

**HEARING OF THE NATIONAL SECURITY AND FOREIGN
AFFAIRS SUBCOMMITTEE OF THE HOUSE OVERSIGHT AND
GOVERNMENT REFORM COMMITTEE**

**SUBJECT: "AFGHANISTAN AND PAKISTAN: UNDERSTANDING
AND ENGAGING REGIONAL STAKEHOLDERS"**

CHAired BY: REP. JOHN F. TIERNEY (D-MA)

**WITNESSES: WENDY CHAMBERLAIN, PRESIDENT OF THE
MIDDLE EAST INSTITUTE AND FORMER U.S. AMBASSADOR TO
PAKISTAN; LISA CURTIS, SENIOR RESEARCH FELLOW FOR
SOUTH ASIA IN THE HERITAGE FOUNDATION'S ASIAN
STUDIES CENTER; DEEPA OLLAPALLY, ASSOCIATE
DIRECTOR OF THE GEORGE WASHINGTON UNIVERSITY'S
SIGUR CENTER FOR ASIAN STUDIES; SEAN ROBERTS,
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FOR INTERNATIONAL PEACE'S MIDDLE EAST PROGRAM**

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REP. TIERNEY: (Sounds gavel.) Good morning.

Believe it or not, a quorum is present and the Subcommittee on National Security and Foreign Affairs' hearing entitled "Afghanistan and Pakistan: Understanding and Engaging Regional Stakeholders" will come to order.

I ask unanimous consent that only the chairman and ranking member of the subcommittee be allowed to make opening statements, and without objection, that's so ordered.

And I ask unanimous consent that the hearing record be kept open for five business days so all members of the

subcommittee will be allowed to submit a written statement for the record, and again, without objection, it's so ordered.

Again, good morning. I reiterate what I talked to most everybody -- Mr. Sadjadpour, I don't think you were in the room at the time -- we have a conference for both caucuses scheduled at the same time. It wasn't scheduled until late last night. So some of our members may be late in coming or coming in and out, and certainly no disrespect to any of the members of our panel, who are esteemed and appreciated. And all of the members of the subcommittee will, of course, have an opportunity to read your remarks and then see the transcripts as well, so we want to thank you for that.

This is the subcommittee's continuing, hopefully broadening and in-depth oversight of the United States' efforts in Afghanistan and Pakistan. We're seeking to examine the vital role of regional players today, including India, China, Russia, the Central Asian Republics and Iran. We want to see how they get involved in achieving lasting security, peace and prosperity in what we all now recognize is a very troubled area of the world.

As you can see on the maps that are on the monitors on either side of the room, Afghanistan and Pakistan share about 1,600 miles of border, the so-called Durand Line. The two countries in turn are bordered by six independent nations -- Iran and Turkmenistan in the western flank, Uzbekistan and Tajikistan in the north, and China and India to the east. Beyond those immediate borders, other regional powerhouses like Russia, Saudi Arabia and Persian Gulf states have had and continue to have significant sway in both Afghanistan and Pakistan.

For too long the role of regional players has not been on the radar screen, quite frankly, to United States policymakers, but one need only take a cursory look at the histories of both Afghanistan and Pakistan to know how vitally important outside influences have been and continue to be. Afghanistan, for example, has been the chessboard for international and regional power struggles between the United States and the Soviet Union and between Pakistan and India. And to truly understand what makes Pakistan tick you must first examine its relationship with its eastern neighbor, India.

Understanding the role of these regional actors is not new to this subcommittee. For example, we held hearings more than a year and a half ago on the need to engage Iran and we concluded that there was a better way beyond saber rattling. In fact, our past hearing entitled, "Negotiating with Iran: Missed Opportunities and Paths Forward," explored the cooperation Iran provided after 9/11 to drive the Taliban out of Afghanistan.

Today I hope is a new day in Washington as a regional security approach to South Asia security appears to now be on everyone's mind. More importantly, President Obama just released a new Afghanistan/Pakistan strategy this past Friday that makes regional security a priority. Central to the Obama administration's new approach is that we must treat Afghanistan and Pakistan as two countries but one challenge. The president has also made it absolutely clear that we must, and I quote, "Pursue intensive regional diplomacy involving all key players in South Asia." Further evidence about the new focus on regional actors can be found in the appointment of Ambassador Richard Holbrooke, an accomplished diplomat and dealmaker, as a special envoy to Afghanistan and Pakistan.

Today I hope is also a new day on the international scene. As we listen today from our distinguished panel of witnesses, an 80-member-strong U.N.-sponsored international conference is convening in The Hague on South Asia regional security, and Secretary of State Clinton and Iranian representatives will be in the same room. Last week the Shanghai Security Organization, consisting of Afghanistan's six neighbors, met in Moscow with the United States in observer status to examine regional security issues. That is the first time that that has occurred.

Unless all regional actors are engaged with and ultimately view a stable Afghanistan and Pakistan as being in their own best interests, these neighbors will continue to exert behind-the-scenes pressure and up-front material support to their Afghan proxies. It's hoped that one day these regional actors will not only withhold from playing harmful roles but will in fact play positive and constructive ones.

There seems to be emerging consensus that Afghanistan will be unlikely to emerge as a nation in control of its own borders, able to serve its own citizens and head down the road toward prosperity unless regional players are engaged

and supportive. And Pakistan will not be able to truly come to terms with its terrorist challenges until a more mutually beneficial arrangement can be had with India. In short, there is no realistic option. There will be no long-term security for either Afghanistan or Pakistan other than through the cooperation and support of the region's other countries. We have come a long way from looking at Afghanistan and Pakistan in isolation.

The role of regional security is now front and center, but that's just one step. We must go beyond just -- (audio break) -- role of regional players and now examine how the United States and our allies can constructively engage them. What's the best way to proceed? What are the top challenges? What are the easy wins and where are the red lines? As we move from words to action we must truly strive to understand how these regional players see their own national interests and we must explore what will motivate each of these neighbors to play constructive roles.

I'm pleased that we have such a fantastic panel of esteemed experts in South Asian affairs to help us with this endeavor today. All of you bring a wealth of scholarly knowledge and practicality from on-ground experience ranging throughout the region. I look forward to hearing your testimony. Thank you for being here.

And I defer to my colleague Mr. Flake for his opening remarks.

REP. JEFF FLAKE (R-AZ): Thank you, Mr. Chairman.

This is our fourth hearing on Afghanistan in this subcommittee. We've discussed many of the aspects leading to the conflict and I think this is the most important hearing so far given the timing, with the president announcing his new strategy just last week. He described the situation in the region as increasingly perilous. I think I'd like to hear from the panelists as they speak if they share that concern, but it seems from all the testimony we've heard in other hearings that that is the case.

He reported that al Qaeda and its allies are actively planning attacks on the U.S. from their bases in Afghanistan and Pakistan. President Obama's plan relies on using existing alliances, forging new ones, and to fundamentally change conditions in Afghanistan and Pakistan. He described,

as the chairman mentioned, a regional approach to address the global threat that al Qaeda poses to both Westerners and Muslims alike.

This is the first hearing of any committee in the House on this topic since the president announced his strategy, and I just want to compliment the chairman for having the foresight to have this hearing at this time.

And I also welcome the very esteemed group of panelists here and I look forward to your testimony.

REP. TIERNEY: Thank you, Mr. Flake.

And, as I say, we've been a couple of years in the making on this tact of recognizing that there's a need for regional activity here, and Mr. Sadjadpour I think joined us on one of the previous panels about Iran in particular on the same issue.

And so we thank you for coming back.

I'd like to just introduce the members of our panel before we get started. On my far left is Ambassador Wendy Chamberlain. She's currently the president of the Middle East Institute. She served as United States ambassador to Pakistan during the September 11 attacks from 2001 to 2002 and played a key role in Pakistan's initial cooperation following the attacks. From 2002 to 2004 Ambassador Chamberlain served as assistant administrator for Asia and the Near East at the United States Agency for International Development, where she directed civilian construction programs in Iraq and Afghanistan. She has also previously served as director of global affairs and counterterrorism at the National Security Council, and Ambassador Chamberlain holds a B.S. from Northwestern University and an M.S. from Boston University.

Next to her is Ms. Lisa Curtis, who's a senior research fellow for South Asia at the Asian Studies Center of the Heritage Foundation. Prior to joining the Heritage Foundation Ms. Curtis served on the professional staff of the Senate Foreign Relations Committee as a senior adviser for South Asia with the United States Department of State, as an analyst for the CIA, and as a Foreign Service officer in the U.S. embassies in Pakistan and India. Ms. Curtis has also testified before the subcommittee previously.

And we welcome you and thank you for coming back.

Next is Dr. Deepa Ollapally, who's an associate director of the Sigur Center for Asian Studies at George Washington University's Elliott School of International Affairs, where she focuses on South Asian regional security. Dr. Ollapally previously directed the South Asia Program at the United States Institute of Peace, was an associate professor of political science at Swarthmore College, and headed the International Strategic Studies unit at the National Institute for Advanced Studies in Bangalore, India. Dr. Ollapally holds a Ph.D. from Columbia University.

