<u>Press Releases: Third Anniversary of</u> <u>the Signing of the Minsk Package of</u> Measures

Press Statement Heather Nauert

Department Spokesperson

Washington, DC February 13, 2018

Yesterday marked the somber third anniversary of the signing of the Package of Measures for the Implementation of the Minsk Agreements□. Sadly, Russia continues to disregard its commitments under the Minsk agreements, stoking a hot conflict in Ukraine that has cost over 10,000 lives, including more than 2,500 civilians, and has displaced 1.6 million Ukrainians.

Russia continues \square to deny its direct involvement, while Russian-led forces intimidate and deny secure access to unarmed OSCE monitors and suppress the work of independent media and civil society. \square Ukraine has passed legislation—including amnesty for anti-government forces and special status for the Donbas—indicating Ukraine's desire to implement the Minsk agreements. \square

Working closely with France and Germany, the United States continues to urge the Russian government to cease its aggression in Ukraine. The United States takes this opportunity to reiterate that our sanctions will remain in place until Russia fully implements its commitments under the Minsk agreements. Our separate Crimea-related sanctions will remain in place until Russia returns the peninsula to Ukraine.

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Press Releases: Opening Remarks at the Global Coalition to Defeat ISIS Ministerial

Remarks Rex W. Tillerson

Secretary of State

Kuwaiti Foreign Minister Sheikh Sabah Al-Khalid Al-Sabah Bayan Palace, Liberation Hall Kuwait City, Kuwait February 13, 2018

DEPUTY PRIME MINISTER AL-SABAH: (Via interpreter) (In progress) — responded to our invitation to take part in the meeting of the Global Coalition to Defeat ISIS, which is taking place for the first time after the liberation of Iraqi territory (inaudible) of ISIS (inaudible) continue with commitment of the members of the Global Coalition Against ISIS. And this is obvious through the ongoing collaboration and cooperation between the members of the coalition to defeat any kind of terrorism.

On this occasion, I would like to reiterate my heartfelt congratulations to the Iraqi people on their victory, the historic victory and the liberation of their country from ISIS.

Excellencies, ladies and gentlemen, we are all aware of the amount of effort exerted by Iraq and the rest of the member countries in the global coalition in their war against so-called ISIS, and these efforts actually culminated in liberating Iraq from ISIS. Today, we are required to continue exerting efforts in times of peace just like we did in times of war.

Stemming from this fact, the state of Kuwait has announced, upon the initiative of His Highness Sheikh Sabah al-Ahmad al-Jaber al-Sabah, the emir of the state of Kuwait, may God protect him, it has announced the holding of the Kuwait International Conference for the Reconstruction of Iraq, which will be taking place alongside this current meeting in an effort to preserve the stability, security, and unity, as well as territorial integrity, of Iraq. This is an effort to pave the way and to find the favorable conditions to start the reconstruction of that country.

Excellencies, ladies and gentlemen, despite the very positive developments and outcomes that we have achieved on the ground, the international community continues to face a direct threat by armed terrorist groups. And this is why it is a fair amount important for our coalition to continue exerting international efforts and to continue coordinating jointly to fight terrorism and to further develop the strategy set forth by the Global Coalition to Defeat ISIS.

In this framework, we are full of hope that the efforts of the Government of Iraq will succeed and will be fruitful in holding the perpetrators of terrorist acts accountable, to avoid any impunity. And this should happen according to the UN mechanisms as reflected in the resolution, in the Security Council Resolution 237 of the year 2017. And also we need to exert or to step up the experience of Iraq in terms of judicial capabilities to — in this regard, and we need to continue working to stem the flow of terrorist — foreign terrorist fighters, in accordance to international resolutions 2396, 2253, 2199, 2178, and 2170.

Excellencies, ladies and gentlemen, as part of its responsibilities in the Global Coalition Against ISIS, the state of Kuwait has hosted five international conferences to fight terrorism, and these include the Stabilization Working Group meeting, the meeting of the Small Group of the Global Coalition, the special meeting of the Counter-Messaging Working Group, the meeting of the Preventing Terrorism Financing Working Group, in addition to the meeting on preventing the flow of terrorists and foreign fighters.

At the end, I wish to welcome you once again in the state of Kuwait, and I hope that this meeting will be a successful one and will be a continuation of the many successes achieved by the Global Coalition to Defeat ISIS. And we hope that we will come up with recommendations and strategies that we can implement on the ground in an effort to protect the international community from extremism and terrorism. Thank you. (Applause.)

I now have the honor of giving the floor to my friend and colleague, the U.S. Secretary of State Mr. Rex Tillerson. The floor is yours, sir.

SECRETARY TILLERSON: Good morning, and thank you, Excellencies, Minister al-Sabah, for the — for welcoming me today, and I want to also greet excellencies, colleagues, and friends of the coalition. I appreciate the opportunity to address you.

It has been approximately three and a half years since the global coalition began its effort to defeat ISIS. At the time we started our efforts, ISIS/Daesh was thriving. Today, ISIS/Daesh is failed. Approximately 98 percent of the territory once held by ISIS in Iraq and Syria has been liberated. Approximately 3.2 million Syrians and 4.5 million Iraqis have been freed from the tyranny of ISIS. Over 3.2 million internally displaced Iraqis are now back home. ISIS's leadership, online presence, and global network are under more pressure than ever.

But the end of major combat operations does not mean that we have achieved the enduring defeat of ISIS. ISIS remains a serious threat to the stability of the region, our homelands, and other parts of the globe. Without continued attention on the part of coalition members, we risk the return of extremist groups like ISIS in liberated areas in Iraq and Syria and their spread to new locations.

Each of us must continue our commitment to the complete defeat of ISIS. Maintaining stabilization initiatives is essential in this regard. If communities in Iraq and Syria cannot return to normal life, we risk the return of conditions that allowed ISIS to take and control vast territory. We must continue to clear unexploded remnants of war left behind by ISIS, enable hospitals to reopen, restore water and electricity services, and get boys and girls back in school.

In Iraq, it is critical that the funding facility for stabilization be fully funded in this, its final year, in order to ensure the stabilization initiatives led by the Government of Iraq can be well-positioned to prevent a resurgence of ISIS. The United States appreciates the generous contributions of coalition members over the past year, but we all must do our part to ensure that (inaudible) stabilization (inaudible) in Mosul City, western Anbar, western Nineveh, and (inaudible).

In Syria, the United States continues to be the world's largest donor of humanitarian assistance to the Syrian crisis. At the end of January we provided more than \$216 million in new funding, bringing our total humanitarian assistance to nearly \$7.7 billion since the start of the crisis. Today, I am announcing that we are providing an additional \$200 million to further support critical stabilization and early recovery initiatives in liberated areas of Syria.

To ensure an enduring defeat of ISIS in Iraq and Syria, we are working with the global coalition and local partners to consolidate military gains. Home forces are essential to securing liberated areas and setting the conditions for safe and voluntary return of IDPs and refugees.

The United States will maintain a conditions-based and ISIS-focused military presence in Syria. As part of that presence, we will continue to train local security forces in Syria. We are also working to ensure the local forces we train are effective, professional, accountable, and respectful of human rights. It is essential that these forces be representative of their local communities and do not pose a threat to neighboring communities or neighboring countries.

In Syria, we remain concerned over recent events in northwest Syria and call on all parties to remain focused on defeating ISIS, de-escalating and resolving the Syrian conflict, and protecting innocent civilians.

We are keenly aware of the legitimate security concerns of Turkey, our coalition partner and NATO ally. We will continue to be completely transparent with Turkey about our efforts in Syria to defeat ISIS, and we stand by our NATO ally in its counterterrorism efforts.

As ISIS continues to evolve, so must the coalition. (Inaudible) ISIS is

attempting to morph into an insurgency in places like Afghanistan, the Philippines, Libya, West Africa, and others, and is trying to carve our and secure safe havens. We have seen in Iraq and Syria the consequences of an ISIS territorial threat. History must not be allowed to repeat itself elsewhere.

