EMERGING THREATS AND SECURITY IN THE WESTERN HEMISPHERE: NEXT STEPS FOR U.S. POLICY

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EMERGING THREATS AND SECURITY IN THE WESTERN HEMISPHERE: NEXT STEPS FOR U.S. POLICY

THURSDAY, OCTOBER 13, 2011

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:07 a.m., in room 2172, Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairman of the committee) presiding.

Chairman ROS-LEHTINEN. The committee will come to order.

I would like to recognize the visiting delegation from the Afghan National Assembly. We have 16 members of Parliament from the Afghan National Assembly, mostly from the budget and economic committees. We have the secretary of the budget committee, the chairman of budget committee. We have many important folks here. And the delegation is here to observe how committee hearings operate in the House. Good luck with that.

And if you could please stand. I know that you are over here and over here as well. Thank you very much. Thank you. Thank you, ladies and gentlemen. It is an honor for us to have you visit our committee, learn from our mistakes, and get a good democracy going there in Afghanistan. We so appreciate your efforts and your hard work. Thank you so much for honoring us with your presence.

After recognizing myself and my friend, the ranking member, Mr. Berman, for 7 minutes each for our opening statements, I will recognize the chair and the ranking member of the Subcommittee on Western Hemisphere for 3 minutes each, and then 1 minute for any members who seek recognition.

We will then hear from our witnesses. And, without objection, the witnesses' prepared statements will be made part of the record.

Members may have 5 days to insert statements and questions for the record, subject to the length limitations in the rules.

The Chair now recognizes herself for 7 minutes.

In light of this week's foiled Iranian terrorist plot to be executed on American soil, this hearing could not be more timely. I want to commend the work of the DEA and the FBI and all of our outstanding agencies for their incredible work in uncovering this plot. I applaud the efforts of all law enforcement personnel and intelligence officers that continue to protect our homeland and keep us safe. Kudos, also, to the Mexican agencies who collaborated with us in making this a successful operation.

The issues to be covered by this hearing have been a priority for many of us on this committee for some time, as we sought to develop legislative policy and the responses to counter Iran's increasing activities in the Western Hemisphere, the threat of Islamic extremists in the region, and the threat posed by the narcotrafficking networks and related violence in themselves but also as ready-made networks to facilitate and support other terrorist activities throughout the hemisphere, including right here in the United States, as we saw in that plot.

We must stop looking at the drug cartels today solely from a law-enforcement perspective and consider designating these narcotrafficking members as foreign terrorist organizations and their leaders as specially designated nationals if they are providing material support and assistance to other foreign terrorist organizations and especially designated nationals and their state sponsors.

The foiled Iranian plot also underscores the need to assess current U.S. strategy and examine what actions the United States must now undertake, looking beyond existing initiatives to confront the evolving and the emerging threats and security challenges in the Western Hemisphere.

The U.S. provided nearly $2 billion in security-related assistance to the countries in Latin America and the Caribbean in last fiscal year. Is this assistance advancing U.S. security objectives, and what have been the tangible returns on our investment?

While violent crime in Central America continues to increase, our counternarcotics support for these countries remains limited. As Central America is ripped apart by drug violence, the State Department continues to dole out counternarcotics funding to regimes elsewhere in Latin America that are actively working against U.S. interests.

In Bolivia, for example, State is providing $15 million for Fiscal Year 2011 to fight drug trafficking, and yet Bolivia is actively working against U.S. interests, has withdrawn from the Single Convention on Narcotic Drugs at the U.N., and the former Bolivian drug chief, General Rene Sanabria, was sentenced last month to 15 years in prison for drug-smuggling charges.

In Peru, State has spent over $70 million in the past 2 fiscal years on counternarcotics programs, but, according to the Office of National Drug Control Policy, overall coca cultivation increased in 2010 by 33 percent, which led to a 13-year all-time high, no pun intended. Further, the new Peruvian administration temporarily suspended U.S.-funded coca-eradication programs earlier this year.

There is no question that equipment and technology are necessary for protecting the integrity of this region from drug cartels, from extremist groups, and from rogue regimes. And I will am pleased to see many countries in the region, such as Colombia, assuming a more active role in taking on these threats. However, Venezuela and Brazil's increasing purchase of advanced lethal military equipment from Russia and China is very troubling and may lead to an arms race in the region.

As we formulate and implement our security policy in the hemisphere, it is crucial that we understand the transnational nature of the illicit individuals and groups whom we are targeting. Rogue regimes, extremist groups, they leverage the resources of their

sympathizers to strengthen their capabilities in the region and advance their hate-filled agendas. For years, the State Department has reported on the fundraising activities of Hezbollah and Hamas in the region.

This week's foiled plot contributes to the growing evidence of the potential links between these groups and the drug cartels. As we know, such a linkage was not made, because those were our guys posing as members of the drug cartels. But it seems that our sworn enemy, Iran, sees a potential kindred spirit in the drug cartels in Mexico. We see report on the expansions of the FARC into West Africa and its potential links with Hezbollah and al-Qaeda in the Lands of the Islamic Maghreb.

In June, Iran and the rest of the Venezuela-aligned ALBA countries in Latin America inaugurated a military academy in Bolivia to educate and train their forces. And we know that Cuban intelligence officers are embedded throughout the Venezuelan Government, as well as spread across the hemisphere, working against U.S. national security interests. This week, we also learned that Venezuelan and Cuban foreign ministers led a delegation, which included representatives of Ecuador, Nicaragua, and Bolivia, to Syria to meet with al-Assad to show their support of his brutal attacks against his own people. And, finally, a Department of Defense report from last year stated that Iran's Quds Force has an "increased presence in Latin America, particularly Venezuela."

Our national security interests, the stability of our hemisphere as a whole, and this week's failed plot has reminded us that our homeland security is at stake. We must take immediate action to counter these threats and to not waste valuable resources on misplaced diplomacy with those who seek to do us harm.

So I thank all of our witnesses for being here today. And I am now so pleased to turn to my friend, the ranking member of our committee, Mr. Berman of California, for his statement.

Mr. BERMAN. Well, thank you very much, Madam Chairman. And I join you in welcoming our brothers and sisters from the Afghan National Assembly.

I hope nothing you see this morning will cause you to lose faith in democracy. But we welcome you here. And what you will probably see is a little bit of disagreement, while hopefully not being more disagreeable than usual. And we are glad to have you here.

This is the first full committee hearing that we have had this Congress that touches on our own hemisphere, and the title is revealing. While there are certainly security-related issues in the region that deserve our very close attention, like the foiled plot to murder the Saudi Ambassador, I think it is a mistake to view our neighborhood as a constellation of threats rather than a series of opportunities.

This approach is not only out of date, it has a real cost for the United States. In his first term, the administration of President George W. Bush emphasized threats and confrontations in the Americas. But in his second term, his administration adopted a very different tone. Why? Because it became painfully clear that his initial approach did not serve U.S. interests, and, in fact, it did considerable damage. The U.S. is still recovering from the colossal loss of influence in the region that resulted from those policies. And

our constant post-9/11 lectures on terrorism to a region that has suffered from homegrown terrorism for 50 years left a bad taste.

Today, much of Latin America perceives that we hold them at arm's length or, worse, as the title of this hearing implies, that we see them as a problem rather than as partners.

To its credit, the Obama administration signaled early on that it understood the need to chart a different course. In his speech to this region's leaders a few months after taking office, President Obama sought to defuse the "threats and security" legacy by emphasizing that trust has to be earned over time and pledging that the U.S. seeks an equal partnership in the hemisphere. "All of us," he said, "must now renew the common stake that we have in one another."

This administration has made significant strides in regaining that damaged trust as well as the influence that flows from it. The President's trip to the region this past March was understated but it was self-assured and purposeful. Secretary Clinton's frequent presence and engagement in the region have also paid great dividends.

In his first State of the Union speech, President Obama said, "Our power grows through its prudent use. Our security emanates from the justice of our cause and the force of our example." Nowhere is this notion more fitting than in our own hemisphere, and much more needs to be done.

To be sure, the U.S. must remain aware of all security concerns in this region, and the list is long. It ranges from the fight against barbaric drug cartels in neighboring Mexico to the possibility of mass migrations to the U.S. from Cuba or Haiti. These issues must be placed in a policy context and in a framework that permits the U.S. to understand and forcefully pursue its strategic interest and its values.

The witnesses before us today represent bureaus which deal only with, as some call it, the "drugs and thugs" issues in the Western Hemisphere. This is no reflection on the panelists, whose work I hold in the highest esteem, but it paints an incomplete and skewed picture of our relationships with our neighbors.

Assistant Secretary Brownfield, because of your past work in the State Department bureau best positioned to frame these issues for us, the Bureau of Western Hemisphere Affairs, I would look to you to help us understand the complete picture.

Just last week, the Western Hemisphere Subcommittee held a second hearing intended to peddle the notion that in the fight against the drug cartels, Mexico is facing a full-scale insurgency from politically motivated terrorists. Then a Republican candidate for President declared in cavalier fashion that we should send U.S. troops into Mexico. This is a clear slap in the face of our Mexican neighbors and particularly to our ally President Calderon on an issue that both of our governments have declared is a shared problem and that requires a true partnership to solve.

It is critical that our policy toward the region be based on solid facts, yet we sometimes seem to be chasing ghosts or creating caricatures of security threats. We should roundly condemn the horrific bombings of the Israeli Embassy and the AMIA Center in Argentina by Iran and Hezbollah back in the 1990s. And if the foiled

Iran-backed plot to murder the Saudi Ambassador to the U.S. turns out to be true—and I assume it is—this would represent a significant escalation of Iranian Government terror tactics, reminiscent of those actions in Argentina decades ago.

At the same time, the persistent and bizarre statement that Iran has built its largest Embassy in the world in Managua or, alternatively, Caracas is simply untrue and only distracts from what should be a serious discussion of the true nature and dimension of the Iranian threat and what we should do to prepare for it.

This is neither a semantic nor an academic exercise. The stakes are real, and they are high. This hemisphere is, by far, our biggest trading partner and our biggest energy supplier. We aspire to the same values. Overwhelmingly, the constitutions of these countries are based on ours.

If we don't keep relations with our neighbors on the right track, there is a real risk that the biggest regional threat facing the United States could become our own inability to take advantage of the irreplaceable ties we enjoy with the diverse and dynamic countries of our hemisphere.

And I yield back.

Chairman ROS-LEHTINEN. Thank you so much.

And I am pleased to yield 3 minutes to the Subcommittee on Western Hemisphere chairman, Mr. Mack of Florida, who doesn't peddle but puts forth thoughtful, non-Pollyanna assessments of the threats that our Latin American allies face. I am pleased to yield him 3 minutes.

Mr. MACK. Thank you, Madam Chair. And I also want to say that I want to associate myself with all of your opening statements. And thank you for your leadership.

And I also would like to—for those who are watching or paying attention to this, you could not have seen or heard more of a clear difference in direction than from the chair of the committee and the ranking member.

The idea that we are going to be safer in our hemisphere, which is a shared desire by all of the countries in the Western Hemisphere, that this administration has somehow improved our security in the Western Hemisphere, I think is mistaken, shortsighted, and unrealistic. Not wanting to address the real threats creates opportunity for those that wish to do harm on the United States and other countries in Latin America.

I have been suggesting and proposing for years now that Hugo Chavez be placed on the state-sponsor-of-terrorism list. There is no doubt that Hugo Chavez supports terrorist organizations, whether it is the FARC or Iran. We know that there are flights from Iran into Venezuela that go unchecked, and that has to stop. And Chavez needs to be held accountable.

We also know that in Mexico the situation on the ground has changed, and there is no denying it. And we have had two hearings in the Western Hemisphere Subcommittee focused on Mexico and the evolution of the threat of the drug cartels. And I think what we have seen over the last couple of days with this assassination plot highlights the work of our committee in defining what is happening in Mexico with the cartels as an insurgency that uses terrorist activities to further its cause. You cannot deny it. Now, you

might have a disagreement about wanting to label it as an insurgency, for political means. But I think if you are unwilling to identify the problem correctly, then you are unable to properly put a policy forward to help combat it.

I will say this. Our friends in Mexico, we share the same goal. We want freedom, security, and prosperity for all of our people. Mexico doesn't want guns and cash moving south; we don't want drugs and terrorists moving north. We must do something about our border. We must secure our border.

I think the challenges in the Western Hemisphere can be overcome. Things like the free-trade agreements that passed the House yesterday are very good starts. Unfortunately, it took a long time for those to come, and I have had meetings with the Presidents of Panama and Colombia where they almost gave up. So I am glad to see that we passed those.

Madam Chair, thank you for the time. I think there are a lot of challenges, and I appreciate this hearing today.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Mack, for your leadership on those issues.

And another leader is my good friend from New York, Mr. Engel, who is the ranking member on that Subcommittee on the Western Hemisphere. He is recognized for 3 minutes.

Mr. ENGEL. Well, thank you very much, Madam Chairwoman. Thank you for holding this important hearing today. As the ranking member of the Western Hemisphere Subcommittee, I am well aware, personally, of your longstanding interest in the region. And I believe it is good that under your leadership the committee is paying close attention to the issues which impact our friends south of the border.

Today's hearing focuses on security and emerging threats in Latin America and the Caribbean. These are important topics, and this committee is right to focus on them. Only Tuesday, we learned that elements of the Iranian Government tried to hire Mexican drug criminals to murder the Saudi Ambassador. With the excellent work of the DEA and the FBI, along with the improved security cooperation with the Mexican Government, we were able to apprehend the perpetrators before they could carry out this terrible plot.

We have spent much time and effort expanding security coordination with Mexico, Colombia, and others in the region, interrupting the drug and crime flows through the Caribbean and Central America, and keeping a close eye on the relationship between Venezuela and Iran. As chair of the Western Hemisphere Subcommittee during the previous 4 years, I held hearings on all of these issues, and I consider them serious and worthy of our attention, as I know our new chairman, Mr. Mack, does as well.

However, we must recognize that the issues of the region extend beyond security. During my tenure in the chair, the Western Hemisphere Subcommittee covered poverty and inequality, flows of remittances, relief in Haiti, press freedoms, and other issues. I share the concern of the chair of the full committee and the subcommittee and applaud this hearing, but I want to reiterate, we must also not forget that the issues which affect the Western Hemisphere go well beyond security, and the U.S. relationship with countries in the re-

gion extend significantly beyond the threats and dangers which this hearing will rightfully bring out.

Yesterday's passage of the Colombia and Panama FTAs—and I was pleased to vote for both of them—are only examples of the issues which connect us to this hemisphere. The U.S. also shares cultural, linguistic, social, and other links with our southern neighbors.

I have long said that one of our major problems involving security south of our border is the obscene number of American guns which flow down illegally south of the border—come into our country illegally and then go south to Mexico illegally. President Calderon has told me personally that he believes 90 percent of the crimes committed by the drug cartels are committed with weapons that come from the United States south into Mexico. So if we could stop that flow, imagine how much we could stop the cartels and the drug violence.

So as we move ahead with today's important hearing, let's remember that security is one component of the rich relationship the U.S. has with Latin America and the Caribbean, but an important component.

And I am very pleased, Madam Chairwoman, that you called this important hearing today.

Thank you. I yield back.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Engel.

And I am pleased to recognize members for 1-minute statements.

Mr. Johnson of Ohio is recognized.

Mr. JOHNSON. Thank you, Madam Chairman.

And thank you to our witnesses for being here today.

I find that too often we tend to envision serious threats to our national security coming from far across the ocean, one or the other. What is happening in our own hemisphere is certainly just as important, if not more so.

It is especially disconcerting when these emerging threats happen to reflect a joint venture with those who have declared the destruction of the United States as one of their stated goals.

Of course, at this hearing today I would be remiss not to mention the uncovered terrorist plot of earlier this week and the alleged role that the Western Hemisphere played in facilitating a planned attack on American soil. Iran's continued interest in partnering with nations so close to home is a legitimate danger to our national security, one that should also draw our focus to Iran's interest in conducting mineral exploration in countries that just happen to have a large unexploited uranium deposit.

And, with that, I look very much forward to the testimony from our witnesses today. I yield back.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Sires of New Jersey is recognized.

Mr. SIRES. Thank you, Madam Chair.

And welcome to our committee hearing.

I will be very brief and just say that I hope that what happened yesterday serves as a wake-up call to this country. The Iranians are not in Cuba or in any other place to go to the Varadero beach or anything else other than to try to destabilize and to cause as

much destruction to this country as possible. I really believe that in my heart. And I hope that we wake up to that fact.

And I always believe that we should take a regional approach to the security of this country, especially when it comes to South America and Central America. The Merida effort is a great effort, but I think more of a regional approach should be taken.

So, with that, I would yield back the balance of my time.

Chairman ROS-LEHTINEN. Thank you very much, sir.

Ms. Schmidt of Ohio?

Mrs. SCHMIDT. Thank you, Madam Chair.

And I just want to dovetail, that the announcement of the plot to assassinate the Ambassador from Saudi Arabia in the United States by an Iranian operative living in Texas illustrates the dangers that we live in. I mean, this gentleman attempted to hire a presumed Zeta drug cartel member from Mexico to help carry out the deed. And it showcases what illegal drug activities can do to our national security.

