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.
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.