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BEFORE THE SENATE COMMITTEE ON FOREIGN RELATIONS

JULY 25, 2007

Mr. Chairman, thank you for this opportunity to appear before the Foreign Relations Committee. I am here today to underscore that successful American engagement with Pakistan serves our vital national security interests. Pakistan, one of our closest partners globally, has been indispensable in our world-wide struggle against radical Islamic terrorist groups. As Afghanistan's most influential neighbor, Pakistan plays a pivotal role in the prosecution of our war effort. Pakistan is also, of course, a leading Muslim country, whose future will be decisive in the search for stability in South Asia—a region of vastly increased importance to the United States.

At the same time, Pakistan faces enormous internal challenges. While these challenges are its own to manage, we have a clear interest in its future stability, prosperity, and success. We hope the country will become more democratic, and are committed to remaining a close partner as Pakistan makes a full transition to democracy. Our national interests as well as the interests of 160 million Pakistanis depend on it.

As this committee knows well, the history of America's relations with Pakistan during the last half-century has been especially tumultuous. We had early close cooperation in the 1950s after Pakistan's independence through SEATO and CENTO, but that gave way to disillusionment in the 1960s. President Nixon engineered a famous "tilt" toward Pakistan, and then his successors tilted away. We partnered closely to defeat the Soviets in Afghanistan in the 1980s, but then parted ways over unwelcome advances in Pakistan's nuclear weapons program. Our post-9/11 cooperation takes place against this historical backdrop, as President Musharraf chose in 2001 to cast his country's lot with ours in the fight against terrorist groups.

Indeed, September 11th brought the South Asia region to singular importance in our foreign policy for the very first time, and redefined our relationships there. The last six years have reinforced the dramatically changed nature of the global threats we face and the importance of our cooperation with Pakistan to counter

them. South Asia, as a whole, has become central to our security, especially as we help Afghanistan to develop its fragile democracy and nurture institutions of governance in their infancy. Pakistan is critical to these efforts. For Pakistan's own development, we have pledged and delivered significant economic and military assistance, which I will address in greater detail. And yet we know that despite this clear indication of our commitment to their country, many Pakistanis believe we will again pull back—just as we did numerous times in the past. For this reason, I can think of nothing more important to this relationship at this moment than continued American attention, commitment, and engagement with the government of Pakistan, as well as with the people of Pakistan. Pakistanis should be assured that we will be a good and reliable friend. But, as a good friend, we will speak frankly and sometimes disagree on vital issues such as the best way to defeat terrorist groups, and the right way to build a democratic state. Our continued partnership will build Pakistan's confidence that indeed we share its interests. We seek for Pakistan nothing less than the fulfillment of the great promise that its founder, Mohammad Ali Jinnah, envisioned. We Americans should work to help Pakistanis build durable foundations for sustainable democracy, a moderate society, and an open economy that offers prosperity and opportunity for its citizens.

Pakistan as a Counter-Terror Partner

Mr. Chairman, you and the members of the Committee know how important Pakistan has been to our ongoing mission in Afghanistan. While the threat of the Taliban remains, this group of violent extremists no longer subordinates an entire country to its bizarre and cruel policies. Without Pakistani support and cooperation for our current military operations, we would face severe difficulties in supplying, reinforcing, and protecting our troops and those of our allies who are defending the democratically elected Afghan government.

Countering terrorism and violent extremist ideology is a priority in our agenda with Pakistan. Terrorism threatens Pakistani security, too: President Musharraf himself has been the victim of several assassination attempts. And Pakistan does a great deal on this front, having killed or captured more al-Qaida operatives than any other country in the world. Since 2001, the Pakistani government has arrested hundreds of terrorist suspects, turning over to the U.S. such senior al-Qaida figures as Khalid Sheikh Mohammed, Ramzi bin al Shibh, and Abu Zubaida. Pakistan has stationed 100,000 troops on the rough terrain of the Afghanistan border, and more than 600 members of Pakistan's security forces have sacrificed their lives in support of anti-terror efforts. This month, after all efforts at negotiating a peaceful resolution failed, the Pakistani government moved decisively against extremists in Islamabad's Red Mosque.

Despite these achievements, we know this fight will be long and extremely challenging. We know that the tribal areas of the mountainous border regions inside Pakistan have never been within the effective control of any central government. We know that the regions of North and South Waziristan have become safehavens for violent extremist and terrorist activity. Recent reports of al-Qaida's activity there underscore the need for Pakistan to continue its efforts, and elevate its efforts, to fight this enemy. In the Tribal Areas we have already seen an increase in violence at the hands of groups who stand in the way of security and peace. To quell the renewed violence in these areas, the Pakistani government has brought in additional troops, strengthened border posts and controls, and helped kill or capture major Taliban figures such as Mullah Obaidullah. It has also expanded its political efforts by working to boost the capacity and will of local tribes to resist and expel extremists in their midst, achieving some successes such as the expulsion of al-Qaida-affiliated Uzbeks in and around South Waziristan.

