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THE U.S.-CARIBBEAN SHARED SECURITY PARTNERSHIP: RESPONDING TO THE GROWTH OF TRAFFICKING AND NARCOTICS IN THE CARIBBEAN

HEARING

BEFORE THE

SUBCOMMITTEE ON WESTERN HEMISPHERE, PEACE CORPS, AND GLOBAL NARCOTICS AFFAIRS

OF THE

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THURSDAY, DECEMBER 15, 2011

U.S. SENATE,
SUBCOMMITTEE ON WESTERN HEMISPHERE,
PEACE CORPS, AND GLOBAL NARCOTICS AFFAIRS,
COMMITTEE ON FOREIGN RELATIONS
Washington, DC.

The subcommittee met, pursuant to notice, at 10:03 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Robert Menendez (chairman of the subcommittee) presiding.

Present: Senators Menendez and Rubio.

OPENING STATEMENT OF HON. ROBERT MENENDEZ, U.S. SENATOR FROM NEW JERSEY

Senator MENENDEZ. Good morning. This hearing of the Western Hemisphere, Peace Corps, and Global Narcotics Affairs Subcommittee will come to order.

Welcome to our hearing on the U.S.-Caribbean Shared Security Partnership: Responding to the Growth of Trafficking in Narcotics in the Caribbean. I want to thank our panelists for coming today. I look forward to hearing what they have to say.

Let me begin by providing some historical context for today's hearing.

In May 2010, after a number of regional meetings and a substantial dialogue process, the United States and Caribbean representatives held the inaugural Caribbean-U.S. Security Cooperation Dialogue in Washington and approved a declaration of principles based on three strategic priorities: one, to substantially reduce illicit trafficking in the Caribbean; two, to advance public safety and security; and three, to further promote social justice.

On November 10 of this year, the second annual Caribbean-U.S. Security Cooperation Dialogue was held in the Bahamas. The keynote speech by Secretary of Homeland Secretary Janet Napolitano and the joint declaration afterward both highlighted a number of new initiatives designed to reinforce the original strategic priorities: the creation of a fingerprint collection system by the United States and Caribbean partners that will help to combat terrorism and transnational criminals; better sharing of information between the Caribbean and the United States; implementation of a regional

maritime and air control strategy; and finally, developing a regional juvenile justice policy.

While I applaud these initiatives and I know that 2 years is not a very long time to stand up such ambitious initiative like CBSI, I have to say, frankly, that I am neither satisfied with the progress being made on the ground, nor the news and information that I am receiving from the region.

For example, in the Bahamas, 104 people have been killed this year, topping the record of 94 killings from last year. But that pales in comparison to Jamaica, which has become the murder capital of the Caribbean, with more than 1,400 people killed this year. In fact, a 2011 U.N. report on homicides worldwide reported that Caribbean homicide rates have been increasing every year since 2006 and concludes that the region exhibits some of the highest levels of lethal violence in the world.

In September, President Obama certified four Caribbean nations as major drug transit countries: the Bahamas, the Dominican Republic, Haiti, and Jamaica. There is unquestionably a direct correlation between the growth in narcotrafficking and the total loss of security that we are seeing in the Caribbean.

In the Dominican Republic, one of the candidates for President declared that the country is close to becoming "a narcostate" and said the government is incapable of stopping the drug traffickers.

The situation has gotten so bad in Trinidad and Tobago, the government there has declared a state of emergency and imposed a nightly curfew so the police can combat Venezuelan drug smugglers.

And the drug violence does not stop at the U.S. border. Puerto Rico has already seen 1,000 homicides this year, which is a new record. It is estimated that at least half of these murders involve drug trafficking organizations.

This situation is deplorable and unsustainable. Violence is up throughout the region. Crime is increasing to the point that some countries are almost under siege, and drug trafficking is growing exponentially and drug use has hit alarming levels.

Meanwhile the drug cartels are using money and violence to undermine the governments in the region by paying off corrupt officials and killing the honest ones. Corruption has returned to the region with a vengeance, making it almost impossible to reform the security and justice sectors in many countries. CBSI has little chance of working if the governments that we are partnering with are themselves involved in illicit activities.

I am very troubled and concerned that when I talk to Government officials here in Washington, there does not seem to be a sense of urgency about the situation in the Caribbean. We have sent National Guard troops to the Mexican border. We are starting to see the Central America Regional Security Initiative get more funding. Colombia continues to get a lot of assistance.

But what about CBSI? What about the Caribbean? Why have we not learned about the inherent ability of the traffickers to be one step ahead of our counternarcotics initiatives? Total CBSI funding is expected to drop next year, in fiscal year 2012, to $73 million from this year's $77 million allotment. The officials I talk with just do not seem to get that our counternarcotics efforts in other parts

of Latin American are the reason that the cartels are moving into the Caribbean. And if we do not pay attention to the Caribbean, we are going to repeat history with our exclusive focus, for example, on Colombia drove traffickers into Mexico and Central America.

And it is not just the scourge of drugs that is spiraling out of control. Gun smuggling is a growing menace, with firearms the most likely weapon used in a homicide in the region. Money laundering operations are illegally moving large quantities of cash throughout the region. Human trafficking has reached appalling levels. So what will it take for Washington officials to realize how bad the security situation is in the Caribbean?

My other concern is that there does not seem to be a comprehensive approach to tackling these problems in the Caribbean. We have to make a thorough assessment of all the law enforcement and development agencies in the initiative, both domestic and foreign, to determine where there are redundancies and also where we are not applying enough resources. We have State, USAID, DEA, FBI, the Coast Guard and myriad other agencies all working in the region, and we hope that that can be in an even more coordinated fashion. Our commitment to share responsibility with our Caribbean partners must also be shared by our own Government, the bureaucracies that need to work together to coordinate efforts to bring a whole-of-government approach to the task.

In order to work, CBSI must take a holistic approach to link the chains of land-based law enforcement from local to national to international, while integrating the maritime components, at the same time tying in the civil sector actors. And if funding for CBSI is cut, then we will really have to figure out how to make our efforts more effective, more efficient, and more coordinated.

So I look forward to listening to where the leadership to drive this coordination is going to come from. Can anyone tell me what the administration's counternarcotics priorities in the Caribbean are? Is it interdiction of supply? Is it targeted eradication of production, because while cocaine originates in South America, the Caribbean is a big producer of marijuana? Do we just focus on coast guards and other maritime forces in the region? Yes, better intelligence is a priority, but does that entail more training of local police and vetting of those police and military forces or placing more U.S. assets in the region? Don't we need to enhance border control as well in order to stop the gunrunning, money laundering, and human trafficking? CBSI should be, could be, and I believe must be the vehicle to coordinate our engagement and create the synergies needed with our Caribbean partners to combat the twin scourge of drugs and violence that is rocking the region.

To that end, in the last Congress, I worked with Senators Kerry and Lugar on legislative vehicles that would rechannel our efforts to address this issue, to create a comprehensive, multiyear strategy for combating narcotics, taking into account the demand and supply issues, the role of U.S. weapons flowing south, and the balloon effect that has moved the problem from one part of the hemisphere to another.

I plan to reintroduce legislation in this Congress that I hope will refocus the administration's efforts on developing a comprehensive

strategy for the hemisphere that will bring together all the pieces of the puzzle and truly commit us to the promises of assistance and cooperation in the Caribbean, as articulated by President Obama in April 2009 at the fifth summit of the Americas.

So let me conclude my remarks by saying stopping the flow of drugs through the Caribbean is one of America's top national security interests, and CBSI deserves to have the resources that our country can muster.

I often think about this in a very significant way in my own home State because we know that some of those container ships ladened with cocaine—when they leave the Dominican Republic, where do they sail to? Well, they very often end up in the Port of Newark and Elizabeth, which is the mega-port of the east coast in my home State of New Jersey. From the port, the drugs go to the street corners and the schools of New Jersey and New York. All of us here today, whether sitting on the dais or sitting in the witness chair, owe it to our children and those who protect them to do everything in our power to stop the flow of drugs in our country.

And so we look forward to hearing from our panelists.

And with that, let me turn to the distinguished ranking member of the committee, Senator Rubio.

OPENING STATEMENT OF HON. MARCO RUBIO,
U.S. SENATOR FROM FLORIDA

Senator RUBIO. Thank you, Mr. Chairman, for holding this important hearing.

I want to thank our witnesses for their continued service to our country, and I am pleased to see that Ambassador Brownfield has returned, yet again, to the Hill for one of his frequent visits. I want to welcome Professor Gamarra for being here from FIU, and Mr. Farah who I understand recently returned from Panama.

You know, as the gateway to the Americas, a prosperous and secure Caribbean region is of utmost importance to my home State of Florida and to my fellow Floridians. At the same time, building a long-lasting partnership with our Caribbean partners and getting them to buy into a sustainable commitment to combat transnational criminal organizations is essential to our Nation's security and to our prosperity.

The evolution of our counternarcotics strategies from country-specific into a subregional approach has significantly improved our chances of success in tackling the ever-changing threats from transnational criminal organizations. According to the March 2011 State Department International Narcotics Control Strategy Report, cocaine flows through the Caribbean into the United States have dramatically dropped in the last decade from about 40 percent in 1999 of our total flows to about 5 percent today. Yet, the Caribbean countries are suffering under dramatically high rates of violent crime, while increasingly becoming a transit zone for cocaine flows into Europe.

So we must ensure that the administration builds enough resiliency into its Caribbean initiatives to withstand the pressure that will come from our enhanced efforts with Mexico and Central America. And in fact, very recently there is, I think, increasing concern that as the pressure increases in the Central American

corridor, the balloon will expand back into the Caribbean zone. And of course, we always are looking to build on our successes in Colombia as well, but that also potentially increases potential traffic in the future through the Caribbean zone.

So I am looking forward to your testimonies today. Thank you for being a part of this.

And again, thank you, Mr. Chairman, for holding this hearing.

Senator MENENDEZ. Thank you, Senator.

Let me introduce our first panel. Ambassador William Brownfield served as Ambassador to Venezuela and Chile before becoming our Ambassador to Colombia where he was instrumental in implementing Plan Colombia. He is currently charged with coordinating the Department's worldwide efforts as Assistant Secretary for International Narcotics and Law Enforcement, and we certainly look forward to hearing from Ambassador Brownfield on our efforts to coordinate our Nation's drug policy in the Caribbean and in the hemisphere.

Mr. Rodney Benson is the Chief of Intelligence for the Drug Enforcement Administration. He is the DEA's representative to the U.S. intelligence community, oversees a global intelligence gathering organization. He has worked in the DEA's international operations, Mexico, Central America section where he coordinated enforcement activities conducted by DEA officers in Mexico and Central America, and at the DEA-led Special Operations Division, he coordinated law enforcement strategies and operations to dismantle major drug trafficking organizations operating on a regional, national, and international level. We appreciate very much your appearance here today, your experience, and certainly we salute all the members of your agency that engage in a singular, focused mission every day.

Ambassador Liliana Ayalde is currently the senior Deputy Assistant Administrator for Latin America and the Caribbean. She recently served as Ambassador to Paraguay and before that had been posted in numerous countries in Latin America with USAID, including Guatemala, Nicaragua, Bolivia, Colombia. We look forward to your testimony on the Caribbean Basin Security Initiative, particularly how USAID plans to continue its CBSI and other development programs in the region during the difficult budget environment that we find ourselves in.

With that, let me ask Ambassador Brownfield to begin the testimony, and then Mr. Benson and Ambassador Ayalde. We would ask you to summarize your testimony in about 5 minutes. Your full statements will be included in the record, without objection. Ambassador Brownfield, welcome again to the committee.

STATEMENT OF HON. WILLIAM R. BROWNFIELD, ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Ambassador BROWNFIELD. I thank you very much, Mr. Chairman, Senator Rubio. I thank you both for the opportunity to appear before you today to discuss the U.S.-Caribbean Shared Security Partnership. And I do, indeed, thank you for the opportunity to enter my written statement into the record.

Mr. Chairman, I want to start by telling a story, and it is the story of a crisis foretold. It begins in the year 2000 when the international community began to apply pressure on the drug cartels in Colombia and the drug nexus relocated to Mexico. In 2007, we began to apply pressure in Mexico, and they are even today relocating to Central America. This year, we begin to apply pressure in Central America that they will feel in 2012 and 2013.

Mr. Chairman, Senator Rubio, I predict that the criminal organizations will not retire to run surfing cabanas on the beach when they are driven out of Central America. They will look to relocate again, and when they do, their old Caribbean routes and networks from the 1980s will look very attractive.

Senators, I agree with both of your analyses. We see this crisis coming. We even have some sense as to when it will arrive. We have the opportunity and the obligation to prepare and position ourselves for it.

I realize this is not the best time in our Nation's history to come before Congress with a huge budget request for a crisis that has not yet fully materialized, but through the President's Caribbean Basin Security Initiative, we have dramatically increased funding for the region, built a regional coordination mechanism, and identified trafficking, public security, and social justice as priorities in the region. And while resources are limited, we know what we need to do.

First, we concentrate on building institutions and capabilities. Equipment and operations give quick results, but institutions are the logical targets of drug trafficking organizations, and we strengthen them with regional coordination, training, equipment, intelligence exchange, and access to databases. We must fortify both law enforcement and rule of law institutions.

Second, we integrate our Caribbean programs into a comprehensive regional approach. We estimate our fiscal year 2011 funding for CBSI at $77 million, and we get to that number by combining law enforcement, developmental, security, and antiterrorism accounts. They are separate appropriations, and some programs are inherently development or police or security, but they are all mutually supportive.

Third, we work with and through partners. This is not a time of surging foreign assistance budgets which makes it all the more important that we work with other governments and organizations. Canada and the United Kingdom have serious programs in the Caribbean, and we coordinate well with them. The EU, other European governments, the OAS, and the United Nations are active. We need to leverage our impact by coordinating with them. Caribbean governments must put their own resources into these programs. We cannot do it for them. And we must work as well through existing regional mechanisms. The Caribbean states have longstanding coordination mechanisms in CARICOM and the regional security system, and we get better value for our investment if we work through them.

Mr. Chairman, this is not the first time we have addressed security challenges in the Caribbean. We have learned some lessons since the 1980s. We cannot rely on a single tool like interdiction to address the threat. Coordination is essential. Regional govern-

ments must participate in designing the programs and invest their own resources in them. Our efforts must be comprehensive and whole of government. We must be flexible enough to adapt to the changing tactics of the drug trafficking organizations themselves.

There are some who are already throwing their hands up in despair. We heard the same thing in the 1980s. They were wrong then, and I predict they will be wrong this time as well.

I thank you, Mr. Chairman, and I look forward to your comments and your questions.

[The prepared statement of Ambassador Brownfield follows:]

PREPARED STATEMENT OF AMBASSADOR WILLIAM R. BROWNFIELD

Chairman Menendez, Senator Rubio, and members of the Subcommittee, I am pleased to appear before you today to discuss the U.S.-Caribbean Shared Security Partnership and the work the Department of State has undertaken to address security issues in the region.

I would like to begin my remarks by highlighting the word "partnership" in your hearing title, which defines most succinctly the fundamental underpinning of our hemispheric approach on security. When President Obama announced the Caribbean Basin Security Initiative (CBSI) in 2009, he pledged to create a relationship of "equal partners" based on mutual interests and shared values. In the Western Hemisphere, our major initiatives—Merida, the Central American Regional Security Initiative (CARSI), the Colombian Strategic Development Initiative (CSDI), and CBSI—are partnerships that provide us with the framework to collaborate with other governments and jointly pursue our overall strategic goal to improve citizen safety and security. This focus on citizen safety and security partnerships draws on important lessons learned from our experience with Plan Colombia where, over time, it became clear that dismantling the drug cartels was one, but not the only step necessary to reduce crime and strengthen security. We recognize that only by extending the rule of law, increasing the reach of the state, and reforming criminal justice institutions could effective security take root in Colombia. We also learned that U.S. resources alone would not get the job done, that strong partners capable of providing the political will and leadership to undertake the combined security, counternarcotics, rule of law, and economic development programs are required.

INTRODUCTION

CBSI is a critical component of our hemispheric approach to counter a clear trendline in the pattern of drug trafficking over the past three decades. Our experience in the region has taught us that we must apply constant pressure throughout the entire hemisphere in order to effectively combat trafficking organizations. In the 1980s, traffickers used the Caribbean as a launch pad to send drugs into Florida and the gulf coast—until we forced them to retreat back to South America. In the 1990s, Colombia became the epicenter of trafficking until Plan Colombia forced a shift to Mexico. In the 2000s, the Merida Initiative has, in turn, pushed the cartels increasingly into Central America. Although 90–95 percent of the cocaine from South America now transits the Central America/Mexico corridor, it is likely that the combined efforts of Merida and CARSI will force the traffickers to once again use the Caribbean as a conduit to the U.S. market.

The Caribbean is already suffering from deteriorations in public safety that cannot be ignored. Rising homicide and crime rates are the subject of almost daily press reports and have become hot political issues. According to the UNODC's 2011 Global Study on Homicide, murder rates in the Caribbean and Central America have increased since 1995, and are among the highest in the world. Data from 2011 indicates that Jamaica's murder rate of 50/100,000 is the highest in the Caribbean followed by St. Kitts and Nevis at 40/100,000 and Trinidad and Tobago at 35/100,000. The same data indicate that Honduras leads Central America with an 80/100,000 homicide rate followed by El Salvador at 65/100,000. By contrast, the U.S. homicide rate for the same year is 5/100,000. Just as the Caribbean cannot ignore rising crime and violence, the United States cannot afford to ignore what is happening very close to our borders. Drug-related crime and violence in the hemisphere inevitably impacts U.S. security—whether it is youth gangs from Central America or traffickers from the Dominican Republic—and we have learned from experience that we need to address the problem at its source.

THE CBSI PARTNERSHIP

CBSI is a partnership that takes a comprehensive approach to improving citizen security. However, its emphasis on strengthening the capacity of the Caribbean to respond as a region to the transnational crime threat makes it unique. Unlike Central America, the Caribbean has a tradition of pooling limited resources through institutions such as the Caribbean Community (CARICOM) and the Regional Security System in the Eastern Caribbean. CBSI is also exceptional in that it is the product of a cooperative dialogue process between CARICOM, the United States and the Dominican Republic that began with year-long discussions that led to an agreement on a framework for cooperation linked to three CBSI objectives or pillars:

- Substantially Reduce Illicit Trafficking;
- Increase Public Safety and Security; and
- Promote Social Justice.

