

**NOMINATIONS OF THE 113TH  
CONGRESS—FIRST SESSION**

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**HEARINGS**

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE**

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

—  
MAY 7 THROUGH DECEMBER 17, 2013  
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Printed for the use of the Committee on Foreign Relations



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**NOMINATIONS OF TIMOTHY BROAS, DONALD  
LU, AND ROBERT SHERMAN**

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**THURSDAY, SEPTEMBER 26, 2013**

U.S. SENATE,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

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Timothy Broas, of Maryland, to be Ambassador to the Kingdom of  
the Netherlands  
Donald Lu, of California, to be Ambassador to the Republic of Alba-  
nia  
Robert A. Sherman, of Massachusetts, to be Ambassador to the  
Portuguese Republic

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The committee met, pursuant to notice, at 2:05 p.m., in room  
SD-419, Dirksen Senate Office Building, Hon. Christopher Mur-  
phy, presiding.

Present: Senators Murphy, Kaine, and Johnson.

**OPENING STATEMENT OF HON. CHRISTOPHER MURPHY,  
U.S. SENATOR FROM CONNECTICUT**

Senator MURPHY. Good afternoon, everyone. We will call this  
meeting of the Foreign Relations Committee to order.

Today, the Senate Foreign Relations Committee will consider  
three nominations: Timothy Broas to be Ambassador to the King-  
dom of the Netherlands, Donald Lu to be Ambassador to the Re-  
public of Albania, and Robert Sherman to be Ambassador to the  
Portuguese Republic.

Let me begin the afternoon by welcoming our nominees and their  
families. I am going to give short opening remarks, followed by  
Senator Johnson, the ranking member of the subcommittee. After-  
ward, you will all be allowed and asked to give an opening state-  
ment. At that time, please feel free to introduce any family mem-  
bers that may be with you today.

I congratulate all of you on your nominations. We have had the  
chance, each of us, to talk privately, and I appreciate the time that  
you have afforded me. If confirmed, you are going to be called upon  
to serve and advance the interests of the American people in your  
respective missions. I thank each of you for your willingness to  
serve.

The heinous attack in recent days that we witnessed in Nairobi,  
Kenya serves as a stark reminder of the challenges that the United

States and our allies face. We extend our deepest condolences to the families of the victims of that attack.

The challenges and opportunities that you are going to face in your respective postings are unique, but we are discussing today all countries that are staunch NATO allies of the United States. Our strategic relationship with these partners is of vital importance to promoting global security and prosperity, and I expect that each of you will have tough but necessary conversations with our partners about how NATO can continue to maintain its capabilities that we need in line with the resources that we have.

There are few countries with which we have a more important economic relationship than the Netherlands. More than 1,600 U.S. companies have subsidiaries or offices there. It is one of our largest export markets and our third-largest direct foreign investor, and they do all of this with a population of about 17 million people. The Netherlands can potentially be an important ally in our effort to pass a comprehensive free trade agreement with the EU, and I hope that you will work with the Dutch Government to generate support for TTIP.

Albania is another nation that is very important to the United States and our NATO mission, not the least of which because we have here in the United States and particularly in Connecticut a vibrant Albanian American population. Albania has supported the U.S. policy of expanding the number of countries, extending diplomatic recognition to Kosovo. As a NATO partner, they have provided troops to the U.S.-led actions in Afghanistan and Iraq and supported U.S. counterterrorism efforts by freezing terrorist assets. Recent elections in Albania this June were praised as the most successful to date, and if confirmed, Mr. Lu, I hope that you will work with your Albanian partners to continue their efforts to tackle corruption and strengthen the rule of law, essential tasks for Albania, as they pursue full membership in the EU.

And finally, turning to Portugal, the United States and Portugal have strong bilateral ties dating back to the earliest days of the United States when Portugal was amongst the first countries to recognize the United States following the Revolutionary War. Portugal is an active member of the NATO alliance, with Portuguese forces participating in NATO operations in Afghanistan and Kosovo. It is home to a U.S. airbase and also has been a strong U.S. partner in the fight against terrorism and drug trafficking. We are aware that Portugal has faced difficult economic challenges in recent years, and Mr. Sherman, I know that you will be immersed in these issues as you arrive in Lisbon. We look forward to your frequent reports, as well as those of your colleagues, back to this committee.

At this point, before I introduce our three nominees, let me turn to Senator Johnson for opening remarks.

**STATEMENT OF HON. RON JOHNSON,  
U.S. SENATOR FROM WISCONSIN**

Senator JOHNSON. Thank you, Mr. Chairman. I would like to join you just in thanking the nominees for their willingness to serve this Nation. As I spoke with Mr. Sherman in my office, I think the top priority that I certainly expect out of anybody representing this

Nation is to represent us well, recognizing really what an exceptional nation this is, how although not perfect, America has just been a phenomenal force for good in the world. So that is your first and primary duty, but then also properly representing those nations' interests back to the United States. That is also a very high priority.

So, again, I just really want to thank the nominees for their willingness to serve and coming here before us today and look forward to your testimony.

Thank you.

Senator MURPHY. Thank you, Senator Johnson.

Let me make brief introductions going from my left to right, and then you will give testimony in that order.

First, let me recognize Timothy Michael Broas, the nominee for Ambassador to the Netherlands. Mr. Broas is a partner at Winston and Strawn LLP in Washington, DC, a talented and skilled trial lawyer and experienced negotiator. Mr. Broas will bring essential skills to the task of furthering bilateral relations with the Government of the Netherlands, a key U.S. ally in the EU and NATO.

Mr. Broas also serves as a trustee of Partners in Health, the Woodrow Wilson International Center for Scholars, and St. Mary's College of Maryland.

He earned his B.A. at Boston College and his J.D. at the College of William and Mary. I should also point out that he is a Dutch American.

Next, let me recognize Donald Lu, nominee for Ambassador to Albania. Mr. Lu is a career member of the Senior Foreign Service. A three-time Deputy Chief of Mission, he is known for being one of the Department's most talented leaders, respected both for his strong analytical skills and for his mentoring and motivational skills. An experienced negotiator, comfortable navigating relations with recalcitrant host governments, Mr. Lu will bring essential skills in negotiating between various factions in Albania to achieve democratization and adherence to the rule of law.

Most recently, he served as Deputy Chief of Mission in New Delhi, India. Mr. Lu served also as Deputy Chief of Mission in Azerbaijan and Kyrgyzstan. His other overseas assignments have included tours in India, Georgia, and Pakistan.

Finally, let me recognize Robert Sherman, the nominee for Ambassador to Portugal. Mr. Sherman is an attorney with Greenberg Traurig in Boston, MA. His wide-ranging trial and regulatory experience, focusing on government investigations and litigation, internal corporate investigations, as well as consumer protection and class action defense, will serve him well. Mr. Sherman has also served as the chief of Consumer Protection and special counsel to the Massachusetts attorney general during a very important stint in the public sector.

He earned his B.A. from the University of Rochester and his J.D. from Boston University.

Welcome to all three of you. We look forward to your testimony, and we will begin with Mr. Broas.

