution, as have other parties represented in Tunisia's current government.

We believe that the majority of Tunisians support the rights Tunisian women enjoy. Those rights have long been a source of justifiable pride, and they are essential to Tunisia's future political and economic success.

Equality under the law is a core tenet of our foreign policy. If confirmed, I will strongly convey the message that the advancement of women's rights and political and economic participation are critical to Tunisia's democracy and prosperity, and that these rights should continue to be enshrined in the Tunisian Constitution.

Question. As you may know, Tunisia made gains regarding freedom of the press following the ouster of longtime Tunisian President Zine El Abedine Ben Ali. In fact, Tunisia rose 30 slots—from 164th to 134th—on the Reporters without Borders "2012 Press Freedom Index."

However, significant problems remain.

1. Reporters without Borders has documented a number of attacks by Tunisian police on independent journalists.
2. A television station executive is facing trial and possible jail time for screening the award-winning French film *Persepolis*.
3. And recently, the government provoked controversy when it appointed two individuals associated with the Ben Ali regime to senior posts in the State media.

- Are you concerned about these developments?
- If confirmed, will you commit to working to promote freedom of the press in Tunisia?

Answer. Freedom of the press is an important universal value that must be respected in order for Tunisia's transition to democracy to succeed. I understand that our Embassy has already registered with the highest levels of the Government of Tunisia our concern about these cases. Tunisia is making progress in its democratic transition, but such transitions are often difficult and they take time.

If confirmed, I will continue to underscore our belief that freedom of expression is a fundamental human right and key to Tunisia's democratic success.

I will also continue our efforts to invest in Tunisia's capacity to responsibly exercise that freedom, including through training Tunisian journalists on the fundamentals of responsible, fact-based reporting.

RESPONSE OF CARLOS PASCUAL TO QUESTION SUBMITTED
BY SENATOR BENJAMIN L. CARDIN

Question. The SEC will soon issue rules to implement section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. How will you use the example set by the United States on this issue to further encourage transparency in the extractive sector in other countries? In particular, in your new role, will you place a priority on encouraging EU progress on their similar legislation? Also, will you place a priority on encouraging an extractives transparency agenda within the G20 and other forums? Please describe your plans and strategy on this issue.

Answer. As Secretary Clinton underscored in recent testimony, the State Department will use its full diplomatic capabilities to encourage transparency in extractive industries around the world. Once the SEC issues the rules to implement section 1504, if confirmed, we will help educate other nations about the changes in U.S. law and explain how the new rules may affect countries and companies around the globe. Already we have taken advantage of excellent materials written by nongovernmental organizations on section 1504 and shared them with the EU and many countries with extractive industries in order to sensitize them to the legislation, its scope and importance. When the SEC's rules are issued, we will consult with these transparency organizations and draw on their materials and other publicly available information. We will use our extensive network of embassies to educate host governments and corporations about the existence and application of the Wall Street Reform and Consumer Protection Act. In addition, if confirmed, I will work through our posts overseas to help host governments create the necessary conditions for companies listed in the United States to be compliant with U.S. law.

The State Department has engaged senior European Union officials on the Dodd-Frank Act since September 2011 in anticipation of SEC rules. EU representatives and parliamentarians are well aware of our interest in creating a common platform for transparency. With issuance of SEC rules, ENR proposes to engage EU officials on compatibility with possible EU regulations. Similarly, we will work with the G20 to advance the principles in Dodd-Frank, building on the strong anticorruption platform already created in the G20. The Seoul G20 in 2010 set up an Anticorruption Working Group that provides an excellent vehicle to seek action by others comparable to Dodd-Frank.

Already, the 2010 G20 Seoul Anticorruption Action Plan commits countries "to promote integrity, transparency, accountability and the prevention of corruption, in the public sector, including in the management of public finances" and to combat corruption in specific sectors. We will use the G20 Anticorruption Working Group to drill down to actionable steps, including in the critical areas of transparency and integrity in public procurement, fiscal transparency, adoption and enforcement of laws criminalizing foreign bribery, and public integrity measures.

Our promotion of transparency around the world is supported by the example we set here at home. In addition to Dodd-Frank, the President recently announced our intention to implement the Extractive Industries Transparency Initiative in the United States. This international effort results in disclosure by companies of payments they make to governments, and by governments of payments they receive from companies. As the United States moves to become an EITI candidate country itself, we will look to encourage other members of the G20 to join the EITI as well. Moreover, through the Open Government Partnership (OGP), we are urging many of the more than 40 countries now developing national action plans to include EITI or other extractive industry transparency efforts in their plans.