As ISIS fighters (inaudible) Security Council Resolution 2396 is a new and effective tool for countering threats posed by foreign terrorist fighters. The United States calls for quick implementation and full enforcement of the resolution.

Lastly, we must keep up the pace of combatting ISIS as it continually seeks to radicalize, recruit, and direct operations online. We must be aggressive in online spaces (inaudible) such as the instant messaging service (inaudible).

The fight against ISIS will remain difficult. Coalition partners must call on all international powers to eradicate this threat. Every one of us must continue to adapt and strengthen our coalition through counter-ISIS's own network of foreign fighters, financing, and propaganda. And we must continue to deepen our partnerships in the Global Coalition to Defeat ISIS.

The United States supports the revised guiding principles being presented today. They reaffirm our common determination to continue our efforts until we have achieved the full and enduring defeat of ISIS. And they (inaudible) our vision (inaudible) the coalition and our ongoing cooperative efforts.

As the opening line of the guiding principle says, "We are," and I quote, "united in our determination to defeat ISIS/Daesh through a focused, sustained, and multifaceted effort." It is now our duty to keep taking action that reflects that determination. (Applause.)

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<u>Press Releases: Joint Statement of Guiding Principles From the Global</u>

Coalition to Defeat ISIS

Media Note Office of the Spokesperson

Washington, DC February 13, 2018

We, the Foreign Ministers and principals of the Global Coalition, have come together in Kuwait City united in our determination to defeat ISIS/Da'esh through a focused, sustained, multifaceted effort. We know our enemy: ISIS/Da'esh is intrinsically malevolent, celebrates cruelty, systematically violates international law and regularly commits gross abuses of human rights. Yet three and a half years into this effort, ISIS/Da'esh stands undeniably degraded — it has lost its territorial hold in Iraq and only a few pockets of land remain under its control in Syria. Its leadership, on-line presence and global networks are under pressure. But our work is not done. ISIS/Da'esh remains a serious threat to the stability of the region and to our common security. Enduring defeat will come when ISIS/Da'esh no longer has safe havens from which to operate; when it no longer poses a threat to our homelands; and when it can no longer convey its ideology of hate globally. Recognizing that we are at an inflection point, where we must sustain attention to Iraq and Syria to secure our significant gains, while simultaneously adapting our footing to curb ISIS/Daesh's global ambitions, we offer these Guiding Principles as our vision for the future of this Coalition.

Ultimately to achieve a full and enduring defeat of ISIS/Da'esh, the Coalition will fully eliminate ISIS/Da'esh as a territorial threat in Iraq and Syria and stabilize liberated communities in an inclusive manner. We will mobilize Coalition members and external partners, using a whole-of-government approach, to disrupt ISIS/Da'esh networks and its branches and affiliates, including possible new manifestations and variants, and deny its freedom of movement, safe havens, and access to resources in accordance with and in support of UNSCR 2396. We will combat ISIS/Da'esh's ideology to prevent its reemergence, recruitment, and expansion. We will support local voices that offer an alternative vision to ISIS/Da'esh's propaganda, and we will redouble our efforts to deny ISIS/Da'esh space to exploit social media and the Internet. We will work to consolidate our gains to date and prevent a reemergence of ISIS/Da'esh by supporting Iraqi-led political and security sector reforms, and, through UNSCR 2254, committing to reach a political solution in Syria, thus helping to address root causes for the appearance of ISIS/Da'esh.

Our approach rests on a number of key pillars. First, we see this Coalition as a mobilizing and coordinating mechanism nested in a much larger diplomatic, military and counterterrorism ecosystem, in accordance with the principles of international law, including the Charter of the United Nations, and relevant Security Council Resolutions. Second, we recognize nations bear primary responsibility for defending their homelands against ISIS/Da'esh; our Coalition must work by, with, and through our partners. Third, membership in this Coalition is voluntary, as are the contributions each of us makes to this effort. Fourth and finally, we agree there is no single approach to the defeat of ISIS/Da'esh— each one is tailored to address the unique nature of the threat in a given country or region—importantly, most approaches to ISIS/Da'esh globally will not mirror our efforts in Iraq and Syria, where Coalition-led military action has been central. That said, we agree there is great utility in sustaining collaboration and unity of purpose across the Coalition against ISIS/Da'esh and ISIS-related threats on a global scale.

At the heart of our collaboration are the Coalition's Working Groups, and each one has a unique path forward.

The Counter-Finance Working Group (CIFG) focuses on identifying and disrupting ISIS/Da'esh's ability to generate revenue and access the regional and international financial systems. As ISIS/Da'esh adapts in response to its territorial losses in Iraq and Syria, the CIFG will adapt with it, leveraging its collaboration with like-minded multilateral organizations and encouraging members to take more concrete actions against ISIS/Da'esh financing.

The Foreign Terrorist Fighter Working Group (FTF WG) focuses on supporting and encouraging preventive, counter-terrorism-related information sharing through appropriate bilateral and collective law enforcement channels (such as Interpol), rehabilitation/reintegration, law enforcement and legal/criminal justice actions to mitigate the FTF threat (including FTF and their families returning, relocating and resurfacing). The FTF WG will continue to serve as a platform for an international whole-of-government approach, enhancing collaboration and capacity building within and across disciplines and seeking close connections and where possible integration with relevant international CT structures such as the Global Counterterrorism Forum.

The Communications Working Group seeks to contest the information space in which ISIS/Da'esh operates and to ensure that the contraction of the group's territory is followed by its ideological defeat. It co-ordinates and coalesces the strategic communications approaches of Coalition members; fosters external partnerships to amplify the reach and impact of the international community's efforts to degrade ISIS/Da'esh propaganda; and it builds resilience in vulnerable audiences — all aimed at reducing ISIS/Da'esh's capability to use propaganda to recruit, and to incite and inspire violence. We will share expertise and best practice to tackle future propaganda threats from other violent extremist organizations.

The Working Group on Stabilization plays a central role coordinating and promoting international stabilization efforts in Iraq and, where possible, in Syria. Successful IDP return is essential to consolidate the military defeat

of ISIS/Da'esh. In the course of 2018, as stabilization work in Iraq begins to conclude, the group will also assist the Iraqi Government's efforts to secure the significant military gains against ISIS/Da'esh and prevent new violence in liberated areas by supporting the transition from stabilization to sustainable reconstruction. At the same time, the Police Training Sub Group will strengthen its focus on "blue training" and support the Iraqi government's efforts to restructure the Federal police and create a civilian police force that represents and is trusted by all citizens in Iraq. In Syria, the Working Group on Stabilization will coordinate and promote stabilization efforts with the aim of strengthening credible, inclusive and non-sectarian governance, in accordance with and in support of UNSCR 2254.

The defense aspects of the Coalition also will continue to evolve as the nature of the threat changes and the Coalition increasingly focuses on ISIS/Da'esh networks and branches. As with the Coalition's Foreign Ministers, Defense Ministries also will continue to coordinate regularly on how best to address the threat. The Coalition will pursue its military commitment in Iraq and Syria, and the existing Coalition Force Command in Tampa will continue to support the efforts in the region, in order to secure and stabilize the liberated areas to help retain our significant successes against ISIS/Da'esh to date.

Across lines of effort, we will work to ensure women and women's organizations are fully and actively engaged and included in peacebuilding and stabilization efforts, in accordance with UNSCR 2242, and will seek to ensure our policies and practices are gender-informed and guided by international legal frameworks.

The Global Coalition to Defeat ISIS/Da'esh was founded in September 2014 based on the worldwide concern over ISIS/Da'esh and the threat it poses to international peace and security. The Coalition has made enormous progress since then, but our work is not done. Looking ahead, we recognize the need to remain alert to the inevitable evolution of the ISIS/Da'esh threat, and to flexibly adapt our response, including through existing multilateral and regional counterterrorism and CVE institutions. We will revisit these Guiding Principles as appropriate. We recognize that the Coalition and its Working Groups serve to focus the international community's attention on countering the global/transnational threat of ISIS/Da'esh. With that in mind, the Coalition should look to share its expertise into international counterterrorism efforts wherever possible, with an eye to a time in the future when the international community is confident it has the tools to address and neutralize ISIS/Da'esh and ISIS-related threats.

