

# NOMINATION HEARINGS OF THE 114TH CONGRESS

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## HEARINGS

BEFORE THE

## COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

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FIRST SESSION—MARCH 10 THROUGH DECEMBER 2, 2015

SECOND SESSION—FEBRUARY 11 THROUGH SEPTEMBER 20, 2016

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Printed for the use of the Committee on Foreign Relations



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ONE HUNDRED FOURTEENTH CONGRESS

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## NOMINATIONS

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TUESDAY, MARCH 10, 2015

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

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Stafford Fitzgerald Haney, of New Jersey, to be Ambassador to  
Costa Rica  
Matthew T. McGuire, of the District of Columbia, to be U.S. Executive  
Director of the International Bank for Reconstruction and  
Development for a term of two years  
Gentry O. Smith, of North Carolina, to be Director of the Office of  
Foreign Missions, and to have the rank of Ambassador  
Charles C. Adams, Jr., of Maryland, to be Ambassador to the  
Republic of Finland

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The committee met, pursuant to notice, at 2:31 p.m., in room  
SD-419, Dirksen Senate Office Building, Hon. David Perdue, pre-  
siding.

Present: Senators Perdue, Gardner, and Kaine.

### **OPENING STATEMENT OF HON. DAVID PERDUE, U.S. SENATOR FROM GEORGIA**

Senator PERDUE. This hearing of the Senate Foreign Relations  
Subcommittee on State Department Management will come to  
order.

Thank you all for being here today to hear from the nominees to  
very important positions that will allow these Americans to proudly  
represent the United States abroad. We have nominees for Amba-  
sador to two countries, Costa Rica and Finland, both of which we  
share strong diplomatic ties. Our nominee for U.S. Executive Direc-  
tor for the International Bank for Reconstruction and Development  
and Director of Office of Foreign Missions, which remains very im-  
portant as we seek to secure our diplomatic facilities abroad and  
the Americans working there.

I understand most of you have already been through this process  
and are coming back for a second go-round. It is Cory's and my  
first. So you will be patient with us today. Will you not? [Laugh-  
ter.]

However, I was not here last Congress. So I appreciate your for-  
bearance today, and we will move right through this as expedi-  
tiously as we can.

With that, I would like to recognize Senator—I am sorry. We will move right through this since he is not here.

Our first nominee—I am just going to highlight this just briefly and apologize for this, but I want to go through this.

Our first nominee, Mr. Stafford Fitzgerald Haney, who is nominated to be Ambassador to Costa Rica. Mr. Haney currently serves as Director of Business Development and Client Services at Pzena Investment Management, has served in positions with Pepsico and Citibank in some major Latin American countries such as Brazil, Mexico, and Puerto Rico. He graduated from Georgetown University School of Foreign Service with a masters and bachelors degree.

Our second nominee today is Mr. Matthew T. McGuire, who is nominated to be U.S. Executive Director of the International Bank for Reconstruction and Development for a term of 2 years. Mr. McGuire has held multiple positions in the Department of the Treasury and Commerce and prior to that, he had a very successful career in the finance industry. Mr. McGuire is a graduate of Brown University and has degrees from the University of London and Harvard.

Our third nominee is Mr. Gentry O. Smith, who is nominated to be Director of the Office of Foreign Missions with the rank of Ambassador. Mr. Smith is a career Foreign Service officer who started with the State Department in 1987. He has served in many posts overseas, including Cairo, Tokyo, and Burma, as well as the Secretary of State's protective detail. He also served as Deputy Assistant Secretary and Assistant Director for Countermeasures. Mr. Smith is a graduate of North Carolina State University.

Our fourth nominee is Mr. Charles C. Adams, Jr., who is nominated to be the U.S. Ambassador to the Republic of Finland. Mr. Adams is currently senior counsel at Akin Gump Strauss Hauer & Feld, LLP. He has led a successful career, spending much of his time living in Geneva, Switzerland, as a managing partner for various law firms. He is a graduate of Dartmouth College and the University of Virginia School of law.

Thank you all for being here today and sharing your thoughts and viewpoints with us today.

We would remind you all that your full statements will be included in the record, as it was the last time you were here, without objection. So if you could please keep your remarks to no more than 5 minutes or so, we appreciate that so members of the committee can engage with you on these matters. And we will move as expeditiously as we can.

With that, we will take statements, starting with Mr. Haney first, please.

**STATEMENT OF STAFFORD FITZGERALD HANEY, NOMINATED TO BE AMBASSADOR TO COSTA RICA**

Mr. HANEY. Chairman Perdue, Senator Gardner, thank you. It is an honor to appear before you today as President Obama's nominee to serve as the next U.S. Ambassador to Costa Rica.

I am profoundly humbled by this opportunity to serve and thank the President and the Secretary of State for the confidence they have placed in me. If confirmed, I look forward to working with you and your colleagues in Congress to protect U.S. citizens in Costa

Rica, deepen the bonds that unite our countries, and advance U.S. interests in Central America.

With the chairman's permission, I would like to acknowledge friends and family without whose support I would not be here today, starting with my wife, Rabbi Andrea Haney, and my children, Asher, Nava, Eden, and Shaia, who are at home watching hopefully. If I am confirmed, my wife and our four children will be joining me in San Jose, and it is only through their love and support that I am here today.

I would also like to mention my mother, father, and brother—may they rest in peace—who are here today with us in our hearts. My mother, Sandra Haney, was and still is my hero. She is also a link in a long line of family that has in various ways served our country proudly. From a fifth great-granduncle who fought in the Revolutionary War to my brother who served both overseas and at home to my great uncle who recently received an honorary doctorate in public service and was recognized by the Tennessee State legislature to my mother's marches and sit-ins to protest what she saw as injustices not compatible with the America we aspire to be, we have a long and proud tradition of serving our Nation. It is in my mother's honor and in her memory that I hope, if I am confirmed, to dedicate my service.

Costa Rica is an important ally in a region of critical strategic importance to the United States. It is the most stable democracy in Central America and its long-held traditions of protecting human rights and freedom of expression are a model for the region. Its strong commitment to investing in education and health has helped Costa Rica achieve literacy, life expectancy, infant mortality, and income levels that are significantly better than elsewhere in Central America. It is no surprise that these positive attributes have attracted significant numbers of Americans to the country. Today, approximately 100,000 U.S. citizens call Costa Rica home and more than 1 million visit annually. If confirmed, their safety and well-being will be my top priority.

Despite its successes, Costa Rica, like its neighbors, confronts many challenges, including security challenges, as international drug trafficking organizations and organized crime increasingly penetrate Central America. The United States and Costa Rica enjoy an excellent partnership in security cooperation. If confirmed, I will continue to work with the Government of Costa Rica to ensure that organized crime does not undermine the country's economy and democratic institutions.

Another of my highest priorities will be promoting greater Central American integration. As outlined in the Strategy for U.S. Engagement in Central America, the region will not prosper without better regional cooperation on trade, infrastructure development, strengthened democratic institutions, energy integration, and investment.

Given its ability and relative prosperity, Costa Rica can and should play a critical role in advancing our strategy in Central America. It can and should lead in working to create conditions in Central America that are conducive to reducing poverty and violence and creating jobs and opportunity, and it should serve as an example of what is possible in the region. President Solis has com-

mitted to working to promote regional integration and prosperity, and if confirmed, I will support him in those efforts.

I have many years experience living and working in international business in Mexico, Central America, the Caribbean, and Brazil. I understand the region and the challenges it faces. As President Solis made clear during his first year in office, Costa Rica is serious about improving its business climate and attracting additional foreign investment. If confirmed, my private sector experience will be an asset to helping Costa Rica achieve those goals. It would also serve me in working to advocate for stronger intellectual property protection, promote entrepreneurship, and public-private partnerships, and ensure that U.S. companies and investors encounter a fair and level playing field for doing business in Costa Rica.

