

**NOMINATIONS OF THE 110TH
CONGRESS—FIRST SESSION**

HEARINGS

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

—
JANUARY 30 THROUGH DECEMBER 19, 2007
—

Printed for the use of the Committee on Foreign Relations



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U.S. GOVERNMENT PRINTING OFFICE

48-267 PDF

WASHINGTON : 2009

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110TH CONGRESS—FIRST SESSION

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*Note: Reassigned to Committee on Finance January 24, 2008.

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110TH CONGRESS—SECOND SESSION

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*Note: Appointed February 12, 2008.

**NOMINATION OF CHRISTOPHER F. EGAN TO
BE REPRESENTATIVE OF THE UNITED
STATES OF AMERICA TO THE ORGANIZA-
TION FOR ECONOMIC COOPERATION AND
DEVELOPMENT, WITH THE RANK OF AM-
BASSADOR**

TUESDAY, SEPTEMBER 18, 2007

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

Egan, Christopher F., to be Representative of the United States to
the Organization for Economic Cooperation and Development,
with the rank of Ambassador

The committee met, pursuant to notice, at 2:43 p.m., in room
SD-419, Dirksen Senate Office Building, Hon. Robert Menendez
presiding.

Present: Senators Menendez, Kerry, and Sununu.

**OPENING STATEMENT OF HON. ROBERT MENENDEZ,
U.S. SENATOR FROM NEW JERSEY**

Senator MENENDEZ. This hearing of the Senate Foreign Relations
Committee will now come to order.

Today, the committee meets to consider the nomination of Mr.
Christopher Egan. The President has nominated Mr. Egan to be
the United States Representative to the Organization for Economic
Cooperation and Development, with the rank of Ambassador.

Mr. Egan, I want to congratulate you on your nomination, and
welcome your family and friends who may be with you today.

I also want to welcome our colleague Senator Sununu, who will
be introducing Mr. Egan shortly. And I believe there are others, as
well, who would like to join in the voices of support for the nomi-
nee.

Let me start off, before I recognize myself for an opening state-
ment, Senator Kennedy asked me, on the floor while we were vot-
ing, to ask unanimous consent to enter his statement in support of
Mr. Egan into the record. Without objection, so ordered.

[The prepared statement of Senator Kennedy appears at the end
of this hearing in the "Additional Material Submitted for the
Record" section.]

Senator MENENDEZ. Certainly, it is a glowing statement. And, while I won't read it all, it certainly says, among other things, that he is impressed with your ability, your commitment to service, and you—he believes you have the personal and collaborative skills necessary for this position, and cites your great work in the private sector and your career and relationships in the great State of Massachusetts, and is strongly supportive of the nominee.

With that, let me recognize myself for an opening statement, and then we'll turn to the introduction of the nominee. And if there are any members who come in, in between, we'll try to recognize them, as well.

Mr. Egan, you have been nominated to serve as the U.S. Representative to the OECD. If confirmed, you'll have the challenge of working with 30 market-oriented democracies from North America, Europe, and the Pacific Rim. The democracies of the OECD amounts—account, I should say—for approximately 59 percent of the world's GDP, 76 percent of world trade, and 54 percent of the world's energy consumption. And, though it is less visible than some of its global counterparts, the OECD plays a very important role in an increasingly globalized world. Clearly, this position is much more than a nice apartment in Paris, it represents the best of United States-European cooperation and partnership, with its origin as that of an organization that carried out the Marshall Plan after World War II. That plan showed the best of the American spirit, our willingness to help our allies devastated by war, and our commitment to build new democracies and economies in our vanquished enemies. As it evolved the organization took on new challenges, expanding from working in Europe to working around the globe.

I believe it's imperative that the OECD continue this expansion, opening its door to the developing world and other countries. For example, right now Mexico is the only Latin American country in the OECD, but Chile has just been invited to join, and Brazil was invited to enhance its engagement with the OECD, with hopes of membership in the future. I certainly hope we see more Latin American countries joining in the OECD. It is in the national interests of the United States to see Latin America continue on a democratic path, with strong market economies and economic growth.

The United States has always been a leader at the OECD, from the days of the Marshall Plan to today. We are the largest contributor to the organization and a key voice on issues from trade to economic policies. So, if you are confirmed, you will become the leading U.S. voice on a wide range of issues, including the promotion of trade and investment, the efficient use of resources, and the higher sustainable economic growth we seek.

We look forward to hearing your plan for how the United States should use its influence with the OECD to improve the work of the organization and advance our own national interests. The issues that my subcommittee handles overlap with the work of the OECD. If you are confirmed, I hope that we will have a positive working relationship so we can address some of the issues I've just raised.

I know you've had a successful career in the private sector, and this would be your first experience in the public sector. This hearing will provide an opportunity to not only examine your past expe-

rience, but to learn more about your goals and vision for the OECD.

You have been nominated for a crucial position, a position that demands multilateral solutions to crucial international problems, a position that requires an articulate U.S. voice on complex issues, a position which represents the best of United States-European cooperation, and which could, once again, represent the best of the American spirit.

With that, and seeing no other members before the committee now, let me recognize Senator Sununu to introduce Mr. Egan.

**STATEMENT OF HON. JOHN E. SUNUNU,
U.S. SENATOR FROM NEW HAMPSHIRE**

Senator SUNUNU. Thank you very much, Mr. Chairman.

