

**Testimony of Ambassador Daniel Benjamin, Coordinator for Counterterrorism; Kevin Whitaker, Acting Deputy Assistant Secretary for Western Hemisphere Affairs; and Thomas Delare, Director of the Office of Terrorist Finance and Economic Sanctions Policy, Bureau of Economic, Energy and Business Affairs  
Department of State**

**Joint House Oversight and Government Reform Subcommittee on National Security, Homeland Defense and Foreign Operations  
and  
House Foreign Affairs Committee Subcommittee on Western Hemisphere and Subcommittee on the Middle East and South Asia  
hearing on “Venezuela’s Sanctionable Activities”**

Chairman Chaffetz, Chairman Mack, Chairman Chabot, Ranking Member Tierney, Ranking Member Engel, Ranking Member Ackerman, distinguished members of the committees, thank you for the opportunity to appear before you today to discuss Venezuela’s sanctionable activities.

We want to thank you for the opportunity to appear before you today with Adam Szubin, our colleague from the Department of the Treasury. Allow us to start by saying that the Administration is committed to its duty to protect and advance U.S. interests and national security worldwide. The State Department is concerned about Venezuela’s relations with Iran, its support for the FARC, its lackluster cooperation on counterterrorism, and its demonstrable failure to meet its international counternarcotics obligations, and we have taken a series of specific actions over time to address them in a serious way, using the tools provided by Congress, and will outline them in the following statement and in our testimony. These actions are substantial, targeted, and iterative and are well understood in Venezuela and elsewhere.

In our assessments of Venezuela’s cooperation with U.S. antiterrorism efforts, we have taken into account reports that the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN) have crossed into Venezuelan territory to rest and regroup, to conduct drug trafficking activities, as well as to extort protection money and kidnap Venezuelans to finance their operations. In addition, we have also considered reports that some weapons and ammunition from official Venezuelan stocks and facilities have been found in the hands of these groups. These are matters of significant concern to us and to our

Colombian allies. We do note the recent cooperation between the Government of Colombia and the Government of Venezuela that has led to the arrest of mid-level FARC leaders in Venezuela.

The Administration has significant concerns about connections between members of the Venezuelan government and U.S.-designated terrorist organizations such as the FARC, ELN, and ETA (Basque Fatherland and Liberty), all of which have been reported on in the press. As we have reported in the past, Hizballah has a presence in Venezuela, and the Department of the Treasury has done much to highlight these connections. I do, however, want to emphasize that the information available to us indicates that Hizballah activity in Venezuela is confined to fundraising. We remain alert to indications of other activities, particularly operational activity, but there is no information to support any such contention at this point.

Since coming to power in 1999, Hugo Chavez has chosen to develop close relations with Iran and Syria. Venezuela is Iran's closest political ally in the Western Hemisphere and President Chavez continues to define Iran as a "strategic ally." This close and highly publicized bond has led to public declarations to establish broad economic, military, and political cooperation, although the extent of and accomplishments associated with such cooperation appear much less substantive.

Venezuela is required to fulfill its obligations under UN Security Council Resolutions 1373 and 1540, which form part of the legal basis of international counterterrorism efforts. These resolutions, adopted under Chapter VII of the UN Charter, require all states, including Venezuela, to take a series of measures to combat terrorism and prevent WMD and their means of delivery from getting into the hands of terrorists. It is our view that Venezuela has not done enough in this regard.

We would like to outline the significant and effective steps that the U.S. government has already taken to confront specific actions and activities by Venezuela and by Venezuelan officials. For the last five years, since May 2006, pursuant to section 40A of the Arms Export Control Act, Venezuela has been listed as a "Not Fully Cooperating With U.S. Antiterrorism Efforts" country, because of its inadequate response to our counterterrorism efforts. The effect of this listing is a prohibition against the sale or licensing for export to Venezuela of defense articles or services. The United States has also imposed an arms embargo on Venezuela since 2006, which ended all U.S. commercial arms sales and re-

transfers to Venezuela. This sanction is a useful tool in signaling we are not satisfied with Venezuela's counterterrorism cooperation, and has been used in situations where a state may not meet the high threshold for designation as an SST.

The Department of the Treasury has designated two high level Venezuelan government officials and one former official under the Foreign Narcotics Kingpin Designation Act for materially assisting the narcotics trafficking activities of the FARC, and have sanctioned Venezuelan companies when appropriate.

There are signs that the Venezuelan government is beginning to comprehend the international community's concerns about its behavior, particularly with respect to the FARC. Venezuela has increased its counterterrorism cooperation with Colombia. Since Colombian President Santos took office a year ago, the Venezuelan and Colombian presidents have met three times, most recently on April 9, and have signed numerous agreements on counternarcotics, border development, and security cooperation. In addition, Colombian Defense Minister Rodrigo Rivera met with Venezuelan Defense Minister Carlos Mata during Santos' visit to Venezuela in November 2010. Rivera also signed a counternarcotics agreement with Venezuelan Interior Minister Tarek El-Aissami in January.