**STATEMENT OF TIMOTHY BROAS, OF MARYLAND, TO BE  
AMBASSADOR TO THE KINGDOM OF THE NETHERLANDS**

Mr. BROAS. Mr. Chairman, Ranking Member Johnson, and distinguished members of the Senate Foreign Relations Committee, thank you for the privilege of appearing before you today. I am deeply grateful to President Obama and Secretary Kerry for their support and confidence in nominating me to be the U.S. Ambassador to the Kingdom of the Netherlands. If confirmed by the Senate, I pledge to devote all my energy to represent the United States to the best of my ability.

If you will permit me, I would like to introduce my wife, Julie Broas, who is here with me today. Julie is an attorney in Washington, DC, with the Washington Legal Clinic for the Homeless. My three daughters, Emily, Allison, and Madeline, unfortunately cannot be here with me today, but I know they are here in spirit.

Mr. Chairman and fellow Senators, as you well know, the United States long and fruitful relationship with the Kingdom of the Netherlands spans centuries and remains important today. In fact, the United Provinces of the Netherlands was the second nation officially to recognize the United States when the Dutch Government accepted the credentials of U.S. Minister John Adams on April 19, 1782.

Through the years, the Netherlands has stood as one of our most reliable diplomatic partners. The Netherlands is a valued and highly capable NATO ally and a founding member of the alliance. Additionally, the Netherlands is a top economic and trade partner. Our nations share common values, and bilaterally through NATO and in partnership through the European Union, we promote open and prosperous societies. The United States also values and commends the Netherlands' steadfast and generous support to development programs.

We value our alliance with the Netherlands and we commend its continuing commitment to develop and sustain its defense capabilities necessary for NATO missions, as evidenced yet again in its recent white paper on defense. The Dutch are active contributors to international security missions, including the NATO-led efforts in Afghanistan, the Balkans, and Libya. We are also thankful for the Netherlands' deployment of Patriot batteries, along with the United States and Germany, as part of a NATO effort to augment Turkey's air defenses earlier this year. This deployment gives confidence and demonstrates solidarity among NATO allies.

The Netherlands is also firmly aligned with U.S. policy on Syria. It fully backs the United States-Russia framework to ensure Syria's chemical weapons are accounted for and destroyed. As host to the Organization for the Prohibition of Chemical Weapons, the Netherlands has announced it will provide the OPCW with important financial support to ensure Syria's commitments are fulfilled, thus preventing the Assad regime from using these weapons again. If confirmed, I will strive to maintain Dutch commitment to the non-proliferation of chemical weapons in the Syrian conflict.

The Netherlands hosts the world's international tribunals that adjudicate and resolve the world's most complex and difficult legal conflicts. The Dutch tradition of supporting international justice is something I deeply admire and respect. Indeed, I had occasion as

a lawyer to invoke the jurisdiction of the Iran-U.S. Claims Tribunal in The Hague as an attorney for an American client seeking to recover property and funds confiscated in 1979 by the Iranian regime.

That same Iranian regime has not yet addressed the international community's serious concerns regarding its nuclear program. The international community has united to impose sanctions on the Iranian Government and the Netherlands and other European partners are crucial to this effort. If confirmed, I will work tirelessly to ensure that our Dutch allies remain shoulder to shoulder with us as we strive to hold Iran to its international obligations.

With a population of approximately 17 million, the Netherlands is the third-largest foreign direct investor in the United States and our ninth-largest trading partner. From 2000 through 2010, the Netherlands was the No. 1 destination in the world for U.S. direct investment, far ahead of Canada, Mexico, Singapore, and Japan. The Port of Rotterdam is Europe's largest port and the logical centerpiece of transatlantic economic commerce.

If confirmed, I will work tirelessly to maintain and improve our strong economic and trade relations with the Netherlands, consistent with the administration's goals to increase exports and create new jobs, especially with the TTIP negotiations underway between the United States and the European Union. I am pleased the Netherlands supports concluding the TTIP. The agreement has the potential to create strong, new bonds between the United States and our European allies, while giving us a powerful tool to support an open, rules-based trading system to the benefit of a robust U.S. economy.

The Dutch are justifiably renowned for their open and tolerant society. We share deep, longstanding values. We cooperate to combat terror and to prevent violent extremism. The Dutch know firsthand that we must never lower our vigilance against the grave threat of terrorism and that we must work with at-risk populations to ensure that young people do not become alienated and susceptible to radicalism. If confirmed, I will use the Embassy's resources to reach out to key populations in the Netherlands along these lines.

In all of these endeavors, it will be essential to communicate our policies and interests not only to the Dutch Government but to leaders in civil society among youth, academia, entrepreneurs, and media. I will oversee a public outreach strategy to engage television, print, and online media, host cultural events with American artists, students, athletes, and performers, and cast a wide, inclusive net for participants for our professional and academic challenges.

Mr. Chairman, I have spent over 30 years representing clients in a wide variety of complex criminal and civil disputes. While some involved only money, others involved my clients' liberty and freedom and their livelihoods. I have managed teams of lawyers, clients, and consultants on cases both large and small, all with the goal of reaching the most favorable resolution for my client. Along the way, I have encountered legal, factual, and managerial minefields of every possible type. In all these cases, I was called upon

to make critical decisions and manage diverse personalities and points of view. If confirmed, I will draw upon this experience when I assume leadership of our team at the Embassy in The Hague and the consulate in Amsterdam.

Let me say also that I am particularly looking forward to collaborating with our locally employed staff in the Netherlands. Local employees are the backbone of any diplomatic mission, and I will engage them to ensure that they have a voice in shaping and promoting U.S. foreign policy in the Netherlands so they know that they are a key component to our bilateral relationship. With their support and engagement, our success as a mission is greatly enhanced.

Thank you for your time. I look forward to answering any questions you may have.

[The prepared statement of Mr. Broas follows:]

PREPARED STATEMENT OF TIMOTHY BROAS

Mr. Chairman, Ranking Member Johnson, and distinguished Members of the Senate Foreign Relations Committee, thank you for the privilege of appearing before you today. I am deeply grateful to President Obama and Secretary Kerry for their support and confidence in nominating me to be U.S. Ambassador to the Kingdom of the Netherlands. If confirmed by the Senate, I pledge to devote all my energy to represent the United States to the best of my ability.

First, if you will permit me, I would like to introduce my wife, Julie Broas, who is here with me today. My wife, Julie, is an attorney in Washington, DC, with the Washington Legal Clinic for the Homeless. My three daughters, Emily, Allison, and Madeline, unfortunately cannot be here with me today, but I know they are supporting me in spirit today.

Mr. Chairman and fellow Senators, as you well know, the United States long and fruitful relationship with the Kingdom of the Netherlands spans centuries that remains important today. In fact, the United Provinces of the Netherlands was the second nation officially to recognize the United States when the Dutch Government accepted the credentials of U.S. Minister John Adams on April 19, 1782.

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We value our alliance with the Netherlands, and we commend its continuing commitment to develop and sustain its defense capabilities necessary for NATO missions, as evidenced yet again in its recent White Paper. The Dutch are active contributors to international security missions, including the NATO-led efforts in Afghanistan, the Balkans, and Libya. We are also thankful for the Netherlands' deployment of Patriot batteries—along with the United States and Germany as part of a NATO effort—to augment Turkey's air defenses earlier this year. This deployment gives confidence and demonstrates solidarity among NATO allies.