If confirmed, I will work closely with Costa Rica to advance the many other policy objectives and priorities the United States and Costa Rica share. Costa Rica shares our commitment to protecting democratic freedoms and human rights and is vigilantly resisting any attempts to weaken the inter-American human rights system. This support for basic human rights, democracy, and freedom has never been more important in the region than today. Costa Rica is an international leader with important initiatives to mitigate and adapt to climate change and promote renewable energy use and sustainable development. I believe Costa Rica can become a regional hub of innovation and has the potential to assume a leadership role in advancing good governance and prosperity throughout Central America.

As our dedicated team at Embassy San Jose states, a safe, prosperous, and green Costa Rica not only benefits the citizens of both of our nations, but also the entirety of Central America.

Mr. Chairman, committee members, I thank you again for your consideration of my nomination to serve as Ambassador to Costa Rica, and I welcome your questions.

[The prepared statement of Mr. Haney follows:]

PREPARED STATEMENT OF STAFFORD FITZGERALD HANEY

Mr. Chairman, members of the committee, it is an honor to appear before you today as President Obama's nominee to serve as the next United States Ambassador to Costa Rica.

I am profoundly humbled by this opportunity to serve and thank the President and the Secretary of State for the confidence they have placed in me. If confirmed, I look forward to working with you and your colleagues in Congress to protect U.S. citizens in Costa Rica, deepen the bonds that unite our countries, and advance U.S. interests in Central America.

With the chairman's permission, I would like to acknowledge friends and family without whose support I would not be here today—starting with my wife, Rabbi Andrea Haney, and my children Asher, Nava, Eden, and Shaia. If I am confirmed, my wife and our four children will be joining me in San Jose and it is only through their love and support that I am here today. I would also like to acknowledge my mother-in-law, Betsy Dobrick, my brothers and sisters-in-law Adam and Allison Dobrick and Jeremy Dobrick and Tamara Hoover, and various close friends, whose support means so much to me and my family.

Finally, I would also like to mention my mother, father, and brother, may they rest in peace, who are here today with us in our hearts. My mother, Sandra Haney, was, and still is, my hero. As a young widow with two young children, she left home and family to provide my brother and me with the best education and opportunities she could. Working during the day and going to school at night, she showed us, by her example, that the United States is truly the land of opportunity for those who work hard on a level playing field. She did not have it easy as a single African-American woman raising two children alone in the 1970s, but she never gave up



and she knew her sacrifices would allow her children to have a better life. It was her firmly held belief, one which she passed on, that America's core values should serve as an example throughout the world. She also was a link in a long line of family that has in various ways served our Nation proudly. From a 5th great-grand-uncle who fought in the Revolutionary War to my brother who served both overseas and at home to my greatuncle who recently received an honorary doctorate in public service and was recognized by the Tennessee State legislature to my mother's marches and sit-ins to protest what she saw as injustices not compatible with the America we aspire to be—we have a long and proud tradition of serving our Nation. It is in my mother's honor and in her memory that I hope, if I am confirmed, to dedicate my service.

Costa Rica is an important ally in a region of critical strategic importance to the United States. It is the most stable democracy in Central America, and its long-held traditions of protecting human rights and freedom of expression are a model for the region. Its strong commitment to investing in education and health has helped Costa Rica achieve high literacy, life expectancy, and income levels and a low infant mortality rate. It is no surprise that these positive attributes have attracted significant numbers of Americans to the country. Today, approximately 100,000 U.S. citizens call Costa Rica home and more than 1 million visit annually. If confirmed, their safety and well-being will be my top priority.

Despite its successes, Costa Rica confronts many challenges, including security challenges, as international drug trafficking organizations and organized crime increasingly penetrate Central America. The United States and Costa Rica enjoy an excellent partnership in security cooperation. If confirmed, I will continue to work with the Government of Costa Rica to ensure that organized crime does not undermine the country's economy and democratic institutions.

If confirmed, another of my highest priorities will be promoting greater Central American integration. As outlined in the Strategy for U.S. Engagement in Central America, the region will not prosper without better regional cooperation on trade, infrastructure development, strengthened democratic institutions, energy integration, and investment. Greater integration has long been an aspiration in Central America, but effective mechanisms for achieving that goal have remained elusive. The United States can play a constructive role in helping Central America create jobs and economic opportunities for its 43 million people, by helping the region improve infrastructure, integrate markets, reduce nontariff barriers, and benefit more from its free trade agreement.

Given its stability and relative prosperity, Costa Rica can help play a critical role in advancing our strategy in Central America. It can help lead in working to create conditions in Central America that are conducive to further reducing poverty and violence and creating jobs and opportunity and it can serve as an example of what is possible in the region. President Solís has stated a commitment to working to promote regional integration and prosperity, and, if confirmed, I will support him in those efforts. I will also work to create stronger linkages between the American Chambers of Commerce in Central America, so that the private sector is fully incorporated into the process of seeking solutions to the region's development challenges.

I have many years' experience living and working in international business in Mexico, Central America, the Caribbean, and Brazil. I understand the region and the challenges it faces. As President Solís made clear during his first year in office, Costa Rica is serious about improving its business climate, and attracting foreign investment. If confirmed, my private sector experience will be an asset in helping Costa Rica advance in those areas. It will also serve me in working to advocate for stronger intellectual property protection, promote entrepreneurship and public-private partnerships, and ensure that U.S. companies and investors encounter a fair and level playing field for doing business in Costa Rica.

If confirmed, I will work closely with Costa Rica to advance the many other policy objectives and priorities the United States and Costa Rica share. Costa Rica shares our commitment to protecting democratic freedoms and human rights, and is vigilantly resisting any attempts to weaken the Inter-American Human Rights System. This support for basic human rights, democracy and freedom has never been more important in the region than today. Costa Rica is an international leader with important initiatives to mitigate and adapt to climate change and promote renewable energy use and sustainable development. I believe Costa Rica can become a regional hub of innovation and has the potential to assume a leadership role in advancing good governance and prosperity throughout Central America.

As our dedicated team at Embassy San Jose states: a safe, prosperous, and green Costa Rica not only benefits the citizens of both of our nations, but also the entirety of Central America.

Senator PERDUE. Thank you, Mr. Haney.  
Mr. McGuire.

**STATEMENT OF MATTHEW T. MCGUIRE, PH.D., NOMINATED TO  
BE U.S. EXECUTIVE DIRECTOR OF THE INTERNATIONAL  
BANK FOR RECONSTRUCTION AND DEVELOPMENT**

Dr. MCGUIRE. Thank you, Chairman Perdue, and thank you for convening us today and chairing this session. Thank you also to Senator Kaine for presiding today. And, Senator Gardner, thank you for coming. It seems appropriate that I congratulate Senator Perdue and Senator Gardner for your recent victories and for joining the Senate. It is quite an honor, and it is always good to have fresh thinking and fresh blood up here.

I would also like to just thank my mother, who is here today, Georgiana McGuire. I was noting earlier with a few people that the last time I did this, I had aunts and uncles and in-laws and all sorts of people. You do it a second time, you get Mom. [Laughter.]

I am thrilled to have her, but it is a lesson to everybody here.

It is an honor and a privilege, of course, to be here as President Obama's nominee as Executive Director for the International Bank for Reconstruction and Development, otherwise known as the World Bank.

Rather than read the full statement I sent over for the formal record, I would like to briefly discuss my career to date and then frame how I would approach the role of Executive Director, if I were to be confirmed.

So with that, I would just say that during the first part of my career, I taught and was focused on issues related to economic and development policy both in the United States and abroad. I got a Ph.D. in anthropology from Harvard, finishing in 1988, and my dissertation was on the redevelopment of public housing in Chicago. During that time, I also spent several months in Ethiopia and Eritrea researching the relationship between those countries shortly after the end of their 30-year-long war. And when I finished my Ph.D., I ran a welfare-to-work job training program in New York before joining a firm that helped U.S. cities redevelop public housing projects into mixed-income communities.

In 2003, I moved into the financial services industry, and I spent the next 8 years working for several mutual fund and hedge fund companies raising capital and serving as a senior executive in three entrepreneurial and dynamic firms. During that time, I began to more fully understand the role that financial markets play in our economy and how interconnected the global economy is as a result of the ease with which capital moves across national borders, industry sectors, and asset classes. In an era where CEO's and investors can deploy each dollar or euro or real almost anywhere in the world at almost at a moment's notice, it is increasingly important that countries like ours play close attention to their financial positions and that they strive to maintain and strengthen the integrity of their capital markets.