Dr. Sean Roberts is the director of the International Development Studies Program at The George Washington University's Elliott School of International Affairs. Dr. Roberts is a former senior-level official with the United States Agency for International Development, with significant expertise and experience in Central Asia, and the author of a blog entitled The Roberts Report on Central Asia and Kazakhstan. Dr. Roberts holds a Ph.D. from the University of Southern California.

And, as I mentioned earlier, Mr. Karim Sadjadpour, who has been kind enough to be with us before, is back again. He's an associate at the Middle East Program at the Carnegie Endowment for International Peace. He's also the former chief Iranian analyst at the International Crisis Group in Tehran. Mr. Sadjadpour is a leading researcher on Iran and has conducted dozens of interviews with senior Iranian officials and hundreds of Iranian intellectuals, clerics, dissidents and others. Mr. Sadjadpour holds an M.A. from Johns Hopkins School of Advanced International Studies.

I want to thank all of you for making yourselves available today and sharing your expertise.

It's the practice of this committee to swear in a witness before they testify, so I ask you to be kind enough to please stand and raise your right hand. (Witnesses are sworn in.)

Thank you. The record will please acknowledge that all of the panel members answered in the affirmative.

And I just tell what I think some of you already know is that your written remarks in their entirety will be placed

in the record, fully on the record, and we ask you to try to contain your remarks to about five minutes. We'll be a little more lenient than that as we can, but we do want to have the opportunity for everybody to get their statements out, to have some questions from the panel, before we get interrupted with floor votes and things of that nature so that we don't tie up your whole day.

So with that, if we may, Ambassador Chamberlain, would you be kind enough to start with your testimony?

MS. CHAMBERLAIN: Thank you very much, Chairman Tierney and Ranking Member Flake, other members of the committee.

It's indeed true that when the chairman first took the first steps to organizing this committee the president had not rolled out his strategic review, so I think we can indeed say the chairman was prescient because that review can best be described as a regional approach. Ambassador Holbrooke summed it up when he said, quote: "The strategic review contains a clear and unambiguous message. Afghanistan and Pakistan are integrally related, and you cannot deal with Afghanistan if the situation in Pakistan is what it is today." I'd add that to understand Pakistan one must understand Pakistan in the context of its relationship with India.

Mr. Chairman, I have very distinguished colleagues at the table today and they will talk about Iran and Afghanistan and its other neighbors in Central Asia. I've been asked to talk briefly about Afghanistan's western neighbors, Pakistan and India, and the historical relationship with its western neighbors, which I will try to do very briefly.

India and Afghanistan have enjoyed historically good relations with Afghanistan up until the point really of the Soviet -- through the Soviet occupation. India highly valued its relations with Afghanistan as a gateway for trade and to flank its traditional adversary in Pakistan. Relations were severed during the Taliban period and during that period India supported the Northern Alliance in its civil war with the Taliban.

With the fall of the Taliban in 2001, India was one of the first at the table at the Bonn talks to offer significant reconstruction assistance (package ?), \$750 million, which it increased to \$1.2 billion, frankly as a reaction to the

bombing of its embassy in 2008. Those aid projects are valuable, well received, very visible and important in Afghanistan.

Pakistan was also at the Bonn talks, has also provided aid, but has had historically a much more difficult relationship with Afghanistan. Now, this is not uncommon of two countries with a colonial border that splits an important ethnic group right now the middle. That is the Pashtuns -- Pashtuns on both side of Pakistan and Afghanistan, many of whom consider themselves Pashtun first and then only secondarily their identity as an Afghan or identity is a Pakistan.

Historically, there's been a great deal of friction across that border, the Durand Line, a border, incidentally, which Afghanistan has never recognized. In the past, prior to the Soviet invasion, the Pashtuns' have -- activists have argued for the creation of a Pashtunistan, which would largely be cut from Pakistan area, and there have been incidences of Pakistani meddling in Afghanistan and of -- (audio break) -- assistance from Afghanistan to Baluch separatists and anti-government groups in Pakistan. So it's been a rough relationship.

The best way to understand the current relationship between Pakistan and Afghanistan now is through the lens of Pakistan's relationship with India. Pakistan has been quite, I'd say, distressed that Indians have re-established themselves so well, so strongly in Afghanistan after 2001. It had hoped that a friendly government, more friendly to Pakistan, could be created and it wouldn't have face its adversary on both sides, on the western border and the eastern border. This has not been the case and it has become sometimes exaggeratedly upset about Indian aid projects along its border, about Indian road construction, et cetera, and has been fearful that India is using its foothold in Afghanistan as a platform for a spy network. It's accused India of launching some anti-government assistance to groups within Pakistan from India.

It's disappointed to have lost its defense strategy of strategic depth. Pakistan's a very narrow country; it has always feared that if attacked by land on its eastern border that it will need to be able to retreat with the army and equipment into a friendly Afghanistan, and that is what is called strategic depth. It'd like to keep that. It has a rough relationship with President Karzai at this point, and

some experts have said -- and I'd like to hear what Lisa says -- that the covert assistance now to the Taliban today is part of some in Pakistan army wishing to have a hedge by maintaining good relationship with Pakistan to see what happens in the future, with the idea of re- establishing a strategic depth defense strategy.

With regards to Pakistan and India, the heart of that hostility of course goes back to the unresolved issues of Kashmir left over from the partition periods. What is important for us to understand today is that over the last many years, several years, Pakistan has been covertly supporting Kashmir terrorist groups -- now they're called Punjabi terrorist groups -- to harass India in Kashmir. Lashkar-e- Taiba, Jaish-e-Mohammad are some of these groups. Indians regard them as just as much a terrorist group as al Qaeda, and certainly the horrific attack at Mumbai is evidence of that.

What has happened recently is whatever control the Pakistan army -- ISI -- thought they had over these groups is certainly not there anymore. Yesterday's attack believed to be by Lashkar-e-Taiba on the police station in Lahore is evidence that these groups have now turned against official Pakistan -- the army, the police, the near enemy, if you will. They've moved some of their folks to the Afghan border and formed this alliance with al Qaeda, this loose network along the Afghan border. It's very alarming to all of us.

In conclusion, Mr. Chairman, I think it's true and it's certainly recognized in the president's strategy that the traditional framework for these relationships don't work anymore, that in fact if we're all very honest with ourselves, Afghanistan, Pakistan, India, the United States are all facing the same enemy in this region and that enemy is the al Qaeda and the al Qaeda-like terrorist networks that are attacking both us, the far enemy, and the local governments, the near enemy. These old rivalries face this common threat, so this new era of Indian, Pakistan and Afghanistan, it's quite correct to approach it in a regional approach.

That doesn't mean it's going to be easy and it presents a major challenge to our diplomacy. I think we've got the right guy to do it in Ambassador Holbrooke. I've worked for him personally; I think he is one of our best diplomats. But he's got a challenge. One of the larger challenges is to

persuade the Pakistani army that its enemy is first and foremost the enemy within rather than its traditional enemy of India and that it needs to retool and change its doctrine to meet that enemy.

The challenge to our diplomacy further -- and I'm almost finished -- with regard to India is to -- (audio break) -- certainly congratulate them and encourage them in the restraint that they showed after the attack on Mumbai but to understand that they may get attacked again -- these groups are just building in strength -- and that we will need to work in a way that doesn't further destabilize the region.

And with Afghanistan, I personally am skeptical that you can negotiate with extremists nor can you eliminate them militarily. What will be required on our part is perseverance to stay there until the region is stabilized enough that it doesn't present threats that can come back to us. To convince the people of the region that we will not abandon them it will, require a long, hard slog providing protection for the people, security in their own communities, jobs, education, and a sense that they are protected with a judicial system and good governance as well.

We have a big role to play, but we must play it in cooperation with those in the region.

Thank you very much for this opportunity.

REP. TIERNEY: Thank you very much, Ambassador. You used Ms. Curtis's time, so we'll move right along -- no. (Laughter).

Ms. Curtis, you're all set, please.

MS. CURTIS: Thank you, Chairman Tierney, Minority Leader Flake, and the rest of the distinguished members of the subcommittee. I am delighted to be here today.

I will also focus the majority of my remarks on India and Pakistan, and I'll try to not repeat Ambassador Chamberlain. I think she covered a lot of territory, and I agree with her points, particularly on Pakistan.

I'll also discuss the need for the countries of the region to change their own security perceptions, particularly

Pakistan, and I'll suggest ways for the U.S. to encourage such a shift in thinking.

Of course, one of the key planks of the Obama strategy is to intensify regional diplomacy, with a special focus on a trilateral framework between Afghan, Pakistani and American officials to engage at the highest level.