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Press Releases: Background Briefing Update on Secretary Tillerson's Trip to Amman, Jordan; Ankara, Turkey; Beirut, Lebanon; Cairo, Egypt; and Kuwait City, Kuwait

Special Briefing Senior State Department Official Kuwait City, Kuwait February 12, 2018

MODERATOR: We're recording this for our purposes and we will make a transcript like we did the last time. All right.

SENIOR STATE DEPARTMENT OFFICIAL: I think it'll be easier — you all saw the statement that was made after the meeting. Why don't you ask me?

QUESTION: Which? The - Sisi's new -

SENIOR STATE DEPARTMENT OFFICIAL: After - correct. After the Egypt meetings.

 ${\bf QUESTION:}$ Well, if people want to ask about Egypt - I want to look forward to tomorrow and short - I want to ask -

SENIOR STATE DEPARTMENT OFFICIAL: Can we do Egypt first?

QUESTION: Yeah, that's what I was saying.

QUESTION: Yeah, certainly.

SENIOR STATE DEPARTMENT OFFICIAL: That's fine.

QUESTION: I just — I'm Felicia Schwartz with *The Wall Street Journal*. Nice to see you. I thought when we asked the Secretary about the election his answer — he wasn't exactly — since we're on background, I was wondering if you might be a little more specific about whether —

SENIOR STATE DEPARTMENT OFFICIAL: Sure.

QUESTION: - Tillerson did, in fact, raise the kind of situation that's going

on there.

SENIOR STATE DEPARTMENT OFFICIAL: Look, when we made the comment in the statement that was released — we have a strong relationship; it's deep; we talk about a lot of things, including things where we have concern and how we can have those concerns addressed. That was the line used in that.

QUESTION: Yeah.

SENIOR STATE DEPARTMENT OFFICIAL: But yes, every one of the issues, which I think you all know quite well, were raised, discussed by the Secretary, in the course of his meetings. There was none that was -

QUESTION: What was the tone?

SENIOR STATE DEPARTMENT OFFICIAL: — omitted from that. I found the meeting to be substantive. It was not a dialogue where you ask and I have a talking point prepared which I will cut across your query with. It was a very engaged discussion. It was one of the best, frankly, in many years of watching Sisi that I have ever seen.

This does not mean there is a resolution to all of these issues. What it means is they were raised and they were discussed in more than a pro forma fashion on both sides, and that was positive.

QUESTION: Can you tell us - I'm Carol Morello with The Washington Post.

SENIOR STATE DEPARTMENT OFFICIAL: Hi, Carol.

QUESTION: Hi. Can you tell us if you have any reason to believe or hope that things may change sometime in the near future as a result of these entreaties by you at State?

SENIOR STATE DEPARTMENT OFFICIAL: Well, Carol, we have several issues which have long been pending in the relationship, questions relating to specific cases, the NGO law, the NGO cases that go back to 2012 in their origin. We have concerns over other issues — North Korea and the relationship there — concerns that we address, frankly, just about everywhere we go but are particularly of concern in Egypt — and broadly speaking, the civil society/democratic process baskets, or single basket of issues; the importance for any state that seeks to be stable, seeks to be secure in the real sense of the word, to have elections and a political process in general that is seen as inclusive not exclusive, as open and as free as possible. That's the idea.

Do we expect resolutions on all these? Frankly, I think there are some issues on which we had a very good engagement where I think some progress may well be made, but I don't — even on background — want to tell you anything is assured. But this was not, as I have often heard in the past, a meeting whose exchange of points could be written without the need for the two interlocutors to actually be in the room together talking. This was different.

QUESTION: What about the Americans who have been arrested? Do you have any number?

SENIOR STATE DEPARTMENT OFFICIAL: The -

QUESTION: And did you discuss those?

SENIOR STATE DEPARTMENT OFFICIAL: They were indeed discussed and we made our concerns quite clear on issues relating from access to condition to the broader question of the judicial process transparency or lack thereof. No hesitancy at all in speaking to those on the Egyptian side. He is well aware of our concerns on those cases.

QUESTION: How many are there?

QUESTION: Francesco Fontemaggi — I'm sorry.

SENIOR STATE DEPARTMENT OFFICIAL: I think — I think we have two right now.

QUESTION: Francesco Fontemaggi for AFP. I think the Secretary didn't answer during the presser about — he raised the possibility of withholding more assistance if things are not going in the right directions.

SENIOR STATE DEPARTMENT OFFICIAL: The issue of withholding more — to quote you back — of withholding more assistance if things don't go right was not raised. What both sides understand — ours and theirs — is that there are certain areas of progress we want to see that would enable our relationship, both with respect to the FMF program but more broadly the overall relationship, to go on a more positive, more normal course, which is what the Egyptians wants, it's what we want, what the Secretary wants as well. But there are certain things that will need to be done.

But no, the way you phrased your question to me, no, that was not -

QUESTION: Not?

SENIOR STATE DEPARTMENT OFFICIAL: - not posed.

QUESTION: Explicitly or - yeah.

SENIOR STATE DEPARTMENT OFFICIAL: No, no. No, no, it was not.

QUESTION: Yara Bayomi from Reuters. Could I just ask what was the reaction of the Egyptians when you were raising these issues? Was it kind of the lecturing that we sort of heard in response to -

SENIOR STATE DEPARTMENT OFFICIAL: No.

QUESTION: - Carol's question today, or was it bridling, or -

SENIOR STATE DEPARTMENT OFFICIAL: No, there was none of that. It —

QUESTION: I mean, how did they -

SENIOR STATE DEPARTMENT OFFICIAL: When I told you I thought the tone of the meeting was substantive and engaged on both sides, I meant that quite literally. No, it was not. And I've been in many other meetings where the tone was quite different — very different.

QUESTION: So I guess just in a way, do you go away, then, from this meeting, given the tone that you said that it was, thinking that there may be some moves that we might see from the Egyptian side even if you're not willing to elaborate?

SENIOR STATE DEPARTMENT OFFICIAL: It was a positive, substantive engagement on both sides; and from that we have to hope that similarly there will be positive, substantive movement.

QUESTION: Can I ask about ahead? Are we -

QUESTION: Yeah.

QUESTION: Next stops. The situation even since — even since Friday with the D-ISIS Coalition and the whole situation there has become intensely — or more fraught than it was and more complicated than — $\frac{1}{2}$

SENIOR STATE DEPARTMENT OFFICIAL: I view fraughtness as a cyclical and relative concept. (Laughter.)

QUESTION: It has. But it's still — but it's still fraught. Not necessarily amongst members of the coalition except for Turkey, but the side — they're not side players — people outside of the coalition — the Russians, the Iranians, the Syrians themselves, and now the Israelis. And I'm just wondering how you see that as a factor in the meeting tomorrow as the Secretary tries to kind of refocus and make sure everyone is on the same page so that the gains you've made don't —

SENIOR STATE DEPARTMENT OFFICIAL: Sure. Well, there are several different issues all being folded in here, so let's talk to the one you opened with, the D-ISIS Coalition, which really means the D-ISIS fight and how's it going.

We've made very clear and we will continue to make very clear, including at the venue tomorrow, that the eyes have to be on the prize — the prize is the enduring defeat of ISIS; that things that happen, things that don't happen, that derogate from, detract from the ability to get that goal achieved as rapidly as possible really hit at the key artery of doing anything else — stabilization, meaningful political process, political transition underway, the ultimate goal of how do you get at the big strategic target of constraining, containing, addressing more affirmatively, Iran's behaviors, the threat they pose in, through Syria. All those things. You've got to have the ISIS fight pursued.