These initiatives apart, we would like to see a more sustained and effective effort by the Pakistani government to defeat terrorist forces on its soil. Al-Qaida remains a potent force inside Pakistan, as is the Taliban. Defeating these enemies is essential to our effort to defeat terrorism in South Asia and around the world.

Strengthening Pakistan's Counter-Terror Capacity

Our assistance to Pakistan has significantly strengthened Pakistan's capability to combat extremist forces. Assistance comes in two forms: security assistance, which enhances Pakistan's ability to fight terrorist actors, and bilateral assistance in areas such as governance and economic reform, focused on creating an environment inhospitable to terrorists and violent extremists.

Our military and border security assistance has allowed Pakistan to establish a permanent presence in previously unpatrolled sections of the rugged Pakistan-Afghan border for the first time. We have provided equipment such as helicopters and radios to make these forces more effective, and we have also provided training. We work closely with the Department of Defense, with our Pakistani counterparts, and with Congress to keep these border forces appropriately equipped and properly trained to conduct counter-terror operations effectively.

Mr. Chairman, counter-terror operations in the border areas of the Federally Administered Tribal Areas take place in a uniquely ungoverned environment. In recent days there has been increased attention on more aggressive actions, which we welcome, on the part of the Pakistani government to deal with these problems, and we would frankly like Pakistan to do even more here. The Committee Members will all be aware that President Musharraf has tried a number of methods to enlist counter-terror cooperation from local tribal groups, most notably with the North Waziristan Agreement. That agreement was designed to empower local tribes to fight al-Qaida directly, in order to reduce incidents of Pakistani Army forces fighting against their fellow citizens inadvertently. Apart from the successful expulsion of Uzbek terrorists, the tribes proved too often unable or unwilling to control the al-Qaida elements within their territories. This agreement has not worked well for the Pakistani government, nor has it worked well for us. As a result, the Pakistani government has recently reinserted its forces into the tribal areas. We would like to see the top al-Qaida and Taliban leaders, who we believe intentionally use Pakistan as a safehaven, brought to justice. Long term denial of these areas to terrorists will require local cooperation, and Pakistan will have to find a more effective and successful way to do so.

We want to see Pakistan use all tools at its disposal to choke the flow of funds to terrorist groups. We are particularly concerned about terrorist groups exploiting charitable donations, and by their tactic of re-forming under new names to evade international prohibitions on donations to terrorist organizations. We urge the government of Pakistan to work with us to accelerate our joint efforts to prevent financing of banned terrorist organizations. We urge Pakistan to pass an Anti-Money Laundering bill that meets international standards, and to establish a Financial Intelligence Unit within the State Bank of Pakistan.

The Long-Term: Development to Counter Terrorism

Beyond these specific counter-terror efforts, we seek to diminish the effectiveness of terrorists in the Tribal Areas and elsewhere by changing the economic opportunities available to the desperately poor and chronically ungoverned. President Musharraf shares with the USG a recognition that we cannot counter terrorism and other forms of violent extremism by military means alone; we must create an environment inhospitable to future terrorism. To this end, we have a major program of economic assistance to Pakistan, our fifth-largest aid program worldwide. This year, we worked with Congress to provide \$843 million for economic and security assistance to Pakistan, including expanded efforts in the Federally Administered Tribal Areas (FATA). We tailor our development

assistance in Pakistan to build sustainable growth, improve living standards, and promote good governance, responsible citizenship, and foreign investment.

During President Bush's visit to Islamabad in March 2006, President Musharraf asked for a substantial U.S. effort to help implement the FATA Sustainable Development Plan. In February, we briefed the Congress on our multi-year plan to assist Musharraf's effort. We plan to seek \$150 million per year for five years--a total of \$750 million from FY 2007 to FY 2011. These funds will be used to assist the government of Pakistan to improve livelihoods and employment, improve access to health and education, improve infrastructure and roads, and assist the government to improve communications with the people of the Tribal Areas on the programs planned and delivered. We believe this initiative will help eliminate extremist safe havens on the Afghan border and reduce the appeal of extremist ideology.