A -- (audio break) -- involves identifying and nurturing allies while isolating those intent on undermining the international coalition's goal in Afghanistan. Now, this raises the critical question, which Ambassador Chamberlain also addressed, on how to create an effective partnership against terrorism with Pakistan when we do have elements -- some elements within the Pakistani security establishment that are unconvinced that a Taliban-free Afghanistan is in their own national security interest.

And our policies need to reflect this very hard reality, yet we also need to shore up the Pakistan military in its fight against extremists, especially along the border with Afghanistan. Events over the last four days -- last five days in Pakistan, including a suicide bombing at a mosque in the tribal areas last Friday that left over 50 dead and a gun attack on a police training facility in Lahore on Monday that killed at least 26 demonstrate the increasingly precarious situation in Pakistan.

And as Ambassador Chamberlain mentioned, early reports suggest that Lashkar-e-Taiba, which also conducted the attacks in Mumbai, may have been responsible. So here we have an example: Pakistan and India facing a mutual threat, and I think there is a sense that there is a loss of control with these groups that Pakistan had formerly supported.

So we need to support Pakistan and see it through this transition. So long as Pakistan understands that these terrorists are also a threat to itself and is willing to address that, we certainly need to be there for Pakistan and shore it up in this fight.

The U.S. must dedicate its diplomatic resources, as I said, to changing security perceptions, and this won't be easy, but we need to support those people who are working toward this effort, and in this vein, I note Pakistani President Asif Ali Zardari has demonstrated his interest in developing

a new vision for Afghan-Pakistani ties, and we should strongly support him in this endeavor.

The Congress to do its part to support this new vision for Afghan-Pakistan ties needs to immediately pass the reconstruction opportunity zone legislation. This would provide U.S. duty-free access to items produced in industrial zones in the border areas of Afghanistan and Pakistan. President Obama has called for the passage of this legislation. We've had the Pakistani and Afghan ambassadors jointly support the initiative, arguing that it would draw the Afghan and Pakistani economies closer together and increase their cooperation. So this is absolutely critical legislation.

Let me talk about Pakistani-Indian relations, because this is a key part of this puzzle. And one of the major reasons we are continuing to have our difficulties in Afghanistan is because of Pakistan's lack of confidence when it looks east to its larger neighbor India, so we need to find ways to increase that confidence in Pakistan's perception of its regional position.

However, Washington should avoid falling into the trap of trying to directly mediate the decades-old Indo-Pakistani dispute over Kashmir. The U.S. is more likely to have success in defusing Indo-Pakistani tensions if it plays a quiet role in prodding the two sides to resume talks that had made substantial progress from 2004 to 2007, even on Kashmir.

These talks, of course, were derailed by the terrorist attacks in Mumbai last November, and their resumption hinges on whether Pakistan takes steps to shut down this group, which of course the attack on the police training facility indicates that they may be moving in this direction, and prosecutes individuals involved in the planning and execution of those attacks.

Continued Pakistani ambivalence toward the Taliban stems, as I said, from its concern about India trying to encircle Pakistan by gaining influence in Afghanistan. Pakistani security officials calculate that the Taliban offers the best chance for countering India's regional influence. Pakistan also believes that India foments separatism in its own Baluchistan province. Given these concerns of Pakistan, I think it is in India's interest to ensure that its

involvement in Afghanistan is transparent to Pakistan, and the U.S. has a role to play in ensuring this. We of course should address forthrightly Pakistan's concerns yet, at the same time, dismiss any accusations that are unfounded.

India has built close ties with Afghanistan over the past seven years and has become, I think, the fifth largest donor to the country, pledging over (\$)1.2 billion. It's helped build roads, it's provided assistance for the new parliament building; however, many of India's workers have been killed in attacks, and New Delhi blames those attacks on Taliban militants backed by Pakistani intelligence. And in fact, credible media reports reveal a Pakistani intelligence link to the bombing of India's embassy in Kabul in July of last year.

So the U.S. needs to work with Pakistan to develop a new strategic perception of the region based on economic integration and cooperation with neighbors and tougher policies toward terrorists, but the U.S. must also respond when information comes to light that Pakistani officials are supporting the Taliban and other extremist groups.

One way to respond to this is by conditioning future military assistance to Pakistan, and I've spelled out some ideas in my written testimony and I'd be happy to elaborate further. I don't think conditioning aid to Pakistan is easy when we also want to shore up the forces against extremists that are attacking the Pakistani state, so the idea is to implement a calibrated carrot-and-stick approach that both strengthens Pakistan's hand with the extremists while at the same time ensuring Pakistan finally breaks those links with the extremists that it supports to further its own strategic objectives.

That concludes my remarks. Thank you.

REP. TIERNEY: Well, thank you very much. We appreciate that.

Dr. Ollapally.

MS. OLLAPALLY: Good morning, Mr. Chairman Tierney, Minority Leader Flake, and members of the subcommittee. I want to thank you for inviting me, and my colleagues to my right have actually covered several points that I was going to make, so I'm happy for that.

I will focus my remarks on the competition between India and Pakistan in Afghanistan as I was requested to do so, as well as say a few words about what I think are the differences that we need to understand about the way extremism and terrorism is different from the Middle East to South Asia.

As noted, there are number of historical, strategic and identity factors that drive the Indo-Pakistan competition in Afghanistan, and I'm going to emphasize more on India, because I think it's important to understand what are driving these countries' national interests in Afghanistan.

One of the more counterintuitive things that we immediately see is that despite the common religion, Afghanistan and Pakistan have actually been at odds for almost its entire history, except for the Taliban period. Now, there has been -- since 2001 -- there has been a low-level competition going on in Afghanistan between India and Pakistan, which sharply escalated and went into entirely different directions in July 2008 with the deadly suicide bombing of the Indian embassy in Kabul.

And, as mentioned, there is credible evidence to suggest that Pakistan's powerful intelligence agency, the ISI, helped plan the bombing. For the Afghan government, which has repeatedly been talking about playing a bridge role in the region and which has been gaining significantly from India's development assistance, I think Pakistan's objective of shutting out India one way or another from Afghanistan is a huge problem.

So far, the U.S. government has refrained from including India in regional political efforts in Afghanistan, basically bending to Pakistan's sentiments. India has obviously not been happy with this state of affairs, but it has pushed ahead with development assistance instead. And the new plan that was announced on Friday, which will include an international contact group which will have India involved, I think is a step in the right direction. And the current strategy, which has been to allow Pakistan veto power over India's involvement in formulating regional solutions to the Afghan crisis is not working and frankly rewards Pakistan for its behavior so far.

Now, we've heard a little bit about the strategic depth argument for Pakistan when it looks at Afghanistan and I think the argument has been made that it's mostly directed

at India. I think that's only part of the issue. I think the other concern that Pakistan has is the Pashtun problem -- the need for having -- (audio break) -- friendly government in Kabul.

And so the sponsorship of radical groups for foreign policy purposes in Afghanistan and in India has been a kind of signature foreign policy of Pakistan, one that is relatively low-cost and, as we can see, gives rise to a level of plausible deniability.

Now, post-2001, Afghanistan and India have increasingly spoken in one voice, although more muted on Afghanistan's side, about the threat from violent extremists being supported by or tolerated by Pakistan.

Both countries have talked about Pakistan's dual policy in Afghanistan and in the war on terrorism and we see that it's coming back to haunt Pakistan but we're still not -- (inaudible) -- the stage that, in -- (audio break) -- has made a decisive break. And of course, the Lahore bombings is a clear indication, but then we have to remember that in 2004 there were attempts against President Musharraf himself and still it's taken a long time to see any movement.

The two countries that are most impacted by Pakistan's proxy wars are India and Kashmir and Afghanistan, so it's very important that we look at it in a composite way.

As already mentioned, relations between India and Afghanistan have been close, and in fact, some of the top leaders in Afghanistan, including President Hamid Karzai and other members of the leadership, have studied in India. They fled to India during the civil wars and the Soviet wars. Culturally, India's Bollywood music, films are a big staple for Afghan society as well as now Indian soap operas apparently as well -- big attraction.

So what we see is a convergence of interests between India and Afghanistan on the strategic, economic and even cultural.

Clearly the strategic element is prompted by a common-threat perception about Pakistan, but there are other benign factors such as economic interests that drive India and Afghanistan together.

But I think from Pakistan's policy point of view, they see it as a zero-sum game, and therefore, once again, Afghanistan is the one that stands to lose and it gets caught in the middle. I think one of the things that we have to understand when we look is that the -- Afghanistan is basically trying to walk a fine line between its eastern neighbor, Pakistan, whose good will it is entirely dependent on for immediate security, and India, who holds out the longer-term attraction politically and economically that Afghanistan wants to tap into.

Now, we've already heard about India's development assistance. It lost very little time after 2001 to build strong ties with Afghanistan. India has emerged as the largest regional donor. It's also -- what distinguishes India from any -- (audio break) -- it has undertaken projects in almost all areas of Afghanistan and it has relied -- (inaudible) -- the government and local groups rather than international NGOs which has been the case with other donors.