The framework for cooperation called for the establishment of an annual high-level Dialogue, a Commission to oversee the implementation of CBSI and Technical Working Groups to develop projects designed to meet its objectives. The Technical Working Groups met during the first 6 months of 2011 and brought together our Caribbean partners as well as the broader international community to collectively reach agreement on specific projects and to identify priorities going forward. The dialogue process has proven to be an effective mechanism in creating and reinforcing the sense of partnership that is critical to the success of CBSI. At the Second Annual CBSI Dialogue held in Nassau on November 10, Caribbean nations, in a joint declaration with the United States, publicly affirmed their commitment to strengthening their regional institutions and developing and sustaining a coordinated approach to citizen security. They also expressed appreciation for the $139 million Congress appropriated in FY10 and FY11 to support activities in the following areas:

Maritime and Aerial Security Cooperation: Maritime interdiction operational capacity is a necessary tool for Caribbean nations to counter narcotics trafficking. As a result of a capacity deficiency, the United States provided specific interceptor boats and training to support interdiction operations. Absent the ability to detect traffickers, interdiction operations are for naught. CBSI is also supporting the development of the Caribbean Sensor and Information Integration (CSII) initiative to improve domain awareness and coordination in the Caribbean by integrating partner nations and U.S. data into a regional, Web-based network for sharing a common operating picture on air, maritime, and land activity. As part of this effort, coastal radars will be installed at strategic locations to provide greater visibility into illicit trafficking patterns to our partners through the Joint Task Force–South. The U.S. Coast Guard's Technical Assist Field team (TAFT), which is based in Puerto Rico and includes engineers and logistical experts, will also expand to bolster the maintenance and logistics capabilities of Caribbean maritime forces under the initiative. What's more, maritime surveillance aircraft from the RSS in the Eastern Caribbean will be overhauled and upgraded with new sensors.

Law Enforcement Capacity Building: Many Caribbean nations have demonstrated the will to expand their capacity to administer justice under the rule of law, but most do not have the resources or expertise to train their police and security services. Under CBSI, we plan to provide training in community-based policing, investigation of money laundering and financial crimes, and the interdiction of trafficking of drugs, arms, and bulk cash to Caribbean police managers. To counter drug trafficking organizations, CBSI provides DEA-led vetted police units in The Bahamas, the Dominican Republic, and Jamaica with training equipment and operational support. In addition to specialized training, our assistance in the region provides specific anticrime technologies to investigate and apprehend illicit actors. For example, assistance already provided includes forensics equipment for the collection and sharing of digital fingerprints and ballistics information. And building on past efforts by the Royal Canadian Mounted police to train polygraph examiners, we will partner with Canada to establish a regional center capable of certifying examiners to international standards. Anticorruption efforts include the development of policies and standard operation procedures for internal affairs investigations. For example, the success of the anticorruption efforts of the Jamaican Constabulary Force (JCF) will serve as a model for dealing with police corruption. The JCF has conducted investigations that resulted in the dismissal of more than 300 police officers on charges of corruption since the initiative was launched in 2008.

Border/Port Security and Firearms Interdiction: Technology for inspection and interdiction operations is important, but not effective without the appropriate training. CBSI provides specific advanced training on techniques for intercepting smuggled narcotics, weapons, and other contraband at ports of entry to the very law en-

forcement and customs officers who will be responsible for this task. What's more, in the area of passenger screening we are working to enhance the capacity of Caribbean nations to identify high-risk travelers and execute coordinated interdiction operations utilizing the CARICOM Advance Passenger Information System that was developed in partnership with DHS. Training and assistance also supports the policing efforts to seize firearms and secure weapons and ammunition stockpiles for judicial handling and court procedures.

Justice Sector Reform: At their request, we are helping to reform and further develop Caribbean criminal justice institutions through our deployment of regional legal advisors with the Department of Justice. We are jointly funding a prosecutor from the United Kingdom based in the Eastern Caribbean who provides technical assistance and training to judges and prosecutors. And we plan to facilitate the deployment of a U.S. Department of Justice lawyer to advise selected jurisdictions on establishing a task force to coordinate efforts on reducing homicides and violent crime. Separately, through prison assessments and training, the State Department is helping Caribbean governments reduce overcrowding and improve prison management strategies.

Crime Prevention and At-risk Youth: Programming in this area focuses on developing a sustainable approach to juvenile crime by targeting first-time offenders. We are helping the Caribbean design education and workforce development services for at-risk youth to provide an alternative to crime and other harmful behavior. Separate programming supports drug demand reduction through the training of treatment and rehabilitation professionals.

CBSI IMPLEMENTATION

To assist in the implementation of CBSI, the Department of State has drawn upon the expertise of our colleagues at U.S. Customs and Border Protection (Department of Homeland Security), the Office of Technical Assistance (Department of the Treasury), and the Office of Overseas Prosecutorial Development, Assistance and Training (Department of Justice) to contribute technical assistance focusing on border control, antimoney laundering, and criminal justice reform. We have also secured cooperation with international donors to an unprecedented level. Through cooperative arrangements with the United Kingdom and Canada to jointly fund CBSI projects, we are leveraging available tools to enhance priority capability needs in the Caribbean together. This coordinated approach ensures that our governments and other international donors avoid duplication and reduce redtape to deliver professional skills more quickly. Our arrangement with Canada, which currently supports the creation of a regional ballistics information sharing network, will also serve as the vehicle to jointly impart law enforcement professionalization projects in Jamaica and the Regional Security System described earlier. We will use our current arrangement with the United Kingdom to expand our cooperation into additional criminal justice reform activities.

CONCLUSION

Citizen safety and security in the hemisphere continues to be threatened by a wide range of criminal organizations; drug related crime, violence and corruption; and youth gangs. Nevertheless, I am confident that our focus on strengthening law enforcement and judicial institutions in the region has put us on the right track toward a sustainable response. The concept of "partnership" is critical to the success of our efforts to improve citizen security in the hemisphere, and while CBSI is in the early stages of its implementation, I am confident that we have created a framework for cooperation that will serve to strengthen the working relationships we have with the Caribbean nations to counter the violence that threatens their communities.

Senator MENENDEZ. Thank you.

Mr. Benson.

STATEMENT OF RODNEY G. BENSON, CHIEF OF INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION, WASHINGTON, DC

Mr. BENSON. Good morning, Chairman, Ranking Member Rubio. Thank you for the opportunity to speak with you today on DEA's assessment of illicit drug trends in the Caribbean region. On behalf

of Administrator Leonhart and the men and women of the Drug Enforcement Administration, thank you for your support.

The Caribbean region continues to be a focus of U.S. counterdrug efforts. The principal drug threat in the region is cocaine trafficking. The smuggling and abuse of heroin, marijuana, and MDMA are also of concern, as is the diversion of prescription drugs in Puerto Rico and the U.S. Virgin Islands. As the lead U.S. counternarcotics agency, DEA is actively engaged in addressing all these drug threats.

I understand that the committee is particularly concerned about the role of the Dominican Republic in the drug trade and rightly so as the Dominican Republic is the primary Caribbean transit point for South American cocaine. Through Operation Broken Bridge initiated in August 2007, DEA successfully assisted the Dominican Government in its interdiction efforts against drug-ladened aircraft arriving in Hispaniola from Venezuela. As a result, traffickers increasingly shifted toward maritime operations, transporting cocaine loads of 500 to 2,000 kilograms in go-fast boats.

Today, DEA is working closely with our Dominican counterparts under Operation Seawall to target and disrupt go-fast activity in the Dominican Republic and the secondary flow of cocaine from the Dominican Republic to Puerto Rico.

The Dominican Republic is certainly not the only Caribbean transit point that traffickers use. They also send cocaine loads through Trinidad and Tobago, the Bahamas, Puerto Rico, and other Caribbean islands.

As for the other drugs of concern in the region, Jamaica is the primary marijuana producer for the Caribbean, and heroin is transported from Colombia and Venezuela through the eastern Caribbean to Puerto Rico and onward to the United States. Finally, MDMA is transported from Europe through the Caribbean for either local consumption or for the export to the United States.

Drug trafficking organizations from Mexico and South America are attracted to the Caribbean due to its proximity to both South America and the southern coast of the United States to include the U.S. territories of Puerto Rico and the U.S. Virgin Islands. A joint DEA and Dominican operation this past July led to the arrest of a Mexican national and member of the Sinaloa Cartel in the Dominican Republic. This trafficker coordinated cocaine shipped by air from Venezuela to the Dominican Republic. After the arrest of this individual and his Dominican associates, several execution style murders took place in the Dominican Republic, further highlighting concern over rising rates of violence. Certainly over the past decade, violence has increased in the region. There have also been very notable recent spikes of violence. For example, there have been over 1,050 reported homicides this year alone in Puerto Rico, many of which are believed to be related to the illicit drug trade on the island.

Despite the importance of the Caribbean, it is critical to remember that the vast majority of drugs destined for the United States still transit Mexico and Central America. DEA does not see current indications of a large-scale trafficking shipped back to the Caribbean, but we remain alert and engaged for such a possibility,

particularly as enforcement operations in Mexico and Central America become increasingly effective.

Our engagement in the Caribbean is a regional one that takes into account drug flow through the entire hemisphere. The U.S. Government's counternarcotics strategy is the Drug Flow Attack Strategy, an innovative multiagency strategy designed to disrupt the flow of drugs, money, and chemicals between source zones in the United States. This strategy calls for aggressive and coordinated enforcement operations in cooperation with host nation counterparts. DEA is committed to working with our U.S. agency partners, host nation counterparts, and others in order to reduce this drug trafficking threat.

I thank you very much for the opportunity to be here today and I welcome your questions.

[The prepared statement of Mr. Benson follows:]

PREPARED STATEMENT OF RODNEY G. BENSON

INTRODUCTION

Chairman Menendez, Ranking Member Rubio, and distinguished members of the subcommittee, on behalf of Drug Enforcement Administration (DEA) Administrator Michele M. Leonhart, I want to thank you for your continued support of the men and women of DEA and the opportunity to testify about what our Administration is seeing with regard to the current drug trafficking situation in the Caribbean, counterdrug operations, and DEA's regional engagement moving forward.

DEA IN THE CARIBBEAN

The Drug Enforcement Administration has a unique and challenging problem set in the Caribbean with both foreign and domestic offices covering thousands of square miles with hundreds of islands that speak multiple languages. DEA's Caribbean Field Division, headquartered in San Juan, has oversight of the island of Puerto Rico, the United States Virgin Islands (USVI), 27 island nations throughout the Caribbean, and the countries of Guyana and Suriname in South America. Seven DEA Caribbean Island Country Offices are located in Barbados, Curacao, Dominican Republic, Haiti, Jamaica, Suriname, and Trinidad and Tobago. DEA's Miami Field Division has oversight of The Bahamas, with the country office located in Nassau, and a resident office located in Freeport, Bahamas.

BACKGROUND: THE SCOPE OF DRUG TRAFFICKING IN THE CARIBBEAN

Given their geographic locations, the Caribbean Islands are extremely vulnerable to drug trafficking. Historically, significant quantities of cocaine destined for the United States transited the Caribbean. Counterdrug successes in the region, coupled with a changing dynamic between Colombian and Mexican Drug Trafficking Organizations (DTOs), led traffickers to shift transit routes increasingly toward Mexico and Central America. While the vast majority of drugs destined for the United States still transit Mexico/Central America, enforcement action and rising violence in Mexico have begun to lure some traffickers back to the Caribbean. The illegal drug trade remains a menace to the public welfare and represents a serious threat to the rule of law in many Caribbean island nations.

The principal drug threat in the Caribbean region today continues to be cocaine; however, the smuggling and abuse of heroin, marijuana, and methylenedioxymethamphetamine (MDMA, otherwise known as Ecstasy) are also of concern. In addition, the diversion, unlawful sale, and abuse of prescription drugs are a growing threat in Puerto Rico and the USVI. The increasing levels of drug-related violence in Puerto Rico, the USVI, and many Caribbean nations is one of the most pressing issues currently facing regional law enforcement and public officials.

DTOs from Mexico (particularly the Sinaloa Cartel) and South America are attracted to the Caribbean region due to its proximity to South America, the southern coast of the United States, and the U.S. Territories of Puerto Rico and the USVI. Additionally, traffickers take advantage of the vast Atlantic Ocean for unfettered movement to West Africa and Europe. Established ties with Caribbean DTOs provide South American and Mexican traffickers with transportation, security, stash

sites, and other logistical support necessary to manage drug trafficking operations in the Caribbean.

Cocaine

Cocaine is the primary drug threat in the Caribbean region. The Caribbean serves as a major transshipment and storage location for cocaine originating primarily in Colombia (frequently traversing Venezuela) and destined for the United States, Canada, and Europe. Cocaine departing South America through the Caribbean follows three distinct trafficking corridors: (1) the Central Caribbean Corridor, which includes the islands of Jamaica, The Bahamas, Haiti, the Dominican Republic, and Cuban territorial waters; (2) the Eastern Caribbean Corridor which starts in Trinidad and Tobago and moves north through the Leeward Islands; and (3) the ABC Corridor which includes the islands of Aruba, Bonaire, and Curacao.

The Dominican Republic remains the main Caribbean transit point of South American cocaine, although at much lower levels than those witnessed in 2009 due to a significant disruption of air transportation activity into Hispaniola. Nonetheless, over half of the cocaine that currently transits the Caribbean is estimated to flow through the Dominican Republic.

While drug traffickers use every means at their disposal to move drugs through these corridors, maritime transportation is the most commonly used conveyance in the Caribbean Basin. The use of go-fast boats, capable of carrying 500–2,000 kilograms per trip, is the primary method used to move loads quickly from South America through the Central Corridor and between the Caribbean islands. Containerized cargo—with loads ranging from 50 kilograms up to multitons—is another maritime trafficking conveyance, as DTOs are able to hide large quantities of drugs amid legitimate container traffic, making interdiction extremely difficult without specific intelligence. In addition, traffickers have recently begun to affix torpedo-shaped tubes or metal boxes carrying cocaine, heroin, marijuana, MDMA, and bulk cash to the underside of maritime cargo vessels. Once the vessels arrive at their destination, divers retrieve the parasitic devices and their contraband contents. Additional maritime conveyances include local and commercial fishing vessels, luxury vessels, ferries, and cruise ships. Finally, due to recent self-propelled 3 semisubmersible (SPSS) seizures that occurred in 2011 off the coast of Honduras, it is expected that traffickers will begin exploring this option to carry multiton loads of cocaine through the Eastern Caribbean.

Traffickers also use commercial and noncommercial aircraft to smuggle cocaine through the Caribbean. Most notably, departures via noncommercial aircraft—in both twin and single engine planes—from Apure, Venezuela, have increased in recent years. Loads are either airdropped, or traffickers land the planes on clandestine airstrips. This trend has led to a rise in subsequent cocaine transshipment through the neighboring Caribbean islands of Aruba and Curacao, the northern Leeward Islands, and Trinidad and Tobago. Couriers on commercial aircraft, air cargo, and parcel services are also used to smuggle cocaine.

Once in the Caribbean, cocaine is repackaged and sent to the United States or Europe by both air and maritime conveyances. In the Central Corridor, traffickers send loads through Dominican Republic, Haiti, Jamaica, and The Bahamas for entry into Puerto Rico and the USVI and the southeastern portion of the United States. In the Eastern Corridor, traffickers move loads into Puerto Rico via the USVI, British Virgin Islands (BVI) and St. Maarten, or directly to Europe. There is also a threat through the western coastal area of Puerto Rico where drug shipments are smuggled via maritime conveyances from the Dominican Republic. Puerto Rico's western and eastern coastal areas continue to be dominant sites for drug operations. Antigua, in the Leeward Island chain, has also emerged as a major command and control center for drug movement.

Marijuana

A secondary threat in the Caribbean is the cultivation and smuggling of marijuana. Jamaica is the primary marijuana producer for the Caribbean, and large amounts of marijuana are smuggled out of Jamaica via go-fast vessels, cargo containers, couriers, and parasitic devices attached to the hulls of vessels. Marijuana is also smuggled through overnight and express mail delivery services, such as Federal Express, DHL, United Parcel Service, and the U.S. Postal Service. While it may seem counterintuitive, most of the marijuana consumed in Puerto Rico originates in Mexico. The Mexican marijuana is smuggled into the United States via the Southwest border and then transported to Puerto Rico by couriers on commercial airline flights or through commercial parcel services.

Heroin

Traffickers primarily transport Colombian heroin (often transiting Venezuela) to Puerto Rico for onward shipment to U.S. cities such as Miami, New York, and Houston. There are two distinct heroin transportation routes through the Caribbean: (1) Colombia through the eastern Caribbean nations of St. Maarten and the Dutch Antilles to Puerto Rico where loads are broken down prior to being shipped to the United States; and (2) Venezuela to Aruba and Curacao, a route which has seen a marked increase in recent usage. Aruba has become an important transit point for heroin destined to the United States. Like cocaine, heroin is transported via both air-drop operations and maritime vessels, including go-fast boats and cruise ships. In some instances, heroin is comingled with cocaine shipments.

MDMA

Most MDMA transported through the Caribbean is imported from Europe (particularly the Netherlands and France), Canada, and the Caribbean island of Guadeloupe via airports, seaports, and mail parcels. Aruba and Curacao are particularly significant MDMA and precursor chemical transshipment points in the Caribbean. In addition, MDMA trafficking through the Dominican Republic has increased during the past 2 years. MDMA is used for local consumption among tourists and wealthy Dominican families as well as for export to the United States.

CURRENT HIGHLIGHTS IN THE CARIBBEAN

In addition to the general drug trafficking trends through the Caribbean, there are a few specific related factors that merit particular consideration:

- *Violence in the Caribbean.* While there are many factors contributing to the rate of violence in the Caribbean, drug trafficking is one factor of particular concern to DEA.