The Netherlands is also firmly aligned with U.S. policy on Syria, and it fully backs the U.S.-Russia Framework to ensure Syria's chemical weapons are accounted for and destroyed. As host to the Organization for the Prohibition of Chemical Weapons (OPCW), the Netherlands has announced it will provide the OPCW with important financial support to ensure Syria's commitments are fulfilled, thus preventing the Assad regime from using these weapons again. If confirmed, I will strive to maintain Dutch commitment to the nonproliferation of chemical weapons in the Syrian conflict.

The Netherlands hosts the world's international tribunals that adjudicate and resolve the world's most complex and difficult legal conflicts. The Dutch tradition of supporting international justice is something I deeply admire and respect. Indeed, I had occasion to invoke the jurisdiction of the Iran-U.S. Claims Tribunal in The Hague as an attorney on behalf of American clients seeking to recover property and funds confiscated in 1979 by the Iranian regime. That same Iranian regime has not



yet addressed the international community's serious concerns regarding its nuclear program. The international community has united to impose sanctions on the Iranian Government, and the Netherlands and other European partners are crucial to this effort. If confirmed, I will work tirelessly to ensure that our Dutch allies remain shoulder to shoulder with us as we strive to hold Iran to its international obligations.

Our longstanding relationship with the Netherlands is based on trust, confidence, and shared values that transcend traditional security, economic, and diplomatic ties. The United States works together with the Netherlands through military cooperation and development aid to promote security, justice, and economic development throughout the world. I might add that the Netherlands is one of the world's most generous development aid donor nations and a robust contributor of humanitarian assistance in response to the many crises that we see today.

With a population of approximately 17 million, the Netherlands is the third-largest foreign direct investor in the United States and our ninth-largest trading partner. From 2000 through 2010, the Netherlands was the number one destination in the world for U.S. direct investment, far ahead of Canada, Mexico, Singapore, and Japan. The Port of Rotterdam is Europe's largest and a logistical centerpiece of transatlantic economic commerce. If I am confirmed, I will work tirelessly to maintain and improve our strong economic and trade relations with the Netherlands, consistent with the administration's goals to increase exports and create new jobs, especially with the Transatlantic Trade and Investment Partnership (T-TIP) negotiations underway between the United States and the European Union. I am pleased that the Netherlands supports concluding the T-TIP. The agreement has the potential to create strong new bonds between the United States and our European allies, while giving us a powerful tool to support an open, rules-based trading system to the benefit of a robust U.S. economy.

The Dutch are justifiably renowned for their open and tolerant society. We share deep, longstanding values. We cooperate to combat terror and to prevent violent extremism. The Dutch know first-hand that we must never lower our vigilance against the grave threat of terrorism and that we must work with at-risk populations to ensure young people do not become alienated and susceptible to radicalism. If I am confirmed, I will use the Embassy's resources to reach out to key populations in the Netherlands along these lines.

The United States and the Netherlands also share a strong commitment to the political and economic participation of women. The Netherlands is a partner in the Presidential Challenge on Women's Political and Economic Participation. If confirmed, I pledge to advance our collaboration with the Netherlands to promote women in politics and business.

Additionally, the United States and the Netherlands share an important commitment to green energy. If confirmed, I will build on the close cooperation our Embassy has forged with the Netherlands on alternative energy and environmental sustainability.

In all of these endeavors, it will be essential to communicate our policies and interests not only to the Dutch Government, but to leaders in civil society, among youth, academia, entrepreneurs, and media. I will oversee a public outreach strategy to engage television, print, and online media; host cultural events with American artists and performers; and cast a wide, inclusive net for participants for our professional and academic exchange programs.

Mr. Chairman, I have spent over 30 years representing clients in a wide variety of complex criminal and civil disputes. While some involved only money, in sums small and large, others involved my clients' liberty and freedom and often their livelihoods. I have managed teams of lawyers, clients, and consultants on cases both large and small—all with the goal of reaching the most favorable result for my client. Along the way I have encountered legal and factual and managerial minefields of every possible type, some predictable and others from out of nowhere. In all of these cases, I was called upon to make critical decisions and manage diverse personalities and points of view. If I am confirmed, I will draw upon this management leadership and experience when I assume leadership of the team at our Embassy in The Hague and Consulate General in Amsterdam.

Let me say that I am particularly looking forward to collaborating with our locally employed staff in the Netherlands. Local employees are the backbone of any diplomatic mission, and I will engage them to ensure they have a voice in shaping and promoting U.S. foreign policy in the Netherlands so they know they are a key component to our bilateral relationship. With their support and engagement, our success as a mission is greatly enhanced.

I also have had the pleasure of serving as a board member on a number of non-profit institutions, including Partners in Health and the Woodrow Wilson Inter-

national Center for Scholars. If confirmed, I will draw upon these experiences in my work in the Netherlands, which is such an important partner in promoting democracy, human rights, developmental aid, and economic growth around the world. The Netherlands understands, as does the United States, that military and diplomatic efforts are not the only tools for combating instability; development plays a very important role. If confirmed, I pledge to advance United States-Dutch cooperation on democratic development, from Belarus and Ukraine, to the Middle East and North Africa.

Let me close with a personal story. I am one of nine children born to the late William Broas and Anita St. Germain. My only regret here today is that my parents are not here to see their son appear before your committee to seek confirmation as an ambassador. They would have been very proud. My father, fittingly of Dutch descent, served honorably in the Marines in the Pacific theatre during World War II. My mother lived in Paris, France, until her father, confronted like all French citizens by the Nazi invasion and occupation of France, put her—along with her mother and her siblings—on a small boat to New York. She eventually met my father after the war, and one of the many things that bound them together was a profound love for the freedom they found in the United States. The experiences of my parents and the love they felt for this country left a lasting impression on me. I always believed that, if I ever had the chance to serve our country, I would do so whenever the call came. When President Obama asked me to be our next Ambassador to the Netherlands, the country of my father's ancestors, I could almost hear my parents echoing my affirmative reply. If I am confirmed, I will be guided at all times by the pride and love of country that my parents instilled in me from a young age.

Senator MURPHY. Thank you, Mr. Broas.  
Mr. Lu.

**STATEMENT OF DONALD LU, OF CALIFORNIA, TO BE  
AMBASSADOR TO THE REPUBLIC OF ALBANIA**

Mr. LU. Mr. Chairman, Ranking Member Johnson, Senator Kaine, it is an honor for me to be with you today as President Obama's nominee to be Ambassador to Albania. I want to express my gratitude to the President and to the Secretary of State for the confidence that they have placed in me. If confirmed, I pledge to work closely with the U.S. Congress and with this committee to advance our Nation's interests in Albania.

With your permission, I would like to introduce members of my family who have joined me here today. My wife, Dr. Ariel Ahart, has been my constant companion through all of our travels around the world. She is a distinguished public health specialist, having most recently worked for the U.S. Centers for Disease Control. My son, Kip, is a Boy Scout, and he is an enthusiastic flag football player. And my daughter, Aliya, is in the third grade and she is the resident artist of our family. All of us are thrilled to be with you today.