That view has been strengthened by my experience and my time over the last 4 years at the Department of Commerce and at the Department of the Treasury where I have worked closely with U.S.

businesses on a range of issues, including many related to international trade.

Should this committee and the full Senate confirm me, I will strive to be a sound steward of our country's capital at the bank at all times. I will work to ensure that each dollar we commit is used to support the values that have proven so durable since America's founding, that open societies are the strongest societies, that transparent systems are the most successful systems, and that those countries which endeavor to give all of their citizens a fair shot at becoming educated, being healthy, and achieving economic independence are the countries that will succeed no matter where they happen to be located. Those are just a few of the values I have watched President Obama champion for many years now, and I would be honored to carry them forward on his behalf, on the country's behalf as the Executive Director of the bank.

[The prepared statement of Mr. McGuire follows:]

PREPARED STATEMENT OF MATTHEW T. MCGUIRE

Thank you, Chairman Perdue and Senator Kaine, for presiding over today's hearing. I would also like to thank Chairman Corker, Ranking Member Menendez, and the distinguished members of the committee. It is an honor and a privilege to be here, as President Obama's nominee for Executive Director of the International Bank for Reconstruction and Development. I have enjoyed meeting some of you and your staff during the confirmation process, and I look forward to answering any questions you might have.

My mother was part of the first Peace Corps group ever to go overseas, "Ghana I," back in 1961. She was the first person in her family to go to college, having worked her way through, and when she graduated she heard President Kennedy's call to reach out beyond America's shores and to make a difference however small or however large it might be. She taught English in a small town in Ghana called Tema, and many years later a student of hers from the Tema Secondary School became one of my professors at Brown University. As you might imagine, I grew up hearing many stories about those sorts of connections, and I grew up hearing about the importance of America's role in the world, especially through its uniquely American institutions, such as the Peace Corps. My father, who died when I was 6 years old, also served in the Peace Corps, in what was then East Pakistan and is now Bangladesh. He spent most of his career working on international affairs as well, and his influence on me has been considerable even in his absence.

I also grew up working at my family's business here in Washington, DC, The McGuire Funeral Service. My great-grandfather, Robert Grayson McGuire, founded the funeral home in 1912, and when I was old enough I began spending my summers and my weekends there, washing cars, arranging flowers, shoveling snow off the driveway, and even acting as a pallbearer when a family was in need of another set of hands. And I will always remember that my mother and my uncle paid me minimum wage and no more, punching a time clock like everyone else, for every hour and every minute that I worked there.

Through the course of watching my grandfather, my mother, my aunt and my uncle, run the funeral home, I learned numerous things. I learned about how important it is to have a bank that provides credit in bad times as well as good; about how having economic independence makes it easier to engage with political issues of the day, like the civil rights movement, which my family was deeply involved in; and about the pride and responsibility that comes from being able to hire more people as your company grows. These are simple, yet powerful things that I carry with me to this day.

The first part of my career was squarely focused on issues of economic equality, and how public policies can increase the possibilities of ordinary citizens to raise their incomes and have a shot at realizing their dreams. I got a Ph.D. in Anthropology from Harvard, finishing in 1998, and my dissertation was on the redevelopment of public housing in Chicago. During that time I also spent several months in Ethiopia and Eritrea, researching the relationship between those countries shortly after the end of their 30 year-long war. And when I finished my Ph.D., I ran a welfare-to-work job training program in New York before joining a firm that helped U.S. cities redevelop public housing projects into mixed-income communities.

In 2003, I moved into the financial services industry, and I spent the next 8 years working for several mutual fund and hedge fund companies, raising capital and serving as a senior executive in three entrepreneurial and dynamic firms. During that time I began to more fully understand the role that financial markets play in our economy, and how interconnected the global economy is as a result of the ease with which capital moves across national borders, industry sectors, and asset classes. In an era where CEOs and investors can deploy each next dollar, or euro, or real, almost anywhere in the world at almost a moment's notice, it is increasingly important that countries like ours pay close attention to their financial positions, and that they strive to maintain and strengthen the integrity of their capital markets.

And that is what I would like to close with. If confirmed, you can be sure that I will undertake the role of Executive Director with that very sensibility in mind at all times. I will strive to be a sound steward of our country's capital at the Bank, and I will work to ensure that each dollar we commit is used to support the values that have proven so durable since America's founding: that open societies are the strongest societies; that transparent systems are the most successful systems; and that those countries which endeavor to give all of their citizens a fair shot at becoming educated, being healthy, and achieving economic independence, are the countries that will succeed no matter where they happen to be located. Those are just a few of the values I have watched President Obama champion for many years now, and I would be honored to carry them forward on his behalf, and on the country's behalf, as Executive Director of the Bank.

I look forward to answering any questions you have, and I thank you again for allowing me to come before you today.

Senator PERDUE. Thank you, Mr. McGuire.  
Mr. Smith.

**STATEMENT OF GENTRY O. SMITH, NOMINATED  
TO BE DIRECTOR OF THE OFFICE OF FOREIGN MISSIONS**

Mr. SMITH. Thank you, Mr. Chairman, Senator Kaine. I am honored to appear before you today as President Obama's nominee to be the next Director of the Office of Foreign Missions, OFM. I am profoundly grateful for the confidence that the President and Secretary Kerry have demonstrated in nominating me for this unique and important position.

My entire professional life has been dedicated to public service, beginning with my first career as a police officer in Raleigh, NC, to my assignments at embassies in Tokyo, Rangoon, and Cairo, and my most recent as the Deputy Assistant Secretary for Countermeasures for the Bureau of Diplomatic Security. I have strived in each to improve the conditions in which our colleagues live and work. I believe my dedication and commitment in this regard will serve me well, if given the opportunity to lead the Office of Foreign Missions.

As an organization, its primary goals being to use reciprocity to ensure the equitable treatment of U.S. diplomatic and consular missions and personnel abroad, regulating the activities of foreign missions in the United States to protect our foreign policy and national security interests, protecting our U.S. public against abuses of privileges and immunities by foreign missions operating here in the United States, and providing services and assistance to foreign missions that are located here on a reciprocal basis.

As you are aware, OFM was established in 1982 under the Foreign Missions Act. In passing the act, Congress made it clear that the operations of foreign missions in the United States are a proper subject for the exercise of Federal jurisdiction.

For more than 30 years, the act guided the Department's management and extension of foreign missions in the United States for

its privileges and benefits associated with acquiring real property, motor vehicle and driving services, for tax exemptions, customs clearances, domestic travel courtesies and restrictions.

The committee is well aware of the Department's ongoing efforts to ensure that our personnel abroad work in facilities that are safe and secure and functional. I can authoritatively attest that the relocation of an American Embassy is a complex and challenging task. To accomplish this job, the United States must have the interest and support of the host governments. In many countries, such support is there for the asking. In countries where the support is lacking, OFM plays a critical role in assisting with the resolution of impasses we sometimes face with foreign governments during our attempts to acquire real property in those countries and relocating and constructing our facilities.

When a country has an interest in improving or relocating one of its missions in the United States, the Office of Foreign Missions uses its ability to regulate the acquisition and the use of real property by foreign missions as a leverage to achieve the Department's own property-related needs in that country. Without OFM and its authorities under the Foreign Missions Act, we may not have been able to build a U.S. Embassy in Beijing or a new annex that is currently under construction there. This and more was achieved as a result of reciprocity and the Foreign Missions Act.

In closing, Mr. Chairman, I am honored to have the opportunity to address you and the esteemed members of the committee. And if confirmed, I will do all that I can to further the important objectives that Congress has set out under the Foreign Missions Act. I look forward to continuing to work with you and to ensure the proper treatment of our foreign personnel serving abroad and, as importantly, the foreign missions that are here, that they continue to react as good neighbors.

Thank you for the opportunity and your consideration for my nomination, and I respectfully ask that my full statement be entered into the record.

Senator PERDUE. Without objection, it certainly will.

