

**WRITTEN STATEMENT OF MR. JOSE W. FERNANDEZ
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AND BUSINESS AFFAIRS**

SENATE COMMITTEE ON FOREIGN RELATIONS

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Madam Chair and Members of the Committee,

I am honored to come before you today as President Obama's nominee as Assistant Secretary of State for Economic, Energy and Business Affairs. I am grateful for the confidence shown in me by the President and Secretary Clinton, and if confirmed, you have my word that I will work tirelessly to advance our country's international economic objectives to secure greater prosperity and opportunity for the American people.

I come to Washington not ever having worked in DC, except for a brief stint as a summer law school clerk more than 30 years ago. I have spent my entire professional career in the private sector as an international commercial and finance lawyer, mostly in New York. Most of my knowledge of international business, energy and economics from having labored in the trenches, negotiating agreements in the oil and gas, telecommunications, water, aviation and mining sectors in emerging markets, and advising banks in their lending and restructuring activities abroad. I have represented U.S. investors as they tried to do business in troubled countries, and foreign investors as they attempted to raise funds in our capital markets or navigate the intricacies of the U.S. foreign investment system. And I have helped governments both in Africa and Latin America to attract foreign investors by liberalizing their economies, signing bilateral investment treaties and privatizing their state-owned enterprises. Lately I have been helping clients avoid expropriation, unfortunately even by some of the very countries that liberalized their economies a decade ago.

All of this experience sounds very corporate and finance-oriented, but I did not start out that way. I grew up in a small town that sits on a beautiful bay in southern Cuba, next to the Bay of Pigs, where my father was one of a handful of lawyers in town. One of my first memories was of the bearded olive-clad rebels who drove past our house on their way to Havana in 1959 amidst cheering throngs happy to be rid of the latest murderous dictator. But those days of ecstasy did not last long, and my later memories are about family friends who would suddenly vanish either to firing squads or to Miami, of my parents going hungry so that we would have a bit more to eat, and of my father getting out of bed at 4 in the morning to go buy some black market meat before the rest of the town could wake up to outbid him for it. We left Cuba in 1967 to Hudson County in New Jersey, which in those days billed itself as the "embroidery capital of the world" and where my mother took a job as a seamstress in a local factory. Six years later, I ended up at Dartmouth College, where I was nurtured and challenged by educators and administrators whom I will never be able to repay, and who convinced me that a career in international law was not beyond my reach.

By the time I graduated from Columbia Law School I knew that I wanted to do international work, but thought that I would benefit if I could see what it was like to do business from the perspective of countries on the receiving end of investments, rather than from Wall Street. So before joining a New York corporate law firm, I went to work for a local firm in Spain, which at that time was emerging from the wounds of the Franco era and stood poised to show the world how to put aside the rancor of civil war and embrace a democratic and prosperous future.

I hope that some of the personal experiences that I have just described will be of use to me as Assistant Secretary of State for Economic, Energy and Business Affairs, if I have the privilege to be confirmed. They will certainly color how I approach my duties: I know what American businesses look for when they invest in foreign countries, but I have also lived with the anxiety of a factory worker in the U.S. who goes home from a day's labor not knowing whether her job will have moved abroad when she comes back the next day. I've witnessed the human suffering and displacement of societies wracked by poverty and inequality, but I have also seen the redemptive power of American investment in countries trying to crawl out of poverty and hopelessness. And, finally, I have lived the hope that the mere mention of the United States inspires among the poor and marginalized around the world.

I am honored to be under consideration for one of our country's senior economic policy positions. If confirmed, I will focus particular attention on the following five issues.

1. Food Security: One of this Administration's top economic priorities is to develop a comprehensive strategy to address global hunger. The Secretary has called for an approach that will harness the ideas and resources of our entire Government and international partners to increase investment in agricultural-led growth. This new food security policy is still being elaborated, but the core principles are clear: assistance tailored to the needs of individual countries through country-led consultations, benchmarks developed to make sure our programs are accountable and effective, and U.S. efforts leveraged by contributions from other countries, multilateral organizations and foundations. Secretary Clinton has emphasized that the U.S. will continue its strong support for emergency food assistance, but a strategy to increase sustainable agricultural growth is an essential component in the struggle to reduce global hunger and extreme poverty. In the last few years I have spent considerable time working on microfinance initiatives, helping small entrepreneurs (mostly women) grow their businesses from scratch, not with a handout but with a small commercial loan backed by a well-thought out business plan. I know from experience how combining sufficient resources with a good strategy can work wonders.