Senators, I am the son of an immigrant to the United States, and so I am particularly blessed to have had the opportunity to serve my country in the U.S. Foreign Service and in the Peace Corps. Whether digging latrines in West Africa or witnessing revolution in Central Asia, I have learned the value of U.S. leadership overseas. For most of my 22 years in the State Department, I have worked on the emerging democracies of the former Soviet Union and of Eastern Europe.

Albania is one of those emerging democracies, but it is also an enduring ally of the United States. Today Albanian soldiers are serving side by side with American soldiers in Afghanistan in combat roles in dangerous places like Kandahar. As one of NATO's newest members, Albania is a steadfast supporter of peace and se-

curity with significant deployments to Afghanistan, along with deployments to U.S. and EU-led operations in Bosnia, Iraq, and Chad. For a country of only 3 million people, Albania certainly punches above its weight.

If confirmed, I will lead our Embassy's ongoing efforts to advance three key priorities.

First, the further development of democratic institutions and society: Albania's June parliamentary elections were the best conducted in their country's history, leading to a peaceful transition of power between one ruling coalition to another. But, of course, democracy is more than just elections. We should encourage bold leadership on combating organized crime, human trafficking, and corruption. The United States must continue to support the growing voice of civil society, the protection of minority rights, judicial independence and accountability. A key driver of these reforms will be Albania's aspiration for EU membership. The United States and the EU are a community of shared values. We endorse Albania's goal at every level for EU accession.

Second, support for Albania's increasing participation in NATO, U.S., and EU-led stability missions: In preparation for Albania's participation in Operation Iraqi Freedom and Operation Enduring Freedom, the U.S. military worked intensively to build the skills of the Albanian military. As NATO's role in Afghanistan changes, we must continue to develop the capacity of our Albanian NATO ally to be an effective, long-term partner in supporting stability in Europe and beyond. At the same time, we need to help Albania grapple with corruption and accountability within its military to ensure it can meet the highest standards of the NATO alliance.

Third, the promotion of U.S.-Albanian economic ties: The Albanian economy has grown impressively over the past 20 years, but like many of our allies, it has stagnated over the last couple of years. Two things stand the best chance of getting Albania's economy back on its feet. The first is Albania undertaking key economic reforms to create a more stable business climate, and second, the strengthening of the economic partnerships between Albania and Europe and Albania and the United States. The growing engagement of U.S. exporters and investors in Albania is not only benefiting Albania, it is benefiting the United States in terms of jobs, in terms of our outreach to the world. And we are able to share our values of transparency, entrepreneurship, and innovation.

Finally, if confirmed, I will take seriously my role as Chief of Mission to manage and safeguard our most precious resource, our people, our infrastructure, and the strong reputation of the United States abroad. Senators, in a world of constant peril and uncertainty, the United States needs stalwart allies like Albania.

Thank you very much.

[The prepared statement of Mr. Lu follows:]

PREPARED STATEMENT OF DONALD LU

Mr. Chairman, Mr. Ranking Member Johnson, and members of the committee, I am honored to appear here today as President Obama's nominee to be the next Ambassador to Albania. I am grateful to the President and Secretary Kerry for the confidence they have placed in me. I thank you for the opportunity to appear today and, if confirmed, I pledge to work closely with the Congress to advance our Nation's interests in Albania.

If you would allow me, I would like to introduce my family joining me today. My wife, Dr. Ariel Ahart, is my constant companion on our adventures overseas, but also a distinguished public health specialist, having most recently worked for the U.S. Centers for Disease Control. My son, Kip, is a Boy Scout and an enthusiastic flag football player. And my daughter, Aliya, who is in the third grade is the artist of our family. We are all looking forward to this next adventure.

As the son of an immigrant to America, I am particularly blessed to have had the opportunity to serve in the U.S. Foreign Service and the Peace Corps. Whether it was digging latrines in West Africa or witnessing revolution in Central Asia, I have learned the importance of American leadership in the world. For most of my 22 years in the State Department I have worked on the emerging democracies of Eastern Europe and the former Soviet Union.

Albania is one of those emerging democracies, but it is also an enduring ally and partner of the United States. Albanian soldiers are today conducting combat missions side by side with American troops in dangerous places like Kandahar. As one of NATO's newest members, Albania has been a steadfast supporter of peace and security with significant deployments to Afghanistan, along with deployments to U.S. and EU-led operations in Bosnia, Iraq and Chad. For a country of only 3 million people, Albania punches above its weight.

Since President Woodrow Wilson's defense of Albanian statehood after World War I, up to our strong endorsement of its NATO accession in 2009, the United States has played an important role in helping Albanians to shape their country's democracy, stability, and independence. And today we strongly support Albania's efforts to join the European Union. If confirmed, I will lead our Embassy's ongoing efforts to advance three key priorities.

First, the further development of democratic institutions and society. Albania's June parliamentary elections were the best conducted in the country's history, leading to a peaceful transition of power from one ruling coalition to another. Of course, true democracy is more than just elections. We should encourage bold leadership to combat organized crime, human trafficking, and corruption. The United States must continue to support the growing voice of civil society, the protection of minority rights, and judicial independence and accountability. A key driver of these reforms is Albania's aspiration for EU membership. The United States and the EU are a community of shared values, and we endorse Albania's goal at every level. The reforms that will be accomplished on the path of EU accession will irreversibly transform the standards and opportunities for all the people of Albania.

Second, support for Albania's increasing participation in NATO, EU, and U.S.-led stability missions. In preparation for Albania's participation in Operation Iraqi Freedom and Operation Enduring Freedom, the U.S. military worked intensively to build the skills of the Albanian military. As NATO's role in Afghanistan changes and Western Balkans countries evolve beyond their past conflicts, we must continue to develop the capacity of the Albanian Armed Forces to be an effective long-term partner in supporting stability in Europe and beyond. At the same time, we need to help Albania grapple with corruption and accountability within its military to ensure it can meet the highest standards of the NATO alliance.

Third, the promotion of U.S.-Albanian economic ties. The Albanian economy has grown impressively over the past 20 years, but has stagnated in recent years. Two things stand the best chance of getting the Albanian economy back on its feet—pursuit of key economic reforms to create a more stable business and investment climate, and the strengthening of its economic partnerships with Europe and the United States. The growing engagement by U.S. exporters and investors in Albania is not only benefiting Americans, but also sharing our values of transparency, entrepreneurship, and innovation.

Finally, if confirmed, I will take seriously my role as Chief of Mission to manage and safeguard our precious resources—our people, our infrastructure, and the strong reputation of the United States abroad. I will work to ensure that they are protected and that American interests are advanced.

If confirmed, I will devote my energies to work for the American people to build strong bonds with the government and people of Albania. In a world of constant peril and uncertainty, the United States needs stalwart allies like Albania.

Senator MURPHY. Thank you, Mr. Lu.  
Mr. Sherman.

**STATEMENT OF ROBERT A. SHERMAN, OF MASSACHUSETTS,  
TO BE AMBASSADOR TO THE PORTUGUESE REPUBLIC**

Mr. SHERMAN. Thank you, Mr. Chairman, Ranking Member Johnson, Senator Kaine. It is an honor to appear before you as President Obama's nominee to serve as Ambassador to the Portuguese Republic. I am humbled by the confidence the President and Secretary Kerry have placed in me. If confirmed, I pledge to work closely with the President, the Secretary, and Congress to advance our Nation's interests in Portugal and to promote cooperation on issues of mutual concern.