The Tribal Areas are some of the poorest regions in all of Pakistan. Domestic extremists inside Pakistan rely heavily on a large population of young men lacking access to a modern education and to quality employment. Economic and educational reform can play a significant role in Pakistan's domestic antiextremist efforts. We believe this Pakistani strategy, supported by the U.S. and other international donors, has the potential to make these areas less hospitable over the long term to al-Qaida, the Taliban, and other extremist groups, while improving the quality of life for citizens there. We also intend to support the local security force, the Frontier Corps, by developing its capacity to extend the rule of law throughout the Tribal Areas. Our funding will be used to boost the capacity of the local governmental agencies to implement these funds over a 5-year period.

Mr. Chairman, President Bush has also announced his intention to jumpstart the creation of Reconstruction Opportunity Zones as a critical part of our broader counterterrorism strategy, designed to connect isolated regions to the global economy and create greater employment opportunities in territories prone to extremism. Through these zones, located in the border regions of Pakistan and Afghanistan, we hope to encourage investment and economic development by granting duty-free entry to the United States for certain goods produced on both sides of the border. We hope that new investment will, in turn, create employment alternatives for working-age young men who may otherwise be drawn into terrorism, narcotics trafficking, or other illicit activities. We expect the zones to be a focal point for interconnected efforts by the governments of Afghanistan and Pakistan as well as the international donor community to build better roads and other infrastructure improvements, and to remove bureaucratic barriers to investment and export. We want to work with Congress to pass the legislation necessary to create this trade preference program so that we can utilize this important economic tool in our fight against terrorism.

Progress on Counter-Proliferation

Mr. Chairman, in the last three years we have seen some progress by Pakistan in disabling the A.Q. Khan proliferation network and taking steps to deny its reconstitution. A.Q. Khan did enormous damage to international efforts to restrain the spread of nuclear technology. The government of Pakistan has direct responsibility to help us undo that damage and ensure it does not happen again. During President Bush's visit to Pakistan in 2006, President Musharraf committed that Pakistan would take a leading role in international efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, and related technology and expertise. We welcome the action Pakistan has taken to bring its export controls in line with international standards, including the recent establishment of a Strategic Export Control Division within its Ministry of Foreign Affairs to centralize licensing and enforcement. Pakistan continues its cooperation with the United States under the Export Control and Related Border Security (EXBS) program. We welcome Pakistan's participation in the Container Security Initiative and the Secure Freight Initiative, under which the United States and Pakistan worked together to install screening and radiation detection equipment to scan U.S.-bound cargo. We are also pleased that, in early June, Pakistan joined the Global Initiative to Combat Nuclear Terrorism. We remain engaged with Pakistan on this full range of nonproliferation and counter-proliferation issues, as they remain vital to U.S. and global interests and key to ensuring a shadow proliferation network does not arise again in Pakistan. Additionally, the U.S. Department of Energy is working with their counterparts in Pakistan on radiation source security and is in the process of finalizing an agreement to install radiation detection equipment at Pakistani ports and border crossings. We hope Pakistan will continue to take steps to join additional international nonproliferation programs and regimes so it can finally move beyond the stigma of the A.Q. Khan era.

Supporting Democratic Transition

Before the end of January 2008, Pakistanis will go to the polls—both for president and parliament. President Musharraf has pledged to hold free and fair elections in accordance with Pakistan's Constitution and with international standards. Our partnership with the Pakistanis gives us an opportunity to support the long-term objective of Pakistan's transformation to a modern, democratic state, and a moderate voice in the Islamic world.

To support Pakistan's electoral process, we are providing technical advice and assistance. We believe that Pakistani citizens must be able to freely and fairly choose their own leaders, and chart their own course through a civilian-led democratic government, in accordance with the Pakistani Constitution, as President Musharraf has promised. But we in the U.S. also know that democracy means more than just holding elections. It means building the foundations of sustainable democracy: a free and vibrant press, the right to free assembly, an independent legislature and judiciary, active civil society organizations, and broadly participative and internally democratic political parties. The Pakistani government will need to do more to help build such a system of government. Our governance and democracy assistance programs aim to strengthen institutions such as a free media, a responsive legislature and issue-based political parties and support nongovernmental organizations, with an eye to bolstering Pakistan's civil institutions and long-term political stability. Department of Justice programs in Pakistan, supported by the State Department, work to ensure an accessible, viable, secure justice system. These efforts also work toward ensuring that Pakistan has the legislative tools necessary to meet international conventions.

Throughout the world, the United States backs democratic institutions with training, assistance and political support. We plan to intensify these efforts in Pakistan in the months and years ahead. The credibility of Pakistan's elections will rest on the ability of Pakistani political parties to campaign and seek votes openly; the ability of Pakistani voters to vote on election day for the political parties and candidates of their choice, in an election free of government manipulation; the ability of political parties to adjudicate post-election disputes in a timely fashion; an Election Commission that is viewed by political parties as independent and impartial; and the ability of those political parties who emerge with a majority of the votes to form a democratic government reflecting the will of Pakistan's electorate.