[The prepared statement of Mr. Smith follows:]

PREPARED STATEMENT OF GENTRY O. SMITH

Mr. Chairman and distinguished members of the committee, I am honored to appear before you today as President Obama's nominee to be the next Director of the Office of Foreign Missions (OFM). I am profoundly grateful for the confidence the President and Secretary Kerry have demonstrated in nominating me for this unique and important position.

My entire professional life has been dedicated to public service. Beginning with my first career as a police officer in Raleigh, NC, to my assignments at our Embassies in Tokyo, Rangoon, and Cairo, and to my most recent role as the Deputy Assistant Secretary for Countermeasures in the Bureau of Diplomatic Security, I have strived to improve the conditions in which my colleagues live and work. I believe my dedication and commitment in this regard will serve me well if given the opportunity to lead the Office of Foreign Missions, an organization whose primary goals are:

- ◆ Using reciprocity to ensure equitable treatment for United States diplomatic and consular missions abroad and their personnel;
- ◆ Regulating the activities of foreign missions in the United States to protect our foreign policy and national security interests;
- ◆ Protecting the U.S. public from abuses of privileges and immunities by members of the foreign missions; and

- ◆ The provision of service and assistance to the foreign mission community in the United States on a reciprocal basis.

As you are aware, OFM was established in 1982 as a requirement of the Foreign Missions Act. In passing the act, Congress made it clear that the operations of foreign missions in the United States are a proper subject for the exercise of Federal jurisdiction.

For more than 30 years, the act has guided the Department's management and extension to foreign missions in the United States, privileges and benefits associated with the acquisition and use of real property, motor vehicle and driving services, tax exemptions, customs clearances, and domestic travel courtesies and restrictions.

In my estimation, the Foreign Missions Act is a landmark piece of legislation which has positively influenced and conditioned the environment in which U.S. diplomatic and consular missions abroad operate.

This committee is well aware of the Department's ongoing efforts to ensure that our personnel abroad work in facilities that are safe, secure, and functional. I can authoritatively attest that the relocation of an American Embassy is a complex and challenging task. To accomplish this job, the United States must have the interest and support of the host government. In many countries, such support and assistance are there for the asking. In countries where support is lacking, OFM plays a critical role in assisting with the resolution of impasses we sometimes face with foreign governments during our attempts to acquire real property in their countries for the relocation and construction of our facilities.

When a country has an interest in improving or relocating one of its missions in the United States, OFM uses its ability to regulate the acquisition and use of real property by foreign missions as leverage to achieve the Department's own property-related needs in that country. Without OFM and the authorities it has under the Foreign Missions Act, we may not have been able to build the new U.S. Embassy in Beijing, or the new annex building under construction there. This and more was achieved as a result of reciprocity and the Foreign Missions Act.

In closing, Mr. Chairman, I am honored to have the opportunity to address you and the esteemed members of the committee. If confirmed, I will do all that I can to further the important objectives Congress set out in the Foreign Missions Act, and I look forward to continuing to work with you to ensure proper treatment of our Foreign Service personnel abroad, and that foreign missions are good neighbors here at home.

Thank you for this opportunity and your consideration of my nomination. I respectfully request that my full statement be entered into the record, and I will be happy to answer your questions.

Senator PERDUE. Thank you, Mr. Smith.  
Mr. Adams.

**STATEMENT OF CHARLES C. ADAMS, JR., NOMINATED  
TO BE AMBASSADOR TO THE REPUBLIC OF FINLAND**

Mr. ADAMS. Thank you, Mr. Chairman. Mr. Chairman, Senator Kaine, it is a renewed pleasure to have the opportunity of appearing today before this committee. It is a tremendous honor to have been renominated by the President for this post, and I thank both the President and Secretary Kerry for the confidence that they have shown in me. If confirmed, I very much look forward to working with you and with your colleagues in Congress to further U.S. interests in Finland.

Mr. Chairman, with your kind permission, I would like to say a few words—to repeat a few words actually that I said on a previous occasion with respect to the reasons why for me, if confirmed, the privilege of serving as an Ambassador of the United States has deep personal significance.

My late father, Charles C. Adams, dedicated the entirety of his professional career to representing the United States as an officer of the Foreign Service, supported throughout by my late mother, Florence Schneider Adams. They, and what came over time to be a family of six children, spent many years in posts around the

world with stints in between back home here in Washington, principally in Europe and Africa. And so I had the opportunity as a Foreign Service brat to witness firsthand from the perspective of a kid at the time the enormous skill and savvy and dedication and personal courage that my parents brought to their service to their country, as did also all of the other men and women of the Foreign Service with whom they were privileged to serve. And I saw also the burdens and the sacrifices that they were prepared to endure in serving their country.

Now, after my own service in the Peace Corps in East Africa from 1968 to 1970, I chose to go into the private sector, and I spent more than 40 years in the practice of international law and policy at high levels. But throughout this time, I have always had very close to my heart the idea that as a salute to the memory of my mom and dad and to the magnificent men and women of the Foreign Service with whom they served that I, in turn, might some day be afforded the profound privilege of serving my country as an ambassador of the United States.

And I have to say that in the 6 months of a holding pattern, in effect, since I last had the privilege of appearing before this committee, the sentiment on my part, far from having in any way been diluted or diminished, has in fact, been reinforced. And so I do thank you very much, indeed, for the opportunity of reappearing before this committee today.

I am very excited that the President should have asked me to represent the United States in Finland. Finland is a very close partner of the United States. It has been a member of the European Union since 1995, has developed an innovation-led economy, has worked very closely with the United States as a partner in the Partnership for Peace of NATO, and has supported the United States in Afghanistan and elsewhere in promoting human rights and security around the globe.

As to the matter of shared security, ever since 1950 Finland has been a very dedicated participant in U.N. peacekeeping missions around the world, and although not a member of NATO, it is, as I have mentioned, a participant in NATO's Partnership for Peace program. And Finland maintains a very high level of cooperation and interoperability with the NATO alliance. It regularly participates in joint training missions with the United States and its allies, including joint air training later this very month with Sweden and Estonia and the United States Air Forces.

And Finland is one of the largest contributors to the OSCE special monitoring mission in Ukraine with 19 observers on the ground currently and very substantial contributions as well to the observation force in respect of the Ukraine elections last year.

The Finnish Government has also contributed troops to the Resolute Support mission in Afghanistan, has suffered fatalities, along with others of our allies, and it has pledged \$1 billion a year from 2015 through 2017 in further support of the Afghan National Security Forces. Finland has also taken the lead on the implementation of U.N. Security Council Resolution 1325 in respect of women's rights and participation of women in Afghan civil society.

Secondly, the United States and Finland share the vision of a strong, robust transatlantic economy that delivers benefits for all

of our citizens. That is why, if confirmed, one of my very top priorities will be increasing economic cooperation between our two countries through expanded bilateral trade and investment. The United States is currently Finland's fourth-largest customer and sixth-largest supplier with bilateral trade valued in excess of \$7 billion. I believe that we can do still more and enhance the position of the United States as a principal valued trading partner of Finland.

I will work closely also with the Finns on the increasing importance of the Arctic region. As you know, the United States is about to take over, on April 25, the chairmanship of the Arctic Council, and the Finns will have the next succeeding chairmanship of the Arctic Council in 2018 to 2019.

As to our shared values, the United States and Finland have a relationship which continues to thrive because of the strong people-to-people ties between our two nations. And these relationships are the lifeblood of our partnership. I can recall having had, as a college student at Dartmouth, a summer job as an escort interpreter with the Department of State, and I had the occasion to participate in the international visitors program as an interpreter with delegations from abroad. And it happens that Finland, in participating in these IVP programs over the years, now has as alumni many senior members of the Finnish Government, including President Niinisto, Prime Minister Stubb, and other important figures in Finland's Government who came to see the United States as young students at the time.

Senator PERDUE. I apologize for interrupting. Could we move to a conclusion so we can move this along? I apologize. I am trying to keep us on schedule here. Thank you.

Mr. ADAMS. Well, I thank you for your attention.