Please permit me to introduce my wife, Kim Sawyer. Kim is not only my better half but she is a lawyer, an entrepreneur, and the president of a small financial services company in Boston. I have no doubt that Kim will also be a tremendous asset in Portugal.

My two adult children, Matt and Stephanie, unfortunately are unable to be here. Matt is vice president of a real investment fund and is an MBA student at Emory University. Stephanie, who will be married next month, works with autistic and special needs children in the Newton, MA, public schools.

I sit before you today as a first generation American. My parents were both Russian immigrants who came to this country with nothing. They settled in Brockton, MA. Brockton is located near one of the largest Portuguese communities in the United States. Growing up, these immigrants from the Azores were my neighbors and my friends. I quickly learned about their values. The Portuguese are hardworking, tolerant, devoted to family, freedom and honor, and so very proud of their heritage. These are the same values I was taught by my parents and have passed on to my children. They are American values and they are what makes this country strong.

But America has more than just a commonality of values with the Portuguese. Portugal has been a longstanding and staunch ally of the United States, and that relationship goes back to the founding of our Republic when Pedro Francisco fought in General Washington's army and became a Revolutionary War hero. Portugal was also one of the first countries to recognize the United States after our independence. It was an original member of NATO and a strong partner while serving on the U.N. Security Council. Portugal has supported almost every NATO-led security operation over the last 2 decades, including in the Balkans and in Afghanistan. The relationship with the United States is a prominent element of Portugal's foreign policy. The United States values its alliance with Portugal, and I look forward to our continuing cooperation on global peace and security.

The U.S. military has also maintained a presence at Lajes Air Field in the Azores since the 1940s, and the Azoreans have welcomed our service men and women into their community. I would like to express my heartfelt gratitude for their hospitality. I am aware of the difficulties the United States Air Force downsizing presents to Portugal and the Azores, and I pledge to continue our ongoing efforts to help mitigate the economic impact.

These are not easy times for the Portuguese people. Portugal is in the midst of an economic crisis that has resulted in unemployment close to 17 percent and youth unemployment more than double that number. The Portuguese Government has done its utmost

to implement fiscal reforms. I commend the Portuguese for their continuing sacrifice and their commitment to finding a path back to economic security.

The United States also has a role to play there. If confirmed, one of my priorities will be to strengthen our economic relationship with Portugal, fostering U.S. job growth while simultaneously benefiting the Portuguese economy. I will work to increase trade, promote bilateral investments, and enlist Portuguese and U.S. businesses to empower innovation, technology, and entrepreneurship.

One major initiative is already underway that will directly impact this priority. The Transatlantic Trade and Investment Partnership, or TTIP, presents an opportunity to expand our trade relationship with Portugal while spurring economic growth on both sides of the Atlantic. TTIP has the potential to significantly increase more than 13 million U.S. and European jobs currently supported by trade and to strengthen our economic alliance with Portugal.

Finally, I want to acknowledge how the Portuguese community has enriched American culture, from Emma Lazarus' sonnet, which is engraved on the pedestal of the Statue of Liberty, to the iconic music of John Phillip Souza, to the everyday contributions of approximately 1.5 million Portuguese Americans in business, politics, education, and the arts.

Mr. Chairman, Ranking Member Johnson, Senator Kaine, thank you for considering my nomination. I am happy to answer any questions you have.

[The prepared statement of Mr. Sherman follows:]

PREPARED STATEMENT OF ROBERT A. SHERMAN

Thank you Mr. Chairman, Senator Johnson, and distinguished committee members. It is an honor to appear before you as President Obama's nominee to serve as Ambassador to the Portuguese Republic. I am humbled by the confidence the President and Secretary Kerry have placed in me. If confirmed, I pledge to work closely with the President, the Secretary, and Congress to advance our Nation's interests in Portugal, and to promote cooperation on issues of mutual concern.

Please permit me to introduce my wife, Kim Sawyer. Kim is not only my better half, but is a lawyer, an entrepreneur, and the president of a small financial services company in Boston. I have no doubt that Kim will also be a tremendous asset in Portugal.

My two children—Matt, age 29, and Stephanie, age 27—unfortunately are unable to be here. Matt is vice president of a real estate investment fund and is an MBA student at Emory University. Stephanie, who will be married next month, works with autistic and special needs children in the Newton, MA, public schools.

I sit before you today, as a first generation American. My parents were both Russian immigrants who came to this country with nothing. They settled in Brockton MA, the hometown of Rocky Marciano. Brockton is located near one of the largest Portuguese communities in the United States. Growing up, these immigrants from the Azores were my neighbors and classmates, and I quickly learned about their values. The Portuguese are hardworking, tolerant, devoted to family, freedom, and honor; and so very proud of their heritage. These are the same values I was taught by my parents and have passed on to my own children. They are the values that make this country strong.

America has more than just a commonality of values with the Portuguese. Portugal has been a longstanding and staunch ally of the United States. That relationship goes back to the founding of our Republic when Pedro Francisco fought in General Washington's army and became a Revolutionary War hero. Portugal was also one of the first countries to recognize the United States after our independence. It was an original member of NATO, and a strong partner while serving on the U.N. Security Council. Portugal has supported almost every U.S.-led security operation over the last two decades, including in the Balkans, Iraq, and Afghanistan. The

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The United States has a role to play here. If confirmed, one of my priorities will be to strengthen our economic relationship with Portugal, fostering U.S. job growth while simultaneously benefiting the Portuguese economy. I will work to increase trade, promote bilateral investments, and enlist Portuguese and U.S. businesses to empower innovation, technology, and entrepreneurship.

One major initiative is already underway and will directly impact this priority. The Transatlantic Trade and Investment Partnership, or TTIP, presents an opportunity to expand our trade relationship with Portugal while spurring economic growth on both sides of the Atlantic. TTIP has the potential to significantly increase the more than 13 million U.S. and European jobs currently supported by transatlantic trade and investment and to strengthen our economic alliance with Portugal. As important, TTIP will create strong new bonds between the United States and our European allies, while giving us a powerful tool to support an open, rules-based trading system to the benefit of a robust U.S. economy.

Finally, I want to acknowledge how the Portuguese community has enriched American culture—from Emma Lazarus's sonnet, which is engraved on the pedestal of the Statue of Liberty, to the iconic music of John Phillips Souza, to the everyday contributions of approximately 1.5 million Portuguese-Americans in business, politics, education, and the arts.

Senator MURPHY. Thank you very much, Mr. Sherman. Thank you all for your testimony.

We will begin a round of 7-minute questions. I will begin and maybe pose a couple questions on the subject of energy policy to both Mr. Broas and Mr. Lu, very different questions.

But, Mr. Broas, you and I, when we spoke, talked a little bit about the fact that according to some reports, natural gas resources in the Netherlands are significantly declining and they actually may be a net energy importer by 2025. One of the concerns I shared with you is that what I have heard in my brief time chairing this subcommittee, is a great interest across Europe and into the Eastern Partnership area of the continent for the United States to open up LNG exports and open up gas exports into Europe. And I worry that we could get into a sort of free rider phenomenon in which European nations are reluctant to do fracking because of environmental concerns that they may have and would be more than happy for the United States to essentially supply them resources.