  Puerto Rico. There have been over 1,050 homicides in Puerto Rico between January and early December 2011. Homicide rates in Puerto Rico, on average, rank among the highest in the nation. DTOs, money laundering organizations, and street gangs habitually use intimidation, violence, and murder to gain or retain control of the drug markets within the region. Furthermore, firearms transported into Puerto Rico and the USVI from the United States, particularly from Florida, are a significant threat to stability in the region.

  Dominican Republic. The Dominican Republic is a popular transshipment location in the Caribbean for South American and Mexican cartels. After the arrest of a Sinaloa Cartel member and his Dominican associates in August 2011, several execution-style murders took place, intensifying local concern over rising rates of drug-related violence. The overall homicide rate in the Dominican Republic has steadily increased, reaching 25 homicides per 100,000 people.

  U.S. Virgin Islands. The USVI has also experienced an increase in violence. The USVI has a higher per capita homicide rate than most U.S. states, reaching more than 10 times the national average. The increasing importance of the USVI to drug traffickers as entry points to the United States, and as transshipment points to Europe, may facilitate this trend of drug-related violence.

  Trinidad and Tobago. In August 2011, the Prime Minister of Trinidad and Tobago declared a limited state of emergency following the murder of 11 people in 4 days. The Prime Minister attributed these murders to recent drug seizures. Trinidad and Tobago is a major transshipment point for South American cocaine destined for Europe and the United States and is also a significant hub for arms smuggling and money laundering. Trinidad and Tobago's close proximity to Venezuela and its well-developed banking and transportation infrastructure make it a convenient destination for all manner of illegal activity. The small Caribbean nation has experienced a dramatic rise in crime over the last few years—although violence this year has decreased from last year—and is struggling to combat drug-related violence. A lack of resources and effective laws continues to hamper counterdrug efforts. The rising crime rate has become a political issue, as the country's two major political parties focus on the government's commitment to crime reduction.
- *Presence of Mexican Cartels in the Dominican Republic.* Mexican drug trafficking organizations, particularly members of the Sinaloa Cartel, have established a limited presence in the Dominican Republic. A recent operation in the Dominican Republic led to the arrests of Dominican Republic and Mexican nationals responsible for facilitating drug movement from Colombia through the Caribbean to Mexico on behalf of the Sinaloa Cartel. DEA believes the Mexican cartel's presence within the Caribbean indicates a desire to expand the Mexican

DTOs' market, gain greater control over drug movements, and avoid the turf wars currently plaguing Mexico and Central America.

- *Bulk Currency Smuggling.* Bulk currency smuggling through the Caribbean is the primary method for returning illicit proceeds to the source zones. Traffickers conceal bulk cash in parcels, luggage, and via courier, using the same smuggling routes that are used to move drug loads; i.e., containers, maritime and noncommercial air shipments. Traffickers also launder illicit proceeds in order to avoid the risk of moving large amounts of bulk currency. Preferred money laundering methods in the Caribbean include purchasing real estate and other tangible goods like high-end vehicles and jewelry, money remitters, structured bank deposits, and the black market peso exchange.

DEA PROGRAMS IN THE CARIBBEAN

As in other regions, the U.S. Government's strategy in the Caribbean is the Drug Flow Attack Strategy, an innovative strategy leveraging DEA, Department of Defense, other U.S. law enforcement, and host-nation resources, to combat the illicit trafficking of drugs, money, and chemicals in the region. This strategy supports the Caribbean Basin Security Initiative's aims of strengthening maritime/aerial security, building law enforcement capacity, and strengthening border/port security. Under the umbrella of this overall strategy, DEA maintains many effective enforcement programs in the Caribbean, several of which are highlighted below:

- *Operation All-Inclusive* is a combination of sequential and simultaneous land, air, maritime, and financial attacks targeted by DEA intelligence. It involves synchronized interagency counterdrug operations designed to influence illicit trafficking patterns and increase disruptions of DTOs.
- *The Sensitive Investigative Unit (SIU) Program* is the foundation for building effective and trustworthy partner-nation units capable of conducting complex drug investigations. There is a DEA-sponsored SIU in the Dominican Republic, as well as five additional DEA-supported vetted units in the Dominican Republic dedicated to various facets of investigative and interdiction activities. In addition, there are also DEA supported vetted units in several other Caribbean nations. In lieu of an SIU, DEA is working with the U.S. State Department to reconfigure the Haitian National Police's antinarcotics unit as a vetted narcotics task force trained and equipped to function as a capable counterdrug partner.
- *Operation Bahamas, Turks and Caicos (OPBAT)* is a DEA-led, multiagency, multilateral operation for disrupting the flow of illegal drugs through The Bahamas and Turks and Caicos to the United States. OPBAT operates under the Three Part (TRIPART) Agreement among the United States, The Bahamas, and the United Kingdom; this agreement authorizes OPBAT helicopters and personnel to conduct counterdrug operations in The Bahamas and the Turks and Caicos Islands.
- *Operations Broken Bridge and Seawall.* Operation Broken Bridge, initiated in August 2007, successfully assisted the Dominican Republic Government in its interdiction efforts against drug-laden aircraft. This operation served as a response to the increased number of drug air shipments transported from Venezuela into Hispaniola. Although this operation curtailed the aviation threat in the Dominican Republic, maritime smuggling remains a threat. As a result, Operation Seawall was initiated in October 2011 as a Dominican Republic-led operation to target go-fast activity in the Dominican Republic and the secondary flow of cocaine smuggling from the Dominican Republic to Puerto Rico.
- *Judicial Intercept Programs.* Communication interception and exploitation abilities are another great asset that DEA employs in coordination with several host-nation countries in the Caribbean.
- *The Caribbean Corridor OCDETF Strike Force (CCSF)* is a federal multiagency strike force focused on the disruption of maritime drug trafficking in the Caribbean. The CCSF targets South American-based DTOs and is located in DEA's San Juan office.

CONCLUSION: DEA'S REGIONAL ENGAGEMENT MOVING FORWARD

DEA recognizes that interagency and international collaboration and coordination are fundamental to our success. We remain committed to working with our U.S. law enforcement and intelligence partners as well as with our host-nation counterparts in order to disrupt drug transportation routes through the Caribbean. Bringing to the criminal and civil justice systems of the United States, or any other competent jurisdiction, those organizations and principal members of organizations involved in the cultivation, manufacture, and distribution of controlled substances appearing in or destined for illicit trafficking in the United States remains the core of our focus.

Thank you for the opportunity to appear before you today to discuss this important issue. I am happy to answer any questions you may have.

Senator MENENDEZ. Thank you.

Ambassador Ayalde.

STATEMENT OF HON. LILIANA AYALDE, SENIOR DEPUTY ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, DC

Ambassador AYALDE. Mr. Chairman, Senator Rubio, thank you for the opportunity to testify today. I appreciate and welcome this opportunity to share what the U.S. Agency for International Development is doing to advance citizen security in the Caribbean. It is an honor to complement the testimony of my colleagues.

Mr. Chairman, during my tenure working for USAID in the hemisphere and most recently as U.S. Ambassador to Paraguay, I have observed with great concern the security situation in this region. The problem is exacerbated in the Caribbean where very small economies are confronting frightening levels of drug-fueled crime and the associated violence.

Over the last 10 years, there has been an alarming escalation of the homicides in the region. In some countries, the murder rates doubled or tripled, and Jamaica has one of the highest murder rates in the hemisphere.

We are especially concerned about the situation of Caribbean youth who, like their peers in Latin America, struggle with the high levels of unemployment and are disproportionate victims and perpetrators of crime. In Jamaica, for example, 70 percent of homicides are committed by youth under the age of 30, and in the Dominican Republic, 70 percent of drug-related arrests, or 17,000 people, are young offenders.

Our mission in the Caribbean and Latin America is to strengthen the capacity of the region's governments, civil society, and private sector to improve citizen security, governance, and economic growth. We recognize that we will not be successful in advancing these development goals if we do not help our neighbors get a handle on the security problem.

So through the President's Caribbean Basin Security Initiative, USAID is working with our Caribbean partners and other donors on youth-focused crime prevention programs. These are designed to get at the root causes of crime and to generate long-term solutions to juvenile crime in the Caribbean.

We are doing so alongside our colleagues from INL, DEA, and other U.S. Government agencies. Evidence from successful anti-crime strategies implemented in cities like L.A., New York, and Rio and the improvements I have personally witnessed in cities Medellin during my tenure in Colombia tells us that effective crime reduction happens when law enforcement actions are paired with community-based crime prevention, workforce development, and violence reduction programs.

Our investments build stronger and safer communities where youth and their families can live in peace and have access to greater educational and job opportunities. With our support, youth in Antigua and Barbuda receive relevant job training and intern-

ships with local businesses. The poor inner-city communities in Jamaica are working closely with the police to improve security, and at-risk youth in Santiago and Santo Domingo are tapping into informal education and job training opportunities.

We are already having success with these interventions. For instance, USAID's A Ganar project, a sports-based, workforce development program cofunded by Nike and Microsoft, has successfully placed eastern Caribbean youth in internships and jobs. In 2011, 85 percent of the students who completed the program obtained a job, went to school, or started a business. We embrace this model for youth development because it creates employment for youth and leverages the private sector resources to supplement our investments.

We also collaborate with local governments and civil society to reform juvenile justice systems in the Caribbean and craft policies to address youth crime in the long term. For example, we are helping Caribbean legal authorities to introduce early intervention for at-risk youth, alternative sentencing for young offenders, and the separation of juveniles from adults in correctional facilities.

CBSI not only enables USAID to ramp up our crime prevention investment, it also helps target all our programs in a country toward preventing crime. In fact, I witnessed this firsthand during my recent visit to the Dominican Republic. Our bilateral programs to train teachers and link small producers to lucrative markets contribute to building stronger communities that offer youth viable alternatives to crime.

In addition, CBSI has helped the members of the Caribbean Community, CARICOM, and the Dominican Republic work together with support from USAID and other donors to draft and implement a regional security strategy, share best practices, coordinate implementation, and refine priorities. This regional cooperation is crucial because no one island can take on this region's well-armed and well-organized criminal outfits on their own.

Nor can a single subregion make headway in the absence of complementary efforts underway in other parts of our hemisphere. That is why our investments in the Caribbean are matched by the work being done in CARSI in Central America and Mexico's Merida Initiative.

Just as no one country or region can solve the citizen security challenge on their own, neither can a single donor. The United States Government can help, but the primary responsibility lies with the national governments.

CBSI's success is in the interest of the United States.

The Caribbean Basin, with its open seas and porous island borders, is a major transit route for illegal trafficking of all sorts. And given our geographical and cultural ties, the crime that afflicts those countries eventually flows to us.

Finally, CBSI helps deter the illegal activity and violence that saps the resources, creativity, and dynamism of youth and the communities on both sides of the Caribbean Sea, whether they be in Jamaica, the country, or Jamaica, Queens in New York.

Thank you, Mr. Chairman. I look forward to the committee's questions.

[The prepared statement of Ambassador Ayalde follows:]

PREPARED STATEMENT AMBASSADOR LILIANA AYALDE

Mr. Chairman and members of the subcommittee, thank you for the invitation to testify today. I appreciate and welcome this opportunity to share what the U.S. Agency for International Development (USAID) is doing to advance security and citizen safety in the Caribbean. It is an honor to testify with my colleagues, Ambassador William Brownfield of the State Department's Bureau of International Narcotics and Law Enforcement Affairs and Rodney Benson of the Drug Enforcement Administration.

Mr. Chairman, during my experience working for USAID in the hemisphere for the last 30 years, and most recently serving as the U.S. Ambassador to Paraguay, I have observed with great concern the security situation in this region. The problem is exacerbated in the Caribbean, where very small economies are confronting frightening levels of drug-fueled crime and the associated violence.

Over the last 10 years, there has been an alarming escalation of homicides in the region: in St. Kitts and Nevis, increasing from 5 to 40 per 100,000 inhabitants in the period 2001–2011, in Trinidad and Tobago, increasing from 9 to 35 per 100,000 in the same period; and Jamaica has the highest rate in the region with 50 murders per 100,000 inhabitants. The United Nations Office on Drugs and Crime (UNODC) calculates that the high homicide rate in Jamaica has decreased GDP per capita by 5.4 percent.

To complicate the picture, in Jamaica, 70 percent of homicides are committed by youth under the age of 30. And in the Dominican Republic, 70 percent of drug-related arrests (or 17,000 people) are young offenders.

We at USAID are especially concerned about the situation of Caribbean youth, who like their peers in Latin America, are struggling with high levels of unemployment, are disproportionate victims and perpetrators of crime, and are increasingly anxious about their future. These statistics highlight the need to target youth and young adults with programs that can prepare them for life.

Our mission in the Caribbean and Latin America is to strengthen the capacity of the region's governments, civil society, and private sector to improve citizen security, governance, and economic growth. We recognize that we will not be successful in advancing this development goal if we do not help our neighbors get a handle on the security problem.

Our agency's citizen security programs in the Caribbean focus, therefore, on addressing the development challenges posed by the escalating crime and violence. We know that crime erodes citizens' confidence in government and weakens public institutions; violence deters investment and economic opportunity; and citizens are left with few licit alternatives.

So through the Obama administration's Caribbean Basin Security Initiative (CBSI), USAID is working with our Caribbean partners and other donors on youth-focused crime prevention programs, designed to get at the root causes of crime and lead to long-term solutions to juvenile crime in the Caribbean.

And we are doing so alongside our colleagues from INL, DEA, and other U.S. Government agencies. Because the evidence from the successful anticrime strategies implemented in cities like Los Angeles, Chicago, New York, and Rio de Janeiro—and the improvements I witnessed personally in cities like Medellin during my time as Mission Director in Colombia (2005–2008)—tells us that effective crime reduction happens when law enforcement actions are paired with community-based crime prevention, workforce development, and violence reduction programs.

Our investments through CBSI are helping build stronger and safer communities where youth can live in peace and have access to greater educational and job opportunities. With our support, the youth at the Gilbert Agricultural Rural Development Centre (GARDC) in Antigua and Barbuda receive relevant job training and internships with local businesses; the Grants Pen community in Kingston, Jamaica, is working closely with the police to identify and address safety and security problems; and out-of-school children and at-risk youth in Santiago, the Dominican Republic, are being provided with informal education opportunities and job skills training.

These kinds of interventions have been previously tested and proven to address the vulnerabilities of youth in the Caribbean. USAID's "A Ganar," a public-private alliance which is a sports-based workforce development program, has been successful in placing vulnerable youth in jobs and other productive activities. In 2011, 85 percent of students who completed the "A Ganar" program obtained a job, went back to school, or started a business. The best aspect of this initiative is that by working in collaboration with the private sector, we can leverage resources and develop sustainable models for youth development.

In the area of juvenile justice, USAID is working closely with national and municipal governments and civil society to promote juvenile justice reform and craft poli-

cies that can address youth crime in the long term. Examples include working with the relevant legal authorities to introduce early interventions with at-risk youth and alternative sentencing for young offenders, as well as separating juveniles from adults within a country's correctional system.

Our Caribbean programs have always sought to create more opportunities for the poor and the vulnerable, and CBSI has allowed USAID to replicate and expand successful activities that prevent crime by building stronger communities and supporting at-risk youth.

CBSI has helped target our programs, not just those that fall under the rubric of "citizen security," toward strengthening communities and improving alternatives for youth. In fact, during my recent visit to the Dominican Republic I witnessed first-hand how USAID's entire portfolio supports local efforts to prevent crime. Our bilateral programs to train teachers provide out-of-school youth with conflict resolution techniques, link small producers to lucrative markets and support the development of a fully operational and politically independent national Office of the Public Defender with representation in 22 out of 31 provinces; all contribute to building more resilient communities. All of our missions have been instructed to make sure that they are orienting large portions of their portfolios to addressing this pressing challenge.

In addition, CBSI has helped the islands of the Caribbean Community (CARICOM) and the Dominican Republic work together to draft and implement a regional security strategy.

Regional coordination under CBSI includes a USAID-led technical working group focused on crime prevention efforts, which has provided a forum for our Caribbean partners to share best practices, coordinate implementation, and refine priorities. This coming year, we hope to use the CBSI working groups to further engage civil society and strengthen public-private partnerships targeting these issues. This kind of regional cooperation is a crucial component of CBSI because no one island can take on the region's well-armed and well-organized criminal outfits on their own.

Nor can a single subregion make headway in the absence of complementary efforts underway in other parts of our hemisphere. That is why the Obama administration's investments in the Caribbean are being matched by the work being done in Central America through the Central American Regional Security Initiative (known as CARSI) and Mexico's Merida Initiative.

Moreover, other donors are currently complementing USAID's citizen security investments in the Caribbean. For instance, UNICEF is funding juvenile justice programming in the Eastern Caribbean; and the European Union is supporting poverty reduction in Jamaica.

Just as no one country or region can solve the citizen security challenge on their own, neither can a single donor. The U.S. Government can help, but the primary responsibility lies with national governments.

The CBSI is not charity. The Caribbean and the United States security challenges are intertwined. The Caribbean Basin with its open seas and porous island borders is a major transit route for illegal trafficking of all sorts. The crime and violence that afflict those islands eventually flows northward to the United States. And the drug trade and associated violence drain the resources and dynamism out of communities on both sides of the Caribbean—whether they be Jamaica the country, or Jamaica, Queens, in New York.

Thank you, Mr. Chairman. I look forward to the committee's questions.

Senator MENENDEZ. Thank you very much, Ambassador. Thank you all.

There are a lot of questions here, so let me start off with Ambassador Brownfield.

Do you believe that we have a comprehensive, multiagency, hemispheric-wide counternarcotics policy to address the challenges and threats from the different regions within the hemisphere? And if your answer to that is yes, then I would like to know who is formulating this policy and who is in charge of carrying it out.

Ambassador BROWNFIELD. That is an absolute——

Senator MENENDEZ. If you put the microphone on, I would appreciate it.

Ambassador BROWNFIELD. My loud and annoying voice often carries, Mr. Chairman, even without the assistance of a microphone. I hear that from my spouse with considerable regularity.