Colombian-Venezuelan cooperation on terrorism and security matters is clearly increasing and being systematized, yielding notable results. We see as positive Venezuela's deportation of several members of the FARC and the ELN to Colombia over the past several months. Some are key operatives wanted for specific acts of terrorism; others are high-profile political actors, like Sweden-based FARC International Commission Representative Joaquin Perez Becerra, who served as the FARC public relations coordinator for Europe. Similarly, Venezuela also recently arrested a member of the FARC general staff, Julián Conrado, based on a Colombian arrest warrant. His removal to Colombia is pending. Finally, Chavez has also called on the FARC to join a political reconciliation process and has claimed that any discussions between Venezuelan government officials and the FARC about establishing bases in Venezuela took place without his authorization.

Despite this recent and welcome cooperation with Colombia, we remain concerned about Venezuela's commitment to fighting terrorism, and we continue to consider all options in applying appropriate sanctions. One option available to us is the State Sponsor of Terrorism designation. The Department of State has a rigorous legal threshold in exercising its authority to make State Sponsor of Terrorism designations. Since 1979, the following countries have been placed on the SST list: Cuba, Libya, Iran, Iraq, North Korea, South Yemen, Sudan, and

Syria. Of these, Cuba, Iran, Sudan, and Syria remain on the list today. The last time the Secretary of State used this authority was in 1993 when Sudan was added to the list.

Before designating a country as a State Sponsor of Terrorism, the Secretary must determine that the government of the country has repeatedly provided support for acts of international terrorism. Before making such a determination, information related to a government's possible support towards terrorism is carefully reviewed to ensure that there is both credible and corroborated evidence of a government's repeated support for acts of international terrorism. We believe this is a necessary step before we utilize one of the U.S. government's broadest sanction tools. If we make decisions to designate states based on anything less, we would be setting the bar too low for future additions to the list. A lower threshold could possibly lead to additions to the list but some of these changes would be inimical to our foreign policy, economic, and counterterrorism interests.

When there has been evidence of direct support for Iran, we have acted. Under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA), the State Department is the agency primarily responsible for implementing the provisions which relate to the energy, shipping, and transportation sectors, the export of sensitive telecommunications technology, and non-proliferation. The Department of the Treasury has primary responsibility for implementing the financial sanctions contained in CISADA, and the Department of the Treasury and the State Department work together to implement the human rights provisions of CISADA. In 2008, the Banco Internacional de Desarrollo was put on the Department of the Treasury's list of Specially Designated Nationals and Blocked Persons pursuant to Executive Order 13382, "Blocking Property of Weapons of Mass Destruction Proliferators and their Supporters" as a subsidiary of the Export Development Bank of Iran. The Export Development Bank of Iran was itself designated pursuant to Executive Order 13382 for providing or attempting to provide financial services to Iran's Ministry of Defense and Armed Forces Logistics. Just last month, on May 24, the Secretary imposed sanctions on Petroleos de Venezuela (PDVSA), based on its activities in support of Iran's energy sector. On at least two occasions, PDVSA provided cargoes of reformate, an additive used in gasoline, to the National Iranian Oil Company. These shipments were valued at over \$50 million, well above the sanctionable thresholds established in the Iran Sanctions Act (ISA).

Under the ISA, the Secretary has the authority to calibrate sanctions on a case by case basis. Sanctions can range from prohibitions on certain types of

government assistance, to a complete blocking of all property transactions subject to U.S. jurisdiction. In the case of PDVSA, the Secretary chose three sanctions that limit PDVSA's activities in the United States but do not impact its subsidiaries or the export of crude oil from Venezuela.

It is important to note that this calibrated approach was chosen because it is our goal to persuade PDVSA to make the right choice and stop shipments of refined petroleum to Iran. If PDVSA does not stop, and we have made this very clear in our conversations with PDVSA and with the Venezuelan government, the Secretary of State reserves her authority to impose additional, more severe sanctions.

These sanctions were only recently imposed. While we do not know what the ultimate result of these important actions will be, we are confident that they got the attention of Venezuelan government officials, based on subsequent comments from such officials and from PDVSA. They understand the sanctions and our justification for it. The Department of State has a very good record of convincing companies to stop supporting Iran's energy sector. Last fall we secured the formal withdrawal of five large multinational energy companies – Royal Dutch Shell, ENI, INPEX, Statoil, and Total – from projects in Iran. These firms have been joined by scores of other companies working in a variety of sectors that have recognized that the risks of doing business with Iran are just too high. We will continue our dialogue with Venezuela directly and through our other allies.

In addition, on May 23, we imposed sanctions pursuant to the Iran, North Korea, and Syria Nonproliferation Act (INKSNA), against the Venezuela Military Industries Company (CAVIM). INKSNA provides for penalties on entities that engage in the transfer to or acquisition from Iran, Syria, or North Korea of equipment or technology controlled by one of the four multilateral regimes (e.g. the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Wassenaar Arrangement) that regulate the export of advanced conventional weapons, weapons of mass destruction (WMD), and cruise and ballistic missile systems.

Much more work remains to be done, and we will continue to closely monitor Venezuela's actions. All of the broad and targeted actions we've taken against Venezuela should serve as an indicator that we are stepping up the pressure as it is warranted.

The Department has strongly urged Venezuela's leaders to pursue a path of cooperation and responsibility rather than seeking close ties to Iran, supporting illegal armed groups, and risking further isolation. We continue to monitor Venezuela, as well as other countries, for activities that would indicate a pattern of support for acts of international terrorism. No option is ever off the table, and the Department will continue to assess what additional actions might be warranted in the future.