Venezuela's close relationship with Iran and its tentacles in the Western Hemisphere raises further concerns. More investigation into illegal activities occurring in the Western Hemisphere is critically necessary, and at least three questions need to be addressed.

First, exactly what are the threats to our national security in the Western Hemisphere? How deep are they, how penetrating? And what kind of threats do they also pose to our allies? Two, what are we currently doing to address these threats? And, three, what can we be doing better, and what more needs to be done?

And I am looking forward to the testimony, and I yield back.

Chairman ROS-LEHTINEN. Thank you, ma'am.

Mr. Chandler is recognized.

Mr. CHANDLER. Thank you, Madam Chair.

I just am very interested—I want to thank the panel for being here. I am very interested to hear exactly what it is we are not doing that we ought to be doing, particularly vis-à-vis Mexico, and what solutions you all have.

I think all of us have a sense, generally, of what the threats are. What are the solutions? What can this country actually do to secure our country from threats to our south that we are not doing? And I hope you all will focus on that particular thing as much as you can.

Thank you.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Turner of New York is recognized.

Mr. TURNER. Thank you, Madam Chairman. I am here to listen and learn today. Thank you.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Connolly of Virginia?

Mr. CONNOLLY. Thank you, Madam Chairman.

For a country that is preoccupied with a "Great Satan," one has to conclude that no regime on Earth is more familiar with the Satanic than is the regime in Tehran.

The outrage that was revealed this week about a plot to assassinate the representative of another sovereign nation in this capital of this sovereign nation is unacceptable. And it stretches credulity to believe that the highest levels of that government, both in the

clerical circles and in Ahmadinejad's regime, did not know, were not aware, of this plot.

And it seems to me the policy of the United States Government has to be, absent evidence to the contrary provided by that government, that we will hold them accountable as if they plotted this from the highest halls of government in Tehran itself.

I look forward to the hearing, Madam Chairman.

Chairman ROS-LEHTINEN. Thank you, sir.

Ms. Bass is recognized.

Ms. BASS. Thank you, Madam Chair.

From the comments and opening statements by my colleagues today on both sides of the aisle, we all recognize that there are important challenges that must be addressed within the region. The United States and other Western Hemisphere nations must increase cooperation and collaboration to successfully and effectively address emerging challenges.

While I know this hearing is focused on the challenges and the threats in the Western Hemisphere, there are a couple positive examples, and I thought I would highlight those.

The U.S. has played a critical role in recovery efforts in Haiti since the devastating 2010 earthquake. The U.S., in close collaboration with the Peru Mine Action Center, have successfully located and destroyed more than 3,900 land mines left over from the 1995 conflict between Peru and Ecuador.

The Department of State continues to pursue Pathways to Prosperity, which links Western Hemisphere countries committed to democracy. And in this regard, one question that I hope will be answered is why we don't have ambassadors to Ecuador and Bolivia. And maybe that will come up in the testimony of the witnesses.

Chairman ROS-LEHTINEN. Thank you so much.

Mr. Deutch of Florida?

Mr. DEUTCH. Thank you, Madam Chairman, Ranking Member Berman.

Thank you to our witnesses for being here today.

The events of this week leave no doubt that the Iranian regime is expanding its presence, dangerously so, in the Western Hemisphere. While we have been aware of the Iranian presence in South America for some time, the possible link between the foiled terror plot and the dangerous Mexican drug cartels is particularly troubling.

There is no doubt that the Iranian regime is looking for additional opportunities to expand its fear of influence, and the regime seems to have found a willing partner in Mr. Chavez. Over the past year, the emergence of jointly owned Venezuelan and Iranian banks has allowed the Iranian regime to continue to move money throughout the international banking system and, in turn, continue to fund its illicit activities, nuclear activities, and be the leading state sponsor of terror.

Just how Venezuela benefits from these efforts and their effect on the rest of the region remain unclear. As I have said before, I am concerned about the exploitation of the tri-border area by terrorist organizations through arms and drug trafficking, document and currency fraud, and money laundering. It is widely known that Iran's proxy, Hezbollah in particular, has benefitted financially for

the manufacture and moving of pirated goods in the tri-border area.

And I look forward to discussing these issues with our witnesses today.

Chairman ROS-LEHTINEN. Thank you, Mr. Deutch.

Mr. Poe of Texas, the vice chair of the Subcommittee on Oversight and Investigations.

Mr. POE. The Western Hemisphere has been ignored for a long time, but I think we are starting to remember that what happens to our south is important to our national security. Everyone south of the border of the United States is our neighbor, after all.

President Monroe, back in 1823, announced a doctrine called the Monroe Doctrine. Many of us learned this in school; I don't know if it is even taught in school anymore. But I like to see if that plays anything into what has taken place with our national policy or if that has been replaced by something else. Certainly, if it is still a policy of the U.S., Iran violated the Monroe Doctrine. And I would just like to hear you all's input on that philosophy of the Monroe Doctrine.

Being a border state with Mexico, I think the border is a national security issue. Last year, 663 individuals came from special-interest countries that were caught by our law enforcement at the border. And I would like to hear more about that. And we need to, I think, label the drug cartels as foreign terrorist organizations and deal with them accordingly.

Thank you, Madam Chairman.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Poe, because that is just the way it is.

And I thank all of our members for wonderful opening statements.

And now we are so pleased to turn to our witnesses and welcome them.

First, an old friend of our committee, William Brownfield, the Assistant Secretary for the Bureau of International Narcotics and Law Enforcement Affairs at the Department of State. Prior to his appointment, Ambassador Brownfield served as U.S. Ambassador to Colombia from 2007 to 2010 and Ambassador to Venezuela from 2004 to 2007.

Welcome. It is great to see you.

Next, I would like to welcome Philip Goldberg. He is Assistant Secretary of the Bureau of Intelligence and Research at the Department of State. He previously served as the coordinator for implementation of United Nations Security Council Resolution 1874 on North Korea and as U.S. Ambassador to Bolivia from 2006 to 2008.

Welcome, Mr. Goldberg.

And I would like to welcome, also, Daniel Glaser. He is the Assistant Secretary for Terrorist Financing in the Office of Terrorism and Financial Intelligence at the Department of Treasury. Prior to this position, Mr. Glaser served as the Treasury Department Deputy Assistant Secretary for Terrorist Financing and Financial Crimes since November 2004.

Welcome, Mr. Glaser.

And, finally, I would like to welcome Paul Stockton.

Thank you, sir.

He is Assistant Secretary of Defense for Homeland Defense and Americas' Security Affairs. Paul is responsible on homeland defense activities, defense support for civil authorities, and Western Hemisphere security affairs for the Department of Defense.

I thank all of our witnesses. I kindly remind you that your prepared statements will be made a part of the record, and if you could limit your remarks to no more than 5 minutes. And, without objection, your written statements will be inserted into the record.

We will begin with Ambassador Brownfield.

STATEMENT OF THE HONORABLE WILLIAM R. BROWNFIELD, ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. BROWNFIELD. I thank you, Madam Chairman, Ranking Member Berman, ladies and gentlemen of the committee. Thank you for the opportunity to appear before you today.

Madam Chairman, I have been in the Foreign Service for 32 years. I mention this not just to make you feel sorry for me but to suggest that the answers to today's theme, emerging threats and security in the Western Hemisphere, have evolved over time.

We are providing a snapshot of a moving train. In many ways, the speed and direction of that train are determined by our own policies and programs. If you had asked me to assess major threats in 1980, I would have pointed to guerrilla insurgencies in Central America supported by governments both within and outside of the hemisphere. In 1990, I would have answered huge vertically integrated Colombian drug cartels controlling all trafficking in the Andes. In the year 2000, I would have said that the threat was the nexus between drug traffickers and guerrilla insurgencies in Colombia and Peru. In 2007, I would have argued that the most serious security threat to the United States had moved to Mexico, where criminal cartels produce, traffic, and market their product into the United States. Today, I believe our greatest threat has moved to Central America, where traffickers and criminal gangs now facilitate the flow of up to 95 percent of all cocaine reaching the U.S. and threaten the very governments themselves.

Madam Chairman, I suggest there is cause and effect here. We correctly focused on Central America in the 1980s, and the Medellin and Cali cartels grew. As we broke the backs of the major cartels, smaller traffickers developed an unholy alliance with the Colombian FARC and ELN and the Peruvian Sendero Luminoso. As Plan Colombia squeezed Colombian traffickers, Mexican cartels filled the void. And as the Merida Initiative begins to bite against those cartels, we see them moving into Central America.

We still face security threats from drug cartels, guerrilla movements, organized crime, and trafficking networks, but our job is to stay ahead of the emerging threats. And right now I believe that is Central America.

The President made that clear last March when he announced his Central America Citizen Security Partnership. Our tactical challenge is to provide additional resources for Central America law enforcement and security programs, link the governments more closely together in regional efforts, engage other partners, and sup-

port our essential Plan Colombia, Merida Initiative, and Caribbean Basin programs. And we very much appreciate the committee's support in this effort.

The committee asked us to consider, as well, security threats from outside the hemisphere. They may not be as great as those from within, but they very definitely exist.

I served 3 very long years as Ambassador to Venezuela. When I arrived in 2004, the diplomatic list showed fewer than 10 diplomats assigned to the Iranian Embassy. When I left in 2007, the number was above 40. The Iranian Ambassador never told me what his people were doing, but I assume they were doing something. And if you had asked me when I left Argentina in 1989 about the prospects for massive terror attacks within 5 years, supported by the Iranian Government, that would kill more than 100 innocent people in Buenos Aires, I would have said that probability was very remote. I would have been wrong—dead wrong.

Members of the committee, our mission is to assess the threats from the hemisphere to the American people and support the programs that solve them. I believe our highest priority right now is Central America, but we cannot lose sight of Mexico, Colombia, the Caribbean, and the Andes. We must look ahead to tomorrow's priorities. I see an emerging trafficking threat from South America across the Atlantic to West Africa and from there to Europe or back to North America. And we must not lose sight of the external players in our hemisphere. We did that in the early 1990s; we should never do that again.

Madam Chairman, I thank you for this opportunity, and I look forward to your questions.

[The prepared statement of Mr. Brownfield follows:]

Statement of William R. Brownfield

Assistant Secretary for International Narcotics
and Law Enforcement Affairs
United States Department of State

Before the House Committee on Foreign Affairs
"Emerging Threats and Security in the Western Hemisphere:
Next Steps for U.S. Policy"

October 13, 2011

Chairman Ros-Lehtinen, Ranking Member Berman, and Members of the Committee, I am pleased to appear before you today to discuss criminal threats to public security in the Western Hemisphere, the work that the Department of State has undertaken to address these threats, and the reason that our assistance is vital to our national security interests.

Rising homicide and crime rates in Central America and the brutal acts of violence carried out by drug traffickers and migrant smugglers in Mexico are dramatic symptoms of a broader climate of insecurity that prevails throughout the region. While it is true that drug trafficking and other transnational criminal organizations continue to represent the primary threat to good governance and the rule of law in the region, it is equally true that the nature of that threat has constantly evolved over the past 10-15 years and has created new and emerging policy challenges in the process. Over the same period, our counternarcotics and rule of law objectives in the region have evolved and adjusted in response to changing realities on the ground.

President Obama's March 2011 visit to Brazil, Chile, and El Salvador highlighted U.S. vital national interests in addressing citizen security in the Americas. The President built on his 2009 Summit of the Americas pledge to create a relationship of "equal partners" based on mutual interests and shared values. Over the last two years, we have advanced new networks of cooperation linking the United States to other countries and regional organizations in the hemisphere, culminating in the President's March 2011 trip to South and Central America, where he said: "As the nations of Central American develop a new regional security strategy, the United States stands ready to do our part through a new partnership that puts the focus where it should be – on the security of citizens. And with regional and international partners, we'll make sure our support is not just well-intentioned, but is well-coordinated and well-spent."

In the Western Hemisphere, our principal mechanisms for implementing coordinated approaches to transnational threats are the Mérida, Central American Regional Security, Colombian Strategic Development, and Caribbean Basin Security Initiatives. Each partnership is an opportunity for our government to collaborate with other governments to jointly develop programs that strengthen the capacity of institutions required for citizen safety. Secretary Clinton summed up the rationale for this regional approach in a speech before a meeting of Caribbean foreign ministers in Jamaica on June 22, when she noted that Colombia and Mexico are our key partners in the regional struggle to improve public security in the hemisphere.

Our approach today throughout the region draws important lessons from our experience and partnership with the Government of Colombia on what it takes to improve citizen security in the hemisphere. When Plan Colombia started over a decade ago, our strategy initially focused on supporting Colombian programs to take down narcotics trafficking organizations and included an aggressive coca eradication campaign in Colombia, as well as Peru and Bolivia. Those efforts also included alternative development and rule of law elements. Over time it became clear that while the dismantling of the cartels was a necessary step toward reducing crime and insecurity, it was not sufficient. Only by extending the rule of law, increasing the presence of the state, and bolstering respect for human rights, could real security take root in Colombia.

This approach was supported by strong political leadership, and combined security, counternarcotics, rule of law and economic development programs in targeted rural and conflict areas to gradually displace the narcotics traffickers who had long functioned as an alternative government for the population under their control. It also included the gradual transfer of responsibility for security from the military to a substantially developed civilian police, the improved capability of the civilian police to undertake management and operational responsibility for eradication, and equally importantly, the gradual transformation of Colombian criminal justice institutions.

We have known for decades that transnational criminal organizations adapt and evolve quickly. In the early 1980s, traffickers moved around the Caribbean, corrupting fragile governments and using the region's proximity to send drugs into south Florida and the gulf coast. Our response helped to bolster governments and displace traffickers. Peru's security advances in the 1990s forced drug traffickers to move from Peru to Colombia. Plan Colombia's success dismantled the cartels in Medellin and Cali and displaced leadership of the drug trade to Mexican organizations. Facing a decline in Colombia, the drug trafficking center of gravity took hold in Mexico, which has now created new security threats in the process.

While between 90 and 95 percent of the cocaine from South America destined for the U.S. still transits the Central America/Mexico corridor, we have witnessed an increase in the drug flow to Europe via West Africa as the cartels seek to expand their markets. Although Colombian traffickers no longer lead the drug trade, some remain incredibly resourceful and have succeeded in developing new threats, such as semi-submersible vehicles and even fully submersible vehicles, which are extremely difficult to detect and capable of carrying multi-ton loads of cocaine or other payloads across international maritime boundaries.

In recognition of other emerging security threats, the Department of State, and the bureau I lead more specifically, expanded the focus of our assistance policies beyond bilateral individual country programs and moved toward regional engagement, where appropriate and feasible. This strategy recognizes that to effectively combat transnational threats, we must apply constant pressure throughout the Hemisphere on transnational criminal organizations, while building partner-nation capacity, and supporting regional partnerships that address the symptoms of crime and also the root causes. That is why running through all of our security partnerships is an emphasis on building resilient communities, enhancing socio-economic opportunities, and enhancing the civilian capacity and presence of the state.

To ensure the irreversibility of the progress that Plan Colombia made in expanding state presence and services, the U.S. Government developed a follow-on program called the Colombian Strategic Development Initiative (CSDI) to support Colombia's National Consolidation Plan. Today, CSDI provides for civilian institution building, rule of law, and alternative development programs, coupled with security and counternarcotics efforts, in those areas where poverty, violence, and illicit cultivation or drug trafficking have historically converged. Colombia's goal is to integrate these priority regions into the country's broader, political, economic, and social fabric.

Since 2006, the Government of Mexico has been engaged in a comprehensive effort to reform its law enforcement and judicial institutions to directly confront transnational criminal organizations and the accompanying corruption, which has been pervasive in Mexican institutions. The Calderon Administration has adopted a whole of government approach, which we support through the four pillar strategy directed by President Obama and President Calderon in August 2009. Because Mexico has a federal system of government, we are expanding our efforts for criminal justice sector reform to state and local entities, which have jurisdiction for most crimes and need enhanced capabilities to protect their citizens.

The technical assistance and training we have provided to Mexican law enforcement personnel through the Mérida Initiative has been effective: since December 2009, 33 high-level drug traffickers were removed or arrested, including key leaders of the Beltran Leyva, Sinaloa, Gulf and La Familia Cartels. In addition, U.S. Government -provided Blackhawk helicopters played a role in the December 2010 mobile air operation against La Familia Michocana trafficking group. Our partnership with Mexico keeps citizens safer on both sides of the

border, as the leads developed in Mexican investigations have helped our own law enforcement agencies arrest hundreds of criminals in the United States.

Just as Mexico was affected by the success of Plan Colombia, Central America is now suffering the consequences of Mexico's pressure on the cartels. The drug cartels are seeking sanctuary and competing for control of drug trafficking in the region, especially in Honduras and Guatemala. The result has been an increase in crime, homicide rates and general insecurity, which, when combined with already weak institutions has overwhelmed the capacity of some Central American communities. Although Mexico and Central America do not face the organized terrorist threat posed by the Revolutionary Armed Forces of Colombia (FARC) and the profits it earns through the drug trade, the level of violence is worrisome.