It is a great pleasure to be here to introduce Christopher Egan at his nomination to be Representative of the United States to the Organization for Economic Cooperation and Development. As you noted in your opening statement, the OECD is a unique forum, including—or comprised of 30 market democracies working together to address economic, social, and governance challenges of globalization, as well as to help chart the groundwork for increasing prosperity, not just in those countries, but around the world. And I'd like to join with you, as a member of the Foreign Relations Committee, in emphasizing the value and the importance and opportunity of expanding that membership to include additional countries from Latin America.

I've known Chris very well for 7 years, and I strongly believe that his educational background and the breadth of his experience will serve him extremely well in this important role. He's one of the founders of Carruth Capital, one of New England's top 10 commercial real estate investment and development firms. As you mentioned, he has great private-sector experience, but he also has been very active in the community in a number of roles that probably are best described as public service. Notably, he's currently a member of the board of directors of the Fallon Community Health Plan, a not-for-profit organization that provides health insurance for over 170,000 Massachusetts residents. He chairs the board's finance committee, which oversees investment strategy for the \$230 million operating fund account. He's also served as a board member of MassDevelopment, the State of Massachusetts Finance and Economic Development Authority, and has been a trustee of UMASS Memorial Healthcare, the largest healthcare provider in central Massachusetts.

Finally, Chris and his wife, Jean, have also founded and direct Break the Cycle of Poverty, a nonprofit foundation dedicated to lifting families out of poverty by focusing on education.

Finally, I'd like to mention—and there's a little bit of bias here—personal bias, as I am the only engineer in the United States Senate—Chris holds a bachelor of science degree in electrical engineering from the University of Massachusetts, and I continue in my—

Senator MENENDEZ. That explains it all to me now. [Laughter.]

Senator SUNUNU [continuing]. I continue—

Senator MENENDEZ. I didn't know that, but it—

Senator SUNUNU [continuing]. At my lonely, but very important, effort to expand the power of engineers around the world.

Chris understands organizational management. He understands economic development. He understands the importance of strong diplomatic and economic ties with our key trading partners. He'll bring energy, focus, and a little bit of youth to this very important role. And I'm confident that, if he's confirmed, Chris will make an outstanding Ambassador of the United States to the OECD.

Thank you very much, Mr. Chairman, for this time, for this hearing, and I hope my Senate colleagues—and not just those from Massachusetts, Senators Kennedy and Senators Kerry, who have been terrific friends of the Egan family—I hope all of our Senate colleagues can support this nomination.

Thank you, Mr. Chairman.

Senator MENENDEZ. Thank you, Senator Sununu.

And I know Senator Kerry has told me he wants to be here, as well, and will be making a statement when he comes.

But, to move things along, in view of—in view of that there's no other members here, Mr. Egan, I invite you to give your opening statement to the committee. I'm pleased to have you recognize any of your family members who may be here with you today. We ask that you keep your statement to about 7 minutes, and we will include your entire statement for the record, without objection.

Mr. Egan.

STATEMENT OF CHRISTOPHER F. EGAN, NOMINEE TO BE REPRESENTATIVE OF THE UNITED STATES OF AMERICA TO THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT, WITH THE RANK OF AMBASSADOR

Mr. EGAN. Thank you, Mr. Chairman and members of the committee. I'm honored to be here before this distinguished committee today to be President Bush's nominee to represent the OECD.

I'd like to pause here, introduce my friends and family. With me is my beautiful wife, Jean, my—two of my three children, Mary Catherine, who's 5, and Christopher, who's 3. Mr. Chairman, forgive me, our third child, little Michael, who is 18 months old, couldn't make the hearing. He had a very important nap to attend to, sir, and it's best if he has that nap, sir. Also is my mother and father, Ambassador Richard and Maureen Egan, are nice enough to be here today. And my lovely sister and my brother-in-law, Catherine and Rod Walkey, with their beautiful daughter, Isabel.

I also want to thank a lot of my friends from Boston who came down here, plus a lot of my colleagues from the Kennedy School of Government that decided to join me today. I really feel surrounded and welcome by Red Sox nation here this afternoon.

Senator MENENDEZ. As a Yankees fan, the Chair won't hold that against you. [Laughter.]

Mr. EGAN. Thank you, Mr. Chairman.

As a son who helped his family build the largest company in Massachusetts, and as an entrepreneur who built a successful company of my own, I feel I have the leadership and negotiating skills, if confirmed, to represent and advance the United States interests at the OECD. I believe my service as a board member at MassDevelopment, my home State's Finance and Economic Devel-

opment Authority, and as a founder and board member of the I-495/Arc of Innovation, a public-private partnership to foster environmentally smart economic development in central Massachusetts, has prepared me in a significant measure for the duties I hope to undertake.

The work my wife and I do with Break the Cycle of Poverty, the foundation we started and direct, has done much to educate economically challenged individuals and families so that they can elevate themselves from poverty.

The OECD is particularly valuable to the United States as a forum for working with our major partners to promote effective policies across a range of economic and social issues that confront us all. Through the OECD and its affiliates, like the International Energy Agency, the IEA, the United States and other members strengthen corporate governance principles, environmental standards, development of energy efficient technologies and guidelines to safeguard the public in the development of cutting-edge science and technology. The OECD is of particular value, as well, in areas that require multilateral cooperation to solve transnational problems, like antibribery convention, the model tax convention, and agreements on export credits and capital markets.