[The prepared statement of Mr. Adams follows:]

PREPARED STATEMENT OF CHARLES C. ADAMS, JR.

Mr. Chairman and honorable members of the committee, it is a privilege to appear before you today as the President's nominee to be Ambassador to the Republic of Finland. It is a tremendous honor to be asked to serve in this post, and I would like to thank President Obama and Secretary Kerry for their confidence in me. If confirmed, I look forward to working with you and your colleagues in Congress to further U.S. interests in Finland.

With your kind permission, I would like to say a few words about my personal background and why this makes the privilege to serve as an ambassador so meaningful, if confirmed by the Senate.

My late father, Charles C. Adams, dedicated the entirety of his professional career to representing the United States as a Foreign Service officer, supported throughout by my late mother, Florence Schneider Adams. They, and what came over time to be a family of six children, spent many years in posts all over the world, principally in Europe and Africa, between assignments back home here in the United States. I had the opportunity to witness at first hand, through the eyes of the "Foreign Service brat" that I was, the enormous skill, savvy, dedication, and courage that my parents, and all other professionals of the Foreign Service, brought to their service to their country, and the burdens and sacrifices they were prepared to endure.

After service in the Peace Corps in East Africa in 1968-1970, I chose to enter the private sector, and have practiced international law and policy at high levels for now over 40 years. But I have always had close to my heart the idea that, as a salute to the memory of my mom and dad, and to the magnificent men and women of the Foreign Service with whom they served, I might someday be afforded the extraordinary privilege of serving my country as a United States Ambassador.

My feelings in this regard have in no way diminished; rather they have intensified in the 6 months since having first shared these remarks with this distinguished committee.



I am very excited that the President asked me to represent the United States in Finland. Finland is a close U.S. partner. It has been a member of the European Union since 1995, has developed an innovation-led economy, engages closely with us as a NATO partner, including in Afghanistan, and leads in promoting human rights around the globe.

Finland and its EU partners have stood with the U.S. in implementing sanctions against Russia, sharing our belief that Russia must be held accountable for its actions in Ukraine and abide by its commitments under the Minsk Agreement.

Participation in multilateral fora is a core component of Finland's foreign policy and this is demonstrated through its partnership with the U.S. in international organizations like the United Nations and the Organization for Security and Cooperation in Europe.

If confirmed, I will work to sustain and advance the strong U.S.-Finland bilateral relationship. I will work to do so by championing U.S. national interests across three areas: our shared security, shared prosperity, and shared values.

First, on our shared security, ever since the 1950s, Finland has been a dedicated participant in U.N. peacekeeping missions around the world. At the 2014 NATO summit in Wales, Finland became an Enhanced Partner of the alliance. Finland has been a participant in NATO's Partnership for Peace program for years and maintains a high level of cooperation and interoperability with the alliance. Finland regularly participates in joint training missions with the U.S. and our allies, including joint air training later this month, and is one of the largest contributors to the OSCE Special Monitoring Mission (SMM) in Ukraine, contributing 19 SMM observers.

The Finnish Government has contributed troops to the Resolute Support Mission in Afghanistan, and has pledged \$8 million per year from 2015 to 2017 in support for the Afghan National Security Forces. Finland has taken the lead on implementation of UNSCR 1325, the Resolution for Women, Peace and Security, which seeks to protect women's rights and participation in Afghan society.

Finland also played a critical role in addressing the crisis in Syria through its participation in the mission to transport and destroy Syrian chemical weapons and in 2014 provided over \$14 million in humanitarian assistance to the Syrian people.

Finland has demonstrated a commitment to combating violent extremism in partnership with the United States, having implemented enhanced antiterrorism legislation in January and participating in the Foreign Terrorist Fighters Working Group.

Second, the United States and Finland share the vision of a strong, robust transatlantic economy that delivers benefits for all our citizens. That is why, if confirmed, one of my top priorities will be increasing economic cooperation between our two countries, through expanded bilateral trade and investment. Finland strongly supports a Transatlantic Trade and Investment Partnership (T-TIP), which, if successfully negotiated, could further increase bilateral economic ties and strengthen the overall U.S.-EU economic relationship. I will also work closely with the Finns on the increasingly important Arctic region. Finland is eager to work with us on our upcoming chairmanship of the Arctic Council, and will take over the chairmanship after us in 2017.

Finally, on our shared values, the U.S.-Finnish relationship continues to thrive because of the strong people-to-people ties between our two nations. These relationships are the lifeblood of our partnership. If confirmed, I will travel throughout the country meeting with students, media, local officials and civil society listening to their priorities and concerns and speaking to the enduring value of our cooperation.

Finland has played an active role in advancing our shared security, economic, and social values. If confirmed, I look forward to representing my country in advancing a still deeper connection between the United States and Finland.

I am grateful for the opportunity to have addressed you today, and am at your disposal to answer any questions you may have. Thank you.

Senator PERDUE. No. They are very eloquent remarks. I apologize for closing that off.

It must be easier the second time, guys. You did very well.

As we said in the opening remarks, this is the second time you have been here. I appreciate your forbearance.

I have a couple questions of my own here for the record, and then we will move to the ranking member, Senator Kaine, for his remarks and questions as well. I will try to be brief. I appreciate your forbearance today. And I am glad your mom is here, Mr. McGuire.

Dr. MCGUIRE. Thank you, sir.

Senator PERDUE. Mr. Haney, as Ambassador to Costa Rica, what would your top policy priorities be as you approach that country? It is one of the shining stars, as you said, in Central America, indeed Latin America. And what can we do to raise our cooperation together to the next level?

Mr. HANEY. Thank you, Mr. Chairman, for the question.

I think the broad policy objectives that I would have in Costa Rica very much mirror—align with the broader objectives we have within Central America as they were recently outlined in the Strategy for U.S. Engagement in Central America.

So specifically one would be promoting prosperity and economic integration from a regional perspective, enhancing security, as well as promoting improved governance. And I think Costa Rica can both benefit from our focus on these areas, as well as help us do some of the heavy lifting that we need in the region.

So, for example, on the prosperity and regional integration, Costa Rica has done fairly well relatively. As you said, it is a shining star within the region and within Latin America. It is 40 percent of the trade of the CAFTA-DR, the free trade agreement within the region. But there are still other areas that they can take advantage of within this trade intraregionally, and to do that, they need to address things such as the high cost of power, as well as the transportation infrastructure and facilitating trade on an intraregional basis. I think that is an overlapping priority that we have with the Solis government and that is something that we could work on with them.

As far as enhancing security goes, Costa Rica has done an excellent job. Coming from the private sector, I always look at return on investment. So what does the U.S. taxpayer get for the investment we are making in our partner countries? And Costa Rica, by far, has probably done one of the best jobs in the region on security cooperation. Last year, they seized more cocaine than any other country in Central America, and it was 30 percent more than the previous year. In the last 4 years, it has continued to grow up. So I think we can continue to work on security with the Costa Ricans.

And then I think very much and very importantly for Costa Rica and for the United States is that our relationship is at a different level now. It has matured to the point where we look at Costa Rica as an asymmetrical partner in helping us address some of the key issues in the region. And so I would hope to be able to help the Costa Ricans, perhaps do some of the initiative-building activity that they can do to take some of their experience in promoting human rights and democracy, education, as well as economic development and transport that to the rest of the region as well.

Senator PERDUE. Thank you.

Mr. McGuire, what is your impression of the coordination between the World Bank and the regional development banks? More broadly, in light of the request of the general capital increases from these institutions, what do you see as the division of labor between these institutions, and how should Congress think about and prioritize those requests?

Dr. MCGUIRE. Sure. So on the first of those questions, the coordination there—it is ongoing. It is consistent. The World Bank, obvi-

ously, is considerably larger than the others, the African Development Bank, the Inter-American, the Asian Development Bank, the European Development Bank. And so there is always a discussion back and forth, and as many people have explained it to me, people often take the World Bank's lead. So the practices and the policies of the bank are quite consequential in terms of the practices of some of the others.