In March, President Obama launched the Central America Citizen Security Partnership (CACSP) in El Salvador, stating that the U.S. would take steps to ensure our assistance to Central America was more focused, accelerated, and more effectively coordinated. This new partnership reflects our understanding of the importance of citizen security, drawing from our experiences in Mexico and Colombia especially. As a result, a key underpinning of the effort is the importance of not only U.S. contributions to combating crime and violence in Central America, but also the vital investments that our Central America partners must make for our collective efforts to be sustainable. As the Central American countries identify their priority initiatives, we are refining our assistance – including that under the Central America Regional Security Initiative (CARSI) – to ensure our assistance is supporting established priorities in Central America. Ultimately, much like Plan Colombia, our goal is to cultivate partnerships that can build institutional capacity and promote self sustainability.

Secretary Clinton traveled to Guatemala for the Central American Integration System's (SICA) conference in June to underscore the international community's commitment to partnering in support of Central America's security needs and to lay the foundation for future progress.

The U.S. Caribbean Basin Security Initiative (CBSI), launched by President Obama at the 2009 Summit of the Americas, also reflects an inclusive approach to achieve three key objectives: substantially reducing illicit trafficking, increasing public safety and security, and promoting social justice and economic opportunities. Citizen security is the single most important issue confronting the Caribbean as narcotics-driven crime and violence have reached epidemic

proportions. Because of their small size and limited resources, the Caribbean islands are working to develop the capacity to pool their resources to effectively respond to the challenges presented by transnational crime. Along with support for bilateral maritime interdiction and other law enforcement efforts, CBSI focuses on developing regional capacity in the areas of information sharing, criminal justice reform, demand reduction, border control, and firearms trafficking.

Madam Chairman and Members of the Committee, hemispheric security is a work in progress, and far from an easy objective to achieve. But the purpose that drives our engagement in support of our regional neighbors is one of critical importance that cannot be overstated. When credible law enforcement capacity and systems of justice are built, criminal information sharing, judicial cooperation, human rights, counternarcotics, and counter-terrorism programs can take hold. Where they are absent, transnational criminals operate with impunity, threatening the safety and security of our citizens at home and abroad. While the task at hand is incredibly challenging, our significant partnerships with Mexico and Colombia and our cooperation on shared objectives with countries such as Brazil and Chile, for example, represent the most effective and rational approach toward countering emerging threats.

Thank you for the opportunity to offer this thematic overview. I look forward to any questions you might have.

Chairman ROS-LEHTINEN. Thank you, Mr. Ambassador.

Now we would like to hear from Ambassador Goldberg.

STATEMENT OF THE HONORABLE PHILIP S. GOLDBERG, ASSISTANT SECRETARY, BUREAU OF INTELLIGENCE AND RESEARCH, U.S. DEPARTMENT OF STATE

Mr. GOLDBERG. Thank you, Madam Chairman and Ranking Member Berman and members of the committee. Thank you for this opportunity to be with you today.

Although much of the Western Hemisphere is experiencing strong economic growth, improving social conditions, and increasingly consolidated democratic institutions, there continue to be some threats to U.S. interests in the region and indications of new threats from outside the region.

The drug threat to the United States continues to emanate primarily from the Western Hemisphere. The flow of drugs fuels violence in Mexico and contributes to the survival of terrorist groups in Colombia. Populist governments continue to work to undercut U.S. influence in the region. We are concerned about increasing Iranian activities in the hemisphere and, in particular, by the charges that individuals directed by elements of the Iranian Government were conspiring to assassinate the Saudi Arabian Ambassador to the United States on U.S. soil.

President Calderon's ambitious efforts to combat Mexico's powerful drug cartels have achieved important successes but faces enormous challenges. Mexico is pursuing a multifaceted strategy to eliminate the cartels' leadership, dismantle their networks, and strengthen the rule of law. Mexico faces escalated levels of brutal violence as drug cartels fight amongst themselves for dominance but also seek to intimidate the government and population.

Mexican drug-trafficking organizations are expanding into Central America, as Ambassador Brownfield said, which is experiencing a citizen security crisis that threatens the democratic gains made over the past two decades. Across the region, we have witnessed surges in murder rates, inroads by transnational gangs and narcotics traffickers, and rising crime. Political instability, challenged state institutions, rampant corruption and impunity hamper efforts to combat increasing threats to citizen safety in the region.

In Colombia, in the 11 years since initiation of Plan Colombia, remarkable success has been achieved in the fight against narcotics trafficking and terrorist groups. The Colombian military attacks have weakened the FARC's leadership, and the group's membership has been cut nearly in half in the last decade. The Colombian Government has expanded its presence throughout the country. These achievements have accompanied a successful counternarcotics strategy, with aerial and manual eradication eroding one of the FARC's primary revenue sources.

Despite these successes, Colombia still faces significant security challenges. The FARC remains the largest terrorist group in the hemisphere, with over 8,000 insurgents. It continues to traffic in drugs and inflict casualties on the military and police on a regular basis. In addition, criminal bands have emerged as a threat to public safety, having consolidated control over cocaine production and trafficking in some areas of the country.

In addition, the INR, the bureau I represent, continues to track connections between the Venezuelan Government and the FARC and ELN. In July 2010, the Colombian Government publicly exposed the presence of FARC in Venezuela. In the first half of 2011, the Venezuelans took stronger action against the FARC, arresting two of its members, likely in response to the diplomatic outreach initiated by Colombian President Santos.

INR remains focused on the potential for instability in Cuba as a result of the changes Raul Castro has proposed to combat economic deterioration on the island. These plans are proceeding slowly, and the regime strictly limits and suppresses dissent. Although some changes are under way, others will take much longer, if they are instituted at all.

Despite the consolidation of democracy in much of the hemisphere, some countries continue to suffer a decline in the quality of their democratic institutions. In some countries, we see a narrowing of freedoms of speech and dissent, a delegitimization of political opposition, and a weakening of independent legislatures and judiciaries at the hands of populist Presidents. Although elections are held regularly in these countries, electoral playing fields are skewed heavily in favor of incumbents.

I say that not just because the issue is one of democracy, which has been a longstanding policy goal and, therefore, the intelligence community has followed over decades, but also because it has an impact on our ability to work with governments in the critical areas of counterterrorism and counternarcotics.

There are continuing regional efforts to diminish U.S. diplomatic influence by creating organizations that some members hope will supplant the OAS and marginalize the U.S.

On the international level, Iran continues to reach out to Latin America as a way to diminish its international isolation. So far, Iran's relations with Latin America have developed significantly only with leftist governments that share its goal of reducing U.S. Influence. Since Ahmadinejad took office in 2005, bilateral cooperation between Iran and Venezuela has deepened in the areas of diplomacy and defense and, to a more limited extent, on energy and trade. Most moderate governments—and this is important to keep in mind—have responded coolly to Tehran's outreach.

We remain concerned that Hezbollah is able to tap into the large Lebanese diaspora in Venezuela and elsewhere in Latin America for fundraising. And we continue to look very closely for any indications of other activities, particularly operational activity.

I thank you again for the opportunity to be before the committee, and I look forward to your questions.

[The prepared statement of Mr. Goldberg follows:]

Statement of Philip S. Goldberg
Assistant Secretary, Bureau of Intelligence and Research
Department of State
before the House Committee on Foreign Affairs

"Emerging Threats and Security in the Western Hemisphere:
Next Steps for U.S. Policy"
October 13, 2011

Chairman Ros-Lehtinen, Ranking Member Berman, and Members of the Committee, thank you for the opportunity to appear before you today.

Although much of the Western Hemisphere is experiencing strong economic growth, improving social conditions and increasingly consolidated democratic institutions, there are some persistent threats to US interests in the region and indications of new threats from outside the region. The drug threat to the United States continues to emanate primarily from the Western Hemisphere. The flow of drugs fuels violence in Mexico and contributes to the survival of terrorist groups in Colombia. Populist governments continue to work to undercut US influence in the hemisphere. Finally, we are concerned by increasing Iranian activities in the hemisphere.

Mexico and Central America

President Calderon's ambitious effort to combat Mexico's powerful drug cartels has achieved important successes but faces enormous challenges. Calderon is pursuing a multi-faceted strategy to eliminate the cartels' leadership, dismantle their networks, and strengthen rule of law. Mexican efforts against cartel leaders have produced solid results. Since 2009, 21 of the 37 "most wanted" traffickers have been arrested or killed. Elite military and federal police units are showing greater prowess in intelligence-driven operations that disrupt traffickers' operations and organizational structures. Mexican security forces are also seizing drugs, weapons, and trafficker assets.

Despite these gains, Mexico's military and police still struggle to break the trafficking organizations or contain criminal violence. Calderon has pushed institutional reforms to strengthen rule of law, but progress is slow due to resource constraints, competing political priorities ahead of the 2012 presidential race, and bureaucratic resistance. Judicial reforms for example, are complex, and legislation establishing them allows eight years for implementation.

Mexico faces escalated levels of increasingly brutal violence as powerful drug cartels fight amongst themselves for dominance and seek to intimidate the government and population. According to official Mexican statistics, drug-related

murders have risen from 2,489 in 2006 to over 15,000 in 2010 and Mexican media have recorded more than 9,740 so far this year. Most of the violence stems from inter-cartel violence, as groups fight to control lucrative smuggling routes into the United States

Civilians are increasingly affected by drug-related violence and crime. Frequently caught in the crossfire, they are also targets for kidnappings, carjackings, and extortion as drug cartels seek to make up for lost drug revenues. U.S. officials are not immune from this collateral threat, though we see no signs cartels systematically target them. The public still strongly supports Calderon's crackdown, but rising violence is taking a toll on public perceptions of the government's ability to defeat the trafficking organizations.

Mexican drug trafficking organizations are expanding into Central America, which is experiencing a citizen security crisis that threatens the democratic gains made over the past two decades. Across the region we have witnessed surges in murder rates, inroads by transnational gangs and narcotics traffickers, and rising crime. Political instability, challenged state institutions, rampant corruption, and impunity hamper efforts to combat increasing threats to citizen safety in the region.

Colombia

In the 11 years since initiation of Plan Colombia, remarkable success has been achieved in the fight against both narcotics trafficking and domestic terrorist groups like the Revolutionary Armed Forces of Colombia (FARC), the United Self Defense Forces of Colombia (AUC) and the National Liberation Army (ELN). The Colombian military attacks have weakened the FARC's leadership, and the group's membership has been cut nearly in half in the last decade. The Colombian government has expanded its presence throughout the country and dramatically reduced the FARC's footprint in major urban areas. These achievements have accompanied a successful counternarcotics strategy, with aerial and manual eradication eroding one of the FARC's primary revenue sources. According to U.S. government estimates, coca cultivation declined from over 169,000 hectares in 2001 to 115,000 hectares in 2010 and reduced potential pure cocaine production from an estimated 700 metric tons to 300 metric tons in the same period, a 57 percent reduction.

Despite these successes, Colombia still faces significant security challenges. The FARC remains the largest terrorist group in the Western Hemisphere, with over 8,000 insurgents. It continues to traffic in drugs and to inflict casualties on Colombian military and police on a regular basis. In addition, criminal bands known in Spanish as BACRIM have emerged as a threat to public safety, having

consolidated control over cocaine production and trafficking in some areas of the country. Violence between these groups has caused a recent uptick in murders in some major cities like Medellin.

Venezuela

INR continues to track connections between the Venezuelan government and the FARC and ELN. The U.S. Department of the Treasury's Office of Foreign Assets Control in September 2008 designated two senior Venezuelan government officials and in September this year designated four additional government officials, all under the Kingpin Act for materially assisting FARC narcotics trafficking. In July 2010, the Colombian government publicly exposed the presence of FARC in Venezuela, alleging that two FARC Secretariat members resided in camps near the Colombian border.

In the first half of 2011, the Venezuelans took stronger action against the FARC, likely in response to the diplomatic rapprochement initiated by Colombian President Juan Manuel Santos. In April, Venezuelan police arrested Joaquin Perez Becerra, a FARC member based in Europe, and in May, they captured Guillermo Torres, a member of the FARC General Staff. Perez Becerra has been turned over to Colombia, while Torres is still awaiting extradition.

Cuba

INR remains focused on the potential for instability in Cuba as a result of the unprecedented changes Raul Castro has proposed to combat economic deterioration on the island. The Cuban government's plans to update its economic model are proceeding slowly and in a tightly controlled manner. Although some changes are underway, others will take much longer, if they are instituted at all. The government has responded forcefully to civil society demands for greater freedoms, and we expect Havana to continue to use repression to silence its critics.

Haiti

Stability in Haiti remains dependent on the support of the international community in the wake of the devastating January 2010 earthquake and the cholera outbreak. Reconstruction efforts have been slow, and approximately 600,000 Haitians remain in temporary settlement camps. Haitians, thus far, have patiently responded to these challenges. President Michel Martelly is well-intentioned and recently secured parliamentary approval of his Prime Minister and appointed a president of the Supreme Court, both positive steps toward improved governance. Martelly will continue, however, to face challenges managing Haiti's tumultuous political environment. There continues to be potential for destabilizing protests or politically-motivated violence to flare unpredictably.

Regional Dynamics

Regional efforts to diminish US diplomatic influence continue. All the governments of the Western Hemisphere—except the United States and Canada—are preparing to found the Community of Latin American and Caribbean States, an organization that some members hope will supplant the Organization of American States (OAS) and marginalize the United States. Other regional organizations, such as the Union of South American Nations (UNASUR) have already begun taking on issues once the OAS purview. Indeed, South American countries, with one or two exceptions, increasingly are turning to UNASUR to respond to disputes or unrest in the region. The ability of these nascent organizations to undermine US influence should not be overstated. Competing ideologies and regional rivalries will limit the effectiveness of these institutions, which—like the OAS—are dependent on consensus.

Democracy

Despite the consolidation of democracy in most countries in the hemisphere, some countries continue to suffer a decline in the quality of their democratic institutions. In some countries we have observed a narrowing of the freedoms of speech and dissent, a delegitimization of political opposition, and a weakening of independent legislatures and judiciaries at the hands of populist presidents. Although elections are held regularly in these countries, electoral playing fields are

skewed heavily in favor of incumbents. Furthermore, regional institutions and instruments, such as the OAS and the Inter American Democratic Charter, have been unable to arrest these trends because most countries in the region are unwilling to be perceived as interfering in the internal affairs of their neighbors.

Iranian and Hizballah Presence

Iran continues to reach out to Latin America as a way to diminish its international isolation and undermine international sanctions. So far, Iranian relations with Latin America have developed significantly only with leftist governments that share its goal of reducing US influence, particularly Venezuela, Bolivia, and their close allies. Since Ahmadi-Nejad took office in 2005, bilateral cooperation between Iran and Venezuela has deepened in the areas of diplomacy and defense, and, to a more limited extent, on energy and trade. Most moderate governments have responded coolly to Tehran's outreach, though a growing number of Iranian embassies are attempting to spread Iranian influence in Latin America. We expect Tehran to continue offering economic and other incentives to try to expand its outreach. For example, Bolivia and Ecuador have deepened their ties with Iran in hopes of extracting financial aid, investment, and security technology and expertise.

We continue to closely monitor all indications of Iranian operational activity in the Western Hemisphere. We are deeply concerned by the charges announced on October 11 by the U.S. Attorney for the Southern District of New York stating that individuals directed by elements of the Iranian government were plotting to assassinate the Saudi Arabian Ambassador to the United States. The Department of Treasury has designated these individuals, and three senior Islamic Revolutionary Guard Corps-Qods Force officers, connected to the plot.

We remain concerned that Hizballah is able to tap into the large Lebanese diaspora in Venezuela and elsewhere in Latin America. In 2008 the Department of Treasury designated two Venezuelans—Ghazi Nasr al Din, a Venezuelan diplomat, and Fawzi Kan'an—for their financial support to Hizballah. We continue to look for indications of other activities, particularly operational activity.

Thank you for the opportunity to address this committee. I look forward to your questions.

Chairman ROS-LEHTINEN. Thank you very much, sir.

Mr. Glaser is recognized.

STATEMENT OF THE HONORABLE DANIEL L. GLASER, ASSISTANT SECRETARY FOR TERRORIST FINANCING, OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE, U.S. DEPARTMENT OF TREASURY

Mr. GLASER. Thank you, Madam Chairman, Ranking Member Berman, and distinguished members of the committee. Thank you for the opportunity to appear before you today to discuss the emerging threats and security challenges in the Western Hemisphere.

The Western Hemisphere is a region of particular importance to the Treasury Department. Our economic and financial institutions are fundamentally intertwined with those of our neighbors. Illicit financial activity in one corner of the region will inevitably find its way across our borders and into our financial institutions. Today I would like to talk to you about how we are employing the Treasury Department's unique tools and capabilities to address this threat.

The threat emanating from narcotics trafficking has been and remains the preeminent illicit financial challenge in the region. Perhaps more than any other illicit financial activity, narcotics-related money laundering places our financial institutions at risk and undermines the integrity of financial systems throughout the region.

Historically, economic sanctions have been our primary weapon to target the financial networks of drug-trafficking organizations. Over the past several years, the United States has sanctioned nearly 2,300 individuals and entities in Latin America involved in narcotics trafficking.

Even if sanctions remain a centerpiece of the Treasury Department's counternarcotics strategy, we recognize the importance of drawing upon additional tools to achieve a deeper and more lasting impact. This requires enhancing our understanding of the financial infrastructure of Mexican drug-trafficking organizations to enable more effective disruption. Along with our interagency partners, we have been working closely with Mexican counterparts to improve bilateral information-sharing and coordination as part of a more comprehensive strategy to attack the financial resources of these drug-trafficking organizations.