Now, in the category of things that derogate from, detract from, the ability to do that fight, clearly, what has been happening in Afrin is of great concern — no surprise to any of you. We've registered that concern. It is a major focus not just of the U.S. but of all of our partners in how do we move to a situation where once again focus can be on closing up that fight in the

Middle Euphrates Valley (a); (b) avoiding steps that create new IDP flows, new violence, new potential for problems erupting in a different area, the northwest, completely. And there's an interrelationship; there's an interlock here. If the SDF, YPG feel threatened, they're going to draw elements away from that fight to the places where they feel their interests are at stake. And that's not theoretical; that's an actual event.

We are very sympathetic, and the Secretary, as other senior U.S. interlocutors have made clear, both civilian and military, the Secretary is very sympathetic to Turkish security concerns. These are not new. These are things we have discussed with the Turks, have sought to discuss with the Turks in great detail. But we do need to keep the objective of the enduring defeat of ISIS out there as a goal which is not made more difficult and other problems created beyond making the D-ISIS fight more difficult. We need to keep that to a minimum.

And this is a tough target. I think you all understand where the Turkish focus is. It's on PKK/YPG and the threat that they see there. We believe there's a way to work through, walk through, these problems, and that's why the Secretary is going to Ankara, to have those discussions; why a succession of senior U.S. officials have reached out, have engaged the Turks on the threat that they see, measures that might be taken to address that threat. We want to engage with them, but we want to do it in a way that is coincident with, not contrary to, the other objective of bringing to an end the Daesh problem. To repeat what I said at the beginning of my answer to your question, why? It's not just the defeat of Daesh, it's the ability to move on to other critical goals in Syria and through Syria that affect Jordan, affect Israel, affect Lebanon, affect Iraq of course. All of that's out there. Let's not — it's complicated enough as it is. Let's not make it more so.

QUESTION: But does that apply to people — to countries other than Turkey?

SENIOR STATE DEPARTMENT OFFICIAL: In what sense, Matt?

QUESTION: That are not in the coalition. Well, I mean complicating factors, like everyone says they have the same — their eyes are on the prize, and yet there are these distractions that keep getting in the way, and now — and then now you have this potential Iran-Israel —

SENIOR STATE DEPARTMENT OFFICIAL: Okay, let's just — just a moment on that. I would not put that in the category of a distraction at all. I would put that in the category of a regrettable but absolutely, sadly, predictable symptom of the behaviors of Iran, ever more aggressive, ever more continued, in and through Syria. This is not — the character of this particular encounter was different and more dramatic — first aircraft shot down, by report, since 1982; yes, that attracts headline attention. But the action, a threat, an Israeli response to a threat in, over Syrian territory, that's not new. We wish it were old news. We wish the nature of the threat and the challenge by Iran would cease, but it hasn't.

It continues to go on. Now, does that particular event affect the D-ISIS fight? Frankly, it doesn't. That's in a whole 'nother world completely.

However, until the ISIS fight can be continued, the ability to cogently and comprehensively deal with the challenge Iran poses is of necessity something that cannot be addressed as well as we would like, as well as others would like. And we've made that clear. There's a tiering here of threats and priorities. We are concerned, as Israel's concerned, about these behaviors, and we would hope they would stop, but they continue. So I wouldn't put it as distraction; I would put it as a symptom of a problem which we all see out there.

QUESTION: Has Israel been telegraphing to the U.S. or the Europeans in recent weeks that some kind of clash was —

SENIOR STATE DEPARTMENT OFFICIAL: No.

QUESTION: There's some reporting in the Israeli press -

SENIOR STATE DEPARTMENT OFFICIAL: No, if you — if you sort of dissect, I think I know what you're getting at. The reportage in the Israeli press, which included I believe, Eizenkot's Arabic language message and some other statements that were made — Lieberman had a few statements along the line — they weren't about this. They were about — well, they were and they weren't. They weren't about this specific event at all, zero.

QUESTION: (Off-mike)

SENIOR STATE DEPARTMENT OFFICIAL: No, no association. This was a specific response to a particular minute-by-minute thing — the drone, what happened after the drone was detected, et cetera. But broadly speaking, what Israel is signaling, in different ways in terms of messaging, is that there's a real security threat here. There's a concern, and we certainly understand it. Prime Minister Netanyahu's been to Moscow; the Russians certainly understand the character of that threat. The party that doesn't seem to appreciate the consequences are the Iranians, and Hizballah, with Iran, and that worries us. It worries us because at the end of the day, further conflict in Syria is not a good thing for that country.

It does not accelerate the process of stabilization, political transition, tough enough in a completely peaceful, permissive environment, much less in this environment. But let's turn to the real innocents here, the people of Lebanon, who have too often in the past paid a price for Iranians/Hizballah adventurism, what the Lebanese like to call "war for others," guerre pour les autres. But we don't want to see Lebanon suffer — we don't want to see Syria suffer in all of this. There's a way to avoid it, but it is not by the continued aggressive proliferation of weapons, of technology, of facilities into and through Syria to Lebanon. That is going to lead to a very different outcome.

QUESTION: And what do you make of outcry from I guess the left and the right that Tillerson should be going to Israel?

SENIOR STATE DEPARTMENT OFFICIAL: I'm not quite sure, here in the remove of hotels and aircraft, the outcry has quite reached my ear. I was actually in —

QUESTION: Get on Twitter.

SENIOR STATE DEPARTMENT OFFICIAL: I was actually in Lebanon and Israel.

QUESTION: I have many emails from editors around the globe at the *Journal* wanting to know. (Laughter.)

SENIOR STATE DEPARTMENT OFFICIAL: Yes. I was actually there through most of this and I didn't hear all that much of the outcry.

Yeah, look, the Secretary is very much following these events, as is the White House. We are in touch with the Israelis on this. We have, in our own voice, put out a message which is reflective from State, from the White House, that's very clear: support for Israel's right to defend itself is a fundamental, fundamental pillar of U.S. policy. And what's happened here is another consequence of a regionwide pattern of Iranian adventurism — I think we used that word — of adventurism, of expansion, of proliferation, from Yemen to Lebanon. And this needs to stop. It is putting the peoples — plural — of the region, all the region, at risk for Iran. That's not something that should be tolerated over time.

QUESTION: About the Turkish operation, you were saying you think there is a way to go through this.

SENIOR STATE DEPARTMENT OFFICIAL: We want -

QUESTION: What do you expect from Friday now?

SENIOR STATE DEPARTMENT OFFICIAL: I would simply say we want to continue the process of engaging the Turks to find a way to address their concerns in a manner which does not precipitate further violence, further instability, and make more difficult the campaign against Daesh. And I leave it at that. That has been a consistent quest of U.S. Government officials at the highest levels.

QUESTION: It doesn't suggest a real hope and a real breakthrough this week -

SENIOR STATE DEPARTMENT OFFICIAL: I wouldn't -

QUESTION: - in Ankara because -

SENIOR STATE DEPARTMENT OFFICIAL: I wouldn't -

QUESTION: - they want to continue to engage -

SENIOR STATE DEPARTMENT OFFICIAL: I wouldn't - I would not take away any such conclusion. It is a sign of the continued most senior level of the U.S. Government, civilian and military, desire to engage our NATO ally, Turkey, in a discussion of the challenges it faces as we discuss with them the challenges we face.

QUESTION: Surely you saw that Mr. Cavusoglu said — I think it was today; I'm losing a little track of days — but I think he said today that the

relationship between the U.S. and Turkey is at a breaking point.

SENIOR STATE DEPARTMENT OFFICIAL: I would -

QUESTION: It sounds like you do not share that assessment?

SENIOR STATE DEPARTMENT OFFICIAL: Carol, I would -

QUESTION: He said Tillerson's trip was a make-or-break trip.

QUESTION: Make-or-break trip. Thank you.