What do you foresee is the future of energy policy in the Netherlands? How might U.S. gas resources play into that future? And what is your understanding of the discussion that is happening right now in the Netherlands around this issue of fracking. As you and I have, of course, discussed, there are some particular water table issues in the Netherlands, which make that a little bit more problematic. But talk a little bit about that issue with respect to the country to which you will hopefully soon be our Ambassador.

Mr. BROAS. Thank you, Senator. And yes, we did have a good discussion about that.

Based upon information that I have received in my briefings at the State Department and what I have read, there is, in fact, projected to be a declining amount of domestic produced gas in the Netherlands, and they are projecting that by 2025, they will become a net importer for the first time in recent history. So the country is already thinking about what it is going to do and where it is going to obtain energy from, and they have expressed, according to information I have received, an interest in importing gas from the United States should the United States ever decide to export LNG.

But in terms of environmental concerns, yes, they do have concerns about the environmental effects of fracking, like many European countries do, like many people here do. I have not heard anything to indicate that there is going to be any kind of free rider problem with the Netherlands. They are, as you know, one of our staunchest trading partners and a very, very strong economic partner of ours. They will, obviously, be spending a lot of time dealing with the fracking issue to the extent they have any shale deposits, and I am told that they do.

And they also have, as you said, environmental concerns about the situation that their country geographically is located in. They are, as you know, a very fragile country, supported in many sections of the country by a very unique and very complicated system of dikes and polders. And so any kind of fracking or drilling for shale is going to be complicated and will have to accommodate all of those concerns.

But if confirmed as Ambassador, obviously I will work with them to explore opportunities for them to deal with their energy needs, whether it is from the United States or elsewhere, and also to address whatever environmental concerns they have domestically.

Senator MURPHY. Mr. Lu, you have spent your career thinking about energy policy, in part because of the countries that you have been posted to. A consortium of international energy investors just recently announced the new pathway for the Trans-Adriatic Pipeline which is going across, I think, through Albania. There is also a proposal for a new Adriatic-Ionian pipeline that will go from Albania to Croatia. I know you are not there yet. So it is difficult to answer these questions in detail.

But can you talk a little bit about the energy future in Albania and potentially what the Trans-Adriatic Pipeline and perhaps this new pipeline that is being discussed—what kind of impact that will have on Albania's energy future?

Mr. LU. Senator Murphy, thank you. It is a very important question for the region and for the globe.

As you mentioned, I had served earlier in Azerbaijan from where this gas is actually coming, and it is exciting for me to think about the negotiations that we had years ago when I was No. 2 there and then Chargé d'Affaires for a while actually coming full circle and seeing some of these countries actually on track to get the benefits of the gas coming out of the Caspian.

As I mentioned, it is important not only for the region, for Europe and Europe's energy security that this southern corridor gas



will reach markets soon, it is important for the United States and for the globe because the more countries that have access to diverse supplies of energy, the better the free market works, the better consumers are able to make decisions about what they buy and at what price. And that is good for the United States and it is good for the rest of the countries of Europe.

Albania stands to gain greatly by the Trans-Adriatic Pipeline. In particular, it will be, if all estimates are right, the largest single investment ever into Albania, \$1.2 billion to \$2 billion. It is on track to generate 10,000 jobs for Albania. But more important than either of those things, it will knit Albania together with the countries of Europe in a way that is enduring, that will make their security part of the security of its neighbors.

Senator MURPHY. Thank you.

A quick question on the first round to you, Mr. Sherman. One of the things we talked about and you talked about in your testimony is the U.S. plans to draw down at Lajes. And you reference the fact that one of your missions as Ambassador will be to try to look at steps that might mitigate the economic impact. Clearly, this is a big issue in Portugal today, in large part because they are just having a tough time digging themselves up out of the hole, even as the eurozone at large begins to stabilize.

Have you thought yet or do you know whether there are discussions underway today at the Embassy or the State Department as to what some of those steps might be to try to mitigate the impact of our reduced presence at Lajes?

Mr. SHERMAN. Thank you for that question.

I do know that there are—first and foremost, the relationship that we have with the Portuguese is, as I said in my testimony, a strong and longstanding relationship. We are not leaving Lajes Air Force Base as you referenced. We are reducing the size of our force. That is part of the right sizing of American forces that is going on throughout Europe. We understand that America needs to respond quickly and nimbly to the asymmetrical threats that exist in this world, and the Department of Defense has concluded that downsizing in Lajes is appropriate. Congress is involved with the Department of Defense on that issue.

As part of these efforts, we are also looking at ways to mitigate the economic impact. Some of the things that we have done, we are looking to promote investment in the Azores, additional trade in the Azores, cultural exchanges, educational exchanges. There are opportunities in the tourism industry to help mitigate the effects.

We are also bringing officials from the Azores to the United States to view places in the United States where bases have been either drawn down or closed and see how those communities have managed to recover from the economic impacts there.

There is a standing United States-Portuguese bilateral commission where we are talking about these various issues. It is an important aspect and we are committed to assisting the Portuguese with these efforts.

Senator MURPHY. Thank you.

Senator JOHNSON.

Senator JOHNSON. Thank you, Mr. Chairman.

Let me just kind of go right down the list of the nominees. Could you just describe to me what you—because everybody is talking about one of the primary goals is strengthening economic ties. What is the greatest opportunity to strengthen those ties between our nations?

Mr. Broas.

Mr. BROAS. Senator Johnson, thank you for the question.

As I said in my opening statement, we already have a very, very strong economic relationship with the Dutch. They are the third-largest investor in our country. For a country of 17 million, it is pretty extraordinary. And we are the largest investor in the Netherlands.

But as Ambassador, if I am confirmed, I intend to strengthen it even more. The Dutch, as you know, are notorious free traders and they are very excited about the opportunities that TTIP will bring to their country, to the EU, and to the United States. I will do everything in my power as an ambassador to work with the local Dutch community, the Dutch companies and private enterprise, as well as, obviously, the Dutch Government, and with the American companies through the American Chamber of Commerce to promote trade and increase trade between the two countries. These two countries have spent centuries trading with each other and have found favorable environments in each other's countries for trade, for business, for commerce, and for creating jobs.

There are many ways that we can do that, again by engaging the American Chamber of Commerce and engaging the Dutch companies. I can also use public diplomacy to increase the exposure of American investment in the Netherlands and vice versa.

Going back to Senator Murphy's question, I think on energy policy we can also work closely with the Dutch to increase trade in the energy field.

So I think there are many opportunities, Senator, for us to even increase this trade relationship even more than it already is.

Senator JOHNSON. Is the large trade relationship already—is it in financial services? I mean, do you know the particular economic activity it is in?

Mr. BROAS. It is a variety of industries. It includes financial services. It includes manufacturing, lots of manufacturing. In fact, I would say that it is mostly manufacturing. It includes energy. There are a number of insurance companies that are Dutch that do a lot of business here in the United States. So it is a pretty broad spectrum of companies. There are lots of food companies. You have heard of companies like Philips. You have heard Shell, Heineken. Many, many different companies that do business here in the United States and around the world are based in the Netherlands.