Mr. Chairman and members of the committee, I share the President's commitment to the great work of the OECD, and understand its role in promoting economic growth and better governance. America's prosperity and national security are enhanced by the efforts of the OECD to advance these goals and to integrate emerging market economies into a strong and healthy global economy.

Mr. Chairman, the United States has turned to the OECD repeatedly for accurate and reliable data on numerous topics for best practices in combating, say, counterfeit goods, and as locus for dialog with countries from the Middle East on reforming public governance.

Mr. Chairman, in my discussion to date with officials throughout the administration, I have gained a sense of United States priorities for the OECD, and I am committed to support, if confirmed, the critical work ahead, which includes bringing more countries into compliance with the OECD antibribery convention, which has been so important in leveling the playing field of our U.S. companies abroad. We also seek to strengthen economic growth through the OECD's expert economic research and analysis. Other priority work includes promoting electronic commerce, fostering good governance, and working on sensible trade policy.

Let me also cite three key objectives I will focus on, if confirmed by the Senate.

First, an outreach to other major economies. The United States and a number of fellow OECD members believe the future and long-term relevance of the organization depends on reaching out beyond the OECD's current membership of advanced industrialized countries. To that effect, the members authorized a program of enhanced engagement with Brazil, China, India, Indonesia, and South Africa to steer them toward better policies and practices and invite them to undertake the disciplines that underpin our shared prosperity. If confirmed, I will work to move that engagement forward with those vital and emerging economies.

Second, the enlargement of the organization. Mr. Chairman, the OECD Ministerial Council decided, in May, to invite Russia, Israel, Slovenia, Estonia, and, as you mentioned, sir, Chile, to the—to begin discussions leading to membership. Our representatives at the OECD made clear that the United States is concerned about Russia's readiness to join the organization, in terms of its government's commitment to democracy and to maintaining an open-market economy. However, the United States and other member countries were willing to begin the process that would advance Russian reforms. And, if confirmed, sir, I will work, together with other OECD members who share our concerns, to maintain the OECD's high standards of like-mindedness and help set clear benchmarks for all five candidate countries, including Russia, on their paths toward membership.

And, third, reform the organization's financial structure. The United States is the largest computer—contributor to the OECD, as you mentioned, sir, covering almost 25 percent of its costs. The financial structure has its roots in a period when Europe was recovering from war, but today's—all members are well off. So, in a sense, a few large companies—countries, like the United States, are effectively subsidizing the few—the many European countries and other countries.

The United States is working to negotiate a fair scale of contributions in which all members will cover the costs of their own participation. And, in May, the members agreed, in principle, that each member should cover most, if not all, their costs. And, sir, if confirmed, I will work to see that agreement implemented.

Mr. Chairman, these are some of the important challenges facing the OECD. But, coming from a background in business, I am interested in the management aspects of the organization. The United States has worked hard in recent years to push through reforms in the way that the OECD makes decisions, sets priorities, allocates its budgets, and audits its own performance. With my real estate development experience, I can appreciate, for example, that the project to renovate its existing facility and build a new OECD conference center in Paris is on schedule, within budget, and due for completion in 2009. As these reforms are being successfully implemented, the OECD is becoming a model among international organizations. But, of course, there's a lot more that needs to be done. And, if confirmed, I look forward to ensuring that our work on strengthening good management of the OECD stays on track.

Mr. Chairman, I look forward, if confirmed, to representing the United States in this key industrial—international organization. It helps ensure our economic well-being and security. I am humbled to be before you today, and I am grateful for the confidence President Bush has placed in me. I look forward to continued consultations with, and advice from, this committee and its staff, both here in Washington and from congressional delegations we will certainly welcome to—in Paris.

I am pleased to answer any questions that you and the members of the committee have.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Egan follows:]

PREPARED STATEMENT OF CHRISTOPHER F. EGAN, NOMINEE TO BE REPRESENTATIVE OF THE UNITED STATES OF AMERICA TO THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT, WITH THE RANK OF AMBASSADOR

Thank you, Mr. Chairman and members of the committee. I am honored to appear before this distinguished committee today as President Bush's nominee to represent the United States at the Organization for Economic Cooperation and Development, the OECD. I am grateful for the confidence and trust that the President and Secretary Rice have placed in me.

As a son who helped his family build the largest company in Massachusetts, and as an entrepreneur who has built a successful company of my own, I feel I have the leadership and negotiating skills, if confirmed, to represent and advance U.S. interests at the OECD.

I believe my service as a board member at MassDevelopment, my home State's finance and economic development authority, and as a founder and board member of the I-495/Arc of Innovation, a public-private partnership to foster smart, environmentally friendly economic development in central Massachusetts, has prepared me in significant measure for the duties I hope to undertake. The work my wife and I do with Break the Cycle of Poverty, the foundation we started and direct, has done much to educate economically challenged individuals and families so that they can elevate themselves from poverty.

The OECD began as a successor to the Marshall Plan, the economic counterpart to NATO, to promote democracy and market economies in Europe. The Marshall Plan, which celebrated its 60th anniversary this year, was rooted in a magnificent act of American generosity. In 1947, Europe lay in ruins, and through Secretary George Marshall's vision, over \$13.3 billion, over 4 years, poured into offering Europe a hand up, not a hand out.

Today, the OECD is comprised of 30 advanced economies from North America, the Pacific Rim, and Europe. The United States administration has been encouraging the OECD's outreach to the emerging economies in Asia, Latin America, and Africa to advance the principles of open markets and good governance that the organization promotes among its members.