SENIOR STATE DEPARTMENT OFFICIAL: (A), I never comment on foreign government officials' statements, (a). (B), The fact the Secretary is traveling is an indication that we regard — the U.S. Government regards — this as still a relationship which allows us to talk quite openly, quite freely, with each other. And I won't go beyond —

QUESTION: But the converse is not true on Israel? Because the Secretary isn't going to Israel, that means that — that clearly means —

SENIOR STATE DEPARTMENT OFFICIAL: J'accuse. (Laughter.)

QUESTION: That clearly means the relationship is falling apart.

SENIOR STATE DEPARTMENT OFFICIAL: Monsieur le secretaire. (Laughter.) That's fine. You go with that. (Laughter.) I'd run with that all the way to the bank.

QUESTION: I guess maybe on the flip side just to understand a little better, are you hearing from the Turks going into this meeting or McMaster's meetings maybe indications of what — what you want to hear from them to make these conversations go more smoothly?

SENIOR STATE DEPARTMENT OFFICIAL: The fact that the Secretary is traveling is an indication that we believe discussions are worthwhile and we'll continue to pursue them.

QUESTION: Very briefly on Jordan? You were in Jordan as well, apparently.

SENIOR STATE DEPARTMENT OFFICIAL: I believe so.

QUESTION: All right. Do they have reason — will they have reason to be pleased on Wednesday with this?

SENIOR STATE DEPARTMENT OFFICIAL: We strongly support Jordan. Jordan is a critical partner and ally for us, and we try to reflect that in the nature of our relationship.

QUESTION: Okay. And the same with Lebanon, at least for the LAF and the -

SENIOR STATE DEPARTMENT OFFICIAL: I think, look, we strongly support the LAF and we support the LAF for its own reasons. It is a credible entity. We have quite a lot of time and effort, as have others, but we have been in the lead

in building up the capacity of the LAF. The LAF has moved in much greater strength to the south than ever has been the case before. They have a program for a model regiment to be set up that is a best practices regiment to be established. UNIFIL is working more closely than ever before with the LAF in the south. These are all very positive indicators.

But when we come to issues like the Rome II conference, or rather the Rome conference in support of the LAF, that's to send a political signal that it's not just about the LAF, but that legitimate security institutions of Lebanon enjoy broad international support. And —

QUESTION: Ones that don't begin with the letter H?

SENIOR STATE DEPARTMENT OFFICIAL: — in contrast to militias, which is — which are different animals altogether. But yes, I think the Secretary will have very good discussions in Lebanon.

QUESTION: And on Iraq, can you preview some - any announcement the Secretary is going to do tomorrow at the conference for reconstruction? Or -

SENIOR STATE DEPARTMENT OFFICIAL: Well, we've made clear we look at this as an opportunity, this conference, to reinforce several things. Obviously, the — and you're speaking now about the Iraq focus —

QUESTION: Yes, (inaudible) the reconstruction.

SENIOR STATE DEPARTMENT OFFICIAL: — not the D-ISIS? Sure. The issue here is how do you mobilize broad international support, broad Arab community support, for Iraq? That's on the side of the who is supporting Iraq. On the Iraqi side, it is another opportunity in the voice of the international community to reinforce those things that Iraq needs to do which are structural. And in a way, it's a very happy world for me that we're in the position of having conferences where the focus of Iraq is on structural reforms, investor-friendly reforms, judicial reforms, necessary to bring in and attract investment and to restructure the budget in terms of grappling with issues as subsidies and spending.

That's pretty good progress, but it's not, in our eyes, a donor — for the U.S. a donor issue. It's talking about structural reforms and welcoming the engagement and support particularly of Iraq's Arab neighbors.

QUESTION: So there will be no contribution announced at all?

SENIOR STATE DEPARTMENT OFFICIAL: It is not, it has never been, for the U.S. a pledging conference. The U.S. is — and we can get you the numbers; we've got them on sheets —

QUESTION: I know. I have them.

SENIOR STATE DEPARTMENT OFFICIAL: — the largest supporter of Iraq there is out there in any category: economic, humanitarian, security. This is different. In our eyes, this is about structure, attracting investment, regional neighbor support.

QUESTION: But that's not to say that the Secretary isn't going to be making any announcements or announcement.

SENIOR STATE DEPARTMENT OFFICIAL: We do not view this as a pledging conference.

QUESTION: Okay. So what -

QUESTION: Are you referencing Ex-Im?

QUESTION: Yes.

SENIOR STATE DEPARTMENT OFFICIAL: Hmm?

QUESTION: I heard he's not even going to the press conference to unveil it.

SENIOR STATE DEPARTMENT OFFICIAL: What?

QUESTION: He's speaking with the people.

QUESTION: They're doing some sort of press conference. Is Tillerson going to be the one to make the Ex-Im announcement?

SENIOR STATE DEPARTMENT OFFICIAL: I would have to check for you on that. [Moderator], we can take that one back. I can't give you an answer; I simply don't know.

QUESTION: Just on Iraq and U.S. support for Abadi, though, and sort of -

SENIOR STATE DEPARTMENT OFFICIAL: Yes.

QUESTION: — trying to decrease sort of the Iranian influence through the Saudi rapprochement as well. I mean, how — what is the sort of — the game plan for the run-up to the Iraqi elections? I mean, there's a lot of support — there's a lot of U.S. support for Abadi. You see him as a person who you can work with and who says he can stamp out corruption.

SENIOR STATE DEPARTMENT OFFICIAL: There's a lot of broad support for Abadi.

QUESTION: It's not - I mean, it's not a done deal that he will be able -

SENIOR STATE DEPARTMENT OFFICIAL: Certainly not.

QUESTION: - to get the coalition -

SENIOR STATE DEPARTMENT OFFICIAL: No.

QUESTION: — that he needs. What, then, next?

SENIOR STATE DEPARTMENT OFFICIAL: It's actually an election.

QUESTION: Right.

SENIOR STATE DEPARTMENT OFFICIAL: There are real politics.

QUESTION: And so you would be ready for if he doesn't - if he doesn't then get it and then -

SENIOR STATE DEPARTMENT OFFICIAL: I'm not going — I am not ever going to talk about hypotheticals that involve election outcomes.

QUESTION: Okay.

SENIOR STATE DEPARTMENT OFFICIAL: What I will say is this: We have encouraged all of the actors who we see as responsible and constructive in Iraq — Sunni, Shia, Kurdish — to engage, to engage for the common goal of a unified Iraq capable of moving forward. They've just been through a horrific and terribly damaging fight. In a lesser level of damage, the consequences of the illadvised referendum still, to an extent, affect the course of politics.

So what's needed here? What's needed is a focus on Iraq as a whole. What's needed is dialogue and conversation. That's certainly true between Prime Minister Abadi and the governing —

QUESTION: Barzani.

SENIOR STATE DEPARTMENT OFFICIAL: — force, Qubad and Nechirvan in the KRG. And it's also needed between Shia elements, Sunni elements, as they look at how they wish to coalesce before an election, and the choices they have to make. And those are Iraqi choices, profoundly. But you asked about Prime Minister Abadi, and with Prime Minister Abadi we believe as a responsible — and he is a responsible national leader — he needs to support, engage in dialogue. That's what leaders do.

QUESTION: Do you have conversations with him about how to rein in the Shia militia further? I know he says he's under the reserve force, but if you still keep people in power like (inaudible) —

SENIOR STATE DEPARTMENT OFFICIAL: I think the prime minister is well aware of how one deals with the phenomenon unleashed by the Daesh threat of these various PMF elements, and there are various of them — some responsive to the Marjiyyah, some to Iran, some to other elements, some to the state itself. And he's made very clear that at the end of the day, and that day is coming very soon, militias either need to integrate into the proper Iraqi Armed Forces or they need to return to their homes. Those should be the disposition of these forces. And it's not, "Is the U.S. telling him how to do it?" He has a very good idea of how to carry this out, and I think he very much sees for Iraq, the objective is you have a monopoly by the state in use of force, and those who are not part of that state monopoly really can't be considered as contributing to the state, and will need to be addressed.