Mr. Chairman, my answer to your question, as usual, will be two-part. I will say, first, I believe we have a comprehensive—comprehensible, multiagency approach and process for addressing this issue. That, of course, was not your question.

Your question was, do we have a policy, and I would say on that, this is a work in progress. We have a structure that we have put together. It is a structure whereby at least once a year we meet at ministerial level with each of the governments in the region, us and the other international players in this. More than once a year, we meet at the next level down, the commission, which is what they would call the permanent secretary level, to set the agenda, if you will, for the ministerial meeting. And below that, we meet as often as necessary, and frequently three or four times a year, in technical working groups to address these issues among ourselves.

Within the U.S. Government itself, we have an interagency process whereby we prepare for each level of those international meetings. We operate on the basis of the three core principles that you described in your own opening statement that drive our participation in CBSI, addressing illicit trafficking, addressing citizen security, and addressing social justice.

So we have an umbrella policy, and we have, I think, an unusually successful process to try to put meat on the bones of that policy. But I do assert, claim, and accept in response to your probable followup question that we still owe you greater detail and greater specificity in terms of what this policy is.

Senator MENENDEZ. Well, Ambassador, I appreciate your answer, but I take it to say we do not quite have a hemispheric policy because it is a work in progress, which means we do not have any policy that is final. Is that a fair statement?

Ambassador BROWNFIELD. That would be a fair summary.

Senator MENENDEZ. And therefore, if we do not have a policy that is final, we do not have a policy yet. The question is, who is working to develop that policy? When will we expect a policy to exist? And who is the individual who is going to be in charge of carrying out that policy?

Ambassador BROWNFIELD. Fair enough.

First, within the executive branch, as you know, we have an interagency process that is managed or at least coordinated out of the White House and the National Security staff. Their principal players in terms of working toward a single, coherent, comprehensive Caribbean policy would be your beloved Assistant Secretary of State for INL attempting to manage the foreign assistance side of drugs and law enforcement, the Western Hemisphere Bureau of the Department of State managing the overall policy side of the approach. The distinguished lady seated two seats to my right obviously handles the developmental side: social, economic, and other elements that we traditionally associate with developmental. Not present with us today are the representatives of the armed forces and specifically the U.S. Southern Command who has a piece of this. Our counterterrorism colleagues have a piece of this in terms of the NADR funding which goes into certain areas such as firearms which are important in the region. That is the process by

which we are getting there. It is coordinated at the top by the National Security staff.

Senator MENENDEZ. Well, that sounds to me like a recipe where we are not going to get to where we need to be anytime soon.

Let me ask you this. You know, we talk about the Caribbean as a transit flow, maybe not as great as it once was, but I am fearful of what is and what could be again. A lot of this transit is from Venezuela. Do you think the Venezuelan Government is doing anything to prevent drug trafficking? They seem to be using Trinidad and Tobago with impunity, also using the Dominican Republic for overflights. And we have seen recent reports of Hezbollah working with drug cartels in the region. So as the starting point, of which a lot of this comes through, what can you tell me about that?

Ambassador BROWNFIELD. Mr. Chairman, you are going to tease a headline out of me, but I will try to use my words and select my words judiciously.

When I look at the air tracks that are provided to us by that part of the U.S. Government, the Joint Interagency Task Force South, headquartered in Key West, FL, that attempts to track the movement both maritime and air of illicit product coming up from South America, the overwhelming majority of the air tracks do come out of Venezuela. It would not, I think, be a surprise to you to learn that we have at this stage very minimal cooperation between the United States Government and its constituent parts and the Government of the Bolivarian Republic of Venezuela. There are a few case-specific areas where we have cooperated, but that relationship has in practical terms not worked probably for about 4 or 5 years. It is a challenge. It is a problem.

The approach we have attempted to take in a strategic sense is to build work-arounds to strengthen the periphery around Venezuela in an effort to control, monitor, and if possible reduce the flow of product that——

Senator MENENDEZ. So if I asked the Venezuelan Government if it was doing anything to prevent drug trafficking, your answer would be yes, no, not very much, somewhat. What would be the answer?

Ambassador BROWNFIELD. My answer would be they are doing very little in terms of cooperating with us to reduce flow. They assert they are doing great things. I am not in a position to express a view on that. I have an inherent bit of skepticism on the point.

Senator MENENDEZ. Well, if you had worldwide for the State Department and our Government this issue, surely you would have a view as to their cooperation. Your cooperation is nonexistent with us. The question is, are they doing anything on their own to actually impede this. And I would like to turn to Mr. Benson for an answer before I turn to Senator Rubio. If all of or a very large number of these flights laden with drugs are coming out of Venezuela, I've got to believe the Venezuelans are not doing very much in this regard.

Ambassador BROWNFIELD. I would agree with you 100 percent.

Senator MENENDEZ. Mr. Benson, could you give us some insights from DEA's perspective?

Mr. BENSON. Senator, clearly Venezuela is evolving into a major transshipment point for cocaine moving into Central America and

also moving into the Caribbean. As the Ambassador noted, the cooperation that we have with the Venezuelan Government is limited. And our strategy is to look at those criminal organizations that are operating in Venezuela and Central America, as well as Colombia and the region, and target them and dismantle them. But clearly, the role of Venezuela as a transshipment point is growing in significance by the week.

Senator MENENDEZ. I have several other questions, but I will turn to Senator Rubio.

Senator RUBIO. Thank you, Mr. Chairman.

I think the first question maybe is of Ambassador Brownfield, but it could be of all three of you really. You note in your testimony that the violence is among the highest in the world. The murder rates are high in Jamaica, St. Kitt's, Nevis, Trinidad and Tobago, even Puerto Rico. We will talk about that in a moment. But drug trafficking in the United States or the Caribbean has decreased over the last 10 years. And I think you touched upon it a little bit in all of your testimonies. But how do we coincide the rise in violence but lower in the amount of drugs being shipped through the region? What is it that is driving the increase in the murder rate and then the violent crime in conjunction with this decline in the flow that is coming through the area? How do you coincide the two things?

Ambassador AYALDE. There has been the recession in the region, and the economy has certainly had an impact in the unemployment. That is precisely why we are focusing on the youth because those are the ones that have been impacted by this economic situation. Obviously, the tourism has been affected, and all of that has a way of decreasing job opportunities.

Ambassador BROWNFIELD. I will add to that, Senator, at least a little bit. My testimony, which in fact I completely and utterly believe, is one, that we are correct. Over the last 20 years and certainly over the last 10 years the amount of illicit drugs that are transiting through the Caribbean have gone down. They have gone down dramatically, and I would add they have gone down dramatically because of our efforts, those of the U.S. Government, to control this flow.

Second, I also genuinely believe that the handwriting is on the wall. We can see the train. It is coming down the tracks. They will return. And they have left some structure and some infrastructure behind. Some of that is what is driving things such as homicide rates today. In other words, the same people, the same organizations, the same businesses, and to a certain extent, the same officials who were corrupted in the 1980s and the 1990s are still there. They are still capable of doing the same sort of things they were doing back then. Among those would be homicide and general violent crimes. And that is why my own conclusion is we know we are going to have to deal with this crisis again. It is in our interest. In fact, it would be the height of folly and stupidity for us not to prepare for it now and in advance.

Senator RUBIO. I want to turn my attention to Puerto Rico because that is a domestic security obligation that we have. I was there earlier in the year and I heard about this, and obviously the

situation has continued. I think it is over 1,000 homicides this year.

What is our strategic partnership? What are our efforts? Describe to me that situation and what we are doing in conjunction with the government there and the governor and his office to tackle this. First of all, is the increase in the homicide rate there and the violence directly linked to drug-related violence?

And second, what is our comprehensive approach to that? Are we reexamining that situation? You know, this is a domestic obligation of ours. This is not another country. This is under our jurisdiction, and these are American citizens. And so what is our plan there? How are we working that? How is that developing? Are we looking at some new things that we can do?

Mr. BENSON. Senator, we see a lot of that violence occurring in San Juan and a lot of the murders that I mentioned occurring in those housing projects, and it is drug-related, street-level distribution. Our best way to tackle that, working with our partners in Puerto Rico, is to attack the organization responsible for distributing drugs, bringing in those loads into Puerto Rico, and then looking at that distribution chain and building cases against them and then attacking the organization.

Senator RUBIO. I am sorry to interrupt you. What I wanted to find out, because you touched on it and I will forget to ask you, is Puerto Rico both a domestic consumption issue and a distribution point? Does it have both of these elements? Because at the street level, they are probably distributing to domestic consumption. Right?

Mr. BENSON. We see organizations bringing in larger loads of cocaine and heroin into Puerto Rico. Some of that is for domestic consumption there, and then——

Senator RUBIO. How serious of a domestic problem do they have consumption-wise?

Mr. BENSON [continuing]. Consumption is——

Senator RUBIO. Similar to the rest of the country?

Mr. BENSON [continuing]. Is significant. That as a U.S. territory, I would say it needs to address. But then also we see a lot of that cocaine and heroin then moving into the United States up the eastern seaboard.

Senator RUBIO. Their consumption problem is comparable to other—like San Juan's to other major U.S. cities, comparable to what I would see in Miami or——

Mr. BENSON. I do not have the consumption statistics, but consumption is occurring and there is street-level distribution in the projects there and there is a lot of violence.

Senator RUBIO. I guess my point is cocaine comes into Miami where I live. Right? And then it is distributed to street-level organizations that sell it to people there. It is kind of the same process that we are seeing in San Juan, for example. And then in addition to that, it is also a transit point. Correct?

Mr. BENSON. Yes, Senator. We see then cocaine and heroin leaving Puerto Rico and then getting moved into the United States into south Florida all the way up the eastern seaboard into New York and other cities.

Senator RUBIO. So what they face in Puerto Rico today is similar to what we saw in south Florida in the 1980s in terms of a transit point, an entry point from the Caribbean on. What is the route that that usually services? From Puerto Rico, the route is toward the eastern seaboard?

Mr. BENSON. Primarily. Primarily we see those loads of cocaine and heroin then moving up into south Florida. So it does serve as a transit area, a transshipment point, but then also there is that local distribution as well.

Senator RUBIO. Is there a resource problem in Puerto Rico? Do their law enforcement agencies have a resource problem in terms of dealing with the complexity of this? I thought I read somewhere there was even submarine activity. Is that correct? Submersible vehicles?

Mr. BENSON. We have seen the trafficking organizations shift. We have seen them use air. We have addressed that threat. Then we see go-fast boat activity. We have seen as well innovative approaches such as semisubmersible submarines.

Senator RUBIO. I guess my point is they are not using Jacksonville, FL, or other places, nor do I want them to, by the way. But my point is that they are not using these places for a reason. Is there some specific vulnerability in Puerto Rico's capabilities that they are exploiting? And at the end of the day, is that a resource problem that needs to be addressed? Do they just not have good resources on the island to deal with some of these law enforcement——

Mr. BENSON. I mean, I could get back to you with a number on the staffing level of the Puerto Rican state police.

Senator RUBIO. Yes, please.

Mr. BENSON. Our staffing has been constant over the last several years. So that really has not—we have kept our full complement of resources throughout the Caribbean.

Senator RUBIO. I guess the last point I would make is if this criminal activity were happening in Jacksonville people would be screaming about it right now. I just want to make sure from not just the administration but from the congressional perspective that we are paying just as much attention to it because Puerto Rico is a domestic responsibility of ours. It is not another country. And so I want to make sure that we are giving it the attention it deserves both resourcewise and publicly. So I look forward to exploring with your office what we can do on our end on the congressional level to ensure that we are providing them the resources they need to address this problem.

Thank you.

Senator MENENDEZ. Thank you, Senator Rubio.

I have another round of questions here.

I am particularly concerned within the context of the Caribbean about the Dominican Republic, and I would like to ask Mr. Benson to help us understand what is happening. I am particularly concerned about the substantial increase in narcotics consumption and trafficking in the DR, as well as the presence of international crime syndicates reportedly, including Mexican and Colombian cartels, as well as mafia-affiliated entities from Venezuela, Russia, and even Albania. In just the last few weeks, there have been reports from

France and Puerto Rico documenting significant finds of narcotics coming from the DR.

Can you comment for the committee on the growth in the narcotics trade in the DR, how it is entering and leaving the country, what effect corruption has on our ability to address this growing problem and reform the police? So let us start with an oversight on the Dominican Republic.

Mr. BENSON. Senator, the Dominican Republic, as we look at it from a targeting point of view, plays a major role as a transshipment point for those drug trafficking organizations. We see loads of cocaine and heroin moving up into the Dominican Republic. We saw utilization of aircraft. We see go-fast boat activity bringing loads of cocaine. We see containerized cargo moving up into the DR. It is still probably the most significant transit point for criminal organizations to take those loads of cocaine and then we see it move from that point to the United States. We see also significant loads of cocaine leave the Dominican Republic and also then move to Europe as well. So it is a critical spot for us to work with our counterparts in the Dominican Republic from a targeting strategy point of view, and we do that every day.

There are issues of corruption in the Dominican Republic, and then there is also great partnerships and counterparts that we work with every day to get the job done.

Our targeting strategy there is effective. One thing we are trying to do is build throughout the Caribbean additional information and intelligence exchange with all of the nations there in Caribbean to build that more robust targeting approach, and that is how we see us going forward in the future from DEA looking at the Dominican Republic, Haiti as well, with the overall goal of dismantling those criminal organizations.

Senator MENENDEZ. When you and I spoke—and you mentioned this in your response to Senator Rubio's previous question—you talked about submersibles. Could you expound upon that? It seems to be a relatively new but growing mechanism that they are using to try to ship drugs to the United States.

Mr. BENSON. We clearly see drug trafficking organizations changing their tactics in response to the successful operations that we have. So they have, over the period of the last few years, begun to utilize semisubmersible submarines, fully submersible submarines as well, to transport larger quantities of cocaine being constructed in South America and then being utilized to move narcotics up into Central America and Mexico.

Senator MENENDEZ. Now, I read just a few days ago the statements of one of the Presidential candidates in the Dominican Republic who stated, "We are at the risk of converting ourselves into a narcostate," and then went on to cite a series of cases which are pretty alarming if they, in fact, are true, and maybe, Ambassador Brownfield, you can help us with this as well as Mr. Benson. He cites the cases of former army captain, Quirino Ernesto Paulino Castillo, who operated within the military structure, recalling that the navy had guided and transported drug shipments instead of protecting the marine frontier.

He also spoke about someone—and maybe, Mr. Benson, you could help us with this, as well as Ambassador Brownfield—Jose

David Figueroa Agosto having an ID card from DNA, which is Dominican National Intelligence, and was supposedly guarded by police colonels, as well as having official license plates. Those are just some of a series of examples that have existed.

Could you talk about those individuals and/or challenges?

Mr. BENSON. There is clearly, as you noted, Senator, corruption, but our approach is to work with those members of the Dominican police forces that we have a history of working with. As you know, we do have a very robust, sensitive investigation unit that has achieved many operational successes. So as we look from a targeting and intelligence-sharing point of view, we are always cognizant that corruption does exist there, as well as other places, but we approach it in a way where we still are able to put very significant operations and cases together to achieve those results that we need to achieve.

Senator MENENDEZ. Well, I appreciate that the DEA is working as best it can in this environment with vetted entities and units or individuals. My question, however, is to try to get to a broader understanding. Maybe, Ambassador Brownfield, you can help us with this because at the end of the day, do you know who Jose Figueroa Agosto is?

Ambassador BROWNFIELD. Mr. Chairman, I am not going to offer a specific view on a specific case. I have heard the name, but in my case I have heard it mostly through media reporting. But I do not question in any way what you have just read.

You asked earlier about a policy, and let me give you a sense of the four core elements of INL's counternarcotics approach and policy.

Senator MENENDEZ. With all due respect, we covered that ground before. I want to discuss specifics about what is happening in the Dominican Republic.

Do you know Jose Figueroa Agosto?

Ambassador BROWNFIELD. I do not, no.

Senator MENENDEZ. I mean, do you know——

Ambassador BROWNFIELD. I mean, I do not know him.

Senator MENENDEZ [continuing]. Not personally know him, but do you know of his case?

Ambassador BROWNFIELD. No.

Senator MENENDEZ. Is it fair to say, Mr. Benson, that he has ties? Clearly is he not under our arrest and in the midst of prosecution?

Mr. BENSON. What I know about Mr. Figueroa, Senator, was he was a drug trafficker. He was ultimately arrested back in July of 2010 in Puerto Rico and is awaiting trial.

Senator MENENDEZ. Did he not act within the Dominican Republic before he was caught in Puerto Rico?

Mr. BENSON. He was in the Dominican Republic as a trafficker, and there were attempts to apprehend him, and then ultimately he was arrested in Puerto Rico.

Senator MENENDEZ. And let me ask you, Ambassador Brownfield. Are you familiar with the fact that we have canceled a series of visas of persons from the Dominican Republic, as well as officials from the Dominican Republic, because of issues of corruption and narcotrafficking?

Ambassador BROWNFIELD. Yes. I mean, most of them would have been canceled as a result of decisions made within the INL's crime office in terms of the corruption provision in the statute.

Senator MENENDEZ. And do you know that specifically in the context of the Dominican Republic that we have, in fact, canceled a series of visas because of those concerns?

Ambassador BROWNFIELD. Yes.

Senator MENENDEZ. Because I note that there is an article where the United States Ambassador in the Dominican Republic, while not referring to a specific case, talks about a series of visas that have been canceled.

So my concern is that we can make all the efforts we want. I am using the Dominican Republic by way of example. But it sounds like in the case of DEA's challenge, enormous as it is, in some cases you have to work around these governmental entities where some of the highest levels of the government seem to be corrupted by the drug traffickers, and that is a huge challenge. Is that fair to say?

Ambassador BROWNFIELD. It is very fair to say and it is a core element. The corruption element is a core part of what we are trying to do in the DR.

Senator MENENDEZ. Mr. Benson, let me ask you, using again the Dominican Republic by way of example. It is a major shipping, normal shipping, port. It has two major, significant ports. A lot of shipping goes to Europe. A lot of shipping comes to the United States to my home port in New Jersey.