The OECD is particularly valuable to the United States as a forum for working with our major partners to promote effective policies across the range of economic and social issues that confront us all. Through the OECD and its affiliates like the International Energy Agency, the United States and other members strengthen corporate governance principles, environmental standards, development of energy-efficient technologies, and guidelines to safeguard the public in the development of cutting-edge science and technology. The OECD also affords an opportunity to collaborate in areas that require multilateral cooperation to solve transnational problems such as the antibribery convention, the model tax convention, and agreements on export credits, open investment regimes, and capital markets.

Mr. Chairman and members of the committee, I share the President's commitment to the great work of the OECD, and understand its role in promoting economic growth and better governance. America's prosperity and national security are enhanced by the efforts of the OECD to advance these goals and to integrate emerging market economies into a strong and healthy global economy. The United States has turned to the OECD repeatedly for accurate and reliable data on numerous topics (for example, how much our economy could benefit if transatlantic trade barriers were reduced), for best practices in combating counterfeit goods, and as the locus for dialog with countries from the Middle East on reforming public governance.

Mr. Chairman, in my discussion to date with officials throughout the administration, I have gained a sense of U.S. priorities for the OECD that I am committed to support, if confirmed. The critical work ahead includes bringing more countries into compliance with the OECD Anti-Bribery Convention, which has been so important in leveling the playing field for our U.S. companies abroad. We also seek to strengthen economic growth through the OECD's expert economic research and analysis. Other priority work includes promoting electronic commerce, fostering good governance, and working on sensible trade policy.

Let me also cite three key objectives that I will focus on, if confirmed by the Senate:

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work to move that engagement forward with those vital and emerging economies.

- Second, enlargement of the organization. The OECD Ministerial Council decided in May to invite Russia, Chile, Israel, Slovenia, and Estonia to begin discussions leading to OECD membership. Our representatives at the OECD made clear that the United States is concerned about Russia's readiness to join the organization, in terms of its government's commitment to democracy and to maintaining an open, market economy. However, the United States and other member countries were willing to begin a process that would advance Russian reforms. If confirmed, I will work together with other OECD members who share our concerns, to maintain the OECD's high standards of like-mindedness and help set clear benchmarks for all five candidate countries, including Russia, on their paths toward membership.
- And third, reform of the organization's financial structure. The United States is the largest contributor to the OECD, covering almost 25 percent of its costs. The financial structure has its roots in a period when Europe was recovering from war, but today, the members are all well off, and many members are effectively "subsidized" by us and a few other large contributors. The United States is working to negotiate a fairer scale of contributions, in which all members will cover the costs of their participation. In May, the members agreed in principle that each member should cover "most, if not all" of its costs. If confirmed, I will work to see that agreement implemented.

Mr. Chairman, these are some of the important challenges facing the OECD. But coming from a background in business, I am also interested in the management aspects of the organization. The United States has worked hard in recent years to push through reforms in the way that the OECD makes decisions, sets priorities, allocates its budget, and audits its own performance. With my 13 years of business experience, I can appreciate, for example, that the project to renovate its existing facilities and build a new OECD conference center in Paris is on schedule, within budget, and due for completion in 2009. As these reforms are being successfully implemented, the OECD is becoming a model among international organizations. But of course there's a lot more that needs to be done, and if confirmed, I look forward to ensuring that our work on strengthening good management of the OECD stays on track.

Mr. Chairman, I look forward, if confirmed, to representing the United States of America in this key international organization that helps ensure our economic well being and security. I am humbled to be before you today, and I am grateful for the confidence President Bush has placed in me.

If confirmed, I look forward to continued consultations with and advice from this committee and its staff, both here in Washington and from the congressional delegations we will certainly welcome to Paris.

I am pleased to answer any questions that you and the members of the committee have. Thank you.

Senator MENENDEZ. Thank you for your statement and we welcome your family here today.

Let me start off with a 7-minute round, then we'll see if—I know Senator Kerry is on his way here, and we'll acknowledge him when he arrives, after the first 7 minutes. So, let me start off with some questions that I think are important. And you've touched upon some of them in your statement.

This is a large international organization. It is complex, in terms of its entrenched bureaucracies, and the countries with which you will be dealing with have widely varying interests. In recognition of that, and some of even your stated goals about reforming the financial structure, we don't always get our way, even though we are the largest contributor. The question is, what, in your background, you believe will assist you—prepares you to meet that challenge? And, second, how do you plan on using diplomacy or persuasion to further U.S. interests within the organization?

Mr. EGAN. Thank you, Senator.

In regard to my background, my over 20 years of private-sector experience, building my own company, I've learned the negotiate—

negotiation—skills of negotiation and diplomacy to help build a leading real estate commercial in New England. Also in my background is working within the government as a board of MassDevelopment, Commonwealth of Massachusetts Economic Development Organization, we had to—we had to use not only the—we had to work with the legislature, but also with private developers, to accomplish the goals of economic development set forth by the Speaker of the House and the Governor.

Also, in regard to my background is starting as one of the founding members of the Arc of Innovation, 495 Initiative, which was a quasi-public-private. On the board, we had elected officials and business leaders to spur smart economically developed—smart economic development projects in central Massachusetts.