Certainly, were I to be confirmed, I already know some of the other executive directors, at least the executive director at the Inter-American Development Bank. I know the woman who has been nominated for the African Development Bank. I certainly look forward to maintaining and strengthening those relationships and then making sure that staff are talking where and how it is appropriate as well. So that is the first piece.

In terms of the division of labor, the World Bank has extraordinary expertise in any number of countries around the world. That said, one can always get even more expertise from those who are on the ground who are focusing just on a particular region. And so certainly I would expect for an intellectual exchange.

In terms of projects themselves, I think that is a discussion that should be an ongoing one, and there are certain banks which have greater expertise in certain areas, let us say, on financial reform or education. The bank has a particularly strong team thinking about infrastructure and public health, and I think we ought to play to our strengths and make sure that we are not just overlapping all the time but that we are complementary in how projects fit with one another.

And then there are instances where there are particular projects that are larger, perhaps a little riskier, where we actually do want to be alongside one another to spread out some of that risk and to make sure that we are really utilizing the U.S.'s contributions to all the banks most effectively.

Senator PERDUE. Thank you very much.

Mr. Smith, what do you consider to be the OFM's highest priorities, and how do you perceive your potential role in achieving them. You have served in the State Department as Deputy Assistant Secretary and Assistant Director for Countermeasures in the Bureau of Diplomatic Security, since 2009 I think.

Mr. SMITH. That is correct.

Senator PERDUE. How do you perceive your role in achieving those priorities?

Mr. SMITH. Senator, as I stated during my previous testimony here, my highest priority will be ensuring the equitable treatment of our personnel who serve in facilities abroad by the host governments under which they operate and also make sure that our national interests and foreign policy interests here in the United States are protected by regulating the activities of those foreign missions that are located here in the United States.

How I will do that is by remaining engaged with the various regional bureaus at the State Department, along with their regional executive directors, who have day-to-day interaction with our embassies and consulates that are around the world to make sure that any issues that come up that we can address from a perspective of reciprocity that we can do that.

I will also, of course, stay in close contact with the Under Secretary for Management and the chiefs of missions at those embassies so that if I personally have to be engaged in any of those activities to bring about resolution, that I can do that as well.

And as I stated during my last testimony, of course, I will remain engaged with the Congress, with the members here, and with your committees if there are specific issues of interest that we can resolve as well.

Senator PERDUE. Great. Thank you.

My time has expired. In the second round, I have one more question for Mr. Adams, but the ranking member—we are going to waive the time constraint on this since he has not had a chance for his opening remarks.

So, Senator Kaine.

Senator Kaine. Thank you, Mr. Chair. And thanks to all the witnesses.

I have voted for you once already. So I am not going to ask questions and make you think I am trying to satisfy myself of whether I made a mistake or not. I very much support you. I congratulate you on the renomination.

I also want to say, Mr. Adams, your story about your own family's personal history is a very touching one. But it really does call to mind the tremendous sacrifice that our Foreign Service professionals make. The three of you, I guess, will have the title of Ambassador, and then, Mr. McGuire, you will be Executive Director. But you are all Ambassadors, but you also will be working with some fantastic small A ambassadors.

As I travel to do CODEL's as part of this committee, when I am in another country, I almost always will meet with first- and second-tour Foreign Service officers, the newcomers to the State Department family to ask them about their lives and their perceptions and to answer their questions. I always come back—Senator Cornyn and I were in Latin America 3 weeks ago. I always come back with a high degree of real inspiration for the service. I think we do a good job of thanking our military who serve in harm's way these days, but an awful lot of our nonmilitary personnel who serve overseas who get sent to places that may not be their first choice, sometimes to places where they cannot bring family, sometimes to places where there is physical danger—it is really important work. And so you will be working with wonderful colleagues, and I know that you will express that appreciation to them every day that you serve.

To just maybe go left to right, Mr. Adams, I want to ask you about—we had a hearing this morning about Russia and the Ukraine. We have had a lot of hearings about Russia in the months since you were here and about what is happening. Talk a little bit about the Finland-Russia relationship now and, in particular, whether the sanctions that the United States and NATO have imposed on Russia are having an effect on the economy of Finland.

Mr. ADAMS. Thank you, Senator. Let me address the second part of your question first, if I may.

Finland, as you know, is a very strong proponent of the sanctions regime against Russia and has implemented those sanctions forcefully. Even though, inasmuch as Finland has a very active trading

relationship with Russia, it is Finland which, among the EU countries, has probably paid the highest price in terms of the impact on its economy. Finland's exports to Russia in 2014 were down by 13 percent in respect of 2013, largely as a result of the direct sanctions and of the reduced value of the ruble which impeded Russian purchasing power in respect to Finnish goods and services. Finland has stepped up and has made it clear that it is prepared not only to enforce existing sanctions but to advocate for enhanced and stronger sanctions to the extent that the crisis in Ukraine is not rapidly brought to a satisfactory close.

The relationship between Finland and Russia is ancestral. As you know, Finland spent over a century as a grand duchy of the czar of Russia from 1809 to December 6th of 1917. There had been dealings before. There have been dealings after, including armed conflict, as you know. In the course of the Second World War, Finland on two separate occasions staved off the assaults of the Red Army, incurring the admiration of the world in so doing.

It is a delicate relationship. Finland is very firmly anchored with the West in terms of its values, in terms of its liberal political system, its democracy, in terms of also of its sense of oneness with its neighbors to the west and to the south, even as Finland has sought to maintain a relationship with Russia that is based on shared respect and a concern for good neighborly proximity, and Finland has succeeded admirably in so doing.

The crisis in the Ukraine has brought focus on Finland as an interlocutor and bearer of messages to Russia which are heeded and paid close attention to by Russia because of the privileged posture of Finland and the respect with which Finland is held by Russia due to this relationship of several centuries standing. And if confirmed, I would look forward to working closely with the Finnish Government in continuing to strive for a satisfactory and prompt resolution of the crisis in Ukraine to which Finland is uniquely positioned to contribute.

Senator KAINE. Thank you very much, Mr. Adams.

Mr. Smith, the issue of the reciprocal treatment of U.S. Embassy and consular personnel in nations where they serve and then our treatment of their personnel here—there have been some newsworthy instances in the last couple years, most notably in some back and forth between the United States and India with respect to treatment of Indian Embassy and consular personnel in New York and then actions taken in India that challenged some of the rights of our Embassy personnel.

But one that is ongoing right now that I am just kind of curious about—I just returned from Latin America with Senator Cornyn, and when we were in Colombia, there was an escalating tension with the neighboring country of Venezuela. And my understanding is that Venezuela has sort of directed us to reduce our number of Embassy and consular personnel from—I do not know—about 100 down to 17. There are about 80 Venezuelan consular personnel in the United States. I am just curious if you have any insight that you can share in an opening setting as to how we are trying to work through that particular challenge to the credentials to our Embassy and consular personnel in Venezuela.

Mr. SMITH. Well, as you stated, Senator, as much as we can talk about it in open session, which is rather limited, but I agree with you. We got the number that we needed to reduce down to 17. We are looking at the situation now because, as you stated, there are more than 17 diplomats from Venezuela that are currently operating in the United States. And so we will continue in negotiations and discussions with the Government of Venezuela to come to a much more honest recognition of how many personnel they have here and hopefully be able to respond in a reciprocal way so that we can keep our numbers pretty much equal to what their numbers are. So it is still a situation that is developing. It is one that is still very much under study with the Department and one in which we remain engaged with the Venezuelans on this particular issue.

Senator KAINE. Great. Thank you, Mr. Smith, for that.

Mr. McGuire, I want to ask you about the activities of the IBRD in the Americas. The President currently has a budget proposal in that is Plan Central America. It is with respect to the Northern Triangle countries in Central America, Honduras, Guatemala, and El Salvador. The dramatic escalation in the number of unaccompanied minors coming to the United States, an average of about 20,000 to 35,000 in 2013, nearly 70,000 in 2014, drew a lot of attention to these three countries that have three of the worst murder rates in the world, huge amounts of poverty. And the President's proposal deals with kind of an all-encompassing strategy to help them deal with security challenges, fight narcotrafficking, and also do the kind of economic development and justice reforms that will enable the people to want to stay rather than to have to leave their countries due to poverty and violence.