QUESTION: Going back to the Egypt meetings for a second, Tillerson and Shoukry got a question about Middle East peace in Jerusalem. And there's - I know the White House put out a statement about the comments -

SENIOR STATE DEPARTMENT OFFICIAL: Yes.

QUESTION: - that Bibi allegedly made about -

SENIOR STATE DEPARTMENT OFFICIAL: Yes.

QUESTION: — settlements. But are — can you just, like, explain what you think went on there? Is there any discussions at all about settlements, if not a specific —

SENIOR STATE DEPARTMENT OFFICIAL: What went on where?

QUESTION: There is a report in Israel — in the Israeli press about — the White House issued a statement — I can show you off — if —

SENIOR STATE DEPARTMENT OFFICIAL: We've — we were following that rather closely, including the words —

QUESTION: I'm sure you wrote the statement.

SENIOR STATE DEPARTMENT OFFICIAL: — including the words of that statement. The statement speaks for itself.

QUESTION: Okay.

SENIOR STATE DEPARTMENT OFFICIAL: I believe the Israelis have put out a statement. We separately put out a statement. The report is not correct. The President, the administration is focused on our peace.

QUESTION: But what's the — what's the message about the peace plan — if the specifics are sort of closely held, what is Tillerson saying about that process in his meetings this week?

SENIOR STATE DEPARTMENT OFFICIAL: He listens to the comments made to him by his interlocutors. Those are comments, which in some cases aren't new, in some cases they reflect more current events. We understand very well worries in many governments throughout the region regarding what they see, what they don't see. But at the end of the day, the administration is committed, the President is committed to trying to see if a peace is possible. And beyond that, I'm not going to comment, except that the leaders with whom we all meet share with us their views and their hopes, not just their concerns, but their hopes as well, that indeed a resolution can be found. And there's a common message from everyone, which is that the U.S. should not turn its back, that the U.S. must stay engaged, that the U.S. is the primary actor, and that's a near uniform message we receive.

QUESTION: Abbas said today in Moscow, I think, that if there was to be an initiative, the U.S. don't have to be the only mediator. I mean —

SENIOR STATE DEPARTMENT OFFICIAL: I -

QUESTION: He was saying that they couldn't be the mediator any — anymore?

SENIOR STATE DEPARTMENT OFFICIAL: The — the last thing, particularly at this hour of the evening, I am going to do is attempt to interpret, extrapolate upon, comment upon latest comments by Mahmoud Abbas.

QUESTION: And about the settlement story, can you tell us, even off the record, where do you think that this comes from or what —

SENIOR STATE DEPARTMENT OFFICIAL: I have no idea. I have no idea. Ask the Israelis where it came from.

QUESTION: (Inaudible.)

SENIOR STATE DEPARTMENT OFFICIAL: I don't know, I'm not going to extrapolate on it, because I can't. I'm not trying to conceal anything. Ask them. They'd be happy to talk.

QUESTION: They seem to.

QUESTION: I have sort of a Syria, Iraqi rebuilding question. The Secretary said —

SENIOR STATE DEPARTMENT OFFICIAL: Re-what?

OUESTION: Pardon me?

SENIOR STATE DEPARTMENT OFFICIAL: Re -

QUESTION: Rebuilding.

SENIOR STATE DEPARTMENT OFFICIAL: Rebuilding.

QUESTION: Rebuilding.

SENIOR STATE DEPARTMENT OFFICIAL: I thought you said rebooting.

QUESTION: No, rebuilding or reconstruction. The Secretary has said multiple times that the United States is not in the business of nation building. He's also talking about roads and schools and -

SENIOR STATE DEPARTMENT OFFICIAL: No. Here what the -

QUESTION: — it sounds like nation building.

SENIOR STATE DEPARTMENT OFFICIAL: Carol, here's what — no. Here is what the Secretary is talking about. The Secretary is talking about how do you achieve stability? How do you extend the image, the face of a state, the state, when there are lots of challengers from non-state actors, from external states? Look at the south if Iraq, very poor. Iran steps in, just as Hizballah stepped in in the south and in the Baqa'a — the Jihad al-Bina, the building jihad, construction jihad. And how do you counter that? It's not by kinetic activity, it's by showing the state is there, and the state is meeting the needs of its people. And so, when we hear from our Arab friends of the importance of building an Iraq which is a national Iraq, and not subject to undue influence our pressure from Iran, what is a way to do it?

It is by providing the kinds of assistance and engagement that creates a different kind of reality for the people in those areas where Iran has taken advantage of the seams, the cracks, or the simple absence of the state.

That's not nation building, that's something very different. It is encouraging the Iraqi Government, those interested in investing in and supporting Iraq, to help the state build the kind of services and infrastructure that a state needs to establish itself, to make itself appear to be the source of a better life for its people.

QUESTION: Are you asking other Gulf Arab countries — the U.S. hasn't made any pledge, but is there an ask for regional partners?

SENIOR STATE DEPARTMENT OFFICIAL: It's not in the question of a pledging thing where we go out with requests, it's underscoring — there is a need for support. It's investment, it's private company engagement, it's DFI, but it is also — and there are Arab donors willing to help and support — focus your efforts on those areas where it actually achieves something in terms of stabilization and countering foreign influence.

QUESTION: Are you having trouble courting any of -

SENIOR STATE DEPARTMENT OFFICIAL: No, no, I think there's been quite a good — quite a good turnout on this, not so much because of our efforts, but because many in the Arab world see this as in their interests to do.

MODERATOR: Maybe have time for one more?

QUESTION: Just very briefly, on the off-chance that you've seen this. I just got a note. I guess CNN or someone is reporting about Baghdadi being badly wounded and out of commission.

SENIOR STATE DEPARTMENT OFFICIAL: I haven't seen that, no.

QUESTION: Five months? Okay.

SENIOR STATE DEPARTMENT OFFICIAL: Haven't seen it.

QUESTION: May, yeah.

SENIOR STATE DEPARTMENT OFFICIAL: Huh?

QUESTION: In May.

QUESTION: I think it's in May — in May.

QUESTION: Oh.

SENIOR STATE DEPARTMENT OFFICIAL: He's in Maine?

QUESTION: No, in May.

QUESTION: The month of May.

QUESTION: Last May. I don't know, he's in Maine?

SENIOR STATE DEPARTMENT OFFICIAL: Who knows? No, I haven't seen it, can't comment on it. Okay?

QUESTION: Yup.

SENIOR STATE DEPARTMENT OFFICIAL: Thank you all.

QUESTION: Thank you very much.

QUESTION: Thank you.

SENIOR STATE DEPARTMENT OFFICIAL: I'm sure we'll see each other again. Have a

nice night.

QUESTION: Thanks so much.

QUESTION: Thank you, good night.

SENIOR STATE DEPARTMENT OFFICIAL: Thank you.

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<u>Press Releases: Briefing on the</u> <u>President's Fiscal Year 2019 Budget</u> <u>Request for the U.S. Department of</u> <u>State and USAID</u>

Special Briefing John J. Sullivan

Deputy Secretary of State Mark Green

USAID Administrator

and Experts Press Briefing Room Washington, DC

MS NAUERT: Good afternoon, everyone. Come on over, gentlemen. Thank you so much for coming today, Monday, a non-briefing day, but obviously, we have the budget rollout today. So it is my pleasure to introduce Deputy Secretary of State John Sullivan and also our USAID Administrator Mark Green. They will make some opening remarks on President Trump's Fiscal Year 2019 budget request for the U.S. Department of State and also USAID.

We're also joined by Doug Pitkin. He's the Director of the Bureau of Budget and Planning at the State Department. Hari Sastry is the Director of the Office of U.S. Foreign Assistance Resources at the State Department, and Peter Wiebler is the Acting Director of the Office of Budget and Resource Management at USAID. The gentlemen here will make a few opening remarks, and then we'll bring in our others to take some of your questions. I will call on you to take the questions just to facilitate since I know you and they haven't met all of you yet. So thanks. And now Deputy Secretary.