In fact, many other -- many observers have noted that Indian assistance is one of the best from any country designed to win over every sector of Afghan society so their projects go from hydroelectric projects to training and women's training sectors. And of course, it's done with -- designed to undercut Pakistan's influence along the way; there's no question.

India has also forged relations in a different way, that is by being the strongest backer for Afghanistan to join SAARC, which is the regional economic organization. But, like most -- but these -- steps by India has given rise to a spiraling kind of competition and I think that is one of the reasons that Pakistan has been trying to keep India out of any kind of regional equation.

India does not have transit rights through Pakistan to reach Afghan borders and the -- although Afghanistan can send goods into India.

Now, we've also noted that the Indian consulate -- India has several -- four consulates in Afghanistan along with an Indian embassy and so Pakistan has accused India of using some of these consulates for -- to gather intelligence and even provide assistance to Baluch insurgents now, a charge that we don't -- we have not verified.

But we do hear from close observers, such as Ahmed Rashid, Pakistani journalist, who has noted that the ISI has generated enormous misinformation about India's role in Afghanistan, such as telling Pakistani journalists that there were not two but six Indian consulates along the border.

India has not participated in any military operations with multinational forces and I think that has brought on some good will from the Afghan population. But regional stability -- and I'll conclude with this -- regional stability is critical not just for Afghanistan as a post-conflict society but also for India as a rising power in the region, and the real issue is how to bring Pakistan -- how to structure its incentives in such a way that it, too, realizes that. And I think the hope lies in the three democratic governments working together in a "tri-polar" situation.

Thank you.

REP. TIERNEY: Thank you, Doctor.

Well, Dr. Roberts, you can see how closely we're adhering to the five-minute rule, which may be good news for you because all you have to talk about is Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, Turkmenistan, China and Russia. So have at it, and we're anxious for your remarks. (Laughter.)

MR. ROBERTS: Thank you. Chairman Tierney and members of the subcommittee, I'd like to thank you for inviting me to speak today --

REP. TIERNEY: Doctor, we ask you either turn your microphone on if it's not on or pull it closer to you, or both, if you would.

MR. ROBERTS: There we go.

REP. TIERNEY: Thank you.

MR. ROBERTS: Chairman Tierney and other members of the subcommittee, I'd like to thank you for inviting me to speak today at a critical time for U.S. engagement in Afghanistan.

As the chairman already noted, I will speak primarily about Afghanistan's northern neighbors, that is, Russia, China and

the central Asian states of Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan.

In general I would agree with the Obama administration's proposed Afghanistan strategy that promotes engaging these countries, but I also anticipate there being many obstacles to doing so effectively.

On the one hand, all of these countries would rather see Afghanistan as a potential market than as a source of terrorism and opium. On the other hand, Russia and China are suspicious of the United States' international agenda, at best, and the central Asian states are reticent to become too associated with U.S. efforts in Afghanistan in the event that these efforts fail.

All of these countries have reasons to want the United States to succeed in Afghanistan, but they would -- (audio break) -- the work of realizing that goal to others.

That being said, I do think there are opportunities to engage these countries in Afghanistan if such engagement plays to their interests. In my opinion, China's interests in Afghanistan are an extension of its interests in central Asia as a whole. They're primarily economic and mostly related to natural resource extraction.

Late last year, China made the largest single foreign direct investment in Afghanistan in that country's history, purchasing the rights to a copper mine for \$3.5 billion U.S. Surely if Afghanistan stabilizes, China will be equally interested in the country's oil and gas reserves.

Beyond its thirst for energy, China is also very interested in opening up overland routes of commerce. Having viewed central Asia as an overland gateway to markets in the west, China likely sees Afghanistan as the most effective opening for a direct route of commerce to the Middle East.

Given these interests of China, the U.S. should engage it on increasing its direct foreign investment in trade with Afghanistan, which will be perhaps the most important drivers of sustainable development in the country.

In doing so, however, the U.S. must also challenge China to adopt transparent and ethical business practices in Afghanistan. If such investment is to have a positive role,

it must complement rather than undermine attempts to develop effective and responsible governance in the country.

The central Asian states have different interests in Afghanistan -- (audio break) -- on Afghanistan with majority Muslim populations but secular governments, the central Asians are very fearful of the spread of Islamic extremism from South Asia.

While this fear speaks to central Asians' desire for stability in Afghanistan, it also makes these states reticent to become too involved in the country. Despite this reluctance, the Central Asian states have much to gain from being involved in Afghanistan's reconstruction. (audio break) -- Tajikistan and Uzbekistan are all countries that are presently unable to offer employment to large portions of their populations, making them sources of migrant laborers.

Already many Central Asian companies and workers have found business opportunities in Afghanistan's reconstruction, but a formal strategy encouraging such opportunities could go a long way to courting the involvement of the Central Asian states.

Also, there are already at least two major energy infrastructure projects under development to link Central Asia to Afghanistan.

An agreement has been reached to build up hydroelectric capacity in Kyrgyzstan and Tajikistan in order to feed Afghanistan's needs, and plans have been drawn up for a Turkmenistan-Afghanistan-Pakistan-India gas pipeline. If these projects are realized responsibly and effectively, they could bring tangible benefits to both Central Asia and Afghanistan.

Now, Russia, however, I think is a much more difficult nut to crack. While Russia is interested in preventing Chechen separatists from obtaining support and refuge in Afghanistan, it also retains serious issues of wounded pride in connection with the Soviet failure to develop Afghanistan in the 1970s and 1980s. In this context Russia may not be too happy to see the United States succeed where it has failed.

Furthermore, Russia is extremely suspicious of U.S. interest in Central Asia, and it tends to view U.S. engagement in Afghanistan as part of a larger campaign to get a foothold in the region. Still, Russia's support to Afghanistan's reconstruction is critical. Russia can undermine efforts in the country through its influence over the Central Asian states, which it already has done by encouraging Kyrgyzstan to close the Manas Air Base. And it can also use its influence in the Shanghai Cooperation Organization, which (audio break) a coordinating role for Russia, China and Central Asia in Afghanistan. As one Russian journalist recently told me, maybe the most positive thing that Russia can do in Afghanistan is to not do anything at all, but I would suggest that perhaps it would be easier to carve out a positive role for Russia than to get them to do nothing at all.

One way to engage Russia may be to involve it more substantively in the large projects that aim to bring electricity and gas from Central Asia to Afghanistan. This may have economic interests of Russia involved and it may also dispel some of Russia's fears that these projects are aimed at drawing Central Asia outside its sphere of influence.

In conclusion, I'd like to say that in order to engage these neighbors to the north, the key will be to play to their interests. While it will be important to include these states in highly visible international forums on Afghanistan to obtain government buy-in, I don't foresee any of these states being important donor states or providing substantial bilateral assistance. Rather, they are most likely to make a difference through their private sectors, whether as a source of direct foreign investment, providers of building materials or a source of skilled laborers.

Even in this context, however, Russia may remain a potential spoiler in any effort to gain the support of Afghanistan's northern neighbors in the country's reconstruction. And that concludes my remarks; I think I maybe made it close to five minutes.

REP. TIERNEY: You did a great job and we appreciate it; thank you.

Mr. Sadjadpour.

MR. SADJADPOUR: Thank you, Mr. Chairman. It's a pleasure to be back and I just wanted to commend the committee for their sustained commitment to probing these very difficult issues.

At the risk of stating the obvious, the United States and Iran have very important overlapping interests in Afghanistan. Having accommodated over 2 million Afghan refugees over the last three decades, Iran has an obvious interest in seeing stability in Afghanistan.

With the highest -- one of the highest rates of drug addiction in the world, Iran has an obvious commitment to counter narcotics to see narcotic production eliminated, if not eradicated, in Afghanistan. And lastly, having almost fought a war against the Taliban a little more than a decade ago, Iran certainly has no interest in seeing their resurgence.

So there's very important overlapping interests between the United States and Iran in Afghanistan. And a friend of mine, a European diplomat who spent several years in Tehran who speaks fluent Persian, was recently dispatched to Afghanistan and he was there to study Iranian influence in that country. And he came back and he said that if Pakistan's influence in Afghanistan is about 80 percent negative, 20 percent positive, Iran's is probably the inverse, about 80 percent positive and 20 percent negative.

That being said, Iranian foreign policy, not only in Afghanistan but also elsewhere, is in many ways a byproduct of U.S.-Iran relations, and when U.S.-Iran relations are most adversarial, Iran sees it as a national priority, foreign policy priority, to try make life difficult for the United States.

And in Afghanistan, I think the most egregious example of that is Iranian flirtations with the Taliban and kind of soft support for the Taliban. People whom I have spoken to -- (audio break) -- classified intelligence reports say that the support is too insignificant to make a difference but significant enough to send a signal to the United States that don't take Iranian goodwill and restraint for granted. And, you know, to use a U.S. domestic policy metaphor, I think focusing too much on Iranian support for the Taliban is like focusing too much on illegal immigration from Canada to the United States.