From the good work done by Mr. Lugar and others in this Committee as well as from the Administration's strategy, it is clear to me that we have diagnosed the problem of food security and have a plan for addressing it. But we will be judged not on our diagnosis, but rather on how we implement the strategy and achieve results. Nothing will help our standing in the world more than a successful effort to significantly reduce poverty and hunger around the world. If confirmed, I will strive to make this initiative a success, and I look forward to working closely with Congress in this effort.

2. Trade and Investment: During my decades in international business, I have seen the benefits of international trade and the power of American entrepreneurship to spur growth and prosperity in other countries as well as in our own. But I also witnessed how corruption, protectionism, intellectual property insecurity and opaque investment regulations have blocked U.S. investment and harmed American companies operating overseas. If confirmed, I will work with the U.S. Trade Representative, the Department of Commerce, other U.S. agencies and our diplomatic missions abroad to push for a fair, transparent, and rules-based trading system that will protect American workers' rights, and promote a level playing field for our consumers, workers, farmers and businesses. I will also make sure that the Department of State, with its resources spread around the world, is working to make sure that our trade partners are living up to their responsibilities on issues such as food safety, labor and environment. America's economic recovery depends in large part on greater access to global markets for our goods and services. If confirmed as Assistant Secretary, I will seek every opportunity to improve access to foreign markets for American business by removing trade barriers, negotiating agreements where consistent with our national interest and values, and just plain commercial advocacy.

3. Terrorist Financing and Sanctions: If confirmed as Assistant Secretary, I will have important responsibilities to oversee efforts to combat terrorist financing and implement effective sanctions in support of U.S. national security. If confirmed, I will work to build international coalitions to deny terrorists and their supporters access to the international financial system, to strengthen UN and other multilateral initiatives, and to promote assistance to countries where financial systems are vulnerable to abuse by terrorists. I will work closely with other U.S. Government agencies to create and modify terrorism finance laws and sanctions regimes, as appropriate. I will continue to pursue the Administration's efforts to develop new alternative relief mechanisms that would offer humanitarian assistance to vetted charities in at-risk areas. If confirmed, I will continue to promote our activities at the UN and with foreign governments to back U.S. policies against terrorism and financial crimes and in support of U.S. and UN sanctions regimes.

4. Energy: Access to reliable and affordable energy supplies and transparent energy markets are crucial for our national security and economic well-being. The U.S. is seeking to meet those objectives by encouraging diversity of supply and long-term investments in a variety of energy sources. The Administration works with key energy suppliers and consumers, and in multilateral organizations and groupings such as the International Energy Agency, the G8 and G20, the International Renewable Energy Agency, and the Extractive Industries Transparency Initiative, to help ensure that global energy demand will be met and that good governance is promoted. If confirmed, I will work closely with the Coordinator for International Energy Affairs, David Goldwyn, the Special Envoy for Eurasian Energy, Ambassador Richard Morningstar, and the Special Envoy for Climate Change, Todd Stern, to maximize our efforts to achieve energy security and encourage clean energy and innovation.

5. Strengthening Ties with our Partners Among Emerging Economies: The emergence of developing economies such as Brazil, India and China presents enormous opportunities for expansion of economic ties and forging new partnerships to deal with global problems. The challenges we face – economic crisis, environmental degradation, finding new sources of energy, and eradicating global hunger, to mention a few -- are daunting, and we need the participation of these dynamic emerging economies to find better solutions. Economic recovery for all will be

hastened if we can forge greater support for a well functioning rules-based international trading system. We also need to focus on common goals with our trade partners while working to remove the trade irritants that often grab the headlines. If confirmed, I look forward to promoting closer engagement on these issues, and I pledge to work closely with Congress as we move forward.

Let me conclude by stressing that I am fully aware of the substantial responsibilities of the position of Assistant Secretary for Economic, Energy and Business Affairs. If confirmed, I will be honored to work with Secretary Clinton, my State Department colleagues and my counterparts throughout the U.S. Government in support of the President's economic policy initiatives. I will also value your support and counsel and, if confirmed, will work closely with you during my tenure.

I greatly appreciate the opportunity to appear before you today and look forward to answering your questions. Thank you.