Supporting Opportunity for All

Nothing determines individual, and therefore societal, success more than access to education. We have thus made education a core focus of our economic assistance. We are supporting the Pakistani government's efforts to upgrade public education, placing emphasis on improving the quality and affordability of Pakistan's public schools. USAID is helping increase school enrollment by constructing and furnishing sixty-five primary, middle, and high schools in five agencies within the Federally Administered Tribal Areas. These efforts will allow impoverished parents to give their children educational opportunities beyond religiously oriented madrassahs.

We are pleased that the increased resources to Pakistan's education sector have already shown encouraging results. National school enrollments have increased 5.7% from 2000 to 2005. In the Punjab, Pakistan's largest province, provision of free textbooks and stipends paid to female students have increased enrollment by more than two million students since 2001, many of them female. In the Federally Administered Tribal Areas, enrollments have increased 38% since 2000 with female enrollment accounting for 27% of the total. National female literacy rates increased from 32% in 1998 to 40% in 2005.

Pakistan has undertaken a comprehensive reform of its school curriculum, which aims to remove teaching material encouraging violent extremism, and to modernize school curricula in areas such as English-language, science, history, and mathematics. In addition, in recognition of the critical role that international study and higher education play in developing the next generation of Pakistani teachers and leaders, we have partnered with Pakistan to make available over the next few years 500 Fulbright Commission scholarships for graduate degree study in the United States. This represents the largest U.S. government dollar contribution to any Fulbright program in the world, and helps Pakistan strengthen its human capital base to support its university system and build an innovation society. Programs for youth and their teachers have also been quite successful. To date, 157 Pakistani high school students have spent an academic year with U.S. host families under the YES (Youth Exchange Study) program. Fifty-five more students are expected for the upcoming academic year.

The State Department's Bureau of Educational and Cultural Affairs is also funding teacher training programs in Pakistan, including in the Federally Administered Tribal Areas, as well as bringing Pakistani teachers to the U.S. for additional training. This summer, for example, for the fourth consecutive year, teachers from across Pakistan have studied educational methodologies at Plymouth State College in New Hampshire. Since 2004, the teachers returning from Plymouth State have trained 10,000 more of their colleagues.

We are also working closely with our Pakistani and non-governmental partners on women's rights and legal protection for ethnic and religious minorities, and combating forced child labor and human trafficking. The State Department's Office of Democracy, Human Rights, and Labor plans to provide \$150,000 to the Mukhtaran Mai Welfare Organization for gender-based violence training for its resource center workers, and will also offer capacity building and strategic planning technical assistance.

Women's health is a particular challenge in Pakistan, but we believe the rate of maternal mortality can be lowered significantly with properly trained rural health providers. The U.S. Agency for International Development (USAID) provides such training. In December 2006 President Musharraf signed the *Women's Protection Act* amending the Hudood Ordinance, marking a significant step toward improving the legal rights of women in Pakistan by allowing criminal courts (rather than religious courts) to try rape cases. The Act marks the first time in nearly three decades that a Pakistani government has modified discriminatory laws that have stood virtually untouched since the time of General Zia-ul-Haq.

Getting our Message Across Accurately

Mr. Chairman, as you can imagine, we face an active and often hostile press in Pakistan. Our public diplomacy programs in Pakistan disseminate our message to the widest possible audience and expose influential people and institutions to U.S. policies, views, and values. Despite considerable security constraints, our outreach programs include long-established and respected exchange programs such as the Fulbright, Humphrey, and International and Voluntary Visitor programs, as well as innovative use of print and electronic media, the internet, five new Lincoln Corners centers, a visiting speakers program, and an enhanced public speaking engagement program for mission personnel to further share our policies and values with the Pakistani public. Pakistan is one of 19 pilot countries that will receive significant new funding from the \$40 million allocated to public diplomacy as part of the Global War on Terror FY 2007 supplemental.

But it is our concrete assistance to average Pakistanis that has been the best form of public diplomacy. I was impressed and moved by the Pakistani reaction to U.S. earthquake assistance in 2005, where the immediate and overwhelming support of the U.S. military, USAID disaster relief and reconstruction assistance, and the donations of private Americans saved many lives. The U.S. government provided nearly \$280 million in emergency and reconstruction assistance in the response to the earthquake in FY 2006. This year, the Pakistani government will direct \$50 million in local currency to earthquake reconstruction expenses from the local currency generated by the \$200 million we provided in budget support. Nothing could have been more effective in demonstrating American values and disseminating a message of friendship between our peoples. Indeed, we have data which illustrates the impact of this visible aid: public opinion surveys in Pakistan carried out right after the earthquake and subsequent American relief efforts showed favorability ratings of the U.S. doubling, from 23% to 46%.