I don't want to exaggerate Iranian goodwill in Afghanistan and I don't have any illusions about the character of this regime. A good friend of mine, an Iranian-American journalist, has been in Evin prison for the last two months and I know that regimes which are tolerant -- which are intolerant and repressive at home do not seek to export Jeffersonian democracy and pluralism abroad.

That being said, a country as decimated and desperate as Afghanistan certainly doesn't have the luxury of shunning aid from a country like Iran. No country obviously has the luxury of choosing its neighbors, and I think given Afghanistan's needs are so rudimentary in terms of building a viable state, I think Iran can play a very important role in that process.

A few prescriptions I would like to conclude with. In my opinion there is very little cost and potentially enormous benefits to engaging Iran on Afghanistan, and I would make four specific points. The first is that I think the -- (audio break) -- was used vis-a-vis U.S. relations with China, this notion of responsible stakeholder. I think that's the philosophy which we should try to approach Iran, not only with Afghanistan but on a broader level, try to compel Iran to be a responsible stakeholder.

As I mentioned from the outset, there is very important overlapping interests in Afghanistan, and I think among other specific points, it would be very useful to kind of engage Iran's agricultural expertise in looking at alternatives to the poppy. And U.S.-Iran direct engagement, meaning an engagement between U.S. forces and Iranian forces in Afghanistan, may be unrealistic in the near term, but I think what we can do, what we the United States can do, is continue to encourage our European allies and NATO allies to work with the Iranians on these important issues.

A second point I would make is that I think it's imperative that we make it clear to the Iranians that we're not merely interested in tactical cooperation or isolated engagement with them in Afghanistan. I think this was the mistake that the Bush administration made when trying to engage Iran and Iraq, and by all accounts those discussions did not bear fruit and I think it was due in part to the fact that Iran felt that the U.S. was trying to agitate against it on so many other issues, and yet it wanted its cooperation in Iraq.

And Iran obviously said we're not going to make your life easier in Iraq if that's simply going to allow you more leverage to make life difficult for us afterwards. So I think we have to make it clear to the Iranians that we're not only interested in an isolated tactical cooperation, but if at all possible, we would like to have a broader strategic discussion.

Third point I would make is that I think it's important that we, whereas we understand the linkages between Iran's various foreign policy activities, we should at the same time disaggregate Iranian foreign policies. What do I mean by that? I mean that in the short term I don't think anyone has any illusions we're going to reach a compromise with Iran on the support for Hezbollah, on the support for Hamas, or I think in the short term, certainly no one has any illusions there's going to be any breakthroughs on the nuclear issue.

I don't think this should preclude U.S.-Iran cooperation in Afghanistan. On the contrary, I think that trying to build confidence in Afghanistan could well have a positive effect on those other issues.

The fourth policy prescription pertains directly to Congress and that is that I think it's unhelpful to try to designate the Iranian Revolutionary Guards as a terrorist entity.

And the reason why I say this is that the Iranian Revolutionary Guards are essentially running Iranian activities, not only in Afghanistan but also in Iraq and Lebanon, and I think by naming them a terrorist entity we're essentially going to prohibit ourselves from working with the Iranian actors who matter most. So, to paraphrase Don Rumsfeld, we have to deal with the Iranian officials we have, not the ones we wish we had.

Lastly, there's a debate about how we should go about engaging Iran, and some would argue that we have to put the most difficult issues first -- like the nuclear issue and Afghanistan and some of these other regional issues maybe are secondary. I would disagree with that and I think the administration is absolutely on the right track. And the reason why I say this is that the nuclear issue, Iran's -- the nuclear dispute is a symptom of U.S.-Iran mistrust, it's not an underlying cause of tension.

And really if we go to the very essence of the problems of this relationship, it's this issue of very deep-seated mutual mistrust. And I think the best way to try to allay this mistrust is to build confidence and I think there is no issue which the U.S. and Iran share more common interests than Afghanistan. And if we can try to engage Iran on Afghanistan and establish a new tone and context for the relationship, I think those discussions in and of themselves could well have an impact on Iran's nuclear disposition.

If, indeed, Iran's nuclear ambitions are driven or are a reflection of their insecurity vis-a-vis the United States, again, if we're able to establish a different tone and context, the Afghan discussions, in and of themselves, could impact the calculation -- the nuclear calculations -- of Iran's leadership. Thank you.

REP. TIERNEY: Well, thank you. It's certainly an impressive panel. We got a lot of information in a relatively short period of time and we appreciate that. We're going to go into our question period here. We'll give each member at least five minutes to question and go around as much as we all have time for on that.

Let me start with just a rather broad question, if I might: Is it the opinion of each of you that the issues are best dealt with through a sort of contact group approach, where the United States tries to convene all these various parties and deal with issues jointly, or is the best approach a bilateral basis or some mix of that?

Let's start with you, Mr. Sadjadpour.

MR. SADJADPOUR: (Off mike.)

REP. TIERNEY: Our reporter can be pretty tough, so I wouldn't mess with her. (Laughter.) If she wants that mike on, you better put it on. (Laughs.)

MR. SADJADPOUR: There's often a concern whether we're talking about Central Asia or the Middle East, regional countries that U.S. goodwill is a zero-sum game and that, you know, the U.S. could sell out Pakistani interests for Iranian interests if it's only a bilateral discussion. So I think a multilateral format works well, and on the side, you know, those bilateral discussions I think are very useful.

And, you know, Iran is the one country of the neighboring countries in which the U.S. doesn't have any formal diplomatic relations, so I think those conversations are probably going to take more time, but it may be easier for both parties initially to do it in a multilateral setting. And with Iran we have so many different interests at play, not only Afghanistan but, you know, Iraq, the Middle East, the nuclear issue, terrorism, and again, I think, you know, we're going to have these conversations on different levels, but I would argue that multilateral setting may work best and --

REP TIERNEY: Anybody disagree with that or is it general consensus?

Okay, thank you.

Dr. Roberts, is it, how much of a motivating factor for cooperation, or is it even a motivating fact for cooperation, the concern about drugs and opium going up to those northern countries? Are they -- how badly are they impacted by that, how much is it a near interest to sort of combine with others to try to deal with that, and then what could they do in terms of being useful against that problem?

MR. ROBERTS: On one hand, it definitely is a problem for the Central Asian states, and I would say it's becoming an increasing problem for them. To a certain extent, prior to recent history, I would say that a lot of the Central Asian states have dealt with the drug trade out of Afghanistan in a sort of ambiguous way that there may have been some officials benefiting from it, and so on and so forth.

But now the volume coming out of Afghanistan is such that I think they're really beginning to wonder whether this is a threat to their own national security, let alone the health of the population. There's been some events that took place last summer in Turkmenistan, and in true Central Asian fashion we don't know exactly what happened but it seemed that there was essentially a battle between drug mafias in the capital city and it almost closed down the government for a day.

And they officially said that it was some sort of threat of Islamic extremists but evidence points more to the drug area. Now, what they can do in terms of battling the drug trade, I think the most important thing is in terms of U.S.

assistance going to them in this area, of which there is already quite a bit, I think we need to see more political will from the Central Asians and really making the measures that are being taken work.

At least to a certain extent on their border posts, that seemed, well, it also, I have to say, it varies by countries like Kazakhstan has much more capacity because it has more resources. Kyrgyzstan and Tajikistan are really the countries that I think have a problem with capacity in this area, both protecting their borders and just in terms of the corruption within those countries and how much might just get through, regardless of central governments' wishes.

REP. TIERNEY: Thank you. And you know I can't see the clock down there, someone's going to have to tap me when I guess it's close to my time -- (off mike) -- okay, thanks.

Let me just move around another round on that too. So Dr. Ollapally, you made a comment about the manner in which India provides its assistance in Afghanistan, how successful they've been on that. Could you just expand on that a little bit for us and let us know whether or not you think it's a model that the United States and the international community ought to follow as opposed to going through NGOs, where we've had quite a bit of controversy on that?

MS. OLLAPALLY: Yes, India's programs have been designed to give what they call local ownership of assets, so that when the -- and it goes through the government of Afghanistan -- so one of the things that we've seen with international assistance is that, you know, as little as 15 percent or so of aid actually goes to the Afghan government. That leaves a lot that goes in some other direction.

And I think that is a problem that we've seen, you know, whether it's Bosnia or elsewhere, that we are, we tend to give aid through international NGOs and therefore those NGOs get -- you know, suck up a lot of the resources and also people, skilled people, in Afghanistan, and it diverts it, I think, from these places.