In regard to the U.S. Government's agenda through the OECD, that is my No. 1 goal. Using diplomacy, it is my goal to help accomplish the United States objectives. There are many members, other than the United States, sir, that look to reform the financial structure of the OECD. And, if nominated, sir, I'm going to continue the efforts to work with those groups, those countries, in order to reform the financial structure of the OECD.

Sir, I am happy to report, though, in the last ministerial at the OECD in May, the entire ministerial agreed that the financial structure of the OECD needs to be reformed. So, we're off to a very good start. And, if confirmed, sir, I'm going to continue that good work and look for the conclusion of that project.

Senator MENENDEZ. How do you build common cause with the United States position with other countries? When we say, "Well, we're going to use diplomacy," how do you go about creating common cause? You cited some of your personal experiences, your professional experiences, back in Massachusetts. Why don't you give me examples of how you get people to do, sometimes, what is in their interests, but they don't necessarily feel it is in their best interests, and sometimes to get people to do what is not necessarily, from their point of view, in their interests, but is necessary for the organization. Give me a sense of how you would go about it. Recognizing you do not have a diplomatic career in—as your background, but give me a sense of how you bring people into common cause.

Mr. EGAN. Thank you, sir.

That's where personal relationships come in. The OECD is more like a club where 30 ambassadors representing the member states are there. There's only 30 ambassadors. My wife and I are—I will personally meet and develop a personal relationship with each one of those ambassadors. The Secretary General, Guirra, is also a very major factor at the OECD. He has been—he—Guirra has the strong support of the United States Government, and the current ambassador, Morella, at the OECD, is a good supporter of him. Using our relationship with Guirra and the major—some other major countries within the OECD, I plan to create allies and a sense of collegialness in order to help promote the United States agenda throughout the OECD.

Senator MENENDEZ. Well, one of the things I'd like to hear your views on as you try to do that is, looking at the OECD as a—it's clearly a strong proponent of increasing world economic growth and welfare, and best supported by a free and open flow of goods, serv-

ices, and capital, and it's a leading proponent of free trade, open markets, and globalization, which, generally, I think we all are. The question, however, for some of us, is, how does an organization like the OECD balance the economic impact of globalization, particularly how free trade impacts poor and rural populations in developing countries? And so, my question to you—and I see that, from your background, you and your wife's foundation and the Break the Cycle of Poverty, this is a—this is a noble concern of yours. The question is, how do you make sure that the OECD is not pursuing trade policies at the expense of the poorest and least-developed countries? And how do we protect poor, and often rural, populations in the process of doing that? And, for someone who's very interested in Latin America, one of Latin America's greatest challenges is the disparity of wealth, which is huge. How don't we—how do we go about not exacerbating that in the pursuit of our policies?

Mr. EGAN. Thank you, Mr. Chairman.

From my consultations with State Department and with U.S. Government agencies that work with the OECD, I've learned—a very important committee at the OECD is called the Development Assistance Committee, the DAC. The OECD is an incredibly economic think tank that is open to any country who wants to read its information and learn from it. Not only are there 30 countries that make up the OECD, but the OECD shares its expertise with more than 30—with more than 70 other countries.

The Development Assistance Committee assists developing countries and evaluates best practices, and prepares guidelines and toolkits on issues like poverty. For example, aid foreign assistance is giving to emerging countries—Latin America, and other emerging nations—through the OECD and through the Development Assistance Committee, it is studied on what is more effective, how aid is spent, and what the tangible results are. And the important thing about the OECD is, in terms of—it's able to compare and contrast what one country does versus what another country does, and what is more successful. In Africa, the OECD is doing incredible work studying how aid is given in Africa and how best—what results happen from it, what strategies worked well, and what strategies didn't.

As you know, Mr. Chairman, the OECD is not, itself, an aid organization, does not have funds in which to give out to it, but it does have an incredible peer-review process, and, through the Development Assistance Committee, it is able to see what programs are working well in developing worlds, what programs aren't working well, and to share that knowledge, sir, not only online, through an incredible Web site that our current ambassador, Connie Morella, helped spearhead, but through over nearly 300 working groups and other bodies at work in the OECD.

Senator MENENDEZ. So, will you have as one of your concerns, as our ambassador there, looking at how—as we pursue our policies, how do we deal with the question of our policies' effect on the whole question of poverty and on this disparity of wealth and not exacerbating it?

Mr. EGAN. Yes, sir. Yes. It is a big concern of the U.S. Government. And the U.S. Government, in terms of its national security,

a prosperous and economic world is a safe world. And the OECD is a unique forum in which best practices of economic policy can be discussed, debated, and refined. That information is shared with the policy leaders, not only of our 30 member countries, but of any country willing to participate within the OECD—not as full members, sir, but as participants of the committees.

Senator MENENDEZ. Thank you. I have one or two other questions, but let me turn to someone who is a Boston Red Sox fan—
[Laughter.]

Senator MENENDEZ.—Senator Kerry.

Mr. EGAN. Thank you.

Senator Kerry: Mr. Chairman, you're suffering a miserable misfortunate life not to be a Boston Red Sox fan. [Laughter.]

Senator KERRY. I apologize for being late—I wanted to come by to support the nomination of Chris Egan to be our U.S. Representative to the OECD. And I'd just emphasize a couple of things, if I may, quickly.