DEPUTY SECRETARY SULLIVAN: Thank you, Heather, for that introduction. And thank you to my friend and colleague USAID Administrator Ambassador Mark Green for joining me today to present the Fiscal Year 2019 budget request for the Department of State and USAID.

The President's FY 2019 budget request proposes \$39.3 billion for the State Department and USAID. I'm pleased that congressional leaders reached a bipartisan deal that would increase discretionary spending by nearly 300 billion over two years. As part of this deal, budget caps on non-defense

discretionary spending, which includes spending for State and USAID, would be increased by 63 billion this year and 68 billion next year. This reflects an additional 1.5 billion for State and USAID provided specifically for humanitarian assistance and global health programs as well as contributions to international organizations. The deal also permits us to transition 12 billion in overseas contingency funding back to base funding.

With this funding level, we will protect Americans at home and overseas by countering the gravest threats to U.S. national security. The State Department will build the strength and intensity of international effort to prevent North Korea, Iran, and other actors from unlawfully acquiring weapons of mass destruction in their means of delivery. We'll strengthen the capacity of partner nations actively to assist in this effort. We'll maintain support for the coalition efforts to defeat ISIS and other transnational terrorist and criminal groups that threaten the American homeland. And we will support our commitment to our key ally Israel and our critical strategic partnership with Jordan.

The Fiscal Year 2019 budget request enables us to protect U.S. overseas personnel and facilities by fully funding the State Department and USAID's share of embassy construction as recommended by the Benghazi Accountability Review Board. It upholds U.S. commitments to key partners and allies through strategic selective investments in international organizations and peacekeeping activities that advance shared interests and promote global peace and stability. It allows the United States to continue to be the single largest donor to global HIV/AIDS relief efforts, including to PEPFAR.

We'll also remain a global leader in responding to the needs of millions of refugees, disaster and conflict victims, and internally displaced persons, and other vulnerable populations around the world through critical programs that provide protection, water, sanitation, health care, food, and other essential services.

Economic and development assistance also remain a priority for this administration, and the State Department and USAID will continue to promote more stable, resilient, and democratic societies that lead their own development and contribute to a more secure and prosperous world.

Our budget request for 2019 promotes American foreign policy goals by engaging foreign audiences around the globe and sustaining outreach programs that communicate and project American values and by promoting unfettered forms of communication.

Additionally, this budget includes new State Department funding to mitigate the disruptive effects of and combat state sponsored disinformation campaigns, working through increased collaboration with nongovernmental organization, private sector partners, and like-minded governments. The budget proposes significant investments in modernizing the architecture and delivery of enterprise-level information technology services, including wireless and cloud-based services, to provide our employees with greater mobility and responsiveness.

In addition, we will improve our data analytic capabilities to improve decision making and take better advantage of strategic opportunities.

Finally, our request supports vital investment in human capital to develop a more flexible workforce through improved talent management, new leadership initiatives, and optimized human resources processes. As these initiatives are implemented, State and USAID's workforce will be sustained at FY 2018 levels, helping to deliver a smaller but more effective government that is accountable to the American taxpayer.

Thank you. Now let me turn the podium over to my colleague, USAID Administration Ambassador Mark Green.

AMBASSADOR GREEN: Thank you, Heather, and thank you, John, Deputy Secretary Sullivan. The Deputy Secretary spoke to — well to our joint priorities, so I'll keep my remarks brief. Today's request for USAID is oriented towards our goal of supporting partners in their journey to become more self-reliant, to build their capacity for leading their own development and growth. By reducing the reach of conflict, preventing the spread of pandemic disease, and counteracting the drivers of violence, instability, transnational crime and other security threats, the priorities laid out in this request will help us in that mission. It's designed to promote American prosperity through investments that expand markets for American goods, create a level playing field for American businesses, support more stable, resilient, and democratic societies, and address crises.

The request reaffirms that we will always stand with people when disaster strikes or crisis emerges, because that's who we are as Americans. We will remain the world leader in humanitarian assistance, but will also call on others to do their part and work relentlessly to assure that assistance is delivered as effectively and as efficiently as possible.

With this request, we aimed to balance fiscal needs here at home with our leadership role on the world stage. To complement this plan, we will continue to make important strides towards making our resources go as far as possible. We're working hard to encourage other donor nations to increase their contributions to the overall humanitarian and development effort. We're taking steps to ensure that our programs and procedures are more private enterprise friendly, that they better leverage our resources, bring new ideas and partners to our work, and increase opportunities for American businesses.

Through procurement reform, we're striving to become more flexible and more responsible and more responsive. Finally, we're taking steps to ensure that our programs are of the highest quality and fully reflective of America's key foreign policy priorities. This includes using the best metrics available to guide our support for partner countries as they progress on their journeys to self-reliance.

I believe we're creating an agency that is capable of leveraging our influence, authority, and available resources to transform the way that humanitarian and development assistance are provided, and alongside the rest of the world, to help meet the daunting challenges that we face. With the

funding generously provided by Congress, we will ensure that USAID remains the world premier international development agency and continues the work we do each and every day to protect America's future security and prosperity.

Thank you.

MS NAUERT: Thank you, gentlemen. Thank you so much. And we'll have our numbers folks come on up and take some of your questions. So a reminder: This is Doug Pitkin over here at the right; Doug is with the Bureau of Budget and Planning at the State Department. And then Hari Sastry, the Director of the Office of U.S. Foreign Assistance Resources at the State Department. And then Peter Wiebler, the acting director, Office of Budget and Resource Management for USAID. Thank you, gentlemen, so much.

We'll start our first question with Josh from the Associated Press.

QUESTION: Thanks for doing this. So the — what — last year, when the Trump administration proposed slashing overseas spending by roughly a third, it was predicated on the notion that we needed to bring some fiscal order to our house, which seems like a reasonable goal. But this year, (inaudible) again calling for about a 30 percent cut from enacted FY 2017 levels, and yet the budget doesn't even purport to try to bring things into order. There's no balancing of the budget even after 10 years. So if we're still cutting about a third and we're not even trying to bring some — to bring our budget into alignment, then what takeaway should the public have other than that the Trump administration doesn't seem to put a lot of priority on diplomacy?

MR PITKIN: Well, I think the — in terms of the overall fiscal strategy, the administration would continue to say that irregardless of the caps that were negotiated, that it still seeks to restrain non-defense discretionary spending. And so even with the additional proposals that were added as a result of the spending agreement last week, the full request for FY19 does not reach to — for non-defense discretionary up to the levels that Congress would've provided. This, I think, is consistent with the administration's perspective that they're seeking to constrain Washington's spending. In that vein, then, I think the fact that we have a slight increase in our request — about 4.5 percent — and the total, say, 80 requests over FY18 recognize that we do have a higher level under the caps. It also seeks to bring all of the OCO spending — all \$12 billion of OCO spending — under the caps after seven years of contingency spending, which now about a third or more of our budget is now contingency spending. It tries to bring that more in line with normal order.

So I think it's consistent with that message that the defense caps are consistent with what the administration has sought, and to rebuild the U.S. military, and then also looking at the revenue side on the tax reform bill. But in terms of non-defense discretionary spending, I think you'll still see overall restraint compared to what past spending levels has been.

MS NAUERT: Dave Clark with AFP.

QUESTION: Hi, I — yeah, just an arithmetic question, really. When the OCO

money, the 12 billion, is brought under the caps, does that effectively expand the 39.3 up to 50 billion? Or will that be rolled into the 39.3?

MR PITKIN: It's all part of the 39.3. So previous to this adjustment, if you look at the printed materials that are going to come out today from both our initial budget and OMB, that 12 billion will be separate. So it'll be 30- about 27 in the base budget, and then 12 billion -

QUESTION: So that 12 billion is just being renamed.