I have read a series of articles and concerns in which the basis of the cargo inspection, the basis of some of those ports being used where there is no inspection, or after an inspection takes place, the door is changed where the seal has been issued, which is sort of like our guarantee that in fact what has been inspected there is legitimate and able to come to the United States. And then the door is changed and moved to another container where ultimately what is in there is illicit drugs. There may be other items as well.

Can you talk to the committee a little bit about that?

Mr. BENSON. Well, clearly the drug trafficking organizations have recognized that the ports are a place where they can move shipments of drugs to the United States and Europe.

The major port there, the Dominican port, Casedo—and then there are 15 or so other smaller ports. We clearly have investigations tied to activity there. We work with our sensitive investigative units at targeting what is moving through those ports. There are issues, Senator, as you mentioned, with port security that needs to be looked at. But we continue to work with those trusted partners at targeting those organizations responsible for movement of drugs through the ports there.

Senator MENENDEZ. And finally, yesterday a Dominican paper reported on the visit to the United States of the Dominican drug czar, Rolando Rosado, to discuss the creation of what he described as a maritime wall. Can you comment on that?

Mr. BENSON. We have an operation called Operation Seawall that is looking at maritime activity both from the interdiction focus, but in every piece of this, as the Ambassador mentioned, it is not just interdiction. We are looking at the entire organization, those responsible for movement, those transportation specialists,

but then also targeting the leadership responsible in tracing those loads of cocaine all the way back down to Colombia because that is what we have to do, Senator. We have to look at the source zone, the transit zone, and the arrival zone in places like New Jersey and many, many other places that are negatively being impacted by these shipments of cocaine and heroin. So it is a broad-ranging approach, but it is looking at the source, transit, and arrival.

Senator MENENDEZ. And finally, Ambassador Brownfield, I want to talk about funding. I see the administration asking for less funding for CBSI in fiscal year 2012. The question is why. And then I see overall INL funding significantly lower, from $565 million versus $701 million. I recognize Merida may be part of that decrease attributed to the decrease in Merida funding for large equipment purposes, but I see our challenge growing beyond the Caribbean. Can you give the committee a sense as to why we are headed in the opposite direction when our challenge is growing?

Ambassador BROWNFIELD. Yes, Mr. Chairman. That said, I am a team player and I accept that I am part of a larger team and I am not the quarterback of that team and I do not call the plays.

What we have asked for is what has finally been approved in a complicated budgetary process, managed first within the Department of State and then in a larger sense from the White House in terms of the administration's and the President's budget request to you.

I have been led to believe that we are operating in an environment where the expectation is we will take an absolute cut in our core budgets and we must get to that cut. I am operating in an environment where each of the regions where I am called upon to support programs take a percentage cut. So my global budget number is driven down, and then I have to get within a region-by-region or geographic region-by-region number as well. This is driving the number that has been brought before you.

You have not asked, but if you were to ask would I in a more perfect world like and be able to make excellent use of a larger budget, of course I would. That said, I go back to my starting point. I am a team player. I will accept the number that the quarterback finally tells me or the coach calls in in terms of the play. And that is the best answer I can give you right now.

Senator MENENDEZ. Well, I appreciate being a team player. I appreciate, more importantly, however, the role in informing Congress of the underlying decisions for public policy. Is it fair to say that the reductions that we are seeing here are going to have consequences in terms of the fight that we need to continue?

It seems to me we are spending an enormous amount of money along the border between the United States and Mexico just to intercede people who would come over, but yet the underlying challenge is there in Central America, in the Caribbean which, while reduced in terms of transiting, can easily be the place that it goes back to when we squeeze. At the end of the day, it is along Central America. We squeeze there and now we see the Caribbean which is very porous, has water frontiers versus land frontiers. That challenge is, at the end of the day, going to be one that is not fully met. Is that fair to say?

I am not asking you whether you are a team player or not. I appreciate that you are. But I want to know as the chair of this subcommittee that, in fact, is it not going to be more difficult for us to meet our challenges with the reductions that we are seeing taking place.

Ambassador BROWNFIELD. Mr. Chairman, as I said in my statement, I see a crisis coming and I believe our challenge is going to get greater in the coming years. It is my view right now that Congress has been generous over the last 2 years. We actually do have a substantial amount of funding in the pipeline. You have a reasonable expectation that I should be able to deliver concrete, measurable results in the course of this coming year in that regard. You have an equal right to expect from me an explanation as to how much more I truly and genuinely need for the post-2012 timeframe. I am trying to work four initiatives at the same time: Plan Colombia, Merida in Mexico, CARSI in Central America, and CBSI. You have a right to expect me to offer you my best possible judgment in terms of how we can work those four initiatives simultaneously and within realistic expectations of what the U.S. Senate and Congress can offer us by way of resources.

Senator MENENDEZ. Mr. Benson, if we had greater resources, could you not deploy them effectively in your singular mission?

Mr. BENSON. Senator, we have a strong footprint in the Caribbean, but if we had additional resources, we could always deploy those resources to target that threat.

Senator MENENDEZ. And here is my point. There is no question that we have to cut our national debt. There is no question that we have to meet our challenges. We have to do that intelligently while still meeting what I perceive as national security challenges. I unfortunately have seen too many families in which a child becomes addicted to a drug, and that is devastating for not only that child but that family. I see too many murders take place on the streets of the cities that I have the privilege of representing, and a fair number of that is related to drug trafficking.

So I do not want to be obfuscated by the fog of "let us cut at any cost" when in fact there are some things for which the national interest and security of the United States still calls for. And I believe this is a field. It is a field that I intend to work very vigorously on in our jurisdiction of global narcotics and to try to help build so that we can meet that challenge. And I will appreciate honest answers to what it is that we need in order to get there.

So with that, I understand Senator Rubio does not have any other questions.

Senator RUBIO. I do not. I want to just take off on what you are saying. I too take the national debt very seriously. It was a cornerstone of the reason why I ran.

On the other hand, I would love to see an analysis of how much money we would spend domestically if we do not address these issues. It sounds like we are going to spend the money either way. The question is whether we are going to spend it on the front end or we are going to spend it on the back end and at a higher human cost. So that would probably be something interesting to look at. There may be studies out there already. But the money is going to be spent because if people are addicted, if you have got crime here

domestically, if in fact this emerging crisis that Mr. Brownfield has outlined hits us, the costs of that are going to be pretty high as well, and we are going to have to deal with those. So we will work on that. That is interesting.

Senator MENENDEZ. Well, with my thanks to this panel for all of your insights and for all of your missions and particularly, Mr. Benson, to you and the men and women of the DEA, thank you very much. We look forward to working with you to build our capacity and our ability to meet the challenge. With that, this panel is dismissed. Thank you very much for your testimony.

Let me, as we bring up the second panel, introduce them. Dr. Eduardo Gamarra is a professor of politics and international relations at Florida International University where he has also served as the director of the Latin American and Caribbean Center. I will yield to Senator Rubio since——

Senator RUBIO. Just he is a member of the political science faculty there as well, which is, I believe, the finest political science faculty in the southeastern United States, not just because I coteach there. [Laughter.]

Senator MENENDEZ. And you are so diplomatic. You limited it to the southeast so you would not have a problem with the chair. I appreciate that.

Senator RUBIO. A big State.

Senator MENENDEZ. Yes.

Dr. Gamarra has written and edited a number of books on the Caribbean and Central America. He has worked in a consulting capacity on counternarcotics with police organizations and Federal agencies throughout Latin America with a particular emphasis on counternarcotics efforts in the Dominican Republic. So we appreciate his presence here.

Douglas Farah is a senior fellow at the International Assessment and Strategy Center where he is a renowned national security consultant and analyst. For close to two decades, he was a foreign correspondent, investigative reporter for the Washington Post, and freelanced for other publications such as the Boston Globe, the Financial Times, and Mother Jones covering Latin America and West Africa. He has worked in Colombia and Venezuela, Ecuador, and Bolivia. He chronicled the rise and fall of the Medellin Cartel and its leader, Pablo Escobar, and we appreciate his insights here today.

So with that, Dr. Gamarra, we will start with you. If you each would summarize your testimony for about 5 minutes and then we will have your full testimony entered into the record and we will have a discussion after that.

STATEMENT OF DR. EDUARDO A. GAMARRA, PROFESSOR, FLORIDA INTERNATIONAL UNIVERSITY, DEPARTMENT OF POLITICS AND INTERNATIONAL RELATIONS, MIAMI, FL

Dr. GAMARRA. Thank you very much, Senator Menendez and Senator Rubio, for the opportunity to provide this testimony about the overall situation of violence primarily in the Dominican Republic and the Caribbean more broadly.

As you noted, over the past decade, I have been working with the Government of the Dominican Republic in addressing some of these

problems and the impact particularly on democracy there. I have worked primarily as a consultant for a firm based in Miami called Newlink Research which in 2004 was asked by President Fernandez to design a comprehensive plan aimed at trying to address the trends that we were seeing at the moment of increased drug trafficking organization presence, drug consumption and, of course, violence.

The Plan de Seguridad Democratica, or Democratic Security Plan, was a comprehensive plan that included the development of a subprogram called Safe Neighborhood which targeted the most violence-prone neighborhoods particularly in Santiago and in Santo Domingo. In addition to a police component, the plan included a battery of social programs that, for the most part, were applied in up to 110 neighborhoods throughout the country.

Initially the PSD had some very promising results. Violent death rates in the most violent neighborhoods of the country declined and the national death rate, which had almost reached 30 per 100,000, reached 17 per 100,000 in the year 2006. Our conclusion at the time was that the combined presence of the police and the implementation of this battery of social programs was responsible for restoring the rights of citizens to organize and participate actively in communal activities without fear of crime. In my view, it was a good faith effort to address a problem that was, unfortunately, larger than the Dominican Republic and, in essence, the changing security situation throughout the Caribbean.

Following its initial success, unfortunately, violent death rates began to climb again and other forms of crime, especially muggings, robberies, and the like, exploded, in particular outside of the Barrio Seguro neighborhoods. Our own evaluations concluded that the problems were both domestic on the one hand, and domestic in particular, Senator Menendez, had to do with the resistance of the national police which resisted some of the programs that we attempted to introduce to change the structure of that institution, and that involves corruption to a series of problems related to lack of training and lack of resources. Another issue was lack of coordination between what certain outfits were doing in government and the national police and the judicial system.

But in my view, the major problem was the lack of international support for the PSD. The U.S. Embassy, for example, provided very small and largely, in my view, insignificant efforts to promote community policing and to strengthen the prosecutor's office. I am not talking about DOD or DEA support.

Over the course of the past 8 years, I believe that U.S. support for President Fernandez's initiatives has been extraordinarily limited, and I would argue that even some of the State Department reports about what the United States is doing in community policing and in strengthening the prosecutors' offices are highly exaggerated. The U.S. impact, in fact, is quite small. At times I would say that Embassy officials in Santo Domingo saw the PSD with great skepticism and even suspicion, and in my view, the narrow focus of the very limited assistance projects that conspired against the more comprehensive approach that the PSD tried to initiate.

The same can be said for other international funding, the Inter American Development Bank and the World Bank and others.

Now, by 2007, our research confirmed what has been said here already, the enormous presence of transnational criminal organizations that were using the island, not just the Dominican Republic but certainly Haiti, to traffic drugs to both the United States and to Europe. I conducted focus groups throughout the Dominican Republic basically in very small communities, which basically talked about bombardments in very small communities. These drugs that fell from the sky had a very significant multiplier impact.

First, drug use became a problem not just in Santo Domingo but around the country.

Second, as we have said, drug busts in the Dominican Republic today are transnational as well. It is not Dominicans alone that are being arrested, but you have multiple nationalities that are involved.

And third, most importantly, the Dominican Republic in large measure is becoming the place where numerous drug trafficking transnational organizations are settling their scores.

In the 1990s some analysts, including myself, predicted that the Dominican Republic would become the command and control center for drug trafficking in the Caribbean. My sense is that today perhaps the Dominican Republic is close to that.

In 2011, the situation is much more serious than in 2004. Today the State Department report and the U.N. World Drug Report coincide that about 7 percent of all cocaine that enters the United States passes through Hispaniola and about 11 percent of all cocaine that goes to Europe passes through the Dominican Republic. And they are coming through diverse areas: air, land, and sea.

Now, in my view, the Dominican Republic with these very scarce resources has been trying to do certain things that are quite important. For example, something that was not mentioned in the first panel, President Fernandez purchased eight Super Tucano airplanes from Brazil, in fact, trying to shut down the air drops, and the results, at least in this first year, have been quite positive. The United States looked somewhat askance at that initiative; in my view, the Dominican Republic has had to do that because the bombardment had reached epidemic proportions and foreign support to help end this trend was conspicuously absent.

The purchase of those planes demonstrates the resolve of governments in the region to spend and even indebt themselves to counter a problem that is undermining their democracies.

Passing very quickly here to the American efforts and particularly to CBSI, my view is that this is an enormously important program because it is targeting the grave situation facing the region. This situation in the Dominican Republic is affecting in particular young Dominicans, the most vulnerable sector. This has been amply documented through the studies conducted by Newlink Research. They are the main victims of violence. They lack educational and job opportunities and they face extraordinary discrimination. Few who live in these neighborhoods are able to obtain employment outside of the most affected neighborhoods. And they, of course, are not only victims but they are also victimizers; in that sense, young Dominicans are essentially being condemned to lives of violence, poor education, unemployment, and exclusion.

The CBSI initiatives are a worthwhile effort but in my view are insufficient. The three dimensions, which include regionwide assessments, complementary education alternatives, and training and basic employment and vocational skills, are very important, but $5 million does not go very far.

In conclusion, I would say, based on my experience in the Dominican Republic, that these underfunded programs have no real impact and contribute instead to deepening the gap between the promise and performance that plagues all democracies in the Caribbean and in the hemisphere.

Thank you very much.

[The prepared statement of Dr. Gamarra follows:]

PREPARED STATEMENT OF DR. EDUARDO A. GAMARRA

Thank you very much for the opportunity to provide testimony today about the overall situation with crime and violence in the Dominican Republic specifically and the Caribbean more broadly. Over the course of the past decade I have been working directly with the Government of the Dominican Republic in addressing these problems and their impact on development and democracy. As a consultant for Newlink Research, a Miami based firm, I was asked in the fall of 2004 by President Leonel Fernandez to develop a comprehensive plan that would address what was already a visible trend: the increased presence of drug trafficking organizations, an increase in drug consumption, and a rise in violent crime.

President Fernandez made fighting crime one of the most important components of his new government. Thus, rather than waiting for the international community to help him address the problem, he devoted Dominican resources from the outset. This showed both the will and the resolve to address a problem that was achieving significant proportions. As President Fernandez told me at the time of the launching of his anticrime plan, his objective was to prevent the Dominican Republic from following the pattern of the DR–CAFTA countries.

The Plan de Seguridad Democrática (Democratic Security Plan-PSD) was a comprehensive plan aimed specifically to bring down the violent death and crime rates that had been steadily rising since the year 2002, in part, as a result of an unprecedented economic crisis. More broadly, the PSD included the development of a program dubbed Barrio Seguro (Safe Neighborhood) through which the most violence prone neighborhoods were targeted not only for increased police presence but also for the development of a battery of social programs aimed primarily at youth at risk.

Based on the results of intensive qualitative and quantitative data gathered by Newlink Research in dozens of neighborhoods throughout the larger cities of the Dominican Republic, the PSD initially had some very promising results. Violent death rates in some of the worst neighborhoods dropped dramatically and evaluations showed that in a few of these neighborhoods the Barrio Seguro program helped jump-start citizen participation.[1] Our conclusion was that the combined presence of the police and the implementation of a variety of social programs were responsible for restoring the rights of citizens to organize and participate actively in communal activities without fear of crime

It is fair to say that the PSD and Barrio Seguro were a good faith effort to address a problem that unfortunately was larger than the Dominican Republic and the changing security situation throughout the Caribbean. Following its initial success, violent death rates began to climb again and other forms of crime, especially muggings, robbery, and the like exploded especially outside of the Barrio Seguro neighborhoods. Our own evaluations identified the factors that transformed the security situation in the Dominican Republic. These are factors common to other countries facing the same issue.

On the domestic front, the most serious problem facing the PSD was its failure to overhaul the National Police, which continues to be an institution that resists change for reasons that range from corruption to a severe lack of training and resources. A second major issue was the politicization of the PSD as those who were charged with carrying out the plan saw it is as an important tool to seek higher political office. Another issue involved the lack of coordination between those institutions charged with implementing the PSD; in particular, the Plan suffered from

[1] The violent death rate in 2004 was 30 per 100,000 inhabitants. In 2006 the violent death rate dropped to 17 per 100,000. In 2010 the violent death rate had climbed to 24 per 100,000.

a very serious lack of coordinated efforts between the National Police and the Ministry of Interior.

A final major problem was the lack of international support for the PSD. The U.S. Embassy provided funding for very small and largely insignificant efforts to promote community policing and to strengthen the prosecutor's office. In my view, over the course of past 8 years U.S. support for President Fernandez's initiatives has been limited. Moreover, I would argue that in its yearly INCSR reports, the impact of U.S. assistance programs is highly exaggerated. U.S. assistance has been limited in size and scope and often it duplicates or contradicts ongoing local efforts. At times, Embassy officials saw the Dominican President's anticrime initiatives with great skepticism and suspicion. The narrow focus of the very limited assistance programs—aimed mainly at the police and the prosecutor's office—conspired against the more comprehensive security plan that President Fernandez pursued.

Funding from the Inter American Development Bank (IADB) and World Bank was also very limited and did not directly fund the PSD. In 2008, however, the IADB sent a team headed by Rafael Pardo, Colombia's former Minister of Defense to evaluate the PSD; its final report lavished extensive praise and urged the Bank to fund some of its components, especially in the prosecutor's office.

While the PSD's success was affected by these domestic and funding constraints, the reality is that the situation in the Caribbean (including Venezuela, Colombia, and Mexico) had also changed dramatically during this period and was having an enormous impact on the Dominican Republic. By 2007, our research confirmed the presence of transnational criminal organizations that were increasingly using the entire island of Hispaniola to traffic drugs to both the United States and Europe. We conducted focus groups in remote areas of the country where villagers reported continuous "bombardments" of drugs from the sky.