In addition to demonstrating a commitment to partnership with the United States on illicit counter financing, the Government of Mexico has proposed or enacted a series of far-reaching domestic anti-money-laundering reforms of its own. Further, Mexico has shown broad leadership in the region. Recently, for example, my counterparts at the Mexican finance ministry and banking commission joined me on a trip to Guatemala and Panama, where we, together, engaged host-country authorities on the importance of taking concerted action to undermine cartel financial networks.

Although the terrorist financing challenge in Latin America does not rise to the level of the narcotics-related financing threat, we take terrorist fundraising and facilitation seriously wherever it occurs. While neither al-Qaeda nor its affiliates derive a significant amount of support from the region, Hezbollah and the narco-ter-

rorist Revolutionary Armed Forces of Colombia, or the FARC, remain active. We have, therefore, focused our targeting efforts on FARC and Hezbollah fundraising and facilitation activities in Venezuela and Hezbollah activities in the tri-border area of Brazil, Paraguay, and Argentina.

But given this hearing's focus on terrorist threats within the Western Hemisphere, I do think that it is important that I say a few words about this week's revelation that we disrupted an Iran Quds Force plot to assassinate the Saudi Ambassador here in Washington. This is a dramatic reminder that the urgent and serious threat we face from Iran is not limited to Iran's nuclear ambitions.

Earlier this summer, the Treasury Department exposed an al-Qaeda network operating in Iran, under agreement with the Iranian Government, and now we see new evidence of Iran's support for terrorism. This is why we have been working for several years to address the full spectrum of Iranian illicit conduct. And while it is in the interest of an increasingly isolated Iran to seek expansion of its economic and financial ties to Latin America, the reality is that, to date, Iran has failed to establish a meaningful financial foothold in this region.

When Iran has managed to make inroads, we have been quick to act. Most notably, the U.S. designated, along with the European Union, Banco Internacional de Desarrollo, a Venezuelan-based subsidiary of the Export Development Bank of Iran. We have also proactively engaged with governments and private-sector officials throughout the region to warn against the risk of doing business with Iran.

Treasury is also working to build a robust domestic and international anti-money-laundering/counterterrorist-financing framework to safeguard the entire region from these types of threats. Through the Financial Action Task Force, we have been working for many years to set anti-money-laundering and counterterrorist-financing standards and best practices and hold countries in the region accountable for their implementation. Every country in the region, with the notable exception of Cuba, has been or is scheduled to be assessed against the international anti-money-laundering/counterterrorist-financing standards. These assessments are published and highlight weaknesses in each jurisdiction along with recommendations for remedying those deficiencies.

Madam Chairwoman, the Treasury Department is committed to prioritizing our counter-illicit-financing work in the Western Hemisphere. We will continue to seek ways to disrupt and dismantle illicit financial networks and to develop strong systemic safeguards across the region.

Thank you. And I look forward to answering your questions.

[The prepared statement of Mr. Glaser follows:]

Written Testimony by the U.S. Department of the Treasury's Assistant Secretary for Terrorist Financing Daniel L. Glaser before the House Committee on Foreign Affairs "Emerging Threats and Security in the Western Hemisphere: Next Steps for U.S. Policy"
October 13, 2011, 10:00am Rayburn House Office Building

Chairman Ros-Lehtinen, Vice Chair Gallegly, Ranking Member Berman, and distinguished members of this Committee, thank you for the opportunity to appear before you today to discuss emerging threats and security challenges in the Western Hemisphere, as well as priorities for U.S. security assistance and policy in the region. I am pleased to be here with my State Department colleagues, Ambassador Brownfield, Ambassador Goldberg, and Principal Deputy Assistant Secretary Jacobson.

The Western Hemisphere is a region of particular importance to the Treasury Department and critical to our mission of safeguarding the U.S. financial system. Our economic and financial institutions are fundamentally intertwined with those of our neighbors, most notably Mexico, a country confronting vicious transnational criminal organizations (TCOs) whose tentacles extend into the United States. Illicit financial activity in one corner of the region will inevitably find its way across our borders and into our financial institutions.

The Treasury Department possesses an array of tools and capabilities to target this illicit financial activity and safeguard our financial system from abuse. Our targeting capabilities include financial sanctions, the imposition of special regulatory measures and requirements, and engagement with at-risk financial institutions and jurisdictions. Along with our interagency colleagues, systemically we work bilaterally and through a variety of multilateral bodies to set anti-money laundering/combating the financing of terrorism (AML/CFT) international standards, work toward their universal adoption, and hold jurisdictions accountable for effective implementation.

Today, I'd like to talk to you about how we are employing these tools and capabilities to address illicit financial threats in the Western Hemisphere. I will start by discussing our efforts to disrupt, and ultimately dismantle the financial networks that support narcotics trafficking,

terrorist groups and other illicit networks through targeted action, and then describe our systemic work to build a strong regional AML/CFT architecture.

Narcotics

The threat emanating from narcotics trafficking has been and remains the preeminent illicit finance challenge in the region. Perhaps more than any other illicit financial activity, narcotics-related money laundering places our financial institutions at risk and undermines the integrity of financial systems throughout the region. According to the National Drug Intelligence Center, Mexican and Colombian drug trafficking organizations "annually generate, move, remove and launder between $18 billion and $39 billion in wholesale distribution proceeds." Much of this dirty money moves across our borders and transits our financial system.

Historically, economic sanctions have been our primary weapon to target the financial networks of drug trafficking organizations. Starting first in Colombia and then following the evolution of the narcotics industry to Mexico and beyond, the Treasury Department, through the Office of Foreign Assets Control (OFAC), has systematically targeted individuals and entities associated with some of the largest and most dangerous drug cartels operating in South America and Mexico, including – among others—the Cali and Medellin cartels; the Sinaloa, Gulf, Tijuana, and Juarez cartels; and the Los Zetas, La Familia Michoacana, and the Beltran Leyva Organization. Over the past several years, the United States has sanctioned nearly 2,300 individual and entities in Latin America involved in narcotics trafficking.

Our efforts against the Colombian cartels stand as one of our most successful programs to date. OFAC actions combined with other law enforcement efforts have disrupted over $1 billion worth of assets—in blockings, seizures, forfeitures, and the failure of enterprises—and through the cooperation of the Colombian private sector, have dramatically restricted cartel access to the formal economy. These actions contributed to the broad Colombian and U.S. law enforcement pressure that led to the reversal of cartel fortune that we have witnessed over the last two decades in Colombia. Notwithstanding this success, Colombian DTOs, which still dominate the global production of cocaine, remain a priority for the Department, and we continue to attack their

networks. In February, for example, we designated Colombian national Jorge Milton Cifuentes Villa and more than 70 associated individuals and entities operating in six countries as Specially Designated Narcotics Traffickers (SDNTs). Jorge Milton Cifuentes Villa, a dual Colombian-Mexican citizen, is a cocaine source of supply and money launderer for Sinaloa Cartel leader Joaquin "Chapo" Guzman Loera.

As the vertical integration of the hemispheric drug trade under the control of Colombian cartels gave way to a more segmented market progressively dominated by Mexican TCOs in the 1990s, the center of our counter narcotics sanctions efforts in the Western Hemisphere has increasingly shifted to Mexico. Since June 2000, close to 500 individuals and entities have been designated by OFAC under the Foreign Narcotics Kingpin Designation Act (the "Kingpin Act"), resulting in the blocking of approximately $16 million in financial assets in the United States and the exclusion of these persons from participation in the U.S. financial system. As of last month, $15.7 million of these blocked assets has subsequently been seized and forfeited by U.S. law enforcement.

Even as sanctions remain a centerpiece of the Treasury Department's counternarcotics strategy, we recognize the importance of drawing upon additional tools to achieve a deeper and more lasting impact. This requires developing a specific understanding of the financial infrastructure of the Mexican TCOs. More detailed information about the key accountants, bookkeepers, attorneys and others who launder money for the cartels as well as the formal and informal financial institutions they use will allow for more varied and powerful disruption.

We have been working closely with our partners throughout the interagency to develop this information. Our partnership with the Drug Enforcement Administration (DEA), an organization which for many years has understood the importance of money laundering to drug cartels and whose information has proven vital to OFAC sanctions investigations, is especially close. The Treasury Department's close collaboration with DEA is evidenced, most recently, by our joint work in support of the identification of the Lebanese Canadian Bank as a financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act for its role in facilitating a narcotics trafficking and money laundering network spanning South America, West

Africa, and the Middle East. To build on the momentum of Treasury-DEA cooperation, I recently detailed a staff member to DEA's Financial Operations Division to join the OFAC personnel who have been embedded in the unit for many years.

The Intelligence Community (IC) is also a key player in this effort. Treasury Assistant Secretary for Intelligence and Analysis, Leslie Ireland, recently named National Intelligence Manager for Threat Finance by the Director for National Intelligence, has made DTO finances an IC priority. As a result, we have already begun to see an increase in the quality and quantity of information and analysis on DTO finances.

But we alone cannot arrive at a comprehensive understanding of DTO financial networks. We need the active collaboration of our foreign counterparts who are on the front lines of the battle against the cartels. In this regard, the U.S.-Mexico Merida High-Level Consultative Group has played an important role in catalyzing enhanced bilateral cooperation. At its most recent meeting in April, the High Level Group identified money laundering as a priority security challenge and named the Treasury and Justice Departments as co-leads for the U.S. Government tasked with revitalizing bilateral efforts on this critical issue. We have taken this leadership role seriously. Over the past month, I have made two trips to Mexico to meet with counterparts to identify new avenues for enhanced information collection and sharing. In the process, I have met with senior officials in the Government of Mexico (GOM) policy, regulatory, law enforcement and intelligence sectors and I am confident that they share the view that as many tools of national power as possible must be brought to bear against TCO financial networks in a coordinated, bi-national manner. The Department of the Treasury's efforts in this important endeavor have been assisted and advanced by the Department of Justice's Asset Forfeiture and Money Laundering Section and Office of Overseas Prosecutorial Development, Assistance and Training both operationally as well as in building prosecutorial capacity.

We must also acknowledge the important steps the GOM is taking to counter drug-related money laundering. Consider, for example, the June 2010 Mexican regulations restricting U.S. dollar deposits aimed at drastically limiting the placement of U.S. origin drug money into the Mexican financial system. These regulatory changes were informed in part by joint analytical efforts

between Treasury's Financial Crimes Enforcement Network (FinCEN) and the Mexican financial intelligence unit, the Unidad de Inteligencia Financiera (UIF), over multiple years to better understand U.S. dollar cash flows across our borders. Leading up to the publication of the regulations, the Mexican Finance Ministry coordinated with Treasury, and FinCEN was able to simultaneously publish an advisory for the U.S. financial system on the new regulations warning our institutions to be vigilant against the potential for a surge in money laundering activity in the U.S. in response to the Mexican restrictions. FinCEN and the UIF continue close coordination in monitoring the impact of these regulatory changes and potential diversion of funds, including to third countries.

Mexican regulators have also recognized the increased vulnerability of non-bank financial institutions—such as money remitters and informal exchange centers—as the formal financial system experiences the additional regulations and enhanced scrutiny. Accordingly, the GOM has made the significant decision to transfer supervision over these institutions from the Tax Administration to the Banking Commission which has greater supervisory expertise and resources. In 2012, the Banking Commission will take on this new responsibility and hopes to hire and train 80 new examiners to focus on this sector.

The GOM has taken other unprecedented steps to shore up its AML/CFT framework. Just recently, the Mexican Senate passed amendments to Mexico's AML law which would impose strict caps—not simply reporting requirements—on the use of cash to purchase high value items, such as artwork (300,000 pesos/approx. $25,000), vehicles (400,000 pesos/approx. $34,000) and real estate (500,000 pesos/approx. $43,000). The goal of these measures is to encourage a shift away from a cash-based economy towards more efficient—and more traceable—electronic payments. Few jurisdictions in the world have been willing to implement such far-reaching and fundamental reforms. The Mexican congress's lower house, the Chamber of Deputies, is expected to approve the measure in the next legislative session.

A comprehensive strategy to attack the financial resources of Mexican TCOs must not only include the U.S. and Mexico, but also the broader region. Central America, in particular Guatemala and Panama, serves as a critical narcotics transit and money laundering center.

Indeed, preliminary information indicates that one of the primary effects of the regulatory tightening in Mexico is the displacement of bulk cash smuggling and money laundering activity in these two countries. With this in mind, I recently took a joint mission with counterparts from the Mexican Finance Ministry and Banking Commission—an unprecedented display of bilateral coordination and regional leadership—to Guatemala and Panama where we engaged host country authorities on these developments and on the importance of taking concerted action to undermine cartel financial networks. Going forward, both countries will remain priorities. It will be particularly important for Panama to be more proactive in addressing the significant deficiencies in its anti-money laundering controls and enforcement efforts. Taking steps in this direction, we are encouraged by recent efforts by Panama to increase financial transparency, in particular by entering into a tax information exchange agreement with the Treasury Department, and the accomplishment of being removed from the Organization for Economic Cooperation and Development's grey list of tax havens on July 6, 2011.

Terrorism

Although the terrorist financing challenge in Latin America does not rise to the level of the narcotics-related financing threat, we take terrorist fundraising and facilitation seriously wherever it occurs. Within the Western Hemisphere, we have focused our efforts on Venezuela and the Tri-Border Area (TBA) of Brazil, Paraguay, and Argentina. Neither Al-Qa'ida nor its affiliates derive a significant amount of financial support from the region although we remain vigilant to this possibility.

Over the past several years, Treasury has demonstrated a strong commitment to exposing terrorist financing and facilitation activity in Venezuela. The nexus between the narco-terrorist group, the Revolutionary Armed Forces of Colombia (FARC), one of the few organizations in the world bearing the dubious distinction of being both a designated "kingpin" and "specially designated global terrorist," and Venezuelan government officials, has been a particular focus. In September 2008, OFAC designated three senior Venezuelan security officials under the Kingpin Act (two of whom were in office at the time of designation) for, among other things, protecting drug shipments from seizure by Venezuelan anti-narcotics authorities, providing

weapons and official Venezuelan government identification to the FARC and pushing for greater cooperation between the Venezuelan government and the FARC. Other significant designations include the FARC International Commission representative in Venezuela.

Although not as extensive as its involvement with the FARC, there are also troubling ties between Caracas and Hezbollah which we have sought to expose through targeted sanctions. For instance, in June 2008, OFAC designated two key Venezuelan supporters of Hezbollah under Executive Order 13224, which targets terrorists, those individuals or entities owned or controlled by or acting for or on behalf of terrorists, and those providing financial, material, or technological support to terrorists or acts of terrorism. One of these individuals, Ghazi Nasr al-Din, used his position as a senior Venezuelan diplomat to provide financial support to Hezbollah. The other, Fawzi Kan'an, the owner of two Caracas-based travel agencies, serves as a key facilitator and fundraiser for Hezbollah officials.

Hezbollah has also engaged in significant fundraising and facilitation activity in the TBA. Starting in 2006, we have systematically designated over a dozen individuals in the area as well as several entities for providing financial support to Hezbollah leadership in Lebanon. Most recently, in December 2010, we imposed sanctions against Hezbollah's chief representative in South America responsible for oversight of the group's counterintelligence activities in the TBA, Bilal Mohsen Wehbe.

We have not relied solely on sanctions under the Kingpin Act and EO 13224 to disrupt narco-trafficking and terrorist financing networks in the Western Hemisphere. In February 2011, for example, we identified the Lebanese Canadian Bank under Section 311 of the USA PATRIOT Act as an institution of primary money laundering concern. This action dealt a significant blow to a transnational money laundering network with a significant presence in the Western Hemisphere. Hezbollah derived financial support from this network which was controlled by OFAC-designated Lebanese Kingpin, Ayman Joumaa.

Iran

While it is in the interests of an increasingly isolated Iran to seek expansion of its economic and financial ties to Latin America, the reality is that, to date, Iran has failed to establish a meaningful foothold in the region. When Iran has managed to make inroads, we have been quick to act. Most notably, we designated Banco Internacional de Desarollo, a Venezuela-based subsidiary of the Export Development Bank of Iran. We subsequently worked to secure its designation by the European Union and Australia, thereby significantly curtailing its access to the international financial system. We have also proactively engaged with governments and private sector officials throughout the region to warn against the risks of doing business with Iran. For example, in August 2010 then Assistant Secretary David Cohen traveled to Brazil and Ecuador to discuss implementation of the financial provisions of United Nations Security Council Resolution 1929 and implications for foreign financial institutions of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA).

Systemic Reform Efforts

Equally important as our targeted measures is Treasury's work to build a robust domestic and international AML/CFT framework to safeguard the financial sector. Through the Financial Action Task Force (FATF) and its associate regional bodies in the Western Hemisphere, we have been working for many years to set anti-money laundering and counter-terrorist financing standards and best practices and hold countries in the region accountable for their implementation. Uneven implementation creates vulnerabilities in the regional regulatory and enforcement architecture that can be–and, indeed, have been–exploited by illicit networks, in particular DTOs. Using a methodology jointly developed by the FATF, International Monetary Fund (IMF), and World Bank, every country in the region, with the notable exception of Cuba, has been or is scheduled to be assessed against the international AML/CFT standards. These assessments are published and highlight weaknesses in each jurisdiction alongside recommendations for remedying those deficiencies.