Senator JOHNSON. Mr. Lu.

Mr. LU. Senator, thank you very much.

When I started to learn about Albania, I was amazed to learn that if you look at Albania's total trade picture, the United States represents less than 1 percent of Albania's trade. And yet, Albania is a very strong supporter of the United States. They are a NATO ally. There is a lot of affinity between our peoples. We have a very strong, robust, and proud Albanian American community in this country. Why should we have such a small trade relationship?

I think part of the answer lies in the business environment in Albania. It is tough to do business there. We have had American businesses go there and sometimes not have the best experience.

I am committed, if confirmed, to work in support of the efforts of the Albanian Government and people to fix that, to increase transparency for investors and for traders, to work on contract sanctity for business people, to create predictability for our business people who go there, and again in part because I think not only can we make money as Americans, we have something important to share with people who are opening up their markets to the world.

Senator JOHNSON. So right now you are saying that Albania represents pretty high risk investment scenarios. Is there a particular product or service area that might present a good opportunity, though?

Mr. LU. Albania has two main industries. One is agriculture, and we are a bread basket to the world. Not only can we export agricultural products in great amounts, we can also share some of our best practices of how we grow so effectively food in our country.

Second is minerals and oil and gas, again a place where Americans have real competitive advantage and we have top-level technologies.

So I think given the chance, we can be very effective there.

Senator JOHNSON. So areas like oil service and that type of thing.

Mr. LU. Absolutely.

Senator JOHNSON. Mr. Sherman.

Mr. SHERMAN. Senator, I think there are two areas. The first starts with TTIP. Obviously, the TTIP negotiations are very important and they are important to Portugal. One of the reasons they are important is by eliminating barriers for small businesses, that will benefit Portugal where over 90 percent of the business is small business. So allowing small business to get their goods to market in both directions will help significantly.

Second, Portugal is looking to move to a more innovative and technologically advanced economy. They are more of an agricultural economy right now. And drawing on my own experience in Massachusetts with the large Portuguese community that exists in Massachusetts, already I have received expressions of interest to help in this area from the Azorean and Portuguese business communities, from academic institutions. MIT, as an example, in Massachusetts already has a program with Portugal, and we can look to expand on those kinds of initiatives.

The Tech sector, innovation labs, entrepreneurship, those are all American tools that we can use to bring into Portugal and help deal with not only the problems the country is facing but specifically the problem of youth unemployment. Portugal is undergoing right now a brain drain. Its youth unemployment is so high that it is risking a lost generation where Portuguese youth graduate universities and they will leave for other parts of Europe or for the Lusophone countries around the world. So they are going to be interested in that kind of initiative, and I can draw on my private sector experience with these businesses, my experience in Massachusetts dealing with these areas and helping to make that connection in Lisbon.

Senator JOHNSON. Thank you very much.

Senator MURPHY. Senator Kaine.

Senator Kaine. Thank you, Mr. Chair.

Mr. Broas, great to see all the witnesses here and congratulations to each of you for these nominees.

Maybe I will start, Tim, with you. I had a wonderful experience when I was Governor in 2006 of visiting Afghanistan and Iraq to visit the Virginia National Guard troops that were in service. When we were in Afghanistan, we were talking to some of the senior American military leadership, and one of them said, so guess who are the toughest fighting partners we have. And you know, we guessed the United Kingdom. I think all four of the Governors guessed the U.K. They said the U.K. is good but the best fighting partners we have are actually the Dutch. Sometimes the political leadership might tie their hands a little bit, but in terms of the actual, on-the-ground partnership with Americans serving in Afghanistan, they were very, very complimentary of the Dutch. And the Dutch contribution in Afghanistan has been a significant one.

And I just was hoping you might talk for a little bit about what are the best things we can do now to continue to maintain that strong United States-Netherlands tie on security issues.

Mr. BROAS. Senator Kaine, thank you. I am happy to see you here.

And thank you for asking about the Dutch cooperation in Afghanistan. Again, with all of the support they give us around the world, Afghanistan has been one of the most prominent examples. As you know, they were with us with about 1,800 troops in one of the most dangerous parts of Afghanistan. They subsequently withdrew them, and then they came back with another 1,000 troops and a police training force, also in one of the most dangerous parts of Afghanistan. And they have had their F-16s there for us as well, and I think a few other F-16s remain.

They are no longer present in Afghanistan, but if confirmed, one of the things I want to do is work with them, and with the administration, to see if they can return to Afghanistan to help us after the 2014 drawdown and to be a force there. They have been staunch supporters of the NATO efforts in Afghanistan and, as you know, in the Balkans and in Libya. So I expect and I hope that they will be receptive to coming and helping us after the drawdown, and I will do everything in my power, if confirmed, to see that that happens.

As you know, they have got some budget difficulties, which were announced recently in the opening of Parliament, and their defense budget has been reduced. However, notwithstanding that reduction, they did agree—and this has got to be approved by the Parliament, but they did agree that they will buy 37 of the F-35 Joint Strike Fighters, which is a substantial amount for any country, big or small. Again, I will do everything in my power to make sure that that commitment is carried through, and if they can purchase more, I will do everything I can to get them to do that.

And in terms of their overall budget negotiations, again they have had some economic problems recently. Their unemployment has gone up, and they are reducing their budget and trying to control expenses and finding ways to create revenue. And I will do ev-

everything in my power as Ambassador to work with them to help them to continue to be a strong and staunch NATO partner with us.

Senator Kaine. Great. Thank you, Mr. Boas.

Mr. Lu, let me ask you a question about Albania, a wonderful track record of being a strong U.S. ally. And I know one of the things you mentioned—and this country has been supportive of their effort to gain membership in the EU. I gather that has not yet been achieved. There may be among EU members some kind of fatigue about the enlargement of the EU. But I gather that one of the other issues is—I think you alluded to it when you said there are some challenges in doing business and one of the challenges has been some persistent difficulties with political corruption. I know there has been significant international aid to try to help them tackle that issue. And I just wondered if you would talk about your understanding of the status of those efforts and progress that is being made.

Mr. Lu. Senator Kaine, thank you very much for that important question.

The road to the EU for Albania is the strongest incentive they have to strengthen their democracy, to advance their economic reform, and to be a country that is at peace with its neighbors. We have endorsed at every level of this government their steps toward accession. Right now, the Albanian Government is trying to get candidate status, which is a status many of the western Balkan countries have right now, which is a status that would allow them to get some very specific assistance from the EU and some very specific criteria about what would be required to actually get membership into the EU.

As you rightly point out, one of the big issues is the fight against corruption and the fight against organized crime. And so we, the United States, have invested the majority of our assistance money in recent years to try to help Albania undertake the hard reforms that will be required for them to transform their society. Corruption is endemic in Albania. It exists at every level, senior, mid-ranking, and lower levels. It is in any society very difficult to get rid of.

We are today supporting programs that bring members of our Department of Justice, their prosecutors, to talk about how you develop a court system that is transparent and accountable. We have USAID advisors there helping them to design government procurement procedures that are fully transparent and fair. We have people advising on business practices that make it more open and transparent for investors. I hope through that assistance and the assistance with the EU that we can be successful in helping them make a difference in an issue that is, frankly, the number one issue for this incoming Albanian Government.

