



U.S. Immigration and Customs Enforcement

STATEMENT

OF

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**U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT
DEPARTMENT OF HOMELAND SECURITY**

REGARDING A HEARING ON

**“JAMMING THE IED ASSEMBLY LINE: IMPEDING THE FLOW OF AMMONIUM
NITRATE IN SOUTH AND CENTRAL ASIA”**

BEFORE THE

UNITED STATES SENATE

COMMITTEE ON FOREIGN RELATIONS

**SUBCOMMITTEE ON NEAR EASTERN
AND SOUTH AND CENTRAL ASIAN AFFAIRS**

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INTRODUCTION

Chairman Casey, Ranking Member Risch, and distinguished members of the Subcommittee:

On behalf of Secretary Napolitano and Assistant Secretary Morton, I would like to thank you for the opportunity to testify today. The October 28, 2010 attempt to ship explosive devices through air cargo, and the attempted bombing of Northwest Airlines Flight 253 on December 25, 2009, underscore the threat that improvised explosive devices (IEDs) pose to our national security. IEDs are the most prevalent form of explosive employed by terrorists around the world and the single greatest threat to coalition forces in Afghanistan. According to military officials in Kabul, more than 4,100 bombs were either intentionally exploded or discovered by coalition forces in 2008, and more than 6,000 IEDs were discovered in 2009. The vast majority of these IEDs were produced from ammonium nitrate. As I will discuss today, U.S. Immigration and Customs Enforcement (ICE) is at the forefront of the nation's civilian efforts to disrupt, dismantle, and investigate the international movement of IED components and explosives precursors.

ICE is well-positioned to accomplish this mission. We have the largest force of investigators within the Department of Homeland Security, and we protect the nation by investigating criminal organizations that seek to exploit weaknesses in legitimate trade, travel, and financial systems to further their illicit enterprises. More than 6,500 ICE special agents detect, disrupt, and dismantle cross-border criminal networks engaged in the smuggling of people, narcotics, bulk cash, weaponry and weaponry-related components across our borders. ICE also has full statutory authority to investigate and enforce criminal violations of all U.S. export laws related to military items, controlled "dual-use" commodities, and sanctioned or

embargoed countries. Further, we have the capability to expand the scope of our investigations beyond our domestic offices to 67 attaché offices situated throughout the world.

Project Global Shield

To combat the illicit use of precursor chemicals by terrorist and other criminal organizations to manufacture IEDs, ICE initiated Global Shield - an unprecedented, multilateral law enforcement effort aimed at combating the illicit diversion and trafficking of precursor chemicals for making explosives by monitoring their cross-border movements. This joint ICE/U.S. Customs and Border Protection (CBP) global project – proposed by ICE at the World Customs Organization (WCO) Enforcement Committee Meeting in Brussels, Belgium during the spring of 2010 - is based on collaboration among the WCO, INTERPOL, and the United Nations Office of Drugs and Crime (UNODC). This collaborative undertaking represents the first time that the threat posed by explosives precursors has been collectively addressed by the international community.

The ultimate goal of Global Shield is to identify and interdict falsely declared precursor chemicals, initiate investigations, and uncover smuggling networks. In doing so, ICE and CBP aim to build capacity among strategic partners to detect illicit shipments of explosive precursors and promote cooperation among customs and police administrations in combating the illicit diversion of ammonium nitrate and other explosives precursors along the global supply chain.

Customs and police administrations currently participate in several successful operational initiatives designed to combat the illicit diversion and trafficking of precursor chemicals used by criminal organizations to manufacture narcotics. Prior to Global Shield, no similar initiative existed to combat the trafficking of precursor chemicals used to manufacture

explosives. The methodology of Global Shield draws on lessons learned and best practices from similar anti-narcotic precursor projects and operations.

Global Shield seeks to facilitate legitimate trade while making it more difficult for those with nefarious purposes to get their hands on components for IEDs. By working together and sharing real-time information and intelligence, countries will be able to verify the legitimacy of individual shipments while identifying, disrupting, and dismantling the terrorist networks involved in the illicit procurement of these chemicals via front companies and complicit middlemen. ICE and CBP are working closely with stakeholders from across the federal government, including the departments of State and Defense, to accomplish the goals of Global Shield.

The mass production of ammonium nitrate and other precursor chemicals largely occurs beyond the borders of countries most afflicted by IEDs. A global effort is therefore essential to effectively combat their illicit smuggling and diversion. The government of Afghanistan has taken a crucial first step. On September 23, 2009, Afghanistan banned the importation of ammonium nitrate fertilizer and issued a decree permitting its confiscation either stored in or transported through Afghanistan. This ban quickly achieved significant results. In November 2009, Afghanistan seized 500,000 pounds of ammonium nitrate in Kandahar - one of the largest seizures of its kind in Afghanistan.