Based in part on a G-20 Leaders' call, the FATF has instituted an additional review process that publicly identifies jurisdictions that fail to meet international AML/CFT standards and may therefore pose a risk to the international financial system. I serve as co-chair of this process

within the FATF. Jurisdictions that have been identified by this process must commit to an Action Plan of ambitious reforms. If the reform timelines specified in the Action Plan are not met, the FATF will issue increasingly strong public warnings, potentially culminating in a specific call for regulatory countermeasures from member countries. In an age when global financial institutions rely upon the FATF in their assessments of jurisdictional risk, this process has served as a great catalyst for reform in previously recalcitrant countries.

Within the Western Hemisphere to date, ten jurisdictions have been publicly identified by this process: Antigua and Barbuda, Argentina, Bolivia, Cuba, Ecuador, Honduras, Nicaragua, Paraguay, Trinidad and Tobago, and Venezuela. More than half of these countries have passed important legislation that strengthens their AML/CFT regimes as a direct response to this process. For example, both Honduras and Paraguay have passed legislation criminalizing terrorism finance, which likely would not have happened so quickly without the encouragement from this FATF process.

In addition to our multilateral efforts, Treasury maintains an active technical assistance program managed by the Office of Technical Assistance (OTA) to help jurisdictions implement AML/CFT reforms. My office works with OTA which has recently targeted AML/CFT assistance to a number of high risk jurisdictions within Latin America. We currently have resident advisors from our Economic Crimes Team (ECT) embedded with host governments in Costa Rica, Guatemala, Honduras, and Paraguay. Additionally, ECT Advisors continue to work in Haiti in a robust technical assistance program designed to build up and strengthen that country's AML/CFT capacity. These advisors are working to improve preventative, enforcement and prosecution pillars of their AML/CFT regimes and to ensure their ability to seize and forfeit the proceeds and instrumentalities of crime. Technical assistance provided by ECT comprises institution building, legislative reform, outreach to AML/CFT stakeholders in the private sector, and capacity building all designed to enable these countries to bring money launderers and drug traffickers to justice using their own authorities and resources.

We recognize that it is not enough for the Department of the Treasury to solely work with our government counterparts in these multilateral and bilateral forums. A fundamental component of

our approach to combating illicit finance is sustained engagement with the private sector on these issues. Our Department has reached out to the private sector around the world on illicit finance threats, and the Western Hemisphere is no exception. For example, an important initiative by my office is the U.S.-Latin America Private Sector Dialogue, or PSD. We are currently planning the sixth iteration of this dialogue, to be held in February 2012 in conjunction with the Florida International Bankers Association (FIBA) Annual Anti-Money Laundering and Compliance Conference. We launched the U.S.-Latin America PSD in June 2006 to establish a permanent dialogue between the United States and Latin American financial sectors. This initiative, which began as a roundtable discussion here in Washington, D.C., seeks to achieve better relations and coordination between correspondent financial institutions in these regions. Over 200 participants from approximately 20 different countries representing regulators and financial institutions in the United States and Latin America attend this event on an annual basis. Indeed, this forum has become a place where both U.S. and Latin American financial institutions can lay out their concerns with each other and seek to establish better controls to mitigate risk.

Conclusion

The Department of the Treasury recognizes that the Western Hemisphere presents persistent and unique security threats to our financial system. Under Secretary Cohen and I are committed to prioritizing the Department's work in this region. Our efforts to combat these threats will persist and we will continue to find unique and innovative ways to disrupt and dismantle illicit financial networks. We will also continue our efforts to build consensus with our regional partners to develop our hemispheric approach to ensuring that all countries in the region build strong systems to counter these threats.

Chairman ROS-LEHTINEN. Thank you very much, sir.

Mr. Stockton?

STATEMENT OF THE HONORABLE PAUL N. STOCKTON, ASSISTANT SECRETARY OF DEFENSE FOR HOMELAND DEFENSE AND, AMERICAS' SECURITY AFFAIRS, U.S. DEPARTMENT OF DEFENSE

Mr. STOCKTON. Madam Chairman, Ranking Member Berman, distinguished members of the committee, the Western Hemisphere is in the midst of a transformation. There are two trends of fundamental importance to U.S. security. The first trend is that security challenges in this hemisphere are becoming increasingly severe. And I look forward to talking about specific threats in response to your questions. But there is something else that is important that is going on, and that is, we have new opportunities to partner with the other nations in this region in order to work together to meet the emerging threats.

The foiled Iranian plot to assassinate the Saudi Ambassador to the United States exemplifies how these two trends are coming together. On the one hand, we have a very severe threat in our hemisphere from Iran. At the same time, the Government of Mexico was an absolutely indispensable partner in helping us meet this challenge. I also want to praise the Government of Mexico for stepping up to the plate in a way that was absolutely essential.

So the two trends are coming together here: Threat and opportunities for partnership. But there is also a broader trend here for partnership opportunities that I wanted to address.

All across the hemisphere, we have nations that are not only increasingly able to handle their own threats to their own countries but to be what I would call "security exporters"—that is, to partner together with the United States to meet the shared challenges that we face.

Just a few examples. I always start with Canada, our most special of partners in the Western Hemisphere. There is nothing like NORAD for us. Canada increasingly is helping out in the Caribbean, helping out in Central America, in ways that are very valuable from the U.S. perspective. But it is not only Canada: Chile, working in Central America to build police capacity; Brazil, providing an invaluable leadership role with MINUSTAH. And in Colombia—let's look at Colombia as the exemplar of this trend. Colombia, not only making progress against the FARC, but today training helicopter pilots from Mexico to go after the narcotraficantes.

This is the broader trend. We are making progress in building these partnerships. But I would suggest, Madam Chairman, Ranking Member Berman, there is much more we can do. And I look forward to the opportunity to talk about this.

Before I close, I want to thank you, the ranking member, and all the members of this committee for helping make this progress possible. It is because of the assistance that the United States has provided to our partner nations to build their capacity that enables them now to become security providers across our hemisphere so, together, we can meet the increasingly severe challenges that we face.

Thank you so much.

Chairman ROS-LEHTINEN. Thank you very much.

And I thank all of the panelists.

I am so glad that you brought up Colombia as being such a stable ally and a security exporter. You wouldn't know it from the debate that took place on the House floor. You should see that. That was—it is like the Cambodia killing fields, you would think. But we thank Colombia for everything that it has done to transform their country by fighting against these extremists. And we hope that Mexico, their leadership is equally as successful before those drug cartels destroy that beautiful country.

I wanted to ask you about the ghost flights from Iran. There have been reports that they are no longer going from Iran to Venezuela, that they are shifting to Madrid. Is that so? If so, why the change? And what information do we have about who is being transported and what is being transported?

And my second question deals with Hezbollah operations in Latin America. Many of you discussed that. What changes have we seen in their involvement in Latin America? What are they targeting? You had mentioned money laundering in the tri-border area, et cetera. And where do you think that they will expand next, and what is their goal?

Thank you.

Mr. GOLDBERG. On the flights issue, Madam Chairman, we understand that the commercial flight that existed between Iran and Venezuela has ceased, but we do monitor other flights coming back and forth. I am somewhat constrained——

Chairman ROS-LEHTINEN. When you say flights that are going—so you say, in addition to this commercial flight, there were other flights that may still be taking place?

Mr. GOLDBERG. No, I don't want to leave that impression. And any information that we gather from the intelligence would have to be discussed——

Chairman ROS-LEHTINEN. In a classified setting.

Mr. GOLDBERG [continuing]. In a classified setting.

As for Hezbollah, our interest in it and our understanding of their operations are largely in the fundraising area. They tap the largely Lebanese Shia expatriate community in Latin America, in Venezuela and other countries, the tri-border region, to raise funds. We do not know of operational activities, but we watch that very closely to see if——

Chairman ROS-LEHTINEN. And what can the U.S. do to put an end or to dampen this illicit activity of money laundering in the tri-border area? You mentioned these countries that are strong allies of the United States with whom we have very strong diplomatic and commercial ties. Are we without tools to use against this operation?

Mr. GOLDBERG. I will defer to my colleague from the Treasury Department.

Mr. GLASER. Thank you, Madam.

I think, first of all, just any time we talk about Hezbollah fundraising, I think the first thing that is important to flag is, by far, the most significant donor to Hezbollah is Iran. All other forms of Hezbollah fundraising pale in comparison to the funds that

Hezbollah gets from Iran. That is not to say that we shouldn't attack all sources of Hezbollah fundraising, but I think it is important to put it into context. Iran is the chief financial supporter of Hezbollah, and Hezbollah survives on Iranian support.

That said, as you point out and as Phil pointed out, Hezbollah derives financial support from the Western Hemisphere, as well, from fundraisers in Venezuela, from fundraisers in the tri-border area. And I think we need to take a broader approach to addressing that.

One of the most important things to do on a systemic level, as I noted in my testimony, is to ensure that all of these countries have effective anti-money-laundering/counterterrorist-financing regulatory regimes, law enforcement regimes. That is something that we are working closely with all the countries in the region on, primarily through the Financial Action Task Force and through regional affiliates of the Financial Action Task Force. It is important that countries like Argentina, for example, enact money-laundering laws that meet international standards.

Chairman ROS-LEHTINEN. So do you believe that in these three countries, have they done enough to do away with the Hezbollah money-laundering activities?

Mr. GLASER. Well, I think that there is more to be done on that. As I said, I think it is important to enact laws, but then, in addition to enacting the laws—which, for example, in Argentina remain to be enacted—it is important to take targeted action with respect to Hezbollah fundraising. We at the Treasury Department have designated 19 Hezbollah individuals in the Western Hemisphere over the years.

I think an interesting act that we took earlier this year, separate from those 19 designations, is when we designated under Section 311 of the PATRIOT Act Lebanese Canadian Bank, which is a bank in Beirut that had ties to the Western Hemisphere and was a central node of a narcotics-trafficking organization——

Chairman ROS-LEHTINEN. So we are able to use the PATRIOT Act to get to some of these banks that have ties—if they have ties to the United States.

Mr. GLASER. Absolutely. We use the PATRIOT Act to get at Lebanese Canadian Bank. And what Lebanese Canadian Bank also showed—the fact pattern that Lebanese Canadian Bank showed is that Hezbollah was deriving financial support from the criminal activities of this drug-trafficking ring.

Chairman ROS-LEHTINEN. And that was one case. You have similar success stories where we have been able to use the PATRIOT Act to get to these illicit operations in Latin America?

Mr. GLASER. We have lots of Section 311 success stories. That is the 311 success story in the Western Hemisphere, though.

Chairman ROS-LEHTINEN. Right. Thank you very much.

Any other comments from the panelists?

When it comes to—well, I just have 15 seconds, so I will leave it for another time. Thank you so much.

I would like to recognize my friend, the ranking member, for his questions.

Mr. BERMAN. Thank you very much, Madam Chairman.

And I would like to ask about two different areas. The first—and I guess here a little bit I want to pick up on what Secretary Stockton raised at the end.

The written testimony for Assistant Secretary Goldberg talks about three of the top persistent threats: Drugs; populist governments, most particularly Venezuela; and Iran. Assistant Secretary Brownfield, in his written testimony and his oral testimony did not mention Iran, did not mention populist governments, did not mention Venezuela.

Obviously, some of that comes from each function that you have. But building on what Assistant Secretary Stockton said, could you take 2 minutes, Ambassador Brownfield, to give, from your Western Hemisphere background, a broader policy perspective in terms of our security and general relationship with the hemisphere, in 2 minutes?

Mr. BROWNFIELD. Sure, Congressman. I will try.

Obviously, you have correctly noted that Ambassador Goldberg and I will attack the same issues from different perspectives, given what our responsibilities are, not because we disagree. I have known the distinguished Ambassador for some 25 years, and we always agree, at least on fundamental issues. I will also—that does not include the Boston Red Sox, by the way.

I will also try not to move into the terrain of the Acting Assistant Secretary for Western Hemisphere, who obviously has the responsibility for overall policy.

Congressman, I would suggest to you that Latin America, to a very considerable extent, is an area that has been in transition for the past 10 or 15 years. That transition is evidenced by what both Phil and I have attempted to talk about in terms of an appeal in some countries of populist governments with fairly simplistic solutions to social and economic problems. So we have that package of countries. Call them what you will.

You have another group of countries that I would suggest are those that have committed themselves to a model which, in my opinion, has actually proven to work fairly well for the last 50, 60, or 200 years, and that is a model driven on market economies and governments that provide basic protections but that do not attempt to run the economy themselves.

And then you have a group of countries in between that swing, if you will, between one or the other.

Our challenge, for the last 10 years or so, has been dealing with those three sets of countries, attacking the problems—the security problems, the law-enforcement problems—the threats, if you will, that come from the region, taking into account or overlaying on that approach this fundamental issue of transition within the region.

Personally, I believe we have done a fairly good job at it. I would suggest to you that Latin America today, in the year 2011, offers a better, more positive picture than 10 years ago and certainly better than 15 or 20 years ago. I think we have some extraordinary good-news stories to tell, Colombia foremost among them. I personally believe we are making progress in Mexico, and that progress will be increasingly evident in the years ahead.

Mr. BERMAN. Well, thank you. I would love to hear you expand on this, but I got 1 minute.

Mr. BROWNFIELD. You only gave me 2 minutes, Congressman.

Mr. BERMAN. That is right. And you only took 2½.

Maybe this is for Secretary Glaser, although, Ambassador Goldberg, I would also be interested in your opinion—does the assassination/bombing plot that was stopped—and I will take what Secretary Stockton said, that there is no disagreement among the panelists that the Mexican Government was a partner in helping us to apprehend the plotter and stop the plot. But does that change the way we understand the threat from the Government of Iran?

I am asking you in your worldwide hats.

Mr. GLASER. Sure.

I don't think it changes the way we view the threat from Iran. As I said in my oral testimony, just earlier this summer we exposed an al-Qaeda facilitation network operating under an agreement with the Iranian Government on Iranian territory. So Iran's support for terrorism and participation in terrorism is not a new phenomenon.

Now, certainly, this most recent plot makes it even more troubling than ever, but from what we do at the Treasury Department, this just reaffirms the importance of what we have been doing broadly, which is trying to put financial pressure on Iran broadly throughout the world, Western Hemisphere and everywhere else, trying to isolate Iran as much as possible from the international financial system.

And, as has been said by numerous people over the course of the last couple of days, my hope and expectation is that this most recent plot is going to make it a lot easier to even take it to the next level internationally, with respect to our friends and allies and partners throughout the world, to demonstrate to them the importance of excluding Iran from the international financial system.

Mr. GOLDBERG. I would only add, Iran has been on our list of state sponsors of terrorism for decades. We go back to the early 1990s and the attacks that you mentioned, Mr. Berman, in Argentina; the attacks on U.S. troops in Iraq and support for those activities; a nuclear program that is not fully accounted-for, to say the least——

Chairman ROS-LEHTINEN. Thank you, Mr. Ambassador.

Thank you, Mr. Berman.

Chairman Mack of the Western Hemisphere Subcommittee.

Mr. MACK. Thank you very much, Madam Chair.

And I want to thank the panel for your insight and for being here today.

Before I get into some of my questions, I just want to make a quick observation. My friend and I, Mr. Engel, we share a lot of the same goals in the Western Hemisphere. We agree on a lot; we disagree in a few places.

I would suggest that the idea that all of the guns are coming from the United States to Mexico—there was a GAO report. As you drill down into the report, it is 90 percent of the guns that are traceable, and it is only the U.S. guns that are traceable. So I think that has to be put on the record for people to understand.

Also, if we are worried about the guns going into Mexico, that policy, the Fast and Furious policy—everyone in this room should be appalled by that policy.

Let me first start in Venezuela. Is Hugo Chavez in control of his government?

Ambassador Brownfield?

Mr. BROWNFIELD. I would answer the question this way, Mr. Chairman. Virtually his entire government is unwilling to, in my opinion, make decisions without hearing what his view would be. To that extent, he clearly is in control.

If the question is, is everything that is going on in his government known to him and controlled by him?, that is a more open question.

Mr. MACK. But you would agree that government officials in Venezuela would not want to go against President Chavez.

Mr. BROWNFIELD. I would agree with that statement, for sure.

Mr. MACK. Okay. So we know that Venezuela was selling gasoline in violation of the Iran Sanctions Act, supporting a terrorist organization. The Treasury Department, in early September, put sanctions on or designated four government officials in Venezuela on the drug kingpin—and their quote was, "Today's actions exposed four Venezuela Government officials as key facilitators of arms, security, training, and other assistance in support of the FARC operations in Venezuela."

So my question is, if we have a list of state sponsors of terror, and we have a country and a government in Venezuela that is supporting terrorists and terrorist organizations, whether it is Iran or the FARC, and we agree that Hugo Chavez is in charge with an iron fist of his government, and then we sanction four members of his government in support of the FARC, how can we not designate Venezuela as a state sponsor of terror?