The drugs that fell from the sky had a multiplier impact on the country. First, drug use became an issue even in small towns where traffickers were paying villagers in kind for turning over the drugs they collected. This produced not only violence but also contributed to drug consumption problems among young Dominicans. Second, increasingly drug busts were netting individuals from a variety of countries including Colombians, Venezuelans, Central Americans, Mexicans, and Haitians. Third, this trend suggested that the Dominican Republic was fast becoming not only an important transshipment point but also a place where traffickers of all nationalities were violently settling scores. In 2011, the Dominican Republic appeared to have fulfilled the prediction by some analysts in the 1990s that it was becoming the command and control center of the Caribbean drug trafficking industry.

According to Dominican sociologist Lilian Bobea,

> In recent years the surge of drug trafficking toward and from the Dominican Republic and the emergence of internal microtrafficking have become a complex, expansive, and harmful phenomena for Dominican society. Given their importance, both constitute a development engine for many sectors of the urban and rural economy of the country. Progressively and owing to its resilience, the ties of this industry strengthen an integrated vertical and horizontal transnational criminal structure that involves a network of social and political organizations. These dynamics affect the quality of life in the Dominican Republic and they undermine trust in institutions and democratic governance . . .[2]

In 2011, more drugs are entering and exiting the Dominican Republic than ever. The Dominican National Directorate for Drug Control (DNCD) routinely confiscates cocaine, heroin, marihuana, and synthetic drugs. And these drugs are coming into the country through diverse air, land, and sea routes. Within the country the distribution and commercialization routes have also become more complex and diverse and they increasingly involve a larger number of Dominicans and foreigners at every level. Not surprisingly this evolving and increasingly complex structure has contributed to a significant expansion of violent crime, especially in the largest urban centers of the country. At the same time drugs are passing through the Dominican Republic at a faster rate than ever before. According to the 2011 INCSR and the U.N.'s World Drug Report, 7 percent of all cocaine that enters the United States passes through the island of Hispaniola and 11 percent of all the cocaine that reaches Europe is transshipped from the Dominican Republic.

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[2] Lilian Bobea, "Vínculos y Estructuras del Narcotráfico en República Dominicana," in Eduardo A. Gamarra and Diana Pardo, "Aciertos y Errores de la lucha contra el tráfico de drogas ilícitas: Lecciones de las experiencias nacionales de América Latina y el Caribe," (Santo Domingo, FUNGLODE, forthcoming 2011).

As the UNODC 2011 Global Study on Homicide shows, homicide rates experienced a sharp increase in Central America and the Caribbean. This trend is the result of multiple factors, such as a rapid urbanization, the easy availability of guns, high-income inequality, a high proportion of youth, local gang structures, and organized crime and drug trafficking. A decade ago homicide rates in the Caribbean were significantly lower than in Central America. But they have recently increased, most notably in Jamaica (52.1 deaths per 100,000 inhabitants), Trinidad and Tobago (35.2), Puerto Rico (26.2), St. Kitts and Nevis (38.2), and the Dominican Republic (24.9).[3]

Unfortunately, most of the Caribbean countries faced this dramatic transformation with their own meager resources. Despite the launching of Plan Merida in the latter days of the Bush administration, very few U.S. resources were available. The diagnoses of the problem were amply documented by the research commissioned by the Dominican Government. While the PSD was aimed at controlling the situation in the neighborhoods, the government opted to purchase eight A–29 Tucano planes from Brazil to shut down the drug bombardments. At this date, the presence of these aircraft has had a significant impact, yet it is still insufficient to prevent the flow of drugs from South America through air, land, and sea. The purchase of these planes reveals, however, the resolve of some governments in the region to spend—and even indebt themselves—to address a problem that is undermining their countries.

Despite the best efforts under the PSD, the reality is that today the Dominican Republic is facing a more serious challenge than in 2004. And, public perception of the lack of safety has skyrocketed leading the average Dominican not only to complain about the ineffectiveness of the PSD but to also demand a much stronger and violent response by the government. My research has found that Dominicans are not as concerned about police human rights violations as are organizations such as Amnesty International.

This sentiment, which found echo among some of the most conservative politicians contributed to the whittling down of basic habeas corpus guarantees found in the Code of Criminal Procedure. USAID funding in the 1990s led to the passage of this important Code and some funding is still available to help in its implementation. The Dominican Congress recently adopted modifications that are likely to send younger kids to adult prisons and will provide police with the right to hold suspects indefinitely.

The reality of this situation is being felt daily by young Dominicans, the most vulnerable sector to the growing threat posed by transnational trafficking and the deterioration of citizen security. Since 2004, Newlink Research has amply documented the plight of at-risk youth especially in the aforementioned Barrio Seguro neighborhoods. They are not only the main victims of violence, they also lack educational and job opportunities and face extreme discrimination outside of their neighborhoods. Few are able to obtain formal employment if they list one of these neighborhoods as their home address. While young men are the main victims and also victimizers, young women are the main victims of intrafamily violence and early pregnancy further limits already scarce opportunities to success. As a result, most young Dominicans are condemned to a life in the vast informal sector of the Dominican economy. Similar results have been obtained by evaluations of USAID programs aimed at young Dominicans.

For this reason, I believe that the CBSI initiatives are a worthwhile—albeit insufficient—effort to address the problems of young Dominicans. According to USAID, the $5 million for programs in the Dominican Republic over promise to provide:

- Regionwide assessments aimed at improving ongoing programs focused on first offenders and other at-risk youth, good governance, anticorruption, community policing, and youth education;
- Complementary education alternatives for Dominican youth, including flexible learning models and literacy campaigns;
- Training in basic employment and vocational skills in the areas of tourism, agriculture, and the computer sciences for at-risk youth.

While some of these programs were already underway mainly as a result of World Bank, Inter-American Development Bank, and Dominican funding, the sad reality is that these are perhaps too little and too late to be effective. Moreover, these programs provide a long-term solution to a very limited number of young people. In the meantime the majority will continue to face the daily problems of violence, drug abuse, and lack of opportunity.

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[3] United Nations Office on Drugs and Crime, "Global Study on Homicide 2011," (Vienna, UNODC, 2011).

Based on my long-term experience in the Dominican Republic, I am convinced that any future engagement should not suffer from the piecemeal approach of U.S. assistance. USAID programs should not duplicate and undermine local Caribbean efforts but seek serious partnerships instead so that it can more effectively shape their content and long-term course. Underfunded programs have no real impact and instead contribute to deepening the gap between promise and performance that plagues all democracies in the Caribbean and elsewhere in this hemisphere.

Senator MENENDEZ. Thank you very much.
Mr. Farah.

STATEMENT OF DOUGLAS FARAH, SCHOLAR, INTERNATIONAL ASSESSMENT AND STRATEGY CENTER, ALEXANDRIA, VA

Mr. FARAH. Chairman Menendez and Ranking Member Rubio, thank you for the opportunity to testify today.

As many others have said, drug trafficking routes and networks are like water running downhill: they will always seek the path of least resistance.

The CBSI program, in anticipation of the pressure being applied in Mexico and Colombia, is aimed at making it simultaneously more difficult to traffic cocaine and other illicit drugs through the Caribbean. The goals are laudable and these areas of cooperation are necessary in the small and generally underresourced countries of the Caribbean, and the program correctly anticipates the region's growing importance as a transnational shipping route not only for drugs but for human smuggling and other transnational organized criminal activities. But there are several significant roadblocks for CBSI achieving these goals.

The first is the growing political and economic influence of Venezuela in the region, a significant drawback given that Venezuela is the growing and primary gateway for the flow of illicit narcotics into the Caribbean and that senior members of its government have been sanctioned by the United States for their involvement in drug trafficking and working with designated terrorist entities.

The second is the continuing existence of large offshore financial centers offering multiple services to a broad array of transnational criminal organizations, both regional and extra-regional, thereby allowing the profits of illicit activities to flow back to criminal organizations.

In 2004, Presidents Hugo Chavez of Venezuela and Fidel Castro of Cuba announced the formation of the Bolivarian Alliance for the Peoples of Our America, ALBA; an alliance aimed at creating a political, economic, and military structure that explicitly excludes the United States but allies with Iran and other regimes hostile to the United States.

The two authoritarian governments were soon joined by the leaders of Bolivia, Ecuador, Nicaragua, all espousing 21st century socialism. The leaders have one thing in common or many things in common, among them offering material support to the Revolutionary Armed Forces of Colombia, the FARC, a designated terrorist organization by both the United States and the European Union. And there are senior leaders in all of these countries who are deeply corrupted and involved in the drug trade. In 2008, the nation of Dominica joined ALBA, and in 2009, St. Vincent and the Grenadines and Antigua and Barbuda also joined the alliance.

This is worrisome on multiple fronts. If they were simply democracies seeking a different democratic path, it would not be so troublesome. But when the most authoritarian governments in the region form an alliance that consistently utilizes the drug trade as an instrument of statecraft, allies itself with and facilitates the expansion of the influence of nations hostile to both the United States and its democratic allies, and systematically reduces freedom of expression, political freedom, and the rule of law, this alliance cannot be viewed as benign.

Most of the Caribbean nations that have joined ALBA, or are considering joining, because of the cheap oil subsidies provided by Venezuela, which is a real economic boon. But as the Congressional Research Service found, this has considerable risks. As they wrote in their recent report, "As United States counternarcotics cooperation with Venezuela has diminished since 2005, Venezuela has become a major transit point for drug flights through the Caribbean, particularly Haiti and the Dominican Republic, into the United States."

In addition to the sea-lanes to the Caribbean islands and the westbound flights over the eastern Caribbean, significant drug traffic transits the Caribbean through the airspace between Venezuela and Colombia to the eastern Atlantic and Caribbean coast of Central America. Particularly hard hit are Honduras, Belize, and Nicaragua.

The Chavez government aids and protects drug traffickers at the highest levels. Perhaps the strongest public evidence of the importance of Venezuela to the FARC, which produces 90 percent of the cocaine consumed in the United States, is the public designation of three of Chavez's closest advisors and senior government officials by our U.S. Treasury's Office of Foreign Assets Control. As legendary District Attorney Robert Morgenthau warned as he left public service in Manhattan after 40 years, "Let there be no doubt that Hugo Chavez leads not only a corrupt government but one staffed by terrorist sympathizers. The government has strong ties to narcotrafficking and money laundering, and reportedly plays an active role in the transshipment of narcotics and the laundering of narcotics proceeds in exchange for payments to corrupt government officials."

One of the primary areas also not addressed by CBSI is the extensive use of offshore banking and corporate registries that are part of the lifeblood of drug cartels and the ability to move their money. Again, our own Government has documented the anomalies of these anonymous jurisdictions. For example, according to the State Department, in the British Virgin Islands with 22,000 people, as of September 2010, there were 456,547 active companies, 237 licensed banks, and 2,951 mutual funds. BVI's unique share structure does not require a statement of authorized capital, as well as the lack of mandatory filing of ownership which poses a significant money laundering risk. That can be said for virtually any country in the Caribbean. Almost all of them have the same incredibly weak laws.

And this again ties back to Venezuela which is now acting as a broker in the money laundering services for the cartels. As the State Department noted, "Money laundering occurs through

Venezuela's commercial banks, exchange houses, gambling sites, fraudulently invoiced foreign trade transactions, smuggling, real estate, agriculture and livestock businesses." Venezuela is not a regional financial center and does not have an offshore financial sector, but many of its local banks have offshore affiliates in the Caribbean and that is one of the key gateways into the money laundering world.

I would say that the blind trusts are particularly unnoticed in the region, although my own research in recent years has documented that the Muslim Brotherhood, as well as the bin Laden family, maintained dozens of companies in Panama and elsewhere in the Caribbean where the true ownerships of the accounts were hidden and difficult to find.

This summer, the International Investment Corporation of the Gulf-Bahamas, a wholly owned subsidiary of the Dar al Maal Al Islami Bank, an Islamist banking institution linked to the Muslim Brotherhood, reached a nonprosecution agreement with the U.S. Department of Justice where they agreed to pay more than $30 million in fines and penalties for significant tax violations in the United States.

In conclusion, I would say CBSI could be a useful tool for helping Caribbean partners combat drug trafficking, endemic corruption, violence, and the erosion of the rule of law that transnational organized criminal groups bring. However, the initiative in my view will have little impact as long as Venezuela and ALBA nations in Latin America and the Caribbean continue to criminalize and use transnational organized crime as part of their statecraft, giving support and protection to drug trafficking and designated terrorist organizations such as the FARC. With Venezuela and its allies opening key corridors for drug trafficking to the United States, as well as providing sophisticated aid in laundering hundreds of millions of dollars in illicit programs, any program, especially one as comparatively small as this one, which does not deal with the source of the drugs flowing through them will do little to mitigate the problem.

Thank you.

[The prepared statement of Mr. Farah follows:]

PREPARED STATEMENT DOUGLAS FARAH

Honorable Chairman Menendez and Ranking Member Rubio, thank you for the opportunity to testify today on the Caribbean Basin Security Initiative and the increasing flow of illicit drugs through the Caribbean region.

As many others have said, drug trafficking routes and networks are like water running downhill, they will always seek the path of least resistance. And, like a balloon, when pressure is applied in one area the displaced operations pop up in another. The $139 million, 2-year CBSI program, in anticipation of the pressure being applied in Mexico and Colombia, is aimed at making it simultaneously more difficult to traffic cocaine and other illicit drugs through the Caribbean.

According to the State Department the purpose of the CSBI money flowing into the Caribbean is to aid in:

- Maritime and Aerial Security Cooperation;
- Law enforcement capacity-building;
- Border/Port Security and Firearms Interdiction;
- Justice sector reform;
- Crime prevention and at-risk youth.

These are laudable and necessary areas of cooperation with the small and generally underresourced countries of the Caribbean, and the program correctly antici-

pates the region's growing importance as a transnational shipping route not only for drugs, but for human smuggling and other transnational organized criminal activities.

Of the 16 nations in the Caribbean, the U.S. Government has identified four (the Dominican Republic, Haiti, Bahamas, and Jamaica) as major transit countries, while many others, particularly in the Eastern Caribbean, continue to serve as significant transit points.[1]

But there are several significant roadblocks for the CBSI achieving its goals, in addition to the traditional issues of corruption, weak institutions, lack of rule of law, and lack of resources to fight traffickers who are well-resourced, and have multiple unguarded points of entry across the region. I would like to address these in particular today, and also to stress they cannot be addressed outside of the broader regional context of Latin America. The two most significant roadblocks, in my opinion are:

1. The growing political and economic influence of Venezuela in the region, a significant drawback given that Venezuela is a growing and primary gateway for the flow of illicit narcotics into the Caribbean, and that senior members of its government have been sanctioned for their involvement with drug trafficking and designated terrorist entities;
2. The continuing existence of large offshore financial centers offering multiple services to a broad array of transnational criminal organizations, both regional and extra-regional, thereby allowing the profits of illicit activities to flow back to criminal organizations. As you are well aware, some of these TOC groups, particularly those operating out of Mexico, pose a significant national security challenge to the United States.

VENEZUELA'S GROWING ROLE IN THE REGION

In 2004, Presidents Hugo Chavez of Venezuela and Fidel Castro of Cuba announced the formation of the Bolivarian Alliance for the Peoples of Our America (Alianza Bolivariana para los Pueblos de Nuestra America-ALBA), an alliance aimed at creating a political, economic, and military structure that explicitly excludes the United States, but allies with Iran and other regimes hostile to the United States.

The two authoritarian governments were soon joined by the leaders of Bolivia, Ecuador, and Nicaragua, all espousing 21st century socialism. The leaders have other commonalities: they all offering material support to the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia–FARC), a designated terrorist organization by both the United States and European Union; and, there are senior leaders in all the countries who are deeply corrupted and involved in the drug trade. In 2008, the nation of Dominica joined ALBA and, in 2009, St. Vincent and the Grenadines, and Antigua and Barbuda joined Alliance.

The political intent of the union was made clear in a statement when the Caribbean nations joined, where the final declaration stated that, "[We recognize] the strengthening of the ALBA and its consolidation as a political, economic, and social alliance in defense of the independence, sovereignty, self-determination, and identity of member countries and the interests and aspirations of the peoples of the South, in the face of attempts at political and economic domination."[2]

This is worrisome on multiple fronts. If these were simply democracies seeking a different democratic path, it would not be troublesome. But when the most authoritarian governments in the region form an alliance that consistently utilizes the drug trade as an instrument of statecraft; allies itself with and facilitates the expansion of the influence of nations hostile to both the United States and its democratic allies; and, systematically reduces freedom of expression, political freedom, and the rule of law, the alliance cannot by viewed as benign.

Most of the Caribbean nations that have joined ALBA, or are considering joining, are in it for the cheap oil subsidies provided by Venezuela, a very real economic boon, particularly in a time when—except for the small amount of money for each country in the CBSI, and the humanitarian aid to Haiti—U.S. aid in the region is shrinking, as is its regional diplomatic presence.

The reality is that the relationships with Venezuela in the region are dangerous and facilitate drug trafficking. As the most recent State Department report on drug trafficking patterns noted "Venezuela is a major drug-transit country. A porous western border with Colombia, a weak judicial system, inconsistent international

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[1] Clare Ribando Seelke, Liana Sun Wyler, June S. Beittel, and Mark P. Sullivan, "Latin America and the Caribbean: Illicit Drug Trafficking and U.S. Counterdrug Programs," Congressional Research Service, May 12, 2011, p. 1.

[2] James Suggett, "ALBA Block Grows by Three New Member Countries At Summit," Venezuelanalysis, June 26, 2009, accessed at: http://venezuelanalysis.com/news/4547.

counternarcotics cooperation, and a generally permissive and corrupt environment have made Venezuela one of the preferred trafficking routes out of South America to the Eastern Caribbean, Central America, the United States, Europe, and western Africa."[3]

The Congressional Research Service also found that "As U.S. counternarcotics cooperation with Venezuela has diminished since 2005, Venezuela has become a major transit point for drug flights through the Caribbean—particularly Haiti and the Dominican Republic—into the United States as well as to Europe. Elsewhere in the Caribbean, the Bahamas continues to serve as a major transit country for both Jamaican marijuana and South American cocaine."[4]

Declassified U.S. and Colombian reports on drug movements from the traditional drug producing countries such as Colombia, Peru, and Bolivia show that the Caribbean is becoming a more important transport route, especially for those drugs that pass through the region to West Africa and then northward to Europe. The transshipment of drugs through West Africa is now several years established, but as U.S., U.N., and West African drug experts can attest, the vast majority of the cocaine reaching those shores arrives on flights that originate in Venezuela.