Senator Kaine. Great. Thank you, Mr. Lu.

And, Mr. Sherman, quickly. The chairman alluded in his opening comments that in the eurozone some of the economies seem to be stabilizing. Portugal is still having some challenges. And I should know the answer to this question, but that is why I come to these hearings and ask. Just talk to me a little bit about the current sta-

tus of the economic recovery in Portugal and what you see as sort of a likely scenario playing out over the next couple years.

Mr. SHERMAN. Senator, first, good to see you at this hearing, and second, I appreciate that question.

This has been a tough challenge for the Portuguese Government. The government received a sovereign bailout of approximately \$100 billion. Attached to that bailout were strict austerity measures. They were covenants of the bailout. The Portuguese have been model citizens in terms of implementing the measures that were required of them. But that has caused a great deal of pain among the Portuguese people.

In addition to that, they faced a challenge of some of the structural reforms that the government has put in place being struck down as unconstitutional under the Portuguese Constitution. That has required the government, which respects the decision of the constitutional court, to get creative. Currently the troika from the IMF, the European Central Bank, and the European Commission are in Portugal doing an assessment of the financial situation. There is some thought among some of the experts that Portugal may need an additional bailout before it can exit in 2014. The Portuguese Government itself has said that it would like a credit line to be put in place.

So I wish I had a crystal ball to say that I can see how this plays out. I think the answer is that the government is focused like a laser beam on these issues. The Portuguese people have been working hard to find a pathway back to prosperity. And as the United States Ambassador, I am prepared to do whatever I can to assist in accomplishing those goals.

Senator Kaine. Great. Thank you, Mr. Sherman.

Thank you, Mr. Chair.

Senator MURPHY. Thank you, Senator Kaine.

I just have two more questions in a second round.

First, Mr. Broas, we have been watching Geert Wilders in the Freedom Party, the PVV there, engage in a lot of pretty over-the-top anti-Muslim rhetoric, even suggesting recently that there should be a moratorium on the building of any new mosques. Without asking your detailed opinion of the level of anti-Muslim and anti-Islam rhetoric in the country, I just want to make sure that you will give us your commitment to work with our embassy staff there to do all that we can to try to push back on the growing anti-Islamic behavior of some small pockets of the political infrastructure in the Netherlands.

Mr. BROAS. Thank you, Senator Murphy, for asking that question. That is a very, very important question and a very important issue, and it is one that I look forward to working on as Ambassador, if I am confirmed.

Mr. Wilders is a polarizing figure, and he is given to extreme and provocative statements. I know that embassy officials have met with Mr. Wilders and members of his party in the past, and I expect that practice will continue. And I will certainly continue if confirmed.

But in the meantime, we will reach out to the communities, both Mr. Wilders' and his supporters' but also to the Muslim community and other religious communities that feel that they are being

marginalized or discriminated against. And we will do everything we can to engage with them and to promote American values of religious freedom and also freedom of expression.

Senator MURPHY. Thank you.

Mr. Lu, I just wanted to draw upon your experience in the region encompassing former Soviet Republics and client nations. Hopefully, our next hearing of the subcommittee will be on this question of the factors in play when countries like Azerbaijan or Georgia or the Ukraine make a decision in the coming years as to whether they orient east or west. The most immediate decision is going to be made when Ukraine at the Eastern Partnership hopefully signs an agreement to join in the EU or at least get on that path.

Can you just maybe talk about what you think is the most important tool in the American toolbox to try to prompt these nations who are, I would argue, experiencing new levels of pressure from the Russians to either join the Customs Union or affiliate at different levels politically or simply just turn their back on the EU and the West? What is the most important tool in our toolbox to try to combat this trend towards Russia essentially reestablishing a series of satellite nations?

Mr. LU. Senator Murphy, thank you. It is an interesting question, and I will venture a controversial answer.

I think the most useful tool that we have as a country to fight the increasing pressure of Russia and many other countries in the former Soviet space is actually something that government has nothing to do with. It is our cultural presence in these countries. And that goes for Albania and many other countries, that there is such a love for what the United States represents, it is in part values. It is in part what our young people are doing in the United States. It is what my kids are involved with. It is the technology that we represent. It is the open way that we talk about issues in the world. Yes, the government has something to do with that, but it is about letting people have insights into that society that we are able to project in the United States.

So I think the No. 1 best investment we have ever made in the countries that I have served in in the former Soviet Union has been our exchange program where we send high school students from those countries to the United States to study for a year, often in middle America, and they come back really understanding who we are. There is nothing that could be bought with an expensive USAID advisor or someone else that is equal to someone experiencing the United States in a personal way.

Senator MURPHY. A great answer.

Senator KAINE.

Senator KAINE. Just one more, really an observation, but it is inspired by the answer, Bob, that you were giving about the Air Force base in the Azores and how the reduction of it has a local effect that is discouraging to folks, especially in a tough economic time. But we are trying to work as a country to mitigate that effect.

I would just sort of hold that up as an example that we are all going to have to be dealing with, I suspect, I mean, as we are wrestling with sequestration. We all very much need to replace sequestration. I think that is shared. The Armed Services Committee of

the Senate, when we passed the defense authorizing bill, unanimously supported an amendment that said sequester is foolish. We need to replace it. And yet, even if we do replace it, it will be replaced with a mixture, I hope, of revenues and still cuts, and the cuts might be targeted rather than across the board but there will still be cuts. Some of those cuts will be in the defense space, and some of them may well impact on other bases that we have outside the United States.

And so using it as a little bit of a test case, what do we do that works? How do we allay fears? What are strategies that actually have the effect of mitigating some of the downside consequences? It is important to get it right in the particular instance, but it is also important to kind of catalog along the way what we learned what works and what does not because we may be facing other decisions in similar bases in Europe. I think the model these days seems to be kind of more flexible force than fixed force, you know, carriers that can be in the Atlantic or the Pacific or aviation assets that can be moved around. And these bases, obviously some to service naval and aviation operations, are important, but the physical real estate probably becomes less and less important as we make some of these decisions.

So I would just encourage you to—on that particular item, the work that you will be doing is not just work that is about the United States-Portugal relationship but it may be a template for other decisions that will happen in Europe and in other parts of the globe as well. You know, I am struck, Mr. Chair, that probably if you think about over the next century who we would look at as our principal competitor—I will not say “adversary.” I will say “competitor”—it might well be China. Well, they do not have military bases really outside their territory, and they only tend to get engaged on territorial matters. So they have a very different business model than we do about the projection of force, and fixed military bases is not part of their business model. And I suspect as we wrestle with some of our budgetary challenges, it might become a less important part of ours as well, at least insofar as those bases are in other countries. So just to encourage you on that. I think it is an important task that you will tackle in the United States-Portugal relationship, but we can learn from it in a way that we might need down the road.

Senator MURPHY. Thank you very much, Senator Kaine.

That will conclude our hearing today. You have all acquitted yourselves very well. We are going to keep the record open until the end of the day tomorrow for additional questions that members of the committee may have. If you get any, I hope that you will respond in a timely manner so that we can move forward expeditiously on moving your nominations through the process. Thank you very much for being here.

And with that, this meeting is adjourned.

[Whereupon, at 3:02 p.m., the hearing was adjourned.]