Mr. BROWNFIELD. Mr. Chairman, there is not a human being in this room who is less likely to defend the actions, decisions of the President of the Bolivarian Republic of Venezuela than your humble servant. That said, you have moved into an area that is beyond my area of responsibility, so I am going to defer on answering your specific question.

Mr. MACK. Somehow I thought that would happen. So let me go into another question.

What is the difference between the FARC and the Mexican drug cartels?

Mr. BROWNFIELD. You are looking at me, so I will take a crack at that one, Mr. Chairman.

I mean, I could speak for days, but I suppose the fundamental differences that I would point to are that the FARC is an organization that claims to have a political, philosophical, and ideological philosophy, if you will, and the Mexican drug-trafficking organizations do not. That probably would be what I would describe——

Mr. MACK. Okay. So, going off that, if the cartels in Mexico are offering health care, if they are trying to displace the government, isn't that politically motivated? Offering health care, you know, going into these communities and putting on barbecues or picnics and trying to win the support of the public so the public will listen

to the cartels and not the government, isn't that a political motivation?

Mr. BROWNFIELD. You know what I am going to respond, Mr. Chairman, because you have already gotten me to commit to this last week in this very same room. I do acknowledge that many of the facts on the ground, the things that are being done by those organizations, are consistent with what we would call either "terrorism" or "insurgency" in other countries.

Mr. MACK. Thank you very much.

Madam Chair, it is clear that an insurgency is happening in Mexico and that Venezuela must be placed on the state-sponsor-of-terrorism list.

Chairman ROS-LEHTINEN. Thank you, Mr. Mack.

Mr. Engel, the ranking member on the subcommittee, is recognized.

Mr. ENGEL. Thank you, Madam Chair.

Let me first say to my friend Mr. Mack, we agree on a great deal. I don't really think it matters whether—I mentioned that President Calderon told me it was 90 percent. And, in fact, in Jamaica, the Prime Minister of Jamaica told me it was more than 90 percent in his country. But I don't think it matters whether it is 70 percent or 80 percent or 90 percent. I think what matters is that illegal guns are coming into this country and then going south of the border.

We know that these people who set up gun shops on the Texas-Mexico border or gun shows or things like that to sell multiple guns—we know where these guns are going. And, to me, it goes way beyond Second Amendment rights.

If we are truly going to identify terrorism in Mexico as a threat, Mr. Mack, as you say, if we are going to say that this is a real problem with the drug cartels, then we have to do something to curb the illegal flow the guns coming from the United States and south of the border.

And let me quote Secretary Clinton. In March 2009, she said, "We know very well that the drug traffickers are motivated by the demand for illegal drugs in the United States and that they are armed by the transport of weapons from the United States." So, to me, this means, in effect, that the United States has played a role in creating the top persistent threat, Ambassador Goldberg, which you identify in your testimony. You put drugs at the top of the regional-threats list.

So how is the U.S. Government response to this threat taking account of our own responsibility for the threat? I am disappointed that President Obama hasn't invoked U.S. law, which was utilized by the first President Bush and then by President Clinton, to be able to get at these things.

What are we doing in the government to acknowledge and try to stop the flow of illegal weapons south of the border?

Mr. BROWNFIELD. Mr. Engel, I would—we are probably—I am going to hide, to a certain extent, behind the fact that what we do is on the south side of the border, obviously. We do the foreign-relations side of this effort.

I will say to you that we are supporting programs, organizations, and institutions in Mexico that provide their side of trying to con-

trol the movement of illicit product, goods, and people across that border. And just as we have an obligation to control what moves across the border from the northern side, we are working with them to assure, one, they have the equipment; two, they have the skills, the training, and the expertise necessary; and, three, they have the coordination and jointness with U.S. institutions to control it.

That I can tell you from where I sit. If you bring up the larger political and policy question, you have moved beyond the area where I can offer you useful input.

Mr. ENGEL. Thank you.

Let me raise a couple of other things quickly.

Mr. Goldberg, your testimony points out that U.S. regional muscle is under stress partly because the region's countries are forming competing organizations and are not inviting the United States to become a member. The only regional organization in which we are members is the OAS. But recently we voted, every majority Member voted, to defund the OAS. I think that is a mistake.

Can you talk about the importance of the OAS?

Flawed that it is, I think we are there, we are an influence, we are important. And I think these competing organizations—you know, if you take some of these other groups—Mercosur, UNASUR, whatever—where we are not a part of it, we are much better off trying to strengthen the OAS, in my opinion, because we are there at the table.

Mr. GOLDBERG. Mr. Engel, my point was strictly analytical and speaking about the trends in the region. And I am not on the policy side, so I am not able to speak about the utility of OAS.

As I say, it is an overarching point of what is happening in the region, but I take your point, obviously. But the WHA Bureau would need to——

Mr. ENGEL. Let me ask you, Ambassador Goldberg. You and I sat together in February 2008 in La Paz when you were Ambassador to Bolivia. We currently do not have relations with Bolivia.

Ambassador Brownfield, Venezuela, you were the Ambassador there and I think Ecuador, as well.

Should we by thinking about sending our ambassadors back?

And, also, in the 4 seconds I have left, I would like if some of the people are answering questions of some of my other colleagues later on, talk about Russia, China in the region. Should we be worried about their influence?

Chairman ROS-LEHTINEN. Thank you so much, Mr. Engel.

Mr. Rivera, my Florida colleague, is recognized.

Mr. RIVERA. Thank you, Madam Chair.

With your permission, may I yield 30 seconds to Chairman Mack?

Chairman ROS-LEHTINEN. Absolutely.

Mr. Mack?

Mr. MACK. Thank you very much.

To answer the question from the gentleman from New York to Ambassador Brownfield, two things we can do to stop these guns and the flow: One, we can secure the border, finish the double-layered fence, add more Border Patrol agents and use of technology;

and, two, we can stop the destructive policies like Fast and Furious that undermine our foreign policy initiatives in Latin America.

Thank you, and I yield back.

Mr. RIVERA. Thank you so much.

Mr. Glaser, or Secretary Glaser, thank you very much for being here today. I appreciate it.

Are you in charge of OFAC? Does OFAC report to you?

Mr. GLASER. OFAC doesn't report to me. My office and OFAC are both part of the Office of Terrorism and Financial Intelligence.

Mr. RIVERA. So you all work together closely?

Mr. GLASER. Absolutely.

Mr. RIVERA. So perhaps you could help me, because we had the OFAC director, Mr. Szubin I believe it is, testify before another committee, and I was asking about one issue of terrorist financing which is financing the terrorist state of Cuba, which we all know is on the State Department's list of official sponsors of terror. We know they are holding an American hostage right now, we know that they have murdered Americans over international airspace, so they certainly have earned their label as a terrorist state. And one of the ways we finance terrorism from Cuba is by expanding the flights and travel and the money that goes to the Cuban dictatorship through these flights, which OFAC regulates.

And I was trying to get some answers from Mr. Szubin as to how many flights are going to Cuba, because the Obama administration has expanded those flights, how many passengers, what are the costs involved. I want to see how much money the United States is facilitating to finance the terrorist activities in Cuba, and I couldn't get answers. He was unaware of how many flights were going and how many passengers.

And maybe if my office could work with you or with your office, you could help perhaps facilitate some of that information on how we are trying to regulate. If OFAC, indeed, is regulating that activity, perhaps I could appeal to you to intervene to help me get some of that information.

Mr. GLASER. As always, we are at your disposal, and we would be happy to answer any questions, to the extent that we have the information.

Mr. RIVERA. Thank you. I appreciate that. Because it does seem a little contradictory that we are trying to fight the financing of terrorist activities but we are facilitating that financing of terrorist activities by allowing more and more resources, capital resources, to go to a terrorist regime like Cuba.

And let me go to a specific example that you could perhaps also help me with, and that is Hezbollah's activities in Cuba. Information that you could provide, what is—we have seen many recent reports about increased activity of Hezbollah's terrorist activities and cooperation with Cuba. Can you tell us a little bit about that?

Mr. GLASER. Well, I would defer to Ambassador Goldberg on the details of Hezbollah's relationship with Cuba. I can tell you, from the financial angle, which is the angle that we approach it from, there is very little financial connectivity between Hezbollah and Cuba. But with respect to operational issues or other issues——

Mr. RIVERA. Please.

Mr. GOLDBERG. I would add also, on the operational activity, that we haven't seen such—we have seen allegations of such activity but have not been able to corroborate them—or have not corroborated them.

Mr. RIVERA. So have you not seen any of the media reports regarding Hezbollah setting up a base of operations in Cuba regarding something called the Caribbean case? Does that ring a bell at all to you?

Mr. GOLDBERG. I have seen allegations, I have seen press reports. As I mentioned, we have not corroborated that. Perhaps we have—actually, we could go into more detail in a closed session, if you would like more detailed information.

Mr. RIVERA. Absolutely. Because I can understand perhaps you, to this point, haven't corroborated it, but I would suspect it is of interest that Hezbollah would be setting up operations in Cuba.

Mr. GOLDBERG. If that were the case, certainly.

Mr. RIVERA. Thank you.

Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Rivera.

Mr. Chandler is recognized.

Mr. CHANDLER. Thank you, Madam Chair.

Welcome, gentlemen.

Ambassador Brownfield, nice to see you again. I was particularly interested in your very brief history of our efforts in the last several decades in the region. And what struck me about it was that it seems like your view is that we put needed pressure on particular areas that are causing problems at a particular time, we solve those problems, at least up to a point, at least we made great inroads, but then the problem moves elsewhere. It moves from one country or one region to another.

And now your most recent comment is you think it is worse in Central America than it is in Mexico or Colombia or elsewhere. Seems like it moved. It sounds like you believe we are playing an enormous game of Whac-a-Mole. Wherever we hit them, we may tamp it down, but it pops up elsewhere.

And I guess my question—so much of it, of course, has to do with illegal drugs, the whole drug-trafficking problem. I guess one of my questions would be, are we ever going to be able to truly solve this problem, the problem of the supply of illicit drugs into this country? Or do we, as Mexican President Calderon is quick to suggest, do we need to solve the demand problem in this country? Will we ever be able to do it without solving that problem?

Also, I would like any of you all's thoughts, please, on the Chinese efforts here in this hemisphere. They are obviously making significant investments in different countries in the hemisphere. Do you all consider their efforts to be a serious emerging threat?

Thank you.

Mr. BROWNFIELD. Why don't I start, Congressman, and I will try to address at least three of the issues you raised.

One, are we playing Whac-a-Mole? I don't think so, but I do acknowledge we have to deal with certain realities. One reality is we have a finite number of resources that we have available to dedicate to our efforts and programs in the Western Hemisphere. And

you pay us to get maximum value out of the resources that are made available to us.

Personally, I believe we have made progress. The fact that we are no longer talking about Colombia as a potential failed state or a narco state, the fact that we are now actually seeing progress in our large neighbor to the immediate south, to my way of thinking, is progress over where we were 10 or 15 years ago.

Second, you do bring up the issue of demand reduction. You are absolutely correct, as is anyone who says part of the solution must be demand reduction. But my response to those who believe it is the only solution is that, just as it is wrong to put your entire focus on eliminating supply, it is equally wrong to put your entire focus on eliminating demand. You have to have a balanced approach. Surely that is one lesson we have learned the hard way over the last 40 years. I, for one, am open to figuring how to adjust the balance between those two, as long as no one tries to convince me we should do all on one side or all on the other.

Third and finally, while I am not an expert on China and Chinese involvement in the region, let me offer you the following very personal observation. I was U.S. Ambassador to Chile for 2½ years, to Venezuela for 3 years, and to Colombia for 3 years. And my Chinese counterpart was a very important player in each of those three countries in this past decade. Thirty years ago I very much doubt that would have been the case.

If Dr. Goldberg wishes to offer more observations, I cede the floor to him.

Mr. GOLDBERG. Just very quickly.

China clearly has economic interests around the world. It looks for raw resources in much of Africa and Latin America, continues to do so. It seeks markets for its exports. So these are economic challenges, is how I would best describe it.

And in terms of political relationships, China has a growing relationship with Brazil because of the involvement in the BRICS group of countries—Brazil, Russia, India, China, and South Africa. And so there is some concert of diplomatic positions. But that is how I would describe it.

Mr. GLASER. Just to add very quickly from an illicit-finance perspective, which is what I focus on, I haven't seen any Chinese activity in the region which would raise an illicit-financing concern.

However, I do think it is worth pointing out that the black-market peso exchange, which is the primary mechanism through which narcotics funds in this hemisphere are laundered—and it has been with us for decades; it used to be a closed system within the Western Hemisphere—now has branched throughout the world, including into East Asia.

So it is important that we work with our Chinese counterparts to focus on narcotics money laundering. That is not to that say the Chinese are part of the problem, but, definitely, working with them will be part of the solution.

Chairman ROS-LEHTINEN. Thank you so much.

Mr. Duncan of South Carolina is recognized.

Mr. DUNCAN. Thank you, Madam Chairman.

And thanks to the panel for being here.

Ambassador Brownfield, we were involved in a committee hearing last week I wanted to remind you about.

You know, I don't think anyone was that surprised, who have been following the issue of the growing Iranian threat in this hemisphere, that Quds Force and Hezbollah, the arm of Iran, used the Mexican drug cartel as a proposed conduit for carrying out this assassination attempt which was foiled, thankfully, by the FBI this week. The relationship between Hezbollah and the drug cartel already exists, and we have been trying to raise the awareness for months.

It is not Whac-a-Mole of chasing this group or this group. We have known that there has been a relationship between the Mexican drug cartel and Hezbollah for a long time. The evidence is clear, with a number of Hezbollah agents that have been incarcerated and captured along the border, the IED that exploded in July 2010, the tunneling that resemble what has gone on in southern Lebanon.

So I don't believe anyone that has been following this has been caught off guard. But I think America, as a whole, is caught off guard, and it time for us to wake up in this country that this is a real threat in the Western Hemisphere.

So, Madam Chairman, I want to bring to your attention House Resolution 429 that I filed on Tuesday night, which basically says that we will urge the administration to include the Western Hemisphere in its 2012 National Strategy for Counterterrorism's "Area of Focus," which was absent in the 2011 edition; that it will utilize an existing counterterrorism task force, to be led by the Department of Homeland Security in coordination with other members of the intelligence community, to examine Iran's present activity and relationships in the Western Hemisphere, including the United States of America.

Chairman ROS-LEHTINEN. I look forward to reading it. Thank you, Mr. Duncan.

Mr. DUNCAN. Thank you. And just for the record, Mr. Higgins has cosponsored that, as well, on the other side of the aisle, so it is a bipartisan issue.

I want to remind Ambassador Brownfield that we talked about this last week, and I was talking about the tri-border region, talking about the southern border and named a number of countries. And you reminded me, let's not forget Venezuela, one of your past posts. And so I wanted to make that point, as well.

So the question I have for the panel is—and I will address this to Ambassador Goldberg—how do links between terrorism and drug and arms trafficking increase U.S. vulnerability to attack?

Mr. GOLDBERG. The point, Congressman, that I was making earlier was that what is new here and what we have found in the last few days is a renewed interest by elements within the Iranian Government to carry out an attack on U.S. soil, but in the hemisphere. Because we had seen it in earlier times. In terms of——

Mr. DUNCAN. But it was also the backup plan, possibly in Buenos Aires again, from some of the knowledge I have heard. And let me remind the folks that the last attack and the largest attack prior to 9/11 in this hemisphere happened in Buenos Aires, with an attack on the Israeli Embassy.

Mr. GOLDBERG. No, that is true.

In terms of what has happened, I mean, there is a case before a Federal court at the moment, and we need to allow that to play out. What I think this case shows more is Iran's interest in working in Mexico or doing something in Mexico than the other way around.

Mr. DUNCAN. Okay.

If Hezbollah has a relationship with the cartels and can smuggle arms or people through our southern border, what would prevent them from bringing WMDs here?

Mr. GOLDBERG. It is a kind of hypothetical question and one that, clearly, we watch, we monitor. We try to prevent any kind of attack or use of the hemisphere for these kinds of activities. International terrorist groups, of course, are looking for opportunities everywhere, and we have to be vigilant against them in the intelligence community and the law-enforcement community. That is what we do.

Mr. DUNCAN. Yeah.

In the remaining time, Ambassador Brownfield, can you enlighten me a little bit more on the relationship between Iran and Venezuela as we have seen it in the last few months?

Mr. BROWNFIELD. Congressman, I have been out of Venezuela now for more than 4 years, and, as a consequence, much of my personal data is going to be somewhat dated.

But I would say, very shortly, very briefly and succinctly, first, there is a much greater presence, official presence, of the Iranian Government in Venezuela today than there was, say, 10 years ago.

Second, there is obviously a much stronger political relationship, visits between the two Presidents and engagement at senior levels, than there was 10 years ago.

Third, there is greater mutual support in international organizations like the United Nations, the IAEA, Atomic Energy Agency, than there was 10 years ago. That is evident, it is public, it is in the media, and neither side denies it. Other——

Chairman ROS-LEHTINEN. Thank you very much.

Thank you, Mr. Duncan.

Mr. DUNCAN. Thank you.

Chairman ROS-LEHTINEN. Mr. Meeks is recognized. He is the ranking member on the Subcommittee on Europe and Eurasia.