In addition to the sea-lanes to the Caribbean islands and the west bound flights over the Eastern Caribbean, significant drug traffic transits the Caribbean through the air space between the Venezuela-Colombia corridor and the eastern Atlantic/Caribbean coast of Central America. Particularly hard hit are Honduras, Belize, and Nicaragua.

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[3] Bureau of International Narcotics and Law Enforcement Affairs, "International Narcotics Control Strategy Report, 2011," Department of State, March 2011, accessed at: http://www.state.gov/p/inl/rls/nrcrpt/2011/vol1/156363.htm#venezuela.

[4] Seelke, Wyler, et al, op cit p. 2.

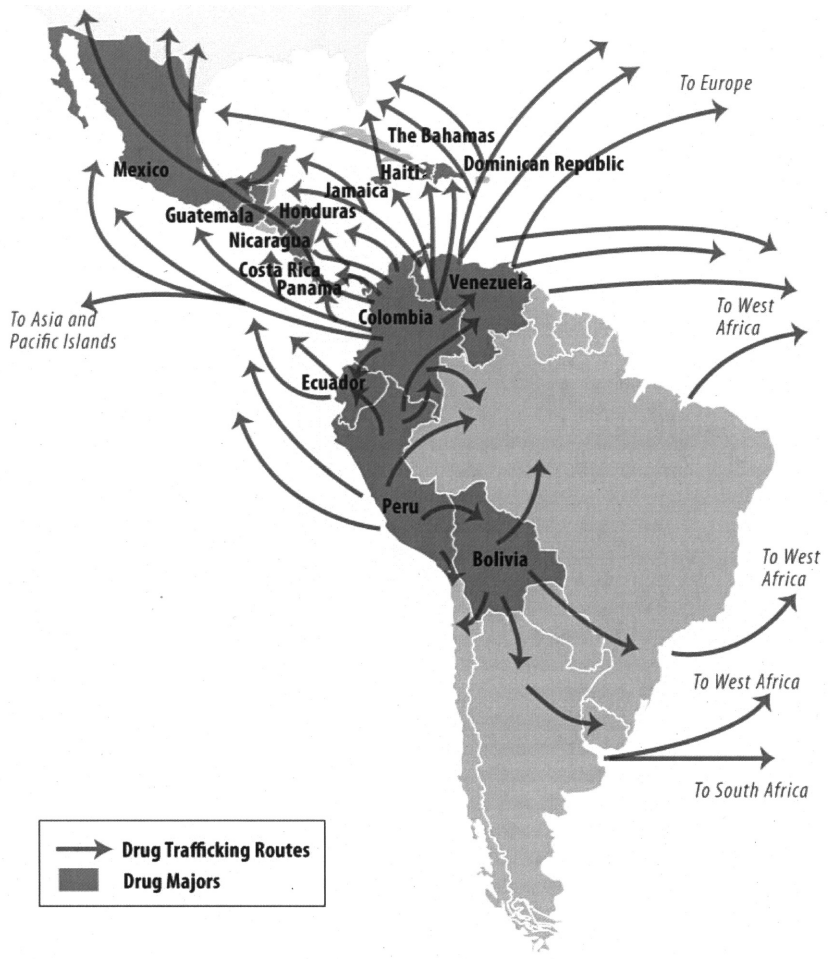


Figure 1: Source, Congressional Research Service

As demonstrated by the extensive connectivity among the producing and transit regions, the concept of initiating a productive Caribbean Basin security initiative without having some strategy for closing the main door through which the drugs enter the region (Venezuela), is likely to be untenable. While the Caribbean is also a transit zone for cocaine leaving Colombia, there is a fundamental difference. The Colombia Government, at great cost in life and national treasure, actively works to combat the trafficking and to drive it from its national territory.

The Chavez government in Venezuela, in contrast, aids and protects drug traffickers at the highest level. Perhaps the strongest public evidence of the importance of Venezuela to the FARC, which produces some 90 percent of the cocaine consumed in the United States, is the public designations of three of Chavez's closest advisers and senior government officials by the U.S Treasury Department's Office of Foreign Assets Control (OFAC).

OFAC said the three—Hugo Armando Carvajal, director of Venezuelan Military Intelligence; Henry de Jesus Rangel, director of the Venezuelan Directorate of Intelligence and Prevention Services; and, Ramon Emilio Rodriguez Chacin, former Minister of Justice and former Minister of Interior—were responsible for "materially supporting the FARC, a narcoterrorist organization."

OFAC specifically accused Carvajal and Rangel of protecting FARC cocaine shipments moving through Venezuela, and said Rodriguez Chacin, who resigned his government position just a few days before the designations, was the "Venezuelan Government's main weapons contact for the FARC."[5] In November 2010, Rangel was promoted to the overall commander of the Venezuelan Armed Forces.[6]

As legendary Manhattan district attorney Robert M. Morgenthau warned, as he left public service in 2009 after decades of prosecuting financial fraud cases, "And let there be no doubt that Hugo Chavez leads not only a corrupt government but one staffed by terrorist sympathizers. The government has strong ties to narcotrafficking and money laundering, and reportedly plays an active role in the transshipment of narcotics and the laundering of narcotics proceeds in exchange for payments to corrupt government officials."[7]

One effect of this state tolerance for, if not sponsorship of, the FARC, is a broad network of FARC activities in the Caribbean, particularly in the Dominican Republic, in addition to Cuba and other ALBA nations. Among the most well-known of the FARC political faces in the region is Narciso Isa Conde, a Dominican national who publicly admits he has befriended the FARC for 40 years.[8]

Figure 2: Narciso Isa Conde visiting a FARC camp in 2006.

The existence of this network, integrated into the Continental Bolivarian Movement (Movimiento Continental Bolivariano-MCB) directly ties into the drug traf-

[5] "Treasury Targets Venezuelan Government Officials Support of the FARC," U.S. Treasury Department Office of Public Affairs, September 12, 2008. The designations came on the heels of the decision of the Bolivian Government of Evo Morales to expel the U.S. Ambassador, allegedly for supporting armed movements against the Morales government. In solidarity, Chavez then expelled the U.S. Ambassador to Venezuela. In addition to the designations of the Venezuelan officials, the United States also expelled the Venezuelan and Bolivian Ambassadors to Washington.

[6] "Chavez Shores up Military Support," Stratfor, November 12, 2010.

[7] Robert M. Morgenthau, "The Link Between Iran and Venezuela: A Crisis in the Making," speech at the Brookings Institution, September 8, 2009.

[8] Narciso Isa Conde, "Pronunciamiento del Dominicano Narciso Isa Conde, Citado por el Colombiano Hoyos en la OEA," published on the FARC-friendly Web site apporrea.org, July 22, 2010, accessed at: http://www.aporrea.org/actualidad/n161889.html.

ficking flows through the Dominican Republic and elsewhere, routes the FARC is working actively to exploit and expand.

While Cuba is not listed as a major drug transshipment center or money laundering haven, it also plays a crucial role with ALBA nations, providing growing support for intelligence and counterintelligence, primarily aimed at the internal opposition to the ALBA governments. Through its close ties to, and control of, parts of the Venezuelan intelligence apparatus, Cuban operatives enjoy greater access in the region than they have for at least two decades.

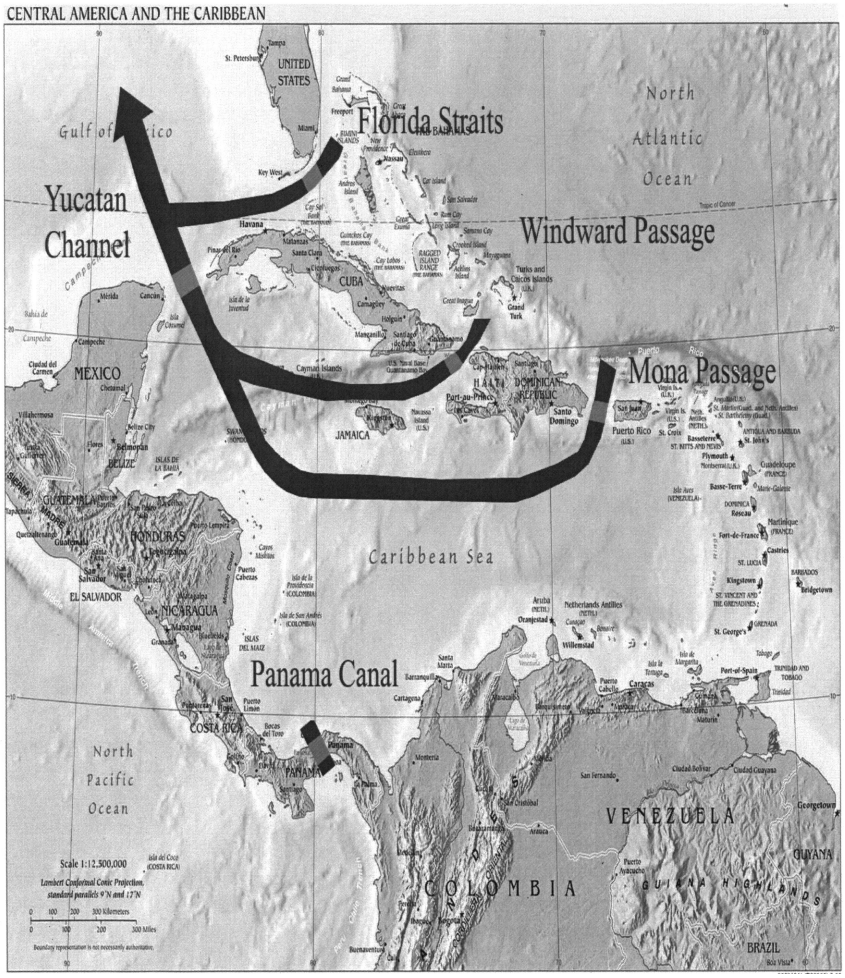
One of the reasons this is significant, additional to creating an environment in the Caribbean that is increasingly favorable to U.S. enemies (Iran) or potential enemies (China and Russia) is the strategic importance of the region to the United States.

Most of the crude oil the U.S. imports is transported by sea. About 64 percent of U.S. energy imports are transported through the Caribbean before reaching the gulf coast. According to DOE data, "Nine out of every fourteen barrels of U.S. imported oil—from suppliers including Angola, Nigeria, Saudi Arabia, Chad, Russia, Kuwait, and Ecuador—must pass through at least one of four principal sea passages in the Caribbean to reach U.S. refineries."[9]

This open oil traffic pattern has several important vulnerabilities because there are only a few safe lanes for the ships to move their cargo. According to a recent report, about 14 million barrels of oil a week arrive at the U.S. gulf coast refineries through the Windward Passage between Cuba and Hispaniola; the Mona Passage between Hispaniola and Puerto Rico; the Florida straits north of Cuba; and, the Yucatan Channel between Cuba and Mexico, because those are the safest, calmest sea-lanes. "Independent of the gulf destination, nearly 2,000 tankers crossed the Panama Canal in 2007, or 16.9 percent of its traffic, Panama Canal Authority data show. Most went to U.S. ports. These tankers ship oil from places such as Saudi Arabia to refineries in places such as Long Beach, Calif., making the canal a critical—and vulnerable—choke point. Even some of Alaska's oil has been known to cross the Panama Canal through the Caribbean on its way to the East Coast. Going both ways, 31 million long tons of petroleum and products were transported to the U.S. in 2007. With the widening of the canal by 2014, more traffic still is expected to pass."[10]

[9] "Venezuela Plays The Russia Card," Investor's Business Daily, September 11, 2008, accessed at: http://www.ibdeditorial.com/IBDArticles.aspx?id=305766737761086.

[10] IBD, op cit.



THE OFFSHORE FINANCIAL HAVENS OF THE CARIBBEAN

One of the primary areas not addressed explicitly in the CBSI is the extensive use of offshore banking and corporate registries that are part of the lifeblood of drug trafficking organizations in particular, and of TOC groups in general. Terrorist groups also can and do use the anonymous accounts and registries to move money and avoid detection.

One can correctly assume that the driving force of most, if not all, of the TOC activity one observes is the desire to make profits and securely accumulate wealth. As "know your customer" rules have grown more stringent in much of the world, many parts of the Caribbean continue to offer facilities that make hiding and moving ill-gotten gains relatively easy.

As Morgenthau noted, "For years I have stressed the importance of transparency in financial transactions. In the realm of preventing money laundering and terror

financing, the concept of 'know your customer' is the starting point in any scheme designed to detect suspicious transactions." [11]

Again, our own government has documented the anomalies that these anonymous jurisdictions continue to present. For example, according to the State Department, in the British Virgin Islands (BVI), with 22,00 people, as of September 2010, "there were 456,547 active companies, 237 licensed banks and 2,951 mutual funds registered with the BVI Financial Services Commission (FSC). BVI's unique share structure that does not require a statement of authorized capital as well as the lack of mandatory filing of ownership, pose significant money laundering risks." [12]

As stated initially, on both the transportation side and money laundering sides of the illicit drug world, water will follow the path of least resistance. The lack of such basic standards as mandatory filing of ownership, and overall bank secrecy, is an open invitation to abuse by those who use these services to advance TOC activity.

The same basic scenario is played out across the Caribbean. Again the State Department notes that, "Antigua and Barbuda is a significant offshore center that despite recent improvements remains susceptible to money laundering due to its offshore financial sector and Internet gaming industry. Illicit proceeds from the transshipment of narcotics and from financial crimes occurring in the U.S. also are laundered in Antigua and Barbuda." [13]

While these havens have long existed, and efforts to curtail their most egregious activities have been underway for decades, there is now a new factor aggravating an already dangerous situation—the presence of the Chavez government in Venezuela and its negligible enforcement efforts, both on interdicting cocaine and in the flow of money.

Venezuela continues to operate in the global financial market on behalf of Iran, Cuba and other nations that face U.S. and international sanctions. In addition, due to the endemic corruption in an economy that is orders of magnitude larger than its Caribbean neighbors, Venezuela offers multiple advantages to money launderers, some of which were enumerated in this year's State Department report on money laundering:

> Venezuela is one of the principal drug-transit countries in the Western Hemisphere. Cocaine produced in Colombia is trafficked through Venezuela to the Eastern Caribbean, Central America, the United States, Europe, and western Africa. In 2010, Mexican drug trafficking organizations gained an increased presence in Venezuela. Venezuela's proximity to drug producing countries, weaknesses in its antimoney laundering regime, limited bilateral cooperation, and alleged substantial corruption in law enforcement and other relevant sectors continue to make Venezuela vulnerable to money laundering. The main sources of money laundering are proceeds generated by drug trafficking organizations and illegal transactions that exploit Venezuela's currency controls and its various exchange rates.
>
> Money laundering occurs through commercial banks, exchange houses, gambling sites, fraudulently invoiced foreign trade transactions, smuggling, real estate (in the tourist industry), agriculture and livestock businesses, securities transactions, and trade in precious metals. Venezuela is not a regional financial center and does not have an offshore financial sector, although many local banks have offshore affiliates in the Caribbean.[14]

RADICAL ISLAMIST NETWORKS IN THE CARIBBEAN

No successful terrorist attacks against the United States have originated in Caribbean. Yet there is a significant history of radical Islamist movements there, both organizationally and financially.

Trinidad, one of the principal suppliers of liquefied natural gas for the U.S. market, has a small but vocal Islamist community. In 1990, the Islamist group Jama'at al Muslimeen under the control of Imam Yasin Abu Bakr, attempted to establish

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[11] Robert M. Morgenthau, "The Link Between Iran and Venezuela: A Crisis in the Making," speech at the Brookings Institution, September 8, 2009.

[12] Bureau of International Narcotics and Law Enforcement Affairs, "Money Laundering and Financial Crimes, 2011," Volume 2, Department of State, March 2011, accessed at: http://www.state.gov/p/inl/rls/nrcrpt/2011/vol2/156374.htm#britishvirginislands.

[13] Bureau of International Narcotics and Law Enforcement Affairs, "Money Laundering and Financial Crimes, 2011," Volume 2, Department of State, March 2011, accessed at: http://www.state.gov/p/inl/rls/nrcrpt/2011/vol2/156374.htm#antiguaandbarbuda.

[14] Bureau of International Narcotics and Law Enforcement Affairs, "Money Laundering and Financial Crimes, 2011, Volume 2, Department of State, March 2011, accessed at: http://www.state.gov/p/inl/rls/nrcrpt/2011/vol2/156376.htm#venezuela.

the first Islamic state in the Western hemisphere. The coup failed, but the group remains active. In 2002 another Islamist group on the island, Waajihatul Islaamiyyah, openly supported Osama Bin Laden, al-Qaeda and Jemmah Islamiyyah, the organization behind the Bali beachfront bombing that killed close to 200 people. A 2002 press release showed a keen awareness of the need to attack critical infrastructure, saying: "With our weapons we are going to reach you. We will reach you where you sleep, we will reach you where you take your baths, we will reach you where you take your meals and have your drinks, and even a glass of water you hold in your hand to drink may not be safe." [15]

While Jama'at al Muslimeen was largely viewed as a fringe group of little importance, its leader, Bakr has been implicated in advising those plotting the June 2007 failed attempt to blow up fuel tanks and buildings at JFK International Airport in New York. Two of those arrested in the plot were natives of Trinidad, and court documents said at least one of the men, Kareem Ibrhaim, was a member of Jama'at. He was arrested on an airplane bound from Trinidad to Venezuela, and said he was flying to Caracas to catch another flight to Tehran.[16] His flight to Iran was apparently arranged by Abdul Kadir, also convicted and sentenced to life in prison in the plot.