The other thing that I mentioned about India is they seem to have figured out a way of having projects in practically every single province, which is not easy given the security concerns. I think it partly works because they probably can blend in a bit better, in some sense, so that they're not as

easy of a target. And they have had long-standing relations, so that -- surprisingly, India has had investment and so forth there so they have a little bit more tradition than experience. But I think it is something that one needs to look more closely at because that's one of our biggest problems is delivering the aid to those people who need it.

REP. TIERNEY: Exactly. Thank you.

Mr. Flake?

REP. FLAKE: Thank you, Mr. Chairman.

Mr. Sadjadpour, you mentioned that Iran has taken in 1.5 million refugees over the time. How many of them remain and do they -- are they housed in refugee centers or are they dispersed among other populations? Can you just talk a little about that?

MR. SADJADPOUR: When I was based in Tehran I used to go visit the UNHCR offices to talk about these things. And the numbers are obviously very approximate, but over the course of the last three decades, the UNHCR estimates that Iran has accommodated approximately 2.5 million refugees at one point or another.

It's believed that about a million of them have gone back and there's --

REP. FLAKE: (Off mike.)

MR. SADJADPOUR: I'm sorry? About a million of them have since gone back to Afghanistan after the removal of the Taliban. And it's estimated there's about 900,000 refugees which are official and about another 600,000 or so who are unofficial.

And their circumstances vary. Some are able to go to school and they're not living in refugee camps. Others have much more difficult circumstances and oftentimes depends on their backgrounds in terms of their education, et cetera.

But, you know, I think certainly Iran could be doing much more for the refugees, but considering Iran's own economic difficulties, UNHCR has by and large commended Iran for taking many of them in.

REP. FLAKE: Are there active efforts to resettle them back in Afghanistan, or is it pretty much status quo?

MR. SADJADPOUR: The second point I made, that Iran's foreign policy is often a byproduct of U.S.-Iran relations, when Iran wants to make life difficult for the U.S. and make life difficult for the Karzai government, what they've done sometimes in the past is to abruptly and forcefully repatriate these refugees, just send them back.

So, you know, at times they do this. At other times they're more lenient, but in general I think that they -- given the burgeoning labor force within Iran, I think Iran feels that economically it's just too difficult to accommodate all of these refugees, and if at all possible, I think they would like to repatriate more.

REP. FLAKE: All right. Thank you.

Ms. Curtis, you mentioned that we need to have a duty-free zone -- free trade with the areas of Pakistan and Afghanistan. What products in particular have some potential for growth as far as export?

MS. CURTIS: Well, I think they're looking mainly at textiles, particularly in the case of Pakistan. There may be some other items in Afghanistan that they're looking at as well, but I think the majority of these items and that would have the greatest impact on the economies is in the area of textiles.

And there has been interest by outside investors in these -- investing in such zones. So as difficult as it will be in terms of the security aspects, I think it certainly will bring in some outside investment, help to bring jobs to the people of this region.

And that's why I think this legislation is so important. I think one of the reasons it's been stalled is because it's -
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REP. FLAKE: Is it more of a signal or is there going to be a substantive change? Are we talking about just at the margins in terms of the economy?

MS. CURTIS: Well, I think this region, we know is extremely important to U.S. national security interests. In fact,

President Obama said the tribal areas of Pakistan are the greatest danger to the U.S. So I think, you know, we don't know for sure if -- (audio break) -- massive change overnight, but I think what we do know is it constitutes a way to start bringing change.

And I would carry this over to our assistance programs. A lot of people are arguing that U.S. assistance programs to the FATA are only having a marginal impact, but we have to start somewhere, and in fact, I've received many briefings on these assistance programs and we're getting access to the region. This is the first step. I mean, these are areas that, you know, hardly any U.S. officials have even traveled to, let alone U.S. civilians.

So I think that, you know, we have to start somewhere and I think, you know, we are likely to see positive impact -- maybe not overnight but over time. It's part of the whole process of integrating this region into Pakistan, creating more cooperation between Afghans, Pakistanis, creating jobs, so that people have an alternative to extremism. That's the problem. They just don't have an alternative right now.

REP. FLAKE: I agree with you.

Ms. Chamberlain, I think everyone recognizes that of all the regional players Pakistan has the biggest role -- the biggest border, the biggest history of cooperation and antagonism -- just about everything. What, in terms of our aid and assistance to Pakistan, both military and economic -- should we be looking to condition these funds? What kind of strings attached -- and we haven't seen -- I'm sure we'll see different iterations of this proposal by the Obama administration, but what's your recommendation? Where do you cross the line between -- at what point do the Pakistani's just say, "Sorry, you need our help as much as we need yours"?

So what do you recommend in terms of conditioning this aid?

MS. CHAMBERLAIN: I think the answer is both and mixed. When I first arrived as ambassador to Pakistan, one of the loudest bleats that we heard from the population -- we still hear it today -- is, oh, you American's are just going to abandon us; you used us during the Cold War when you needed us; you used us when the Soviet -- you wanted to help us -- them to help us evict the Soviets from Afghanistan, but as

soon as the Soviets were out of Kabul, you cut off your military aid, you cut off your military IMET programs, you cut off your USAID development assistance, and you picked up and ran.

And no amount of explanation ever convinced them that it was conditioned on their moving forward with the development of their nuclear weapons program. That just is absent from their memory, although it was the reason why we cut off our military and aid assistance at that time.

You hear that today, the charge that we will just abandon them again. "As soon as you get bin Laden, you'll just leave us."

I think -- to answer your question, now -- that's the context. To answer your question, I believe we must condition military assistance. I do not recommend that we condition assistance to civilian programs, that USAID programs, to education, to job creation, to health, ought not to be conditioned and we ought use the non-conditioning of aid that goes to people, the people of Pakistan, as evidence that we have no intention of abandoning them, that we recognize that they are in dire needs, that we are there for the long term.

On the military assistance, I agree with remarks that the chairman made earlier. There's a history of duplicity and we have to carefully balance the way we work with the army. We need the army. We need the army -- let's face it -- to be successful in bringing stability not only to Pakistan but to Afghanistan. But we need an army that understands that we're working together.

And it's going to be a -- require very delicate, balanced diplomacy to get there, but I think -- conditioning, particularly on the big-ticket items -- F-16s they still want. And some of these big weapons systems that cannot conceivably be used in the counterterrorism arena but are still very much geared to their traditional adversary in India we ought to take a hard look at.

REP. TIERNEY: Thank you.

Mr. Driehaus, you're recognized for five minutes.

REP. STEVE DRIEHAUS (D-OH): Thank you, Mr. Chairman.

And I want to thank the panel for excellent testimony. I think following the panel from last week, you only further demonstrate how difficult and how complicated the situation is in Afghanistan. It strikes me that, you know, that the goals of U.S. foreign policy in Afghanistan are really about denying safe harbor to terrorists and those terrorists tend to be in the tribal areas that were described, you know, in Pakistan.

But I guess my question for all of you is really your assessment of our resource allocation. You know, at the same time we are trying to build a rule of law in Afghanistan, we're trying to, you know, move toward economic development; we're trying to train security forces in Afghanistan. We're also engaged in diplomatic efforts in the Indo-Pakistani, you know, relationship -- (audio break) -- hopefully diplomatic efforts in Iran, diplomatic efforts in the north. Talk a little bit about the level of our participation and the appropriateness of the current resource allocation and how you might adjust it if you had that opportunity.

MS. CHAMBERLAIN: Is that coming to me?

I think it needs a total scrub. Much has been said in the media about the fact that the United States has provided \$11 billion -- I think it's now up to \$12 billion -- to Pakistan since 2002 and that most of that has gone to the military.

Actually, at least or over 50 percent of that military assistance has been coalition support funds, which has been rent for the army to subsidize their activities along the border, which haven't been very effective. But much less, less than 10 percent, has gone to the civilian programs that I was talking about through USAID. Yet it's still a lot of money. (Audio break) -- percent of -- (audio break) -- is a lot of money. And you haven't seen very much impact.

I think the comments made by my colleague about Indian aid in Afghanistan, where much greater impact -- the people have seen much greater impact for their assistance than we have been able to realize in both Afghanistan and Pakistan.

And so I would certainly endorse the comments made that we need to re-evaluate the way we give assistance, not through big NGOs and big for-profit organizations but in more calibrated programs that work from the bottom up. Now we're beginning to do that in Afghanistan. We're beginning to do

that in the FATA, the Federally Administrated Tribal Areas, where we go in almost like three cups of tea-style into villages and sit down and talk about what they need. It's also, incidentally, when you go into a village and talk to the people and say how would you use the money if you (sic) were to give you, you know, \$10,000, it's democracy building because they're beginning to work together to make decisions, and leaders come out of that.

But I do think we need a bottom-up approach and I think we need to re-evaluate how we give assistance. But we must -- the measurements of our assistance must be do they have impact in the lives of people?

I would focus our attention, our assistance, and I would eliminate some of the sectors that we deal in, and I would not spread it out as widely as we're currently doing.

MS. CURTIS: Yeah, I just want to add to that.