MR PITKIN: It's being renamed or -

QUESTION: It's not disappearing or -

MR PITKIN: Right. Right, right.

QUESTION: — being added onto anything?

MR PITKIN: It's still the same topline amount. The advantage is it's now all now under the same spending caps that all the other agencies have to operate under as well.

QUESTION: And just a very small amount of money. The initial embargo materials we had this morning, it was 37.8. And then, when the press release was released after noon, it was 39.3. This is the 1.5 billion that the President's added in?

MR PITKIN: That's correct.

QUESTION: Okay.

MR PITKIN: That's correct.

QUESTION: Through the addendum?

MR PITKIN: Through the addendum, that's correct.

QUESTION: All right. Thanks.

MS NAUERT: Nicole from CNN.

QUESTION: Can you just break down what that 1.5 billion is going to go to? And just to follow up on Josh's question, you said the administration's intent is to restrain non-defense discretionary funding. Isn't that just another way of saying they are not putting a priority on diplomacy?

MR PITKIN: We haven't yet seen the full range of all the non-defense discretionary requests, so I can't really speak yet to how State and AID fit into the broader fiscal picture. But the general messaging for this budget is to still restrain non-defense discretionary spending. The fact that we are requesting a 4.5 percent increase in State and AID relative to last year's request we think is positive. Again, I think —

QUESTION: That is relative to a decrease, as Josh pointed out, of something

like 30 percent from 2017, though. So -

MR PITKIN: That's true. But again, I think, the — as the Secretary has said that we did not think that the \$55 billion that was provided last year, including a supplemental, was sustainable over the long term. So I think even the House and the Senate — we'll wait and see what the House and the Senate do for FY18. I think until we have to — it's hard to compare what we're requesting now versus '18 because the House and the Senate still have to act on FY18 appropriations, take into consideration these caps. But we would note that the levels that the committees marked up back several months ago did not even there reach the \$55 billion level. But again, we have to wait and see what Congress says for '18 before we can make a true apples-apples comparison. But even they were not at the FY17 level; they were down as well.

QUESTION: Okay. And that 1.5 billion?

MR PITKIN: (Inaudible) Hari -

MR SASTRY: So the 1.5 billion, 1 billion of that is in humanitarian assistance. \$400 million is in PEPFAR, and \$100 million is for the UN regular budget.

MS NAUERT: Conor with ABC News.

QUESTION: Thanks very much for doing this. I'm wondering if there were any cuts in the budget specifically due to the UN vote, the General Assembly vote about recognizing — or voting against the U.S.'s recognition of Jerusalem as the capital of Israel.

MR SASTRY: So our foreign assistance, the President and the Secretary continue to believe, should be aligned to U.S. interests, so this budget certainly reflects that. Voting in multilateral fora is one factor to consider among many, but there are — if you look at our budget, it is focused on where we think the most appropriate assistance level should be based on where our security needs are.

 ${\bf QUESTION:}$ So does that mean that not yet there have been any cuts because of the -

MR SASTRY: There's nothing specific just tied to that, because that is only one factor.

MS NAUERT: John Hudson.

QUESTION: So the budget request cuts funding for the National Endowment for Democracy and DRL and ESF, which my understanding is — funds in some cases groups like IRI which Mark Green used to be a part of. Does that have — validate in any way the criticisms that people have that say this administration doesn't have a strong priority for democracy promotion?

MR SASTRY: So our total democracy for the — for this budget is \$1.4 billion, and so it is a significant investment. There is a reduction in NED, as you mentioned. The reduction is also a recognition that this administration is

not going to fund 501 (c)(3) organizations directly, and so that money has actually been moved to both DRL and DCHA DRG. So if you look at the reduction, it's about \$36 million in NED. That \$36 million has been shifted to DRL and DCHA so they — so those organizations can compete directly for those funds.

QUESTION: But DRL has also — is funded at a lower level —

MR SASTRY: Well, DRL's an increase from our '18 budget. It is lower than '17, yes, but it is an increase for — from our '18 President's budget.

QUESTION: Okay. But so would you reject the criticisms about a priority for democracy promotion, or is it part of this Trump administration notion that the U.S. isn't about changing other people's societies?

MR SASTRY: So democracy is certainly — with \$1.4 billion in the budget, it is certainly one of our larger investments, so it's certainly a priority. I think figuring out the spending level within the funding restraint that Doug talked about in non-defense discretionary is why you might see a difference from '17 and what the Congress passed, but it is certainly still something that we're pursuing.

MS NAUERT: Michele Kelemen with NPR.

QUESTION: Thank you. I have a kind of a country-specific question on South Sudan, because the U.S. has been talking about wanting to cut UN peacekeeping budgets, but in South Sudan, the Security Council voted to raise the number. Are you guys committed to fully funding what the UN needs in South Sudan? It's a country also on the brink of famine.

MR PITKIN: At this point in our request for the peacekeeping account, we've not made a specific commitment to any particular mission. At this point, the request for the contribution to the international peacekeeping account would be sufficient to fund about 56 percent on average of our assessments. This is something that over the course of the year, as the UN Security Council considers new mandates, we'll be looking at the broader context of the entire peacekeeping budget, looking for cost savings where possible. Certainly we've raised concerns, I know, in the UN about the level of peacekeeping spending even as we want to make sure these missions are effective, so we have not yet made a specific determination of how the South Sudan mission would be prioritized against the others. But because we are looking for greater cost containment in the UN more generally, we do have a lower funding level than the full peacekeeping estimate, but again, we have not yet made a determination how South Sudan might rank against other missions that are currently active.

QUESTION: So wait, when you said 56 percent of — that's of the whatever, the 22 to 25 percent the — that the U.S. usually pays?

MR PITKIN: It would be 56 percent of the U.S. — or the U.S. rate is 20 percent, and so basically it would be about just over half of that in terms of what we've put in this budget.

MS NAUERT: Go ahead, Nike from Voice of America.

QUESTION: Yes. Also a country-specific question on Pakistan. Could you please elaborate the breakdown of assistance — security assistance and other assistance — to that country comparing to the year before. And I have another follow-up. Thank you.

MR SASTRY: Sure. So the Pakistan assistance in total is down about \$10 million, to \$351 million. Security assistance is \$80 million, our foreign military financing, and this remains — our foreign military financing is only right now with — we only have funded about 10 of our critical partners, so this shows the importance of Pakistan as a major security partner for us. And then our ESDF funding is about 100 million — or sorry, \$200 million in '19.

QUESTION: Another follow-up on — could you — what is — is assistance to Israel and Jordan? Is there an increase or decrease? And if there is an increase in the assistance to Jordan, would that be included in the MOU that Secretary Tillerson is about to sign when he go to Jordan? Thank you.

MR SASTRY: Sure. So Israel, the total is \$3.3 billion, which is a \$200 million increase from the previous year and reflects the newly signed MOU, newly signed 10-year MOU. For Jordan, the total is 1.275, which is a \$275 million increase from the previous year and also does reflect the MOU that the Secretary — that we are in negotiation and the Secretary intends to sign.

QUESTION: What is the increased amount used?

MR SASTRY: 275 million for Jordan.

MS NAUERT: And final question, please. Go right ahead, (inaudible).

QUESTION: Thank you. In the budget it says the budget actually sustains American leadership to address China's growing ambitions in Asia Pacific. I wonder if you could talk about specifically the budget for East Asia Pacific region. Is that an increase or decrease, and how does this actually meet your goal?

MR SASTRY: Sure. So the new — this administration has over the past year rolled out a policy in the Indo-Pacific region, and to support that, the increase for both — for EAP and pieces of Central Asia is about 6.5 percent from the '18 President's budget, and it maintains the key pillars of a free, open, secure East Asia with territorial sovereignty. And so this — our programs support that and it is an increase from where we are in '18.

MS NAUERT: Thank you, everyone. Thanks for coming in today, and gentlemen, thank you so much for taking the questions. All right, have a good day.

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