As the prosecution said after winning the case, "The evidence at trial established that Russell Defreitas, a naturalized United States citizen from Guyana, originated the idea to attack JFK Airport and its fuel tanks and pipelines by drawing on his prior experience working at the airport as a cargo handler. In 2006 and 2007, Defreitas recruited Kadir and others to join the plot during multiple trips to Guyana and Trinidad. Between trips, Defreitas engaged in video surveillance of JFK Airport and transported the footage back to Guyana to show Kadir and their coconspirators. Kadir, a trained engineer with connections to militant groups in Iran and Venezuela, provided the conspirators with links to individuals with terrorist experience, advice on explosive materials, and a bank account through which to finance the terrorist attack." [17]

Such a series of connections would not necessarily have been cause for deep concern if Latin America and the Caribbean were flourishing economically and moving toward the rule of law in democratic societies. But in the past 5 years the regional posture toward the United States has shifted significantly, growing increasingly hostile.

Registries (corporate, shipping, or company) are valuable sources of information, when they are available. The more transparent the registry procedure, the less likely it is that the networks will seek to use it. Because of this, the more obscure registries are often preferred.

For example, many leaders of the Muslim Brotherhood (Al Ikwan al Musulman),[18] as well as the Bin Laden family, have maintained dozens of companies in Panama, where true ownership of accounts and companies are easy to hide and secrecy strictly enforced.[19] Many changed ownership, at least on paper, following the 9/11 attacks, making it impossible to know the true ownership structures at this point because Panama allows bearer shares, and lawyers can register the companies and

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[15] For a more comprehensive look at this, as well as links to the communiques, see Candyce Kelshall, "Radical Islam and LNG in Trinidad and Tobago," Institute for the Analysis of Global Security, Nov. 14, 2005, viewable at: www.iags.org/n1115045.htm.

[16] Francis Joseph, "Trini Held in JFK Bomb Plot," Newsday, June 3, 2007,accessed at: http://www.newsday.co.tt/news/0,58214.html.

[17] "Russell Defreitas Sentenced to Life in Prison for Conspiring to Commit Terrorist Acts at Airport," Eastern District of New York, Press Release, February 17, 2011, accessed at: http://www.justice.gov/usao/nye/pr/2011/2011feb17.html.

[18] The Brotherhood, formed in 1928, espouses the creation of theocratic states ruled by Shari'a law and the reestablishment of the Muslim Caliphate, or empire. Many of the radical Sunni terrorists and theologians of today passed through Muslim Brotherhood structures in their radicalization process, including Osama bin Laden and Khalid Sheik Mohammed. Most Brotherhood statements today call for a political takeover of the West that is not explicitly violent. However, Hamas, a designated terrorist organization, identifies itself in its constitution, as an armed branch of the Muslim Brotherhood. The motto of the Brotherhood, in use today, is: "Allah is our objective; the Koran is our constitution; the Prophet is our leader; jihad is our way; death for the sake of Allah is our highest aspiration." The Brotherhood is unique in that it is the only transnational Islamist organization that bridges the Sunni-Shi'ite divide. While primarily Sunni, its leaders have maintained close relations with Iran, particularly in the immediate aftermath of the 1979 Iranian revolution. For a more complete look at the Brotherhood see: Douglas Farah, "The Challenge of Failed States, the Muslim Brotherhood and Radical Islam," International Assessment and Strategy Center, adaptation of presentation to the Defense Advanced Research Projects Agency (DARPA), July 11, 2007, accessed at http://www.strategycenter.net/research/pubID.168/pub_detail.asp.

[19] The NEFA Foundation has obtained many of these corporate registry records, and has them on file.

serve on the boards without disclosing the true ownership structure. There are dozens of havens around the world that offer this service, including Liberia, where the bin Laden family also has maintained companies.[20]

It is worth noting that the Brotherhood, whose legacy groups inside the United States have been convicted of supporting Hamas, for more than three decades has controlled a large Islamist banking structure in the Bahamas, and an offshore business structure based in Panama, indicating that radical Islamist groups were more familiar with operating in Latin America than is often understood.

Many of the banking structures were shut down in the immediate aftermath of the 9/11 attacks. The Treasury Department's designation of the banks stated that one of the Bahamas' institutions, Bank al Taqwa, was a shell bank, with no real physical installations. The Treasury Department stated that the bank was used to funnel money to al-Qaeda, even after the attacks on U.S. soil. The bank also allegedly facilitated secure communications among al-Qaeda cells, as well as the transportation of weapons. The key leaders of the bank, Yousef Nada, Ghalib Himmat, and Idriss Nasreddin, were designated as terrorist financiers by the U.S. Government and the United Nations.[21]

In addition to working with al-Qaeda, the banks were also the primary financial institution for Hamas, even after the organization had been declared a terrorist group by the United States. At one point the bank reportedly held more than US$60 million in Hamas funds.[22]

This summer, the International Investment Corporation of the Gulf–Bahamas (IICG–B), a wholly owned subsidiary of Dar al Maal Al Islami (DMI), an Islamist banking structure heavily influenced by the Brotherhood, reached a nonprosecution agreement with the U.S. Department of Justice. In the agreement, IICG–B agreed to pay more than $30 million in fines and penalties for significant tax violations in the United States.[23]

CONCLUSION

The CBSI could be a useful tool in helping Caribbean partners combat drug trafficking and the endemic corruption, violence and erosion of the rule of law that inevitably accompanies the emergence of TOC groups.

However, the Initiative, in my view, will have little impact as long as Venezuela and the ALBA nations in Latin America and the Caribbean continue to criminalize, and use TOC and drug trafficking as part of their statecraft, giving support and protection to drug trafficking, and designated terrorist organizations such as the FARC. With Venezuela and its allies opening key corridors for drug trafficking to the United States and Europe (via West Africa), as well providing sophisticated aid in laundering the hundreds of millions of dollars in illicit proceeds, any program—especially one this comparatively small—which does not deal with the source of the drug flow will likely do little to mitigate the problem.

Senator MENENDEZ. Well, thank you all for your testimony.

Let me start, Mr. Farah, with you. We have seen clearly Iran seeking to use Venezuela as a foothold in Latin America. We also know that Iran has been the biggest supporter of Hezbollah, and we see that Hezbollah is active in the region. Do you have any sense from your history reporting in the region, whether Hezbollah is working with drug cartels in the region? We saw some reports very recently of a whole host of banking-related issues, all emanating out of this relationship in Venezuela. What can you tell us about that?

Mr. FARAH. Well, I think one of the key objectives of Iran in the region, not just the Caribbean but in Latin America, is to break out of its international isolation and move and break out of the banking sanctions particularly which I think makes the Caribbean particularly attractive to them.

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[20] The NEFA Foundation has not been able to obtain these documents but knows of their existence from numerous reliable sources.

[21] U.S. Treasury Department Statement on Terrorist Designations, Aug. 12, 2002.

[22] U.S. Treasury Department Statement on Terrorist Designations, Aug. 12, 2002.

[23] U.S. Department of Justice, Tax Division, Islamic Investment Company of the Gulf (Bahamas) Limited Non-Prosecution Agreement, August 12, 2011. Accessed at: http://www.investigativeproject.org/3200/doj-releases-islamic-bank-agreement.

I think that there is little history of radical Islamist activities in the region that come to the open, but one of the really notable ones was the 2007 attempt to bomb JFK and the gas lines there where you had members of the Caribbean. And one of the persons, who was fleeing who has been arrested and is now sentenced to life in prison, was on his way out of—I think it was out of Guyana into Venezuela to catch a flight to Iran. And that was set up, as the United States court documents show, by a Guyanan who had been an Iranian agent for many years and was facilitating the flight after what was supposed to be a very significant terrorist attack. So I think you have a footprint there.

I think that they have done a great deal to disguise it, and I think what is useful and what is to me most concerning about the ALBA relationships in the Caribbean is that Iran is using Venezuela to hide its financial transactions, and the more they can diffuse that into the other banking jurisdictions where it is very difficult to track money anyway, the better off Iran is.

Senator MENENDEZ. Dr. Gamarra, I appreciate your very balanced review particularly of the Dominican Republic and some of the initiatives there. In my personal view it was good that President Fernandez and the Dominican Government were seeking to try to control their airspace, so I looked at the purchase of that aircraft in a different way than maybe others within the government did.

Having said that, on one dimension you see that and in another dimension you see all of the challenges within the Dominican Republic's defense forces, the Dominican Republic's security force, elements of the Dominican Government that have been denied despite the fact that we do not deny visas very easily, particularly to officials in other governments. Yet, there have been a slew of denials from our Government of visas to the United States by Dominican Government officials. That seems to undermine the fact that we are buying aircraft to control Dominican airspace and intercede the fight. At another level, we have all of these different governmental entities that undermine the very essence of the fight on the ground. So it is almost a contrast. We are trying to control airspace, but on the ground we are doing a whole host of different things or not vigorously pursuing the cleansing of those entities.

And then maybe that gives rise to your observation, which I found very interesting and want to pursue, that there has actually been, in real terms, very little financial assistance by the United States toward the initiative in the Dominican Republic. So that is incredibly important as well. But maybe it gives rise to say, well, we cannot be spending money if we do not have a governmental structure that is responsive to these things.

Help me through some of that.

Dr. GAMARRA. Right. First, Senator Menendez, I think your final observation is something that the United States has found historically everywhere throughout the region. This is not the first time that somebody has called a country a narcostate. I think we have to be cautious about that especially because this is done in the context of an electoral campaign and it is said by a candidate who probably has no chance of winning the Presidency. In my opinion the Dominican Republic is far from a narcostate. And the two cases

mentioned are Quirino who is serving in prison in New York and Jose Figueroa Agosto who is under arrest in Puerto Rico, and that organization was largely dismantled. And just last week the successors were arrested in the Dominican Republic as well. In other words the Dominican Republic has arrested, convicted, and also deported major drug lords.

But in the main, many, many things were tried with the police and they continue to be tried. Very good results have also been obtained. We argued very much for a purging of the institution. And there were occasional purges and significant purges, and yet the structures of organized crime seem to be able to reproduce themselves almost instantaneously within the organization. And so I think you have a very, very interesting contrast here between the will of the President and the institutional capacity to carry things forth.

Senator MENENDEZ. No. please go ahead. Finish your thought.

Dr. GAMARRA. And at the same time as there is an absence of funds to carry out a significant process of police reform international factors, such as the explosion of the situation in Mexico and what is happening, as described by Doug Farah, right now in Venezuela had an enormous impact on the well-intentioned efforts of the Dominican Republic. Owing to the international situation, and despite the best efforts of the Dominican Government the situation which was already bad in 2004 when this program was designed, is probably worse in 2011.

Senator MENENDEZ. Actually, is it not true that the Dominican country was not a consuming country? It has been a transshipment point.

Dr. GAMARRA. That is right.

Senator MENENDEZ. But it has become now more of a consuming country because the cartels and the traffickers are——

Dr. GAMARRA. Paying in kind, yes.

Senator MENENDEZ [continuing]. Paying in product.

Dr. GAMARRA. Right.

Senator MENENDEZ. And that has addicted people.

And I appreciate your observation—certainly I was not suggesting the Dominican Republic is a narcostate. I was reading the comments of the candidate. And maybe he is not going to have any chance to win, but sometimes when you do not have a chance to win, you say things that either can be outrageous or can be very honest.

Dr. GAMARRA. Right.

Senator MENENDEZ. I looked at the link of all the people Jose Figueroa Agosto had access to, and for a long time he worked with impunity within the Dominican Republic. Would that not be fair to say?

Dr. GAMARRA. Yes, absolutely fair to say and, in fact, in three successive administrations because it started out in the early 2000s when he fled Puerto Rico, came into the Dominican Republic and used multiple personalities. You know, his front was as a business person and became really a very, very public and significant figure with great access to the police, to the DNI, and to even very prominent politicians. I think the fortunate thing was—and I think largely as a result of Dominican police cooperation with DEA—that

organization was dismantled. But as we know from experience in Bolivia and Peru and Colombia and elsewhere, these organizations very, very rapidly reorganize or are replaced by others. And I think part of what is happening in the Dominican Republic, because of a magnitude of the threat, is that we already have replacements in place.

Senator MENENDEZ. Senator Rubio.

Senator RUBIO. Thank you.

Just briefly for both of you, Mr. Farah, the gist of your testimony is all of this stuff is great, but as long as Venezuela is out there, true success is going to be very difficult to accomplish. In essence, all these other things that we are doing are important, but to ultimately see them come to fruition and really bring about the kind of level of stability out there, as long as Venezuela is using drug trafficking as a part of statecraft, it will be very difficult for us. That is the root of the problem and how serious the problem is. Is that an accurate summary of what you are here to tell us today?

Mr. FARAH. Absolutely.

I would like to correct my previous answer just briefly before I answer that. The person leaving from Trinidad to Venezuela to get on the Iran flight as he left the JFK bombing incident.

Yes, I think that is absolutely right. To me it is like leaving the front door open while you are trying to lock the back door. There is no point in trying to keep the stuff out. And I think one of the things that Eduardo was saying with how much worse the situation for the Dominican Republic is is because there is more stuff now being channeled directly to them. Before, there was a range of places. You go to Central America.

But the difference between Colombia and Venezuela, if you look at the air corridors, is Colombia is actually trying to stop them whereas Venezuela is giving them active protection. And when you have a state protection of illicit activities, it becomes much more difficult to combat.

So, yes, I think that is an exactly fair statement.

Senator RUBIO. And then related to that—and Dr. Gamarra is here. What is your view, as we head toward 2012 and the upcoming elections or lack thereof in Venezuela, whatever is going to happen there? Additionally, how what happened in Nicaragua a few weeks ago could ultimately impact the direction that leaders there may or may not take. I know it is kind of an open-ended question with only a few minutes left, but what is your view of the situation in Venezuela, the political situation as the opposition seems to hopefully be able to coalesce behind somebody, in my opinion anyway, and how does that play out?

Dr. GAMARRA. Yes. It is a very interesting process. The opposition will have its elections in early February and will elect a candidate. There are, at least in my opinion, two or three very good candidates on the opposition side.

But it is kind of interesting what is happening on the side of the government. And this is probably one of the more difficult things I think the United States has been largely unable to explain: the continued popularity of President Chavez both abroad and domestically. And part of it is evident in public opinion polls. President Chavez's popularity has shot right back up in part because of his

battle with cancer. And you know, just this month in December, he has actually given five salaries to public employees. So if you are a public employee and you are getting five salaries at the end of the year, I would vote for him too probably. So I think his popularity, if he survives, will guarantee him the Presidency next year. I do not see the opposition really putting forth the capacity to win an electoral battle.

And I think what you were asking me is whether there will be fraud, given what happened in Nicaragua. Again, given President Chavez's popularity, he probably will not need fraud, but he has a record of not conducting the cleanest of elections either.

Senator RUBIO. Do you have any doubt there was fraud in Nicaragua?

Dr. GAMARRA. No, I do not. No, not at all.

Senator RUBIO. Thank you both.

Senator MENENDEZ. Thank you.

Let me just follow up on Senator Rubio's question because you said something that I found very interesting. It has been my observation and I would love to hear your opinion, that Hugo Chavez is using the national patrimony of Venezuela to buy both influence in the hemisphere and, of course, in his own election. So if you spend enormously, as you suggested, I do not know if it is bonuses or salaries, whatever it is.

Dr. GAMARRA. The equivalent of five salaries.

Senator MENENDEZ. The equivalent of it. And you spend the national patrimony by giving out oil that is subsidized or free throughout the hemisphere, of course, that is all resources that could go to the Venezuelan people for education, for health care, for food, for a variety of purposes. Is that not fair to say, that to a large degree he is using the nation's resources for his own political aggrandizement?

Dr. GAMARRA. Yes, I think so, Senator. The reality is that given Venezuela's wealth, while poverty in Venezuela has decreased, it has not decreased to the extent that one would expect one of the wealthiest nations on earth to have a poverty rate of almost 30 percent, where you have poverty declines in the rest of the region using very different policy designs and without Venezuela's natural wealth.

By the same token—and this was addressed a little earlier, the reality is that some countries that benefit from the oil largesse are countries that are largely dependent on the subsidies that they receive from Venezuela. And it is an expensive subsidy, because while they are getting short-term access to oil, this is a long-term investment that makes these countries financially dependent because they will inevitably have to repay these subsidies.

Senator MENENDEZ. Mr. Farah, last observation.

Mr. FARAH. Can I just briefly say one of the really interesting things with Venezuela is that essentially every time it goes broke, it manages to find a donor, particularly China? If you noticed last year when China came in with $20 billion, it is being paid back in petroleum at a price of $18 a barrel. So that is a very good deal for China, but it is enough to keep the Chavez government alive.

And I think one of the things you see in the criminalization or the state of the increased drug trafficking there is that they need

other resources to maintain the loyalty of the military, civil servants, and others, and as other legitimate resources run out, then they turn increasingly to drug profits to fill that void. And I think that is one of the great benefits they receive from their relationship with FARC, is the ability to receive extra-budgetary infusions of cash that allow them to then dispense largesse.

Senator MENENDEZ. But taking your point, this is what I see on the horizon for the people of Venezuela. To sell to the Chinese at $18 a barrel when oil is hovering somewhere—I have not seen the latest price in the last couple days, but somewhere in the 90-some odd dollar range—is in essence giving it away to have a temporary flow of money. But in the process, you are taking the nation's—it is not Mr. Chavez's money. It is the nation's money. So if you think about it, both what he is doing throughout the hemisphere and what he is doing in this transaction, which is a very interesting one for you to note, is undermining the long-term national interest of the people of Venezuela. You can imagine if, instead of those subsidies, that money was being used to create greater upward mobility, that you would not have that 30 percent of poverty in a country that is so wealthy. So it is ironic that he is seen as the populist when at the same time, it is almost like a Roman circus. You keep people temporarily entertained, but at the end of the day, you are dramatically undermining their ability for social mobility within their own country.

Well, thank you very much. I think you have added greatly to our conversation here. We appreciate your testimony.

The record will remain open for 2 days for members who may have questions. If any questions are submitted to any of the witnesses, we urge them to answer them expeditiously.

And with that, this hearing is adjourned.

[Whereupon, at 12:45 p.m., the hearing was adjourned.]

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