Talk a little bit about the IBRD kind of portfolio. It looks to be about a third of activity is in the Americas. How can the IBRD be an asset to this need to hopefully upgrade the security and economic situation in Central America so we do not see the push of unaccompanied minors coming to our country.

Dr. MCGUIRE. Sure. I appreciate it. And I was actually in Colombia just last summer on a trade mission with the Commerce Department, and so I thought about a number of these issues from a regional perspective myself recently.

I would say the first place I would start is importantly to your point, realizing that there is an all-in strategy here in the sense that on certain matters it will be the State Department which is able to take the lead and help the Northern Triangle countries in particular. In certain instances, it is USAID on the bilateral side. It is worth noting that 11 of the 21 countries with which the United States has free trade agreements are in this hemisphere. All three of the Northern Triangle countries we have free trade agreements with. So there is an existing strong base there for increasing commerce, which leads to increasing stability.

That is really the part and parcel of what the World Bank is about, is stabilizing economies, growing economies so that a lot of other problems often can fade away so long as you are paying attention to them a little more directly like security and some of the things that you are addressing. So I think that is important to realize. There is a larger context here and this is an ongoing set of challenges that we are dealing with.

In terms of the IBRD, you are right. I believe it is closer to a quarter of the overall portfolio is within Latin America. So that is pretty significant. I would note that the two large economies within the region, the largest, Brazil and Mexico, are number one and number two in terms of total portfolio exposure, if you will, at the bank. So there is consistent and ongoing work. And I think the challenge for the bank is to continue to look at where it can have the greatest impact.

One example I will use—and please take it not as a recommendation to bank staff where they ought to go. But when I was in Colombia, one of the things I heard an awful lot about is the great potential that the eastern region had for developing agriculture. It is very fertile land. One of the big challenges that they have is, should that be fully developed, there are not enough roads and rail to get to market in the more densely populated regions to the west but also for export. And so these sorts of infrastructure projects could be something that would make a difference. Again, I am not making recommendations but saying these are the kind of things that the bank and its expert staff continue looking at to say how do we grow the economy, how do we diversify the economy, how do we give people multiple options so perhaps they are not drawn into some of the other activities that are going on down there.

And then finally, I would say, getting back to my original point, it is working in conjunction with all the other U.S. Government entities to make sure that we are working hand in hand and not at cross purposes so we can be most effective in trying to stabilize the region and help it to continue to grow.

Senator PERDUE. Thank you, Mr. McGuire.

And finally, Mr. Haney, I want to congratulate you. On this CODEL I was talking about, we spent about 35 minutes in the airport in Costa Rica, and the mere knowledge that we were there caused Embassy officials to drive and meet with us in our layover and ask us penetrating questions about when Fitz Haney was going to be confirmed by the Senate of the United States. And I thought if they drove all the way out to the airport about an hour from downtown knowing we would have 5 minutes to talk on your behalf, that speaks well for the team that you will be working with.

Costa Rica, a fascinating country; 120,000 American citizens, approximately, live there and more than 1 million Americans visit Costa Rica every year.

As we are grappling with some of the issues I asked Mr. McGuire about some of the security challenges in Central America, really two things. What can we do to help Costa Rica share some of its expertise, civil justice system, for example, in Honduras—I am very familiar with Honduras, having lived there. One out of 100 murders leads to a conviction. So there is almost complete impunity for the most serious crime there is, and that means people do not cooperate with the courts or police. Why be a witness? Why tell somebody what you saw if there is not going to be a conviction anyway? And that is a fairly common thing in Honduras, El Salvador, Guatemala. Costa Rica has a different tradition. I am interested in what you might be able to do to help sort of share that tradition in the region because of the cultural similarities.

But also, I am curious. Is Costa Rica seeing any up-tick in criminal activity? There is a little bit of a squeezing the balloon phenomenon. The better we do in Colombia, the more we push some criminal activity elsewhere. When we invest in Plan Merida in Mexico, we push some criminal activity elsewhere. Is Costa Rica seeing any escalation, especially in narcotraffic, and what might the United States do to help them deal with that issue?

Mr. HANEY. Thank you, Senator. And thanks to the team in Embassy San Jose who drove out to advocate on my behalf. I hope to be down there soon.

Let me start with the second part of your question. I do think that is the importance of the entire approach, both from the U.S. Government perspective, as well as the strategic perspective that we have to address this on a regional basis. Because of the success we have had in Colombia and success we have had in Mexico, being a business person, my belief is that as people develop distribution channels, they are going to ship through whatever they think they can make money on. And so the countries in the middle, so all of Central America, have been squeezed and have all experienced an up-tick or increase in violence. And Costa Rica has not been spared that up-tick. Last year, the murder rate went back up in Costa Rica, and it was most directly related to narcotrafficking.

So I think the fact that the country has, like I said, seized more drugs last year than any other country in the region—and that was a 30-percent increase over the previous year, and it has been 4 years in a row—tells, I think, one of two things. One is that the Costa Ricans are a very willing and capable partner, and we need to continue to partner with them on initiatives around security. And two, probably other countries are not doing as well as they should do if Costa Rica is number one in this. So I think they are exposed, and we can do everything we can to continue to support their democratic institutions so that they cannot become as tainted or as fragile as the Northern Triangle institutions are.

Now, what can Costa Rica do? I do think that Costa Rica, given its strong traditions and given its relative success on democracy and human rights, can serve to help institution-build within the region. And so I think our engagement—you know, we have not had an ambassador in Costa Rica now for almost 2 years, and I think our high-level engagement with the Government of Costa Rica will help them really to move to the next level. It is a natural impulse, I think, of the Solis government. President Solis has said that Costa Rica cannot prosper if the rest of the region is not prospering as well. And I think that is a shift in mindset that the Costa Ricans have come to as of late, but I think that we need to do everything we can to help them continue on that path.

And so one of my priorities will be engaging both the Costa Rican Government, as well as broader civil society really, because Costa Rica has a very deep and broad civil society, and see how can we bring training and other things, from a judicial standpoint, some of the things that we have helped, actually Costa Rica with, through some of the CARSI funding we have done over the last 5 years to really export that expertise to the Northern Triangle to really help and help the Costa Ricans continue to realize that helping the Northern Triangle is actually helping them as well.



Senator KAINE. Thank you, Mr. Chair. I have no further questions, and thanks to all the witnesses.

Senator PERDUE. Thank you.

I just have a quick question, Mr. Adams, for the record. As you think about taking on this responsibility—and let me echo the ranking member's comment about your story. That is very touching.

As you think about, though, taking on this responsibility, how do you see the priorities? What will be your main focus as you take on this responsibility?

Mr. ADAMS. Senator Perdue, I think that the first priority for any United States Ambassador has to be the safety and the security of embassy personnel and of U.S. citizens at large in the particular country. And certainly this is something that, if confirmed, I will have foremost in my mind every day of my service in Finland.

Second, there is the matter that Senator Kaine addressed just now, the resolution of the crisis in Ukraine and the role that can be played by Finland in a constructive sense, working with the United States and with the European Union to communicate to the Russians the absolute necessity of finding a satisfactory resolution to this crisis quickly in order that the sanctions regime can gradually be diminished rather than strengthened still further.

Thirdly is the matter of the expansion of the bilateral trade relationship between Finland and the United States where, as I indicated, I believe that the United States can move up in the rankings both as a customer of Finland and as a supplier of goods and services to that country.

Senator PERDUE. Thank you very much.

Gentlemen, thank you for your comments today and for your forbearance and for being here today. Your testimony is in the record, and I am very impressed.

Just so you know, we are going to keep the record open in case Senator Gardner or any other members of the committee have any last-minute questions. I do not know that there will be any. But we ask that you respond to those if you get those in the next few days.

Again, I really want to thank you for your willingness to serve our country. I am very encouraged when I meet high-quality people with backgrounds like yours willing to serve. So thank you very much.

With the thanks of this committee, unless the ranking member has anything else, we will stand adjourned. Thank you very much.

[Whereupon, at 3:20 p.m., the hearing was adjourned.]

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#### ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF MATTHEW T. MCGUIRE, NOMINATED TO BE U.S. EXECUTIVE DIRECTOR OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, TO A QUESTIONS FROM MEMBERS OF THE COMMITTEE

DIRECTOR-DESIGNATE MCGUIRE'S RESPONSES  
TO A QUESTION FROM SENATOR CORKER

*Question.* The World Bank Board in the next few months will be reviewing staff recommendations to improve the procurement practices of the Bank. While a number of very positive steps are being proposed, it is my understanding that, currently,

the staff does not appear to be planning to propose changes to the bid price preference margins that are granted to domestic bidders on bank projects (15 percent preference on goods and 7.5 percent on works). Such preferences raise questions about compatibility with efficient procurement and fair bid competition. In fact, the impact of this practice can affect issues that go beyond Bank procurement. For example, the Bank's policy sometimes serves as an imprimatur for many developing countries to follow this practice in their own procurement, all of which is to the detriment of U.S. based bidders.

◆ If confirmed, will you press for a prompt and serious review of this practice?  
Answer. Yes.

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DIRECTOR-DESIGNATE MCGUIRE'S RESPONSES  
TO QUESTIONS FROM SENATOR BARRASSO

*Question.* I appreciate that in your testimony, you committed to "be a sound steward of our country's capital at the Bank." It is critically important that U.S. resources are used in a responsible and effective manner.

◆ Do you believe requiring borrowers to accept higher cost energy projects is a responsible use of taxpayer dollars when affordable and reliable alternatives are readily available?

*Answer.* The World Bank should support expansion of low-cost, reliable energy access in developing countries, and should do so taking into account full lifecycle costs, including environmental and social costs. In some instances, this may lead to higher costs up front, but should not lead to higher costs for the life of the project. The World Bank has an important role to play in increasing the commercial viability and promoting the expansion of renewable, clean, and efficient energy sources and technologies.

*Question.* If confirmed, what criteria would you use to determine whether you will vote in support of energy development projects at the World Bank?

*Answer.* As I evaluate energy projects, I will look to see that the project meets the country's energy needs, has considered all relevant alternative approaches, and is as sustainable (both financially and environmentally) as possible. Of course, there are a variety of issues to consider in any project, including existing laws and policies, and these will apply to energy projects as well.

*Question.* Will you vote in support of energy development projects that include oil, coal, and natural gas at the World Bank?

*Answer.* I will vote in favor of projects that are consistent with U.S. law and policies and the World Bank's own operating guidelines. Consistent with its own Energy Sector Directions Paper, the World Bank should work to increase the commercial viability and promote the expansion of renewable, clean, and efficient energy sources and technologies. Global energy needs are vast, and there are instances where fossil fuels like gas and oil can play a role in the transition to such sources. Both the administration's Climate Action Plan and the World Bank's Energy Sector Directions Paper recognize the important bridging role that natural gas can have in moving toward more sustainable sources of energy supply.

*Question.* What are the current energy policies, rules, and restrictions at the World Bank that impact financing of energy development projects dealing with fossil fuels?

*Answer.* In July 2013, the World Bank adopted a new approach to its engagement in the energy sector. The approach recognizes the importance of increasing access to modern energy services through an integrated approach that addresses both energy supply and demand issues, including energy efficiency, tariff pricing, and reducing technical losses. The approach notes that the World Bank Group will "only in rare circumstances" support new greenfield coal power generation projects, such as meeting basic energy needs in countries with no feasible alternatives. The paper also says that the World Bank will scale up its work helping countries develop national and regional markets for natural gas.

*Question.* The World Bank approved a total of \$1.6 billion in new projects in China through its nonconcessional window in fiscal year 2014. In fiscal year 2014, China was the third-largest recipient of financial assistance from International Bank for Reconstruction and Development, after Brazil and India. In 2014, China participated in the creation of two separate development banks called the Asian Infrastructure Investment Bank and the New Development Bank.

- ◆ Why is the World Bank continuing to lend substantial resources to China, when China can more than meet their financing needs in the international capital market and started creating their own international lending institutions?

Answer. China's per capita income (\$6,550) remains below the threshold (\$7,185) at which point World Bank management is supposed to initiate discussions about graduation.

If confirmed, I will encourage the World Bank to begin discussions to transition China away from World Bank lending as it crosses the graduation threshold and to move toward other vehicles, such as reimbursable technical assistance and analytical and advisory assistance, to meet its development needs.

*Question.* What is your view of the Asian Infrastructure Investment Bank and the New Development Bank? What kind of duplication will these new development banks have with existing multilateral and regional institutions?

Answer. I believe that there is a pressing need to enhance infrastructure investment around the world and that any new institutions should be designed to complement the existing institutions. I also believe that any new multilateral institution should incorporate the high standards that the international community has collectively built at the World Bank and the regional development banks.

*Question.* Do you believe that lending substantial resources to dynamic emerging market economies with access to international capital markets diverts capital away from countries with greater needs and lack of financial options?

Answer. No. The World Bank's sovereign lending is split between two different windows specifically to address this issue. Countries with greater needs and a lack of financial options receive concessional financing (grants or highly concessional loans) through the World Bank's concessional window—the International Development Association (IDA). As a country's per capita income increases and it gains access to international credit markets, it graduates from IDA to the World Bank's nonconcessional window—the International Bank for Reconstruction and Development (IBRD).

The allocation of the IBRD's financial resources depends on a variety of factors, including the size of the borrower's population, economy, and its credit ratings. This method of allocating resources helps the IBRD to maintain its AAA credit rating and limits the need for frequent infusions of capital by its shareholders. Given differing credit profiles, reducing lending to upper middle-income countries will not result in a dollar-for-dollar increase in capital available for IBRD lending to lower middle-income countries. The IBRD must be able to provide adequate resources to lower middle-income countries as they graduate from IDA, but the IBRD has taken a number of steps to ensure that it has adequate capital resources to do so over the medium-term.

*Question.* What specific policies do you propose for graduating middle-income countries at the World Bank?

Answer. If confirmed, I will continue to urge World Bank management to apply the World Bank's existing graduation policy in a more consistent fashion. According to World Bank policy, countries remain eligible to borrow from the IBRD until they are able to sustain long-term development without further recourse to World Bank financing and until they have reached a sufficiently advanced level of development. The World Bank uses a per capita income threshold (currently \$7,185) as a trigger for discussions on graduation. I believe that the World Bank should be having serious discussions with more borrowers about graduation. As countries approach the threshold for graduation, I will also encourage the World Bank to be more selective about which sectors it supports in those countries, with a focus on those that have the greatest impact on poverty reduction and have a global or regional public good aspect associated with them.

RESPONSES OF CHARLES C. ADAMS, JR., NOMINATED TO BE AMBASSADOR TO THE  
REPUBLIC OF FINLAND, TO QUESTIONS FROM MEMBERS OF THE COMMITTEE

AMBASSADOR-DESIGNATE ADAMS'S RESPONSES  
TO QUESTIONS FROM SENATOR SHAHEEN

*Question.* If confirmed as the next Ambassador to the Republic of Finland, will you commit to making the issue of gender equality and the particular challenge in Finland of gender-based violence a priority for this bilateral relationship?

Answer. If confirmed as the next Ambassador to the Republic of Finland, I commit to continuing our efforts to enhance human rights, including with regard to gender equality. With the use of important tools such as the annual Human Rights Report,

and with the assistance of the State Department's Office of Global Women's Issues, I will continue to partner with Finland on eliminating gender inequality globally as well as engage with Finland on addressing gender-based violence at home. I am encouraged by our ongoing partnership with Finland, which has been the lead on U.N. Security Council Resolution 1325 implementation in Afghanistan. In this role, Finland has helped promote the importance of women in peace and security. The Finnish Government has also recognized the problem of gender-based violence domestically and adopted a 5-year, multisectoral action plan to combat violence against women. In addition, Finland recently passed legislation, effective January 1, 2015, outlining the government's assistance to and responsibility for safe houses and shelters for victims of domestic violence. If confirmed, my team and I will continue to support efforts to address the problem of gender-based violence.

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