One of the problems I think in the past has been even our economic assistance has gone in the form of budget support directly to the Pakistani exchequer rather than programmed through USAID funding. That's changed, and, of course, Chairman Tierney played a critical role introducing and then passing legislation that required certain amounts of that funding go specifically toward education projects. So I think that is critical to remember because you're going to be facing this issue. Is it budgetary support? Is it programmed through USAID? And that's a very fine balance. And I think it's also when you require more USAID officials on the ground in Pakistan, which has a lot of different security implications.

So as we talk about this \$1.5 billion, you know, it's a massive increase in our assistance, and you have to think through very carefully about how that's going to be implemented, what kind of monitoring mechanisms, because I know there is even concern among USAID officials that do we have the capacity, the ability to correctly monitor? We probably do but we need to make sure of that and we need to -- your subcommittee will be, I'm sure, involved in asking all those critical questions.

REP. TIERNEY: Thank you very much. And you're absolutely correct. We will be as involved as we can be on that, and we think that the capacity issues are serious. We'll be working

over the two- weekend district period to try and set up some hearings with the State Department and others as to what the capacity is and how they intend to meet the goals that the president set out on that, so it'll be a crucial matter.

Mr. Duncan, you're recognized for five minutes.

REP. JOHN J. DUNCAN (R-TN): Well, thank you very much, Mr. Chairman. And thank you for calling another hearing on the issues and problems in Afghanistan and Pakistan.

I voted against the war in Iraq from the very beginning because I thought it was a terrible mistake and I still think it is a terrible mistake. And I remember reading in Newsweek just before the war started that Iraq had a total GDP of about a little over (\$)65 billion the year before we went in there, and just think about that in relation to the massive amounts of money that we ended up spending there and are still spending there.

A few weeks ago we had a hearing in here on Afghanistan, and we were told at that time that we've spent \$173 billion in Afghanistan since 2001. And now because we're moving our troop levels up from 38,000 to 55,000 approximately, we're going to be spending even more there. Yet just two days I think before that hearing, The Washington Post -- that hearing of a few weeks ago, The Washington Post had a story in which they quoted General Petraeus as saying that Afghanistan had been the graveyard of empires. And then a few months ago in this committee we had another hearing on Afghanistan and I asked the question of how much we were spending in Afghanistan.

And it is so difficult because I have no idea who's right. Former Ambassador Chamberlain just talked about \$12 billion since 2002 and maybe that's correct, but at that other hearing we were told that it was approximately \$5 billion a year in Pakistan counting all the different programs that we have -- military and every other program. Maybe they were counting in the operation of the U.S. embassy and various offices. I don't know. It's difficult to pin these things down.

But what I do know is is that all this massive money that we're spending in all these different countries, it seems the more we spend in a country the more resentment we create. And yet when you're in the Congress, if you don't go

along with every massive foreign spending that anybody asks for, you're labeled as an isolationist. And yet I've always thought that we should have trade and tourism with other countries and we should have cultural and educational exchanges and that we should help out during humanitarian crises.

But we're spending money that we don't have. The Congress voted not long ago to raise our national debt limit to (\$)12 trillion 104 billion. That's an incomprehensible figure, but what it means is that in just a short time we're not going to be able to pay all of our Social Security and Medicare and our civil service pensions and our veterans pensions and things we promised our own people, and it (seems to ?) me that we've got to take another look at what we're doing.

We've turned the Department of Defense into the department of foreign aid now, and I know that, you know, all those who like foreign aid, they would frequently leap to point out that direct foreign aid is just a tiny portion of the entire federal budget and that's true. But every department, every major department and agency in the federal government is spending huge amounts of money in other countries now, and it just doesn't seem that we're getting very much bang for our buck.

I have noticed that anytime anybody specializes in what is going on in another country or they've spent much time there, they seem to fall in love with that country or feel that that region is the most important in the world, and they always say (we're ?) not spending nearly enough.

But how much longer we can go on spending these ridiculous amounts of money, especially in a time when we're adding \$4 trillion to our national debt this year and the next two years alone, I just don't believe that the money's there. And I don't believe we can do it.

And I -- (audio break) -- to take a really hard look at all of these programs, and we've got to have -- we've got to take a hard look, I think, at our policies in the Middle East because our unbalanced policy in the Middle East seems to be what is creating the most resentment against us throughout the world.

So thank you very much, Mr. Chairman.

REP. TIERNEY: Thank you, Mr. Duncan.

REP. DUNCAN: I don't really have any questions.

REP. TIERNEY: I appreciate your comments. Thank you.

REP. DUNCAN: Thank you.

REP. TIERNEY: Mr. Welch, you're recognized for five minutes.

REP. PETER WELCH (D-VT): Thank you, Mr. Chairman.

And thank the witnesses -- tremendous testimony.

As I understand it, there's basic unanimity that the Obama effort to reach out regionally and engage diplomatically is wise.

And number two, that the region of the world's very complicated with respect to Afghanistan. China sees it as an economic opportunity. Russia basically hopes we stub our toe there because of their own embarrassment. Central Asians are hesitant to do anything that might irritate Russia. Iran sees it fundamentally through the prism of their relationships with us on other issues. And Pakistan fears India, so they in some certain ways support a proxy war for the Taliban. And India has an opportunity to create economic and cultural ties.

And the question I have is this: What is the impact of the military policy that I think would have to be characterized as escalation? If we're increasing the number of troops on the ground, then that would be an escalation. What impact will that have on the diplomatic escalation that you all support?

Just each of you speak very briefly about it.

MS. CHAMBERLAIN: (Audio break) -- and then Lisa Curtis will mop it up.

There was a recent poll conducted in Afghanistan about -- people of Afghanistan asking them what is their greatest concern. And more than economic development, the majority of the population, according to this poll, was concerned about their own security. And they define their own security not as threats from extremists necessarily but threats from

corruption. So they have a -- what I'm getting at is that we will not be able to achieve our goals of bringing stability to that region if the people do not feel secure in their own communities and their own homes.

The way I see the president's strategy is an increase in U.S. troops hopefully for the short term to train and the Afghan National Police and the Afghan National Army to a point where they can begin to provide the kind of security that the people need to feel in their own communities. The surge in troops will, if you want to call it a surge, will be used for training purposes but also to provide that cushion while the army and the police are brought up to strength.

MS. CURTIS: Yeah, I think it helps our regional strategy in a couple of ways.

One is part of the reason Pakistan continues to have links to the Taliban and support these groups, as Ambassador Chamberlain pointed out, is a hedging strategy because they don't believe we have the staying power in Afghanistan. So I think President Obama's statement on Friday, a very strong statement of remaining committed to Afghanistan as well as, you know, sending more troops, sends a clear signal on U.S. intent toward the region.

I think the last six months have been extremely unhelpful. You know, we did this review process. You know, it was necessary; it was the prerogative of Obama administration. But it also created a lot of confusion about where U.S. policy was going, and I don't think that was helpful. So I think, you know, now we have a basis on which to bring people into our regional diplomatic strategy, so I think it does help.

It helps with India. India knows that "Talibanized" Afghanistan is not good for their interests. They'll keep moving east; they'll threaten India's core interests. So it will help in bringing the Indians along in what we want to see happen in terms of India-Pakistan relations.

MS. OLLAPALLY: I think we have to be very careful about what the objectives are of the surge in the troops because there is no real military (solution ?) in my mind there, and therefore this is just going to be a -- it's going to be a short-term help.

I think the bigger picture has to be intertwined with the regional approach and I think that's the one approach that we have not tried so far; we have been trying the bilateral. And even in the regional approach, I think it would help with both in terms of sending the right signals as well as possibly raising more funds in terms of donors to Afghan's reconstruction. I think that's a very good start, to have the other countries involved.

But I think we also have to make sure that at the same time that we're having the increased troops that (across ?) the border in Pakistan that we also do not let certain other developments happen, such as, for example, the peace agreement in Swat with the militants. I think that's very unhelpful in part because what it does is it allows in the longer term for these extremists to get a breather. And therefore, you know, if we're there for two years or whatever, we're leaving behind a scenario that could easily come back to haunt us again.

So I think it cannot be -- the surge cannot be seen in isolation, it cannot be seen just as a counterpart to the regional, but it has to be seen across the boarder as well in a total picture.

MR. ROBERTS: I think for the northern neighbors of Afghanistan there's maybe some discomfort with increased troops, but I think the big issue is whether we have troops in Central Asia.

And I think in some ways it may have been a blessing that Kyrgyzstan has removed the base there, because I think as long as we have a military presence in Central Asia we're going to get the ire of the Russians, and I don't think that it is really beneficial in the long term. And those bases, as I understand it, are not critical to the operations in Afghanistan.

MR. SADJADPOUR: Well, as my colleagues said, I think this is -- the troop increase is part and parcel of a broader diplomatic approach. I don't think the Iranians will have a problem with that. As I mentioned, they're no friend of the Taliban so they do want to see the Taliban -- (audio break) -- defeated.