The implementation of Global Shield is underway. In October, police and customs representatives from 86 countries participated in a pre-operational training seminar hosted by the WCO in Brussels, Belgium. The seminar focused on the detection of precursor chemicals used to manufacture explosives. Assistant Secretary Morton attended and provided opening remarks. As of November 1, 2010, Global Shield became operational, and intelligence production and information sharing among international partners has begun.

We believe that Global Shield will provide invaluable data for trend analysis to increase the global understanding of the risk posed by precursor chemicals and their illicit movement. The program will identify best practices to combat the illicit diversion and trafficking of precursor chemicals used to manufacture explosives, as well as monitor and track legitimate shipments of precursor chemicals to assist in identifying high-risk routes for future enforcement activity. Global Shield will set the foundation for future multilateral initiatives to deny terrorists access to explosives components.

ICE's Counter-Proliferation Investigation Program

One of ICE's highest priorities is to prevent terrorist groups and others who might wish to inflict harm from illegally obtaining U.S. military products and sensitive technology, including weapons of mass destruction (WMD) components. ICE agents in the field conduct counter-proliferation investigations (CPI) focused on the illegal procurement and export of specific commodities and services, including explosives precursors. CPI priority programs address trafficking in WMD components and materials, sensitive dual-use commodities, and technologies sought by terrorist groups and others who might wish to inflict harm. Other programs address illegal exports of military equipment and spare parts to embargoed countries, significant financial and business transactions with proscribed countries and groups, export enforcement training for foreign law enforcement agencies, and outreach with domestic private industry.

ICE's export enforcement program uses a three-pronged approach: detecting illegal exports, investigating potential violations, and obtaining international cooperation to investigate leads abroad. The guiding principle behind ICE CPI investigations is the detection and disruption of illegal exports before they cause damage to the national security interests of

the United States. ICE relies on specially trained CBP officers stationed at ports of entry to inspect suspect export shipments. Following detection of a violation, ICE agents deployed throughout the country initiate and pursue investigations to identify, arrest, and seek prosecution of offenders of the Arms Export Control Act, International Emergency Economic Powers Act and other related statutes.

The international nature of counter-proliferation networks and schemes requires a global investigative response. Our attaché offices located overseas work to enlist the support of their host governments to initiate new investigative leads and develop information in support of ongoing domestic investigations. The collaboration between ICE and foreign governments in the area of CPI is the foundation for Project Global Shield.

In fiscal year 2010, ICE agents initiated a total of 1,149 criminal investigations into possible export violations and made 248 arrests for export-related criminal violations, more than any other U.S. federal law enforcement agency (reported by the U.S. Department of Justice). In fiscal year 2010, ICE agents conducted thousands of seizures of arms, military weaponry, and other sensitive commodities related to illegal export schemes, valued at over \$87.8 million. These efforts significantly contributed to preventing sensitive U.S. technologies and weapons from reaching the hands of terrorists, hostile countries and violent criminal organizations.

Project Shield America (PSA)

One of the most effective tools ICE agents use is our industry outreach program, Project Shield America (PSA). Through this program, ICE agents conduct outreach to manufacturers and exporters of strategic commodities to educate them on U.S. export control laws, discuss export licensing issues and requirements, identify “red flag” indicators used in

illegal procurement, and identify the government agencies responsible for the licensing of export-controlled commodities and technology. Since 2002, ICE agents have delivered approximately 19,000 outreach presentations to private industry and other entities as part of the PSA program.

Export Enforcement Coordination Center (EECC)

A key part of the President's Export Control Reform initiative is to improve our law enforcement capabilities to investigate violations of U.S. export control laws. On November 9, 2010, President Obama signed an Executive Order creating the Export Enforcement Coordination Center (EECC) – a multi-agency center that will be housed within ICE and will serve as the primary government forum for the exchange of information and intelligence related to export enforcement. The creation of the EECC is a key component of the Administration's three-phase reform plan for export control enforcement, with the ultimate goal of creating a single primary enforcement coordination agency. Such an agency would be more efficient, and would limit duplicative or conflicting enforcement activity.

The EECC will be staffed with full-time personnel from ICE, as well as individuals detailed from among the following departments and agencies: State, Treasury, Defense, Justice, Commerce, Energy, the Office of the Director of National Intelligence and other Executive Branch departments, agencies or offices as designated by the President.

Specifically, the functions of the EECC will include:

- Coordinating the de-confliction of criminal and administrative enforcement operations and coordination of industry enforcement outreach activity;
- Serving as a conduit between federal law enforcement agencies and the U.S. Intelligence Community;

- Acting as the primary point of contact between enforcement agencies and export licensing agencies for enforcement and licensing matters;
- Resolving interagency conflicts not settled in the field; and
- Establishing government-wide statistical tracking capabilities for U.S. export enforcement activities.

The EECC will replace ICE’s National Export Enforcement Coordination Network (NEECN), which has led coordination among DHS components to address challenges inherent with dismantling transnational procurement networks. Unlike the NEECN, in which agency participation has been on a voluntary