Working Toward Regional Peace and Stability

Mr. Chairman, it is very much in our interest to see Pakistan's relations with neighboring states improve. We continue to work with the Pakistani and Afghan governments to strengthen stability along the twists and furrows of their 1500mile-long border. The joint statement issued by President Musharraf and President Karzai in Ankara this spring demonstrates some hope that cooperation between the two countries might improve. But tensions remain, and the two governments need to make a greater and more sustained effort to work effectively together. U.S. and NATO policies must continue to foster expanded Pakistan-Afghanistan bilateral dialogue, stronger economic and trade ties, and deeper cooperation between Pakistani and Afghan border security forces. With U.S. assistance, Pakistan is working to secure its border with Afghanistan to prevent the smuggling of arms, terrorists, and illegal drugs which are fueling the Taliban insurgency. The difficulties of this terrain cannot be overstated but we will continue to work with Pakistan to place it under control.

On the eastern border, we have been pleased to see renewed commitment to Indo-Pakistan reconciliation. Pakistan and India opened the fourth round of the Composite Dialogue this past March, a process originally launched in 2004. The Dialogue addresses their long-standing differences, not only over the Kashmir issue, but over other issues such as the Siachen Glacier and Sir Creek. They have also opened a direct channel to discuss counterterrorism, which we think is extremely useful. We have been encouraged by the success of confidence-building measures such as bus and rail links that restore old connections severed at partition, allowing ordinary people to visit relations and friends. We will continue to support both countries to improve their relations. Secretary Rice and I have made a long-term improvement in relations between India and Pakistan, and especially resolution of the Kashmir dispute, a very high priority in our frequent high-level discussions with both countries.

When she became Secretary of State two and one-half years ago, Secretary Rice also promoted the creation of new economic and technological links between South and Central Asia as a major American priority. Pakistan and South Asia in general offer dynamic new markets for energy from the landlocked nations of Central Asia. The largest country in the region, India, has seen 8-9% economic growth in recent years, accompanied by a rapid increase in energy consumption. It is now the third-largest energy consumer in the world. Through infrastructure projects such as roads and hydroelectric power in Turkmenistan, Afghanistan, and Pakistan, we envision helping to tie these countries closer together so they can provide a long-term and oil and gas bridge from the Central Asian north down to South Asia. As economic relationships develop to knit the countries of this broader region into new areas of interdependence, we believe changed calculations of national interests will offer dividends of peace and stability for all.

Pakistan is attempting to expand its sources of energy, and like India, is looking at Iran as a source. We have made it abundantly clear to both the Pakistani and Indian governments that a proposed pipeline project with Iran is a bad idea, given Iran's refusal to comply with its international nonproliferation obligations. We will continue to urge Pakistan to pursue other sources for its growing energy needs.

Our People in Pakistan

Our embassy in Islamabad is currently led by one of our most experienced and accomplished diplomats. Anne Patterson, who was recently confirmed by the Senate, has already led the mission through the Red Mosque standoff and its fallout, as well as the recent post-cyclone flooding.

Embassy Islamabad and our consulates in Karachi, Lahore, and Peshawar are dangerous and difficult posts, designated as unaccompanied for families and loved ones, but our fine men and women serve with distinction to advance key U.S. interests and to construct our important strategic relationship with Pakistan.

Closing Statement

Mr. Chairman, in closing let me reiterate that the partnership between Pakistan and the United States is successful and improving. Both of our peoples have spilled blood in our common struggle to defeat the terrorist enemy. Much remains to be done, however. We must continue to focus on bringing top al-Qaida and Taliban leaders to justice. We must continue the momentum engendered by Pakistan's recent success in capturing or killing several Taliban leaders. And we must continue our joint focus on moderating the extremism that emanates from Pakistan, which our long-term development assistance targets. We applaud the efforts of Pakistan, ask for its continued support to defeat the extremists, and commit our support in return. In this year of momentous transition for Pakistan, we are determined to ensure that the substantial resources the American people provide to Pakistan are utilized efficiently, effectively, and to support what all of us want: Pakistan's transformation into a more stable, open, and secure nation where its people can, in the future, live peacefully.

We look forward to working with Congress toward this goal.

Thank you, and I would be happy to take any of your questions.