Mr. MEEKS. First, let me just say, it has become clear and I see a lot of my colleagues are concerned about terrorism, et cetera. One of the things I think that everybody can agree, that President Barack Obama has been focused and he has been doing a very good job in fighting terrorism and terrorists coming in here and getting rid of al-Qaeda and a number of the others. I mean, I think his record speaks for itself. And most Americans, even in the recent policies, they may argue about one thing, but one thing that they agree on is President Barack Obama's focus and the way that he is utilizing all of the intelligence to make sure that he keeps America safe.

Now, I love this hemisphere. You know, I was sitting and listening, and I believe that we must, indeed, examine the topic of today's hearing, but we must do so without the polarizing rhetoric that is reminiscent of the U.S. policies of decades ago when our Na-

tion looked at the region through the cold-war prism and chose our allies and interventions on that basis alone. We made some poor decisions when we were driven by fear and had a single and narrow focus in those days. This is not the time to be fearful of developments in Latin America and the Caribbean. I believe we would be better served to look practically and comprehensively at the developments in the hemisphere.

I think we can reflect on some very positive and meaningful changes in recent years that show remarkable progress and promise. I scolded some of my colleagues yesterday when they wanted to look at Colombia only through the past. All they were talking about Colombia, those who voted against Colombia, was about Colombia's past. Nobody looked at where Colombia is today and the improvements that it made and the direction it was moving forward. We have to stop just looking at the past. Our hemisphere has never been this democratic. The social and economic reforms of the past decade have done much to shore up most of these nations.

Clearly, democracy is always a work in progress, and there are challenges that must be addressed and objectives to be pursued: Poverty eradication, strengthening the rule of law, equal access to opportunity, security for all segments of society, eliminating corruption, and protecting human rights. And that is precisely why I have argued in this committee that cutting U.S. foreign aid—it is such a small but important item of our budget, and it is not in our interest to cut foreign aid.

The emerging threats don't just stem from outside of our borders. A significant number of countries in the Western Hemisphere could very well hold a similar hearing on threats that stem from our own Nation. If we are going to talk about emerging threats, I hope we will include those issues that resonate so deeply south of the border. Mr. Engel has talked about some—the U.S. demand for drugs, the flow of guns from America, migration, trade expansion, the embargo against Cuba, to name a few.

Let me take this opportunity to make a critical but often, in this committee, unacknowledged point about regional progress. We are seeing for the first time significant participation in democratic life on the part of disadvantaged communities who finally feel free and feel that they have a voice in a region where black and indigenous communities historically suffered without recourse. I speak in this instance about the United States, as well.

Democracy is more inclusive than it has ever been. For the first time, many countries have elected Presidents that were born in poverty and do not come from their white elite. Take Bolivia, for example. The majority and historically marginalized indigenous population is more politically involved and take pride in the fact that President Morales is the first indigenous person to lead that country.

The biggest threats to our hemisphere are not the personalities that some of my colleagues will label today as demagogues and ideologues. I would argue that, from the perspective of the people in our hemisphere who have chosen these leaders, the biggest threats are criminality and poverty. Recent research indicates that our regional neighbors live more in the center, politically, than we are often willing to acknowledge. Some of any colleagues are quick

to see ideologues, but if we look more closely, we often find pragmatists with whom we might build constructive relationships and may ultimately dispel some of our assumptions without simply clinging to ideology.

I remember, a decade ago, when there was a new leader on the scene and on the horizon in Brazil. Many worried about him and said that he was going to be a bad guy. But we see, years later, after the economy was expected to tank and social chaos was to ensue, instead what we saw was the movement of Brazil as the rising star among emerging nations, with the President Lula at the helm.

And of course we must not be Pollyannas. There are evildoers out there, and the Western Hemisphere does need to confront real security threats head-on. To this end, our alliances with our neighbors are essential. So is continued engagement and continued cooperation and intelligence-sharing, continued assistance to build the capacity of our neighbors, intelligence and security institutions, and continued joint operations in training.

I think that the glass is more than half-empty, it is half-full. I think that we should salute our friends. I love the progress that the people in the Western Hemisphere—we always talk down to them. We always say bad things. There are a lot of good things going on in the Western Hemisphere, and I think that that is good for all of us.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Meeks.

Mr. Deutch of Florida is recognized.

Mr. DEUTCH. Thank you, Madam Chairman.

Ambassador Brownfield, you spoke in your testimony about the difficulty that you would have had in imagining the bombing in Argentina at the time that you were there. The recent foiled Iranian terror plot highlights Iran's growing ties in the Western Hemisphere. But what is, in many ways, the most troublesome is that, at the same time, Iranian officials like Defense Minister Ahmad Vahidi travel freely in places like Latin America. Just this summer, he spent time in Bolivia.

The reason I refer back to your comments is because Mr. Vahidi has been implicated in the AMIA Jewish center bombing in Argentina. He is subject to an INTERPOL Red Notice.

What are we doing to prevent sanctioned officials like Vahidi from traveling not just in areas of concern but skirting international sanctions by traveling under the guise of official business? How are we addressing that, and how can we prevent it?

Mr. BROWNFIELD. Congressman, you raise a very valid question. I would remind you that it is a question, in the case that you are talking about, that involves the countries of Iran, Argentina, and Bolivia. The gentleman is actually currently under the equivalent of indictment in the Republic of Argentina for homicide-related charges.

At the end of the day, we are members of INTERPOL. We support INTERPOL. To the extent that an INTERPOL warning or notice is out there that would give us and U.S. law enforcement the authority to act against an individual, we would exercise that authority.

If your question is asking more what are we doing or able to do in Bolivia to get that government to take certain steps, while I am not responsible for Bolivia, obviously we have perhaps less ability to influence the direction that that government goes than certain other governments in the region.

Mr. DEUTCH. Thank you, Ambassador. The question really is more the former. It is, individuals like Vahidi and others that Ahmadinejad, that the regime understands that the sanctions law, the ban on travel can be skirted simply by appointing these individuals to official positions which give them the ability to travel freely.

I would throw it open to the other witnesses. I mean, I have suggested, and I think there are others who have looked at this, that existing sanctions law gives us the opportunity to sanction perhaps not those individuals who should not be traveling but can because of our treaty obligations and the like, but to sanction those fuel suppliers who provide the fuel for the airlines, for example.

What else can we do to crack down on those who would otherwise be subject to a travel ban but get around it by their official capacity, the official title that they may hold?

Mr. GLASER. Well, Congressman, it is tangentially related to your question, but I think you have part of this in mind because you mentioned the whole issue relating to transportation. That is something that we take quite seriously, and it is part of our overall efforts with respect to Iran. As you know, earlier this week, the Treasury Department designated Mahan Air. Earlier this summer, we designated Iran Air. And we have been focusing our efforts with respect to IRISL, the Islamic Republic of Iran Shipping Lines, for some time. So I think you are thinking about this the right way.

Part of our efforts to squeeze Iran, part of our efforts to apply pressure on Iran isn't just related to the financial side, but it is related to isolating Iran on an even broader basis. And from the Treasury Department perspective, that is what we are trying do when we target entities like Iran Air and when we target entities like Mahan Air.

Mr. DEUTCH. Mr. Glaser, just let me follow up then. As we go forward and look forward to the debate on further Iran sanctions, given the work that you do, what is the most important missing piece, what is it that would help you most that you don't currently have?

Mr. GLASER. Well, I think when we look at our ongoing efforts to continue to squeeze Iran, it is about finding where are they finding points of access to the international financial system and closing those off. You know, some of the things that we look at, there are numerous branches of designated Iranian banks around the world, branches of Bank Saderat, branches of Bank Melli, operating in various countries. Those are banks that we want to focus on and isolate as much as possible.

We continue our efforts to engage with countries and to engage with banks around the world with respect to CISADA enforcement. That is something we take seriously.

And so I think that we are on the right track. I think it is just a question of finding where are these points of entry into the international financial system and trying to close those off.

Mr. DEUTCH. Thank you.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Deutch.

Mr. McCaul, who is the vice chair of the Subcommittee on the Western Hemisphere.

Mr. MCCAUL. Thank you, Madam Chair.

And welcome to the panelists.

Ambassador, it is great to have your presence twice in about a week.

Mr. BROWNFIELD. Extreme pleasure.

Mr. MCCAUL. It is an extreme pleasure for me, as well.

And the events—and I am sure this has been discussed. I had a markup in Homeland Security. But the events of this week clearly call into question, I think, the relationship between terrorists and the drug cartels. And it is something that I think we have been talking about for quite some time.

Certainly, the Hezbollah influence is nothing new. We have known that has existed in Latin America, particularly with Venezuela. We had Kourani, the operative who was brought across the border by a coyote and prosecuted in Detroit several years ago.

But what happened this week is, again, I think, hard evidence that these groups are now trying, attempting at least, from their point of view, to reach out to members of the drug cartels, in this case the Zetas, to carry out their plots, in this case an assassination of a high-level official, Saudi Ambassador, in the Nation's capital—a pretty bold, brazen act on the part of Iran.

And it makes me wonder if they haven't attempted to make those sort of contacts with drug cartels in the past. If anyone is at liberty to discuss that issue—I know we are not in a classified setting.

But, Ambassador, have you heard of any other attempts to contact—or contacts between any terrorist organizations and the drug cartels?

Mr. BROWNFIELD. Mr. Chairman, so as to avoid being hit over the head by Ambassador Goldberg, seated to my immediate side, I will say, I am unaware of any hard evidence in that regard. I have seen reports, rumors, to the same extent you have. I cannot tell you of a specific case where I am comfortable that this has occurred.

Mr. GOLDBERG. I would prefer to discuss it in a classified setting.

Mr. MCCAUL. Sure. And I would like to do that. It is hard for me to believe that something this high-profile, that this would be the first time they have reached out to the Mexican drug cartels.

Let me ask a couple other questions.

Ambassador, do you believe that the Mexican drug cartels intimidate the civilian population in Mexico?

Mr. BROWNFIELD. I believe you know my answer to this question, Mr. Chairman, since I believe I gave it to you last week. In certain communities and certain places at certain times, yes, I do.

Mr. MCCAUL. And do you believe that they also intimidate or coerce the government in Mexico?

Mr. BROWNFIELD. And to that, I gave you the same answer. It depends on location and time, but the answer is, in those cases, yes.

Mr. MCCAUL. And do you agree that they carry these acts out by extortion, kidnappings, and political assassinations?

Mr. BROWNFIELD. I believe that those are among the tools that they use in their efforts.

Mr. MCCAUL. Well, that is the definition of "terrorism" under Federal law, which is why I introduced my bill, which has been a little—it has been provocative—to designate them as foreign terrorist organizations, not to label but, rather, to give us additional authorities to go after them far beyond the "kingpin statute." This would be, jurisdictionally, we wouldn't be limited to just in the United States. And I think the 15-year penalty enhancement, the freezing of assets in the United States, and the ability to deport them would be a valuable tool.

And I think, in light of what happened this week, I think we really have to start taking this pretty seriously. If they are attempting to reach out and, you know, get in bed, so to speak, with the Mexican drug cartels, that it is a serious issue.

My judgment is, this is not some rogue operation on the part of Iran. My judgment is, this goes to higher levels within the Iranian Government and was sanctioned at higher levels by Iran.

And that leads me to my next question. To anybody on the panel, what should be our response? I mean, I think the Secretary has come out—and I think she is a very smart lady—talked about harsher sanctions, and I think we will certainly all support that. But what else can we do?

For instance, should we be expelling suspected Iranian intelligence officers that we know may be in the United States and help Mexico expel the ones in Mexico? Because the Mexicans will tell you, we don't have a handle on who is down here. We don't know if there are, you know—we know that they are here, but they are having a hard time identifying them. And it seems to me we need to help Mexico in that effort.

And I will throw that out to the panel in general. What should be our response?

Mr. GOLDBERG. I think you might have the wrong panel for that.

Mr. MCCAUL. And that is true, this is Western Hemisphere. However, given the influence they have in the hemisphere, what do you believe?

Mr. GLASER. Well, I think I am qualified to talk about our sanctions policy with respect to Iran. It is what I spend a considerable part of my job doing. And I think that our overall efforts to date have been, from the financial-sanctions perspective, again, to isolate Iran from the international financial system, to isolate Iran economically, to apply broad pressure on Iran. And I think that that is the right approach; I think that is an approach that this government has taken for years——

Chairman ROS-LEHTINEN. Thank you. Thank you so much.

Mr. MCCAUL. Can I—just one last question?

Given the level of this——

Chairman ROS-LEHTINEN. Mr. McCaul, I like you lots and appreciate and respect you, but I have to be brutal with the time.

Mr. MCCAUL. Okay.

Chairman ROS-LEHTINEN. Thank you.

Mr. MCCAUL. Well, I appreciate that.

Chairman ROS-LEHTINEN. I apologize.

Mr. MCCAUL. All right.

Chairman ROS-LEHTINEN. Mr. Connolly is recognized for 5 minutes.

Mr. CONNOLLY. Thank you, Madam Chairman. And if my friend Mr. McCaul were to formulate a question, I would yield to him.

Mr. MCCAUL. Thank you for your generosity. I really appreciate that. And I will return the favor in the future.

Mr. CONNOLLY. I know you will.

Mr. MCCAUL. Just real quickly, if there this was an act at the highest levels in the Iranian Government, a political assassination—after all, a political assassination started World War I; it started the First World War—would you view this attempt to assassinate the Saudi Ambassador, if it was indeed sanctioned at the highest levels, as an act of warfare?

Nobody wants to answer that?

Mr. BROWNFIELD. Mr. Chairman, as Ambassador Goldberg said, you have the wrong panel for this one. I could offer you Bill Brownfield's personal opinion, but that is not why we are here.

Mr. MCCAUL. Uh-huh.

Mr. BROWNFIELD. I think it is safe for all of us to say—and I bet I do speak for all of us on this one—that we share the same personal view of what has been revealed to us this week that you do. Where we go from there obviously does require other people with other responsibilities to give a useful response to your question.

Mr. GOLDBERG. And let me just reiterate, this does represent something that is very disturbing—the use of Mexico, the proposed attempt on the life of an ambassador here in Washington on American soil. So all of those things, the premises are correct.

Mr. MCCAUL. In fairness to the gentleman from Virginia, I am going to yield back.

And thank you so much for your generosity.

Mr. CONNOLLY. I thank my colleague.

Well, if I may follow up a little bit on that, Mr. Ambassador, it is disturbing. It is, actually, a lot more than that, presumably. And what bothers one is that with impunity these agents provocateurs went to Mexico knowing that is where they would find a willing partner.

And so, I guess part of my question is—you know, I went to Mexico and met with Mexican officials over 1½ years ago with a rather high-level delegation here from the House, and we expressed great concern about violence, especially in the northern part of Mexico. And we even raised the question, frankly, of a failed state. The situation in northern Mexico seems to have actually gotten worse, not better.

And so, I guess I would ask, in light of the recent revelations this week, how concerned do we need to be about stability in our southern neighbor?

Mr. BROWNFIELD. Why don't I start with a response to that, Congressman?

And, first, I would like to remind everyone on the committee that, at the end of the day, what we have is a positive outcome. Let us not forget that a plot was foiled. It was foiled in no small measure due to the cooperation between the Governments of the United States and Mexico, which, in turn, is a product, perhaps, of 4 years of unprecedented historic cooperation between our two gov-

ernments, our two countries, and our two peoples in addressing common threats from a perspective of shared responsibility. So I do want to remind you that that is our starting point.

Where do we go from here? The part of this project that I am responsible for, which is the Merida Initiative, obviously we want to ensure that the support, the equipment, the assistance, the cooperation that we are providing to and with the Government of Mexico will also address this sort of threat. Failing to do that would make us guilty of stupidity, and while I am willing to be many things, I prefer not to be stupid.

What we obviously have to do and what we are doing is assessing the nature of our programs, the organizations that we are working with, the institutions that we are working with, to ensure that they are better able to address this sort of threat in the future.

In my opinion, what we have done over the last 4 years has contributed to foiling this plot. And I think for that we all should owe ourselves a debt of gratitude.

Mr. CONNOLLY. I think you make a very good point, Mr. Ambassador. But part two of my inquiry had to do with concern about stability in northern Mexico, because it looks like, frankly, the situation has gotten worse.

How concerned should we be about a de facto failed state in the northern part of Mexico?

Mr. BROWNFIELD. Yep. My own view is that the Merida Initiative is in transition, and part of the transition directly addresses that issue. And that is the transition from support for Federal institutions and organizations to support for state and local organizations and institutions—police, prosecutors, courts, municipal governments.

The extent to which we are able to make that pivot, that transition, to strengthen the states of northern Mexico, particularly the five states that border on the United States of America, will address that specific issue.

Mr. CONNOLLY. I thank you, Mr. Ambassador.

And, Mr. Chairman, my time is up. I just——

Mr. MCCAUL [presiding]. Wait a minute. Just let me say, now that I have the chair, I will be a little more generous.

Mr. CONNOLLY. If you would allow me just a point of personal privilege, I want to welcome Paul Stockton to the committee. Paul and I worked together in the Senate Foreign Relations Committee many years ago, and it is good to see at least one of us did well.

Mr. STOCKTON. Well, Congressman, I can see who did well. And, again, thank you and all the members of the committee for your contributions and leadership.

Mr. MCCAUL. Well, thank you for that.