First of all, the OECD, as we all know, is an extraordinarily important organization, formed after President Truman had the foresight to commit to the Marshall Plan, and the then-Economic Cooperation Initiative was transitioned, in 1961, into the OECD, and it's been, really, the principal forum for the United States—and mostly what are called developed countries—to advance issues of sustainability, transparency, economic, peace, and so forth. So, it is a major forum, and, I think, today, is playing an important role on a host of trade issues, as well as the larger challenge of global climate change, which is very much front and center to it.

It now stretches from North America to Europe to the Pacific Rim, and it has 30 countries in it, which is a pretty large forum. So, you'll have a major scope of responsibility as you undertake this job, Mr. Egan. And we, on this committee, obviously care enormously, as I think you know, because of the role it can play to promote peace and stability and bring countries together to have an important dialog on a lot of issues of significance to us.

We appreciate your qualifications—UMASS grad and Kennedy School grad, and, I think, most significantly, frankly, the private-sector experience that you've had, building a strong real estate company, Carruth Realty, one of the strongest in our State. And I think those qualifications will give you important credentials in talking to people about these kinds of economic development issues.

So, in addition to your being an avid sailor and a Red Sox fan and all those important qualifications for living in Massachusetts, we're going to be glad that you're out there representing the country. And I see that you've got the best side of your life with you here—those three kids and your wife here. So, we're delighted. I assume they're yours.

Mr. EGAN. Two out of three are.

Senator KERRY [continuing]. Have any children that don't belong to you, or—

[Laughter.]

Mr. EGAN. Mary Catherine, in the pink, and Christopher, in the necktie, and my niece, Isabel, in the blue, sir.

Senator KERRY. Well, we're delighted to welcome them here, and happy to have 'em. I see we've got a tired one here already. Wait'll she travels with you.

Let me just take one moment, also, Mr. Chairman, to clarify something, because I want it to be an important part of the record.

The delay in proceeding to Mr. Egan's nomination had absolutely nothing to do with Mr. Egan's personal qualifications or appropriateness of the nomination, it had to do with a, sort of, breach of relationship, if you will, and understanding between this committee—the full committee. And I agreed with the Chairman and with other members of the committee who felt very strongly that a recess appointment, after the formal withdrawal of a nomination, which nomination was about to be voted on and defeated, and the purposes of withdrawing it was to avoid that, and, after statements to the effect that there would be no recess appointment, to have made that appointment was fundamentally a constitutional challenge to the authority of this committee and to how it might have proceeded under normal circumstances.

That has now been worked out with the administration. We're glad it's been worked out with the administration. And so, we proceed appropriately.

But I wanted to emphasize, importantly, that your nomination, and some others, became, regrettably, tied up in the effort to try to clarify that constitutional point, which I, and we all here, think is an important one.

So, we thank you for your patience, and I'm sorry for anybody who's been caught up in that, unfortunately. But I think we have now worked it out. I just noticed—is your father here?

Mr. EGAN. Ambassador Egan and my mother, Maureen, are here.

Senator KERRY. That's what I thought. I'm delighted to see you here, Mr. Ambassador. Thank you. Good to see someone else following in the footsteps. The apple doesn't fall far from the tree. And so, we're proud and grateful for your service, as well.

So, thank you for taking time to go away from private sector for a while and serve the country. We appreciate it. And I'm pleased to support your nomination.

Thank you, Mr. Chairman. I have a few questions. I assume you're going to leave the record open—they're very simple, straightforward, but it would good, for the record, just to have some answers to them. We'll submit them in writing.

Mr. EGAN. Thank you very much, sir.

Senator KERRY. Thanks.

[The information previously referred to appears at the end of this hearing in the "Additional Material Submitted for the Record" section.]

Senator MENENDEZ. Thank you, Senator Kerry.

I have one or two more questions, and then we'll have the record open for any member who wishes to ask questions, and get your responses as soon as possible.

And I want to echo Senator Kerry's remarks, as the chairman of the subcommittee made it very clear to me that he was supportive of your nomination, but the broader issue was involved, and so he's made that clear to me from the very beginning, and I just want to echo what he had to say.

I have just two other lines of questioning that I would love to hear your thinking about. And you touched upon them in your opening statement. The OECD has five priority areas that they've identified for study and emphasis: trade and investment liberalization, public—excuse me—policy reform and development, managing new and evolving technologies, public governance, and social protection. That's what they've established as their five priority areas for study and emphasis. Of those, what areas do you believe are the highest priority for the United States? And how can the United States best influence the priorities of the OECD in achieving the goals and objectives that are important to the United States within those goals?

Mr. EGAN. Thank you, Senator.

As you know, sir, the OECD is a unique forum where like-minded countries can get together and talk about what's important for economic development. In terms of the United States and how I feel about the United States, and we all do, is our economic and national security. And, through the OECD, trade—as you know, trade—global trade is very important to the United States. It's just, sir, that every—seems like every U.S. agency sends the best and brightest people through the OECD to work on the best policies, whether it's the Food and Drug Administration, Department of Education, Department of Labor—any agency could get their—the best economic policy ideas to not only help the United States and the OECD member countries, but also the world.

So, if you ask me, sir, in terms of what the U.S. Government's priorities are on that, you know, I've been briefed, sir, on all the issues, and they seem to be important to us. I'd have to say, sir, from my edification as what's gone on in the last 2½ months, it's the trade. But in my brief tenure at the OECD, if confirmed, sir, the pressing issues are to increase the membership of the OECD and make sure that all countries joining the OECD are like-minded and believe in the rule of law and democracy, and also to reach out, sir, to the impoverished nations, or the emerging economies, and make sure that they understand the—how countries who join the OECD became successful, the economic priorities and the rule of law that made the OECD countries so successful in this world.