But I think they would be opposed, as would Congressman Duncan, to some type of a long-term U.S. presence, troop

presence, in Afghanistan because they would probably perceive that as a threat to themselves.

REP. TIERNEY: Thank you very much. Just a couple of other questions, if I could.

First a comment on that, going back to the conversation about some of the aid to Pakistan and the amount of it: This committee was able to do its own report -- staff did an excellent job putting that together -- on the coalition support funds and of a report from the Government Accountability Office as well -- and some \$6.3 billion since 2001 going in, about 40 percent of which we determined was unaccounted for.

And so they have started to account for it, and surprisingly, once they did they stopped payments because they weren't being justified and reconciled enough.

And I think we're certainly going to push, at least a number of people on this committee are going to push to move away from the coalition support funds -- (audio break) -- funding because it can't be accounted for and because also it is a sort of rental concept that the ambassador talked about when in fact we have joint interests there.

And we'll be looking to condition the military money on those joint interests, of not so much keeping a scorecard on the Pakistanis alone, but how is our joint effort accomplishing the ends that we want to ensure they get continued funding on that to move people along? So that should be something we can look forward to and debate as we get into the appropriations process on that.

I had just two broader questions I thought would clean things up. Mr. Sadjadpour, would you talk a little bit about the relationship between Iran and Pakistan?

MR. SADJADPOUR: It's a very peculiar relationship in the sense that I oftentimes wonder why it's not -- (audio break) -- it is.

And what I'm talking about is that, you know, the last -- (audio break) -- years in Iraq has oftentimes been described as a proxy war between Iran and Saudi Arabia. I mean, Iran is supporting its Shi'ite brethren and Saudi Arabia the

Sunnis, and we've seen a deterioration of Saudi-Iranian relations because of that.

And in Afghanistan we see a somewhat similar dynamic in the sense that Pakistan has long been the patron of the Taliban and Iran had long been the patron of the Northern Alliance, the opposition. And yet we haven't seen a deterioration of country-to-country relations, also despite the fact that Iran is quite concerned about the repression of Shi'ites within Pakistan. And to the contrary we've seen actual Pakistani cooperation. Some would argue whether it's official cooperation, but A.Q. Khan, Pakistani nuclear scientist, provided huge support to Iran in its own nuclear ambition.

So it's one of those issues every time you pick up the newspaper there's so many -- (audio break) -- in the world, and that's one issue I wonder why it's not worse than it is. And I think we should be thankful -- we should try to contain it because it has the makings of a very contentious relationship.

REP. TIERNEY: Maybe we should just leave it alone?

MR. SADJADPOUR: Yeah. (Laughs.)

REP. TIERNEY: Dr. Roberts, would you talk just a little bit about China? I know you covered it in your written remarks, but if you could just address how intense is China's interest in this area likely to be or are they more inclined to sort of observe things?

MR. ROBERTS: Well, I think, as I mentioned in my testimony, China's interest in Afghanistan I (think ?) is more long term and it's more economic. I don't think they're going to be extremely involved in the short term right now. I think that they see Afghanistan as part of a larger strategy in Central Asia.

But they are certainly focused on Central Asia for the long term, and I think that people in the United States often don't take that into consideration when looking at Central Asia. They see it from Russia, but actually China is making a lot of inroads. They have oil and gas pipelines going from Central Asia into China and certainly they hope that things will stabilize in Afghanistan and that will be another area where they'll have extreme influence.

REP. TIERNEY: Thank you very much.

And lastly for our three witnesses on the left-hand side -- middle and left-hand side -- we talked about reconstruction opportunity zones. On that, I think one of the questions about that is what kind of oversight and accountability will there be; how do we ensure that some local chieftain or a tribal aspect is not taking control of a particular industry or a cluster of industries on that basis? And they might not have our best interests in mind but they reap an incredible profit from taking advantage of that, so if we could just have a little conversation there.

And Dr. Ollapally, I don't know if you want to opine on that or pass it along to Ms. Curtis and the ambassador.

MS. CURTIS: Yeah, I think this is a critical aspect of the issue and I think it's one that the Congress has been debating over.

You know, it's going to be difficult both because of security in these areas, getting U.S. officials out to projects, being able to visit them. I think it'll be extremely difficult. We may have to rely on other, you know, surrogates or people who can get into these areas and work with them.

But again, I would come back and look at how we're doing our aid projects in the region. It's very recent. We just started providing aid to the FATA I think a year and a half ago or so, so these are new projects. But, you know, we are getting in there. We're working with locals who are very motivated. So there are ways to do the monitoring.

And you can work with your Pakistani counterparts at the same time, but it does take, you know, a lot of effort and it takes people on the ground. And, you know, there are going to be security concerns; we can't get away from that. But I think these programs are absolutely critical, and so we've got to find a way to monitor what's happening. And we may have to be very creative about that.

And again, my best thoughts on the issue come from what we're already doing through our Office of Transition Initiatives at the USAID --

REP. TIERNEY: We spent some time with those folks not too long ago when we were visiting, and I think it's tenuous. I think it's real -- it's a nice effort; it's somewhat creative. I think the jury might still be out as to whether or not we're getting the kind of information we need to really determine it. As you say, it's risky out there. Sometimes even the local Pakistanis are considered foreigners and have a difficult time getting close enough to it. We're using some aerial overviews and other measures on that.

So it'll be something we have to keep expanding on I guess, but I do think it's going to be a real issue, a real problem.

MS. CURTIS: And it has to go hand in hand with stabilizing the region and, you know, bringing back the civil service in the region and the Pakistani governance structures.

So I think that's another way to look at it, that, you know, we can't really do effective economic development programs without effective governance. And it's one of those issues.

REP. TIERNEY: Thank you.

Mr. Flake?

REP. FLAKE: Thank you.

Just a couple of questions to finish -- Dr. Roberts, you mentioned that Chinese involvement can be helpful if it's done in a responsible way. How can we ensure or can we do anything to ensure that China intervenes in Afghanistan in a responsible way?

MR. ROBERTS: I don't know if we can ensure --

REP. FLAKE: I think we better ensure. (Laughs.)

MR. ROBERTS: (Laughs.) I think we can encourage them to. I mean, I think that there's some -- essentially it's in their interest. If they're interested in long-term economic investments in Afghanistan, it's in their interest that Afghanistan become a stable country.

China historically has shied away from the idea of giving countries advice on their governance structures and what

constitutes good governance, but I think that the Chinese could be convinced that in trying to make any kind of economic investments transparent and in line with governmental reforms in Afghanistan that it's in their interest, and furthermore to kind of incorporate some of the corporate social responsibility practices that we see in the West in terms of perhaps doing some local economic development around investments.

So if they're investing in a copper mine, they should be doing some things locally to help the population out, because that also is essentially in their interest, but it's also in the interest of the development of Afghanistan.

REP. FLAKE: We've seen in areas particularly in the Pacific Taiwan competing with the mainland China on some of these development efforts. Is there any effort by Taiwan to get involved in Afghanistan?

MR. ROBERTS: I don't know about that. Yeah, I have no information on Taiwan's involvement.

REP. FLAKE: Dr. Ollapally, you mentioned that with Pakistan that we may need to offer some kind of incentives, I believe you said.

Other than conditioning our aid -- military and economic -- what incentives? Is there recognition type or work on the nuclear issue, or I think others have said that our efforts in Kashmir may be counterproductive. What else can we do other than condition our aid?

MS. OLLAPALLY: I think unfortunately it comes back to two things: one, money, which is what we have to offer for the Pakistanis, and changing the incentive structure for Pakistan military.

I think until we figure out what it is that will get them to give up the stronghold that they have on the foreign policy process, I mean, it comes down to a very basic thing -- we have to give them more incentive to get out of the political life of Pakistan.

I think that's -- and how do you do that? I think one way is by supporting democratic regimes in Pakistan. And I have to say that in the past we've not been very good at that because if you look at the history of Pakistan, every time

the democratic governments have been in power is exactly when we've decided to leave. And that tells something to the military as well as to the democratic regimes. And so I think the stronger we are in supporting Zardari's regime right now -- and I think we have to make sure that we are there.

The other thing is that I think Zardari is a businessman. I think they have seen that there's a great deal to be -- great deal of benefit by cooperating economically with India and that having the region stable is good for investment climate. It's terrible right now for Pakistan and that's related to the relations with India, and so it is with India.

So I think that is -- the economic relationship is what we should be pushing for.

REP. FLAKE: Thank you.

REP. TIERNEY: Well, thank you.

I want to thank all of our witnesses today. You've added incredible insight to us and great perspective on the whole range of neighbors in that area, and I think you've been a great service to the subcommittee and Congress, and we thank you for that.

Thank you, Mr. Flake, for your participation and members of the committee.

This will be the end of the meeting. We adjourn -- (sounds gavel) -- with our gratitude. Thank you.

END.