And the Chair now recognizes the gentleman from New York, Mr. Higgins.

Mr. HIGGINS. Thank you, Mr. Chairman.

The theme of this hearing is emerging threats. And as important as knowing where terrorist activity exists, it is as important to know where it will exist in the future. And with a lot of these terrorist organizations, including Hezbollah, it is a new generation.

They are younger, they are more aggressive, they are more technologically sophisticated.

And in the 12-country region of Latin America, estimates are that there are about 138 Hezbollah operatives. This concerns me because Hezbollah acts as a proxy for Venezuela, Syria, and Iran. It is also estimated that Hezbollah has a presence in the United States in 15 major cities and also in 4 major cities in Canada.

My concern is that they have the presence there. And some will say, "Well, they are not really a threat because they have a presence." Well, again, it is an organization that is committed to violent jihad. It is an organization that we identify as a major threat.

So I would ask each of you to assess the concern of the Hezbollah presence, not only generally in the Western Hemisphere but more specifically in the United States and in Canada. Because those four cities in which Hezbollah has a presence, the sense is that they are there so as to have access to major areas of the United States.

So I would ask you to assess that for us.

Mr. GOLDBERG. Our view of Hezbollah and what it has been doing in the hemisphere, and particularly in South America, has been in the area of fundraising for its activities. We talked some about that earlier.

We have not—we follow very closely, we track attempts to do operational activity of these groups around the world. And I don't have information to corroborate some of the allegations that I have heard over time. But it is something, you can be assured, that we watch very closely.

Mr. GLASER. Well, again, I would defer to the FBI and to the Justice Department to speak to the threat that Hezbollah plays within the United States.

With respect to Hezbollah's broad activities with the region, I think Ambassador Goldberg is correct. They engage in a lot of fundraising activities within this region. Again, I think it is important to always emphasize when you talk about Hezbollah fundraising that the vast majority of Hezbollah's funds come from Iran, and Iran is the primary donor to Hezbollah. But their fundraising activities in the Western Hemisphere are of concern, that is something that we are monitoring, it's something that we target at every opportunity.

Again, recently, the Treasury Department, in targeting a particular bank in Beirut, had the opportunity to point out that Hezbollah does derive financial support from criminal activities of criminal networks that span into the Western Hemisphere.

Mr. STOCKTON. Congressman, I would like to broaden the aperture a little bit and talk about an emerging threat and opportunity for collaboration, and that is cybersecurity.

Both state and nonstate actors increasingly pose a challenge to not only the United States but partner nations throughout the Western Hemisphere. And we have seen recent denial-of-service attacks against our partner nations in the Western Hemisphere.

This is a prime example of both an increasing and a transforming threat but also new partnership opportunities so that we can share our expertise with our partner nations so they can then help us in providing security for the Western Hemisphere.

Mr. HIGGINS. Mr. Chairman, yielding back my time, I would just say that it is cold comfort when you hear the assessment that Hezbollah's activities in North America are limited to fundraising activity. It seems when there is a physical presence in 15 major cities in the United States and 4 major cities in Canada that the potential of their nefarious activity is certainly there and present, and we should be diligent about monitoring that activity moving forward.

I represent an area, Buffalo, New York, which is 90 miles south of Toronto. And the Hezbollah presence in Toronto concerns me very much, beyond the fundraising activity. And I understand clearly that fundraising is a big part of this, but—so that would be my concern.

I thank you, and I yield back.

Mr. MCCAUL. Thank you. And I certainly share your concerns, as well.

The Chair now recognizes the ranking member on Africa, Global Health, and Human Rights, Mr. Payne.

Mr. PAYNE. Thank you very much, Mr. Chairman.

Let me just ask the general question, in your opinions, is the relationship with the United States to our Central and South American countries in general—take the region in general—in your opinion, is it better today than it was in the immediate past decade, say, the same, or worse?

Mr. BROWNFIELD. Let me offer you a first cut at that, Congressman.

This is not our area, because we are not responsible for the regional relationship. However, I said earlier, before you were in the room, that, in my opinion, we have made progress in this relationship. And, in fact, our relationship with the region is better today than it was 10 years ago or 15 years ago; that there is, to a certain extent, a competition for ideas in terms of what best represents the vision for the future of the hemisphere; and that I would suggest the vision that is more associated with open markets and governments that protect their communities but do not run the economies appears to be showing greater success than those with an alternative vision.

Mr. PAYNE. Thank you very much.

You know, we found that, you know, countries in—poor countries, as we do find in Central and South America—and I know this is not your expertise, but I am going to just throw it out anyway—in many instances, you do get sort of a populist movement, you get people who feel that there should be kind of a safety net for the peasants or the poor. And, in many instances, our Government reacts because we feel that this is a new socialist threat or it may be getting some influence from some of the—I guess, if there are any communists left. I don't know if—I look at China; I wonder what China is, you know?

But what do you think about our positions that, in cases, change because of the election of someone that we may not agree with their political ideology and what our relationship should be? Because, in a number of instances, we simply change our relationship and may be less engaged with them if it is a government or a political ideology that we don't like.

Mr. GOLDBERG. I mentioned, Mr. Payne, in my statement that one of the areas that we look at in the I&R Bureau is the activities of some of the populist governments in the region. And it is not for ideology that we look at it. The way we may view what is going on in the region is, in part, a result of where we sit in the intelligence community or as someone who deals with sanctions, and it is a different view.

But the reason I raised it as a concern in a threat sense is that we have seen some of the same governments where we see a decline or a narrowing of democratic space, of ability of oppositions to exist, and rule of law especially, that it becomes harder to work together. And we see the same countries on issues like counternarcotics or counterterrorism. So that is what we look at from an analysis point of view.

Mr. PAYNE. Well, just finally before my time expires, on the Merida Initiative, is there any way that—can you measure the human impact positively that this has had on the people of Mexico?

Mr. BROWNFIELD. Congressman, you are going to find it hard to believe this, but I would argue that it is still early to give you a definitive answer to that question. Our experience over the last 40 years in places such as Bolivia and Peru in the 1980s, Colombia in the course of the last 10 years, the past decade, is that it takes about 5 years for a major program to actually begin to show an impact. And then, often, your statistics are a couple of years behind the reality on the ground.

What we can measure right now quite clearly is the input: What have we delivered to Mexico under the Merida Initiative—how many trucks, how much equipment, how many helicopters, and so forth? What you have a right to hold us to in the years ahead is the impact that that will have: How many senior members of cartels have been arrested or otherwise removed from their activities? How has the crime rate, the homicide rate, the violence rate gone down? Has the successful prosecution rate improved?

These are the sorts of statistics which you have every right in the world to hold us to. My only suggestion to you is, give it about 5 years before you grill us on those statistics. And that doesn't mean you have to wait much more than about 1 more year before you can haul me up here and rake me over the coals.

Mr. PAYNE. Thank you very much.

Thank you.

Mr. MCCAUL. I appreciate that. I appreciate—well, we would never dream of raking you over the coals up here.

Mr. BROWNFIELD. I appreciate that, Mr. Chairman.

Mr. MCCAUL. The Chair now recognizes the gentleman from California, Mr. Sherman.

Mr. SHERMAN. I would never rake anyone over the coals.

As the last questioner, perhaps almost all the interesting questions have been asked.

Mr. Glaser, we are focusing here on raising money for Hamas in the Western Hemisphere. There are several instances, at least that have been reported, where money has been raised for Hamas here in the United States and the Justice Department refuses to do anything about it. Do you find that frustrating?

Mr. GLASER. I am sorry, we are talking about Hamas now and not Hezbollah?

Mr. SHERMAN. Hamas, yeah, another terrorist organization.

Mr. GLASER. Okay. I think the Justice Department has been pretty active in targeting Hamas fundraising. So I would find it frustrating if we in the government weren't taking it seriously.

Mr. SHERMAN. Well, wasn't there a widely publicized delivery of valuable assets to Hamas in Gaza by ship spearheaded in part by American citizens? And is it not terrorist financing if you deliver trucks as opposed to cash?

Mr. GLASER. I would consider terrorist financing to deliver——

Mr. SHERMAN. Has a single person involved in delivering trucks to Hamas been even the subject of a criminal inquiry? Or do you want to reevaluate your answer, that the Justice Department is focusing on Hamas financing in the United States?

Mr. GLASER. I am sorry, Mr. Sherman, I would have to defer to the Justice Department on who they are investigating and what the status of those investigations are.

Mr. SHERMAN. We both know that the Justice Department will do nothing to those who deliver trucks to Hamas but will send you around the world trying to make sure that Hezbollah financing is interrupted.

And let's shift to another issue, China. To what extent should we be concerned about Chinese relationships in Latin America, Ambassador Goldberg?

Mr. GOLDBERG. I would reiterate that we view China's activities in the region as part of an economic challenge. They have a booming economy. They seek markets for their exports.

Some of the countries, interestingly, in the region have the same issues about currency and Chinese currency valuation as we do in the United States——

Mr. SHERMAN. But there is a chance they will actually do something about it. But that is another subject.

Mr. GOLDBERG. But in political terms, China's interests have been largely on the economic side and in gaining raw materials for its economic boom. And on the political side, largely based in the BRICS group of countries, coordinating with Brazil on international issues. But, as I say, it is part of a global issue.

Mr. SHERMAN. We know that Russia is supplying weapons to Venezuela. Is China doing the same? And what concerns should we have about Russia providing arms to Venezuela?

Mr. GOLDBERG. Well, Russia's position in the region is different and has a more political kind of tint. Russia has, for example, inked deals worth about $11 billion with Venezuela since 2007. So there is clearly an interest in selling military goods in the region. There is also Russian political goals, traditional ones, of trying to promote multipolarity and of world centers of power.

And so I do think that you would, both in a commercial sense when they are selling military goods but also in a political sense, you would look at it differently than perhaps some of the Chinese activities.

Mr. SHERMAN. I yield back.

Mr. MCCAUL. Thank you for your questions.

I just want to close out with just an observation. I mean, Hezbollah is a terrorist organization. They are very prevalent in Latin America. In 1980, they issued a fatwa that stated its rationale for engaging in drug production and trafficking, and it said that it was making these drugs for Satan, America, and the Jews. "If we cannot kill them with guns, we kill them with drugs."

Then it was reported that the Mexican Sinaloa drug cartel was sending elite assassins to train on weapons and explosives with Islamic radicals in Iran. I don't know if that is true or not, but if it is, it seems to me they are aiding and abetting a known terrorist organization.

And then, finally, three Pakistani citizens pled guilty to conspiracy to provide material support to the TTP in Pakistan as part of a human-smuggling operation bringing these Pakistanis into South America.

We don't have all the answers as to how complicit the drug cartels are with these organizations, and I think that is something that we are going to continue to investigate. But the more evidence that comes out that they are, the more I am led to the conclusion that we need to treat them as terrorist organizations. And I am talking about the drug cartels themselves.

So, with that, let me just say thank you to the witnesses for your very interesting testimony.

And, Ambassador, we hope to have you back again soon.

One final—when we met with President Calderon—I do want to ask you this—he said, "You know, we are hitting a turning point." He said, "You may not see it right now with all the killings," but he said, "I really believe we are hitting a turning point. We have trained 200,000 national Federal police officers." And he was generally, I think, optimistic about what a lot of people view as a very pessimistic situation.

Do you have any observations on that?

Mr. BROWNFIELD. Actually, I am delighted to close on this point, Mr. Chairman, because I agree with that sentiment completely.

And I suggest to you, it is one of the lessons that we have learned from our Colombia experience. That is, one, it takes a certain amount of time before your efforts begin to bear fruit. We have been at this Merida Initiative now for about 4 years. Second, since drug-trafficking organizations rarely report their data to government offices and institutions, your data is usually 1 or 2 years behind the reality on the ground.

That said, look at Mexico, look at what the Mexican Federal police and law enforcement institutions have done. They have taken down, I believe, 34 senior cartel members since the year 2009. That compares with one in the preceding 6 years. They have beefed up their national police from a force of somewhere less than 10,000 to a force of about 35,000 to 40,000 within the last 3 years.

They are better equipped, they are better trained. And I personally agree that we are seeing results from that and will see them increasingly in the years ahead. If I am wrong, you have every right to bring me up here and berate me.

Mr. MCCAUL. Well, I think that is a positive note to end on, Ambassador.

And thanks to all the witnesses for being here.

This committee stands adjourned.
[Whereupon, at 12:22 p.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Ileana Ros-Lehtinen (R-FL), Chairman

October 12, 2011

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in **Room 2172 of the Rayburn House Office Building (and available live, via the WEBCAST link on the Committee website at http://www.hcfa.house.gov):**

DATE: Thursday, October 13, 2011

TIME: 10:00 a.m.

SUBJECT: Emerging Threats and Security in the Western Hemisphere: Next Steps for U.S. Policy

WITNESSES:

The Honorable William R. Brownfield
Assistant Secretary
Bureau of International Narcotics and Law Enforcement Affairs
U.S. Department of State

The Honorable Philip S. Goldberg
Assistant Secretary
Bureau of Intelligence and Research
U.S. Department of State

The Honorable Daniel L. Glaser
Assistant Secretary for Terrorist Financing
Office of Terrorism and Financial Intelligence
U.S. Department of Treasury

The Honorable Paul N. Stockton
Assistant Secretary of Defense for Homeland Defense and
Americas' Security Affairs
U.S. Department of Defense

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE HEARING

Day *Thursday* **Date** *10/13/11* **Room** *2172 RHOB*

Starting Time *10:06 A.M.* **Ending Time** *12:20 P.M.*

Recesses [ ] (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Rep. Ileana Ros-Lehtinen, Rep. Michael McCaul

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]

Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING:

Emerging Threats & Security in the Western Hemisphere: Next Steps for U.S. Policy

COMMITTEE MEMBERS PRESENT:

Attendance sheet attached.

NON-COMMITTEE MEMBERS PRESENT:

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Rep. Russ Carnahan

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *12:20 P.M.*

Jean Carroll, Director of Committee Operations

Hearing/Briefing Title: Emerging Threats and Security in the Western Hemisphere: Next Steps for U.S. Policy

Date: October 13, 2011

Present	Member
X	Ileana Ros-Lehtinen, FL
X	Christopher Smith, NJ
	Dan Burton, IN
	Elton Gallegly, CA
	Dana Rohrabacher, CA
	Donald Manzullo, IL
	Edward R. Royce, CA
X	Steve Chabot, OH
	Ron Paul, TX
	Mike Pence, IN
	Joe Wilson, SC
X	Connie Mack, FL
	Jeff Fortenberry, NE
X	Michael McCaul, TX
X	Ted Poe, TX
	Gus M. Bilirakis, FL
X	Jean Schmidt, OH
X	Bill Johnson, OH
X	David Rivera, FL
	Mike Kelly, PA
	Tim Griffin, AK
	Tom Marino, PA
X	Jeff Duncan, SC
	Ann Marie Buerkle, NY
	Renee Ellmers, NC
X	Robert Turner, NY

Present	Member
X	Howard L. Berman, CA
	Gary L. Ackerman, NY
	Eni F.H. Faleomavaega, AS
X	Donald M. Payne, NJ
X	Brad Sherman, CA
X	Eliot Engel, NY
X	Gregory Meeks, NY
	Russ Carnahan, MO
X	Albio Sires, NJ
X	Gerry Connolly, VA
X	Ted Deutch, FL
	Dennis Cardoza, CA
X	Ben Chandler, KY
X	Brian Higgins, NY
	Allyson Schwartz, PA
	Chris Murphy, CT
	Frederica Wilson, FL
X	Karen Bass, CA
	William Keating, MA
	David Cicilline, RI

OPENING STATEMENT OF
THE HONORABLE RUSS CARNAHAN (MO-03)
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

Hearing on
Emerging Threats and Security in the Western Hemisphere: Next Steps for U.S. Policy
Thursday, October 13, 2011, 10:00 A.M.
2172 Rayburn House Office Building

Chairman Ros-Lehtinen and Ranking Member Berman, thank you for holding this hearing on U.S. relations with our neighbors. I look forward to assessing our foreign policy priorities in the region.

Latin America is an increasingly dynamic and growing region. But from illicit drug trafficking and terror activity to extreme poverty and humanitarian crises, such as those posed by earthquakes in Haiti and Chile, there are a number of significant challenges for U.S. interests in the region.

I would particularly like to discuss the status of U.S. and international efforts to combat criminal gangs and narco-traffickers, whose activities threaten security, development, and democratization in the region. My district in Missouri has one of the worst methamphetamine abuse problems in the U.S., along with considerable heroin and cocaine consumption. Illicit drug trafficking from Central and South America supply a disturbing portion of these substances. I believe the U.S. must take a comprehensive approach to this issue, addressing both supply and demand—domestically, and throughout the region. Beyond strengthening law enforcement, we need to confront the social and economic forces that drive criminality. I would like to hear more today about how the State department's work in Latin America fits in with our overall drug control strategy, as well as our collaboration with UNODC (UN Office on Drugs and Crime) and regionally coordinated initiatives.

More broadly, I look forward to assessing the Administration's foreign policy priorities in the region. As we consider challenges to our interests and policy options, I believe we must bear in mind the importance of working on the grounds of common interest with our neighbors to address these key concerns.

In closing, I thank our witnesses for their presence and testimony here today.

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