Senator MENENDEZ. Well, I—

Mr. EGAN. Those are my—

Senator MENENDEZ [continuing]. I appreciate that answer. I gather, from what I hear you say, trade and liberalization—investment liberalization is No. 1.

Mr. EGAN. Yes.

Senator MENENDEZ. I really would urge you to spend some time, as our representative, should you be confirmed, on the public governance and social protection aspects of those five priorities. Part of our challenges in security is social unrest, and people have social unrest because their desires, hopes and dreams, and aspirations are frustrated. And public governance is critical in many parts of the world to being able to fulfill—to act in a way in which they hope to work to fulfill the hopes and dreams and aspirations of their people that create the social protection, and, I would broaden that to the opportunities to move people in a better direction. So, I hope that you'll move those upward—

Mr. EGAN. Okay.

Senator MENENDEZ (CONTINUING). AS YOUR—AS PART OF YOUR FOCUS IN THOSE FIVE PRIORITY AREAS.

The last question, at least for the purposes of asking, although there'll be some submitted for the record, is—the agency you're going to go to is comprised of 30 different countries. They're classified as developed economies, as you talked about. Some have been invited to open discussions for membership, others have agreed to begin a process that potentially could open membership—Brazil, China, India, Indonesia, and South Africa. The question, for me, is: should the OECD adopt a different set of criteria for membership for such developing countries as Russia, China, and India? And what objective should the agency have as its main goal in broadening its membership?

Mr. EGAN. Thank you—thank you, Mr. Chairman.

What makes the OECD relevant is the fact that it's made up of a group of nations that are like-minded, and to—the U.S. Government's policy and thinking on this matter is, if you allow exceptions to that rule, you let people in who don't believe in the rule of law, aren't market-based economies, and the organization quickly will become irrelevant.

Sir, if I'm confirmed by the Senate, I will continue to work the U.S. Government's policy and the other members of the OECD to continue to keep the OECD relevant, in terms of its like-mindedness. So, for certain exemptions for, for example, Russia, no, sir. I would think that every country joining the OECD should have the same high standards as the current nations that belong to it.

Thank you.

Senator MENENDEZ. So, I take your words of "like mindedness" to be translated to "the criteria should not differ."

Mr. EGAN. Yes.

Senator MENENDEZ. Okay. Very good.

And our objective in broadening its membership should be what, exactly?

Mr. EGAN. The membership—to broaden the number of nations that belong to the OECD, sir?

Senator MENENDEZ. Right.

Mr. EGAN. In the past—even currently, sir—the OECD has seemed to be in—a Eurocentric organization. But, as other countries throughout the world have become developed and believe in free trade and our democracies and rule of law, they've joined the organization. It doesn't matter where you are on the planet anymore with the OECD. The U.S. Government's thinking is that if you are like-minded, such as—you know, all the way to Korea, Australia, New Zealand—it doesn't have to be Europeancentric anymore, which is what it was in the roots, when the Marshall Plan first kicked in, in the late 1940s. So, to be allowed access into the OECD, sir, it could be anywhere on the planet, which is why I'm happy to see Chile being—looking to join the OECD in the near future, which is why Brazil, in terms of enhanced engagement, a very, very important emerging economy.

Senator MENENDEZ. Okay.

Let me thank the nominee—seeing no other members at the hearing, at this point—for testifying today, for his willingness to serve the country in an important position.

The record will remain open for 2 days so that the committee members may submit additional questions to the nominee. I ask that the nominee respond expeditiously to these questions, should there be some. And I'm sure, as you've heard, there will be some.

[The information previously referred to appears at the end of this hearing in the "Additional Material Submitted for the Record" section.]

Senator MENENDEZ. Without that—without any other member seeking to ask questions, if no one has any additional comments, the hearing is adjourned.

[Whereupon, at 3:23 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF HON. EDWARD M. KENNEDY,
U.S. SENATOR FROM MASSACHUSETTS

Thank you, Mr. Chairman. It's a privilege to be here to introduce Christopher Egan of Massachusetts, the President's nominee to be our Ambassador and Permanent Representative to the Organization for Economic Co-operation and Development.

The OECD is an organization created in the finest of the American internationalist tradition. Its goal is to promote economic progress and development throughout the world. It's an outgrowth of the Marshall Plan, which transformed Western Europe after the devastation of World War II, and helped rebuild the economy of an entire continent.

Today, OECD has 30 member nations, many of which are among the most economically advanced in the world. Membership is granted only for those nations that aspire to building strong democracies, establishing market economies, and improving the standard of living of their people.

OECD will undoubtedly have an essential role in the coming decades, as all nations wrestle with the challenges and opportunities of the new global economy. How we engage—or choose not to engage—other nations will have enormous implications for our own economic health and well-being.

Working with other nations to establish cooperative approaches to trade, environmental standards, science and technology, and openness in government is essential for the United States, and for every nation that aspires to leadership in the 21st century.

It's an honor to support Chris Egan's nomination to be our ambassador to this important international organization. I'm confident he will serve our Nation well at OECD.

An able son of Massachusetts, Chris is an entrepreneur who's helped to build a very successful business, Carruth Capital, in our State. He's a graduate of our flagship University of Massachusetts at Amherst, and recently earned a master's degree in public administration at Harvard's Kennedy School of Government.

He began his career working side-by-side with his father, Richard Egan, at the famous EMC Corporation, which helped teach him how to build and maintain enduring institutions.

I'm impressed with Chris's ability and his commitment to service, and I believe he has the personal and collaborative skills needed for this position.

I know how excited he is at the prospect of serving his country at OECD and how deeply he feels that the United States must provide strong leadership in international development. He's ready to begin tomorrow, and to bring some of that Red Sox fighting spirit to OECD.

I'm delighted to support his nomination, and I'd also like to acknowledge his wife, Jean, and his three wonderful children who are here today as well—Mary, Christopher, and Michael. I've been assured they haven't missed any important classes by being here, and that they're ready to start making new friends in Paris. I wish them all well in this impressive new experience.

Thank you very much, Mr. Chairman.

RESPONSES OF CHRISTOPHER F. EGAN TO QUESTIONS SUBMITTED
BY SENATOR JOSEPH R. BIDEN, JR.

Question. What are your thoughts about the policy role the OECD can play toward promoting and facilitating economic growth and poverty reduction in developing countries? Some have suggested that the African Growth and Opportunity Act (AGOA) should expand beyond the United States and be adopted by the OECD as a whole. Do you believe this idea, or other similar proposals, have merit?

Answer. AGOA has achieved considerable success, and I believe it is a worthy model for other donor countries to adopt. Restrictive rules of origin employed in some other countries' programs fail to provide the broad scope of market access that AGOA does. Broader trade preferences would provide additional incentives for Africa to integrate itself into the world economy.

The OECD's Development Assistance Committee (DAC) is already carrying out an important role as a coordinating body for international assistance policy. The United States works closely with the DAC to develop and promote best practices.

The OECD hosts the G-8 Africa Partnership Forum (APF) Support Unit and also provides support to the New Partnership for Africa's Development (NEPAD) through a Mutual Review Mechanism.

The international community is making progress. According to a joint report by the WTO and the OECD, the amount of trade-related technical assistance and capacity building—to help developing and least-developed countries to participate more efficiently in international trade—has increased by 50 percent since the Doha Ministerial Declaration in November 2001.

Question. What are other ways the OECD can positively affect and support developing countries? For example, what role can OECD play in fostering improved donor coordination on the ground, using a model such as the Three Ones approach on HIV/AIDS and global health?

Answer. The OECD is advancing donor coordination through the Paris Declaration endorsed in March 2005 by over 100 countries and agencies, including donors and recipients, and is hosting an international partnership to encourage and monitor its implementation. The Paris Declaration embodies the "Three Ones" logic in its principles, which encourage donor harmonization and alignment with country needs and policy, stress country ownership of the development process, mutual accountability, and results.

The OECD Development Assistance Committee (DAC) affords a useful venue for the United States and other donor countries to review best practices and discuss ways to strengthen donor coordination. The DAC conducts periodic assessments to review donor coordination performance on the ground. These assessments also identify good practice and provide a framework for gauging progress, which is then disseminated throughout the DAC member network. In addition the DAC is engaged in pilot efforts in developing countries to improve country capacity to manage donor coordination and to improve country administrative systems in ways that will justify greater donor reliance on those systems.

The United States is working with other donors to ensure that aid empowers recipients and is used effectively, and to improve donor coordination. When donor coordination efforts are successful, it is nearly always due in large part to U.S. leadership.

Question. The 2006 DAC peer review of U.S. foreign assistance provided many recommendations on ways to improve the effectiveness of the U.S. aid program, ranging from how the United States can more effectively implement the Paris Declaration principles to better coordination of the three pillars of U.S. foreign policy (defense, diplomacy, development). What are the main lessons that you take out of the peer review? Which recommendations will you prioritize if confirmed as ambassador to the OECD?

Answer. The primary lesson I draw from the 2006 DAC Peer review is that the long-established OECD practice of conducting peer reviews is a valuable exercise that provides timely feedback to the member being reviewed. The DAC Peer Review was done at the time the Millennium Challenge Corporation (MCC) was focusing on accelerating the implementation of its compacts. The Peer Review encouraged broader replication of MCC lessons and offered some useful suggestions of how MCC could work more closely with other donors. It also reviewed the initial reforms launched by the newly created Office of the Director of Foreign Assistance and the unified foreign assistance budget. The Peer Review stimulated interagency discussion of the foreign assistance reforms and encouraged broader coordination around the new foreign assistance framework. The Office of the Director of Foreign Assist-

ance has already addressed one of the main recommendations of the Peer Review—making poverty reduction a more explicit aim of the strategic framework. That has been implemented and is reflected in the revised framework. More effective aid is at the core of current U.S. reforms of foreign assistance so the Peer Review's recommendations on this score were especially timely.

The responsibility for following through on the DAC peer review recommendations rests with the Director of Foreign Assistance and the USAID Administrator, along with other agencies delivering U.S. assistance. As U.S. Ambassador to the OECD, I will have the opportunity, with my staff, to support OECD and U.S. preparations for the third High-Level Forum on Aid Effectiveness to be held in Accra, Ghana, September 2–4, 2008, which will take stock of the progress made so far in implementing the Paris Declaration and identify an action agenda for further implementation. This forum will be an opportune time for the United States to show how it has reformed and made its foreign aid more effective.

