

Senate Committee on Foreign Relations
Opening Statement of Chairman Richard G. Lugar
Nominations Hearing
May 12, 2006

Today, the Foreign Relations Committee meets to consider nominees to three key diplomatic posts. Joining us are Mr. William Taylor, Jr., who has been nominated to be Ambassador to Ukraine; Ms. Anne Derse, who has been nominated to be Ambassador to Azerbaijan; and Mr. Daniel Sullivan, who has been nominated to be Assistant Secretary of State for Economic and Business Affairs. We are pleased to have these three nominees with us today.

Mr. Taylor has given decades of service to his country, including experience in critical posts at the Departments of State, Defense, and Energy. As a graduate of West Point, he served as a combat infantry officer in Vietnam. He also is familiar with this body, having served for five years as a legislative assistant to our good friend Senator Bill Bradley. Currently, he is serving as Senior Advisor to the Coordinator in the Office of Reconstruction and Stabilization at the Department of State. This office originated out of a framework developed by this Committee, so we are especially interested in Mr. Taylor's experience in this capacity. Prior to his current position, he served as the U.S. Representative to the Quartet Special Envoy for Disengagement in Jerusalem and as Director of the Iraq Reconstruction Management Office at the U.S. Embassy in Iraq.

The United States and Ukraine have developed a close relationship since Ukraine achieved independence. Ukraine has been an excellent partner to the Nunn-Lugar program in controlling and destroying the arsenal of weapons of mass destruction that was left on its territory when the Soviet Union broke up. As a result of this cooperation, Ukraine is nuclear weapons free.

We have been inspired by the struggle of the Ukrainian people to achieve political, economic, and social freedoms. In November 2004, I witnessed this struggle first hand when I served as President Bush's representative to the Ukrainian runoff elections. On that occasion, the Ukrainian people would not let the election be stolen. They demonstrated their commitment to democratic principles, which eventually brought President Yushchenko to power.

But democracy cannot be won with a single event. We in the United States have been working for more than 200 years to understand and to perfect our own democracy. Even today, protecting the sanctity of the ballot box requires constant vigilance. Our experience has taught us that democracy is both difficult to establish and hard work to maintain. I am hopeful that the new cabinet in Ukraine will continue democratic momentum.

The United States must do its part to support the expansion of democracy and free markets in Ukraine. Earlier this year, I was pleased that Congress passed the bill that I had sponsored to repeal Jackson-Vanik trade restrictions against Ukraine and extend permanent normal trade relations to that country.

Ukraine faced another challenge earlier this year, when Russia took action to deny some natural gas to Ukraine. The dispute led to sharp drops in gas supplies reaching European countries that receive natural gas moving through Ukrainian pipelines from Russia. Russia charged that Ukraine was diverting gas intended for other European nations. Eventually, the confrontation was resolved with a near doubling of the price of natural gas sold by Russia to Ukraine.

Like the United States, Ukraine's energy import dependence makes it vulnerable to price volatility and the manipulation of supplying countries. Development of alternative fuels, along with rapidly increased efficiency, should be a central area of cooperation with Ukraine.

Our second nominee, Anne Derse is a distinguished Foreign Service Officer with more than a quarter century of experience. She most recently served as Director for Biodefense Policy at the Homeland Security Council. Prior to that, her assignments have included service as Minister Counselor for Economic Affairs at the U.S. Embassy in Iraq and at the U.S. Mission to the European Union. Ms. Derse also has held posts in the Philippines, South Korea, Belgium, and Singapore, among other locations.

Last August, I traveled to Azerbaijan where I met with President Aliyev. I discussed with him the opportunities and challenges facing his country and urged him to hold free and fair parliamentary elections. Last month, I met again with

President Aliyev during his visit to Washington. We had a candid conversation about democracy, the status of the Nagorno-Karabakh region, and Azerbaijan's relations with neighbors, including Russia and Iran. I emphasized that U.S. relations with Azerbaijan have a promising future, but will only reach their full potential if Azerbaijan strengthens its commitment to democracy and the rule of law.

Azerbaijan is located in a tough neighborhood. I commend its efforts to interdict terrorists transiting its territory and to combat indigenous terrorists and terrorist financing. After September 11, 2001, Azerbaijan quickly granted overflight rights and intelligence support to the United States and offered the use of its bases for Operation Enduring Freedom in Afghanistan. It was also among the countries that supported Operation Iraqi Freedom.

Rich in oil and gas, Azerbaijan has great potential for increased energy exports. With Azerbaijan, we should continue to assist in opening a southern corridor for oil and gas transit to Europe, but also work with the Azerbaijan government to promote transparency in the energy industry and development of alternatives to oil and gas that will strengthen the country's future.

Our third nominee, Mr. Daniel Sullivan, has recently served on the staff of the National Security Council, where he was Acting Senior Director of the International Economics Directorate. In 2004, he took a leave of absence to return to active duty in the Marine Corps, where he has served as a senior advisor to the Commander of Central Command. Since 1993, Mr. Sullivan has served in the Marine Corps, either on active duty or in the reserves. He also has been a law clerk for both federal and Alaska state judges and has practiced law in the private sector.

As Assistant Secretary for Economic and Business Affairs, Mr. Sullivan would have oversight over a wide array of international economic programs, including those dealing with sanctions, trade, development, transportation, and energy. Increasingly, national security goals depend on economic factors. The Economic and Business Bureau is in a unique position to evaluate the myriad of benefits that come from free trade and to assist the Office of the U. S. Trade Representative. It also must work closely with USAID to ensure that development efforts are transparent and productive.

I would observe that today we are considering ambassadorial nominees to two countries where energy is among the most important considerations in our relationship. This is not an unusual circumstance. Our relations with dozens of countries around the world – both allies and rivals – are dominated by the opportunities and threats associated with energy supplies and our status as an import dependent nation. Recently, Secretary Rice and Undersecretary Burns have expressed to the Foreign Relations Committee how central energy has become to broader issues of U.S. diplomacy. In fact, global energy security is one of the main reasons why the Administration has asked Congress to support the U.S.-India Civilian Nuclear Agreement.

As we consider the talents and responsibilities of our two ambassadorial nominees, I want to ensure that they and other ambassadors have the support and institutional expertise necessary to effectively deal with energy issues. In my judgment, the State Department must greatly increase its capacity to address energy issues at the highest levels of its bureaucracy. As my introduction indicated, the job description of the Assistant Secretary for Economic and Business Affairs includes many other important topics besides energy. Although I would urge Mr. Sullivan to develop a sharp focus on energy as quickly as possible, the State Department needs to do more than expand energy capabilities within the Economic and Business Bureau.

To address this situation, I have introduced S. 2435, the Energy Diplomacy and Security Act, which would create a coordinator for energy diplomacy in the Secretary's office and expand the profile of energy considerations within the department. Unfortunately, despite a good deal of prodding, the State Department has not been able to express a definitive view of the bill or its needs in this area. The Foreign Relations Committee plans further hearings on this topic, and we intend to be persistent.

I congratulate each of our nominees. Please deliver your statements in the order that you were introduced. If you are summarizing a statement, the text of your entire presentation will be included in the hearing record. Also, please introduce family and friends that may have accompanied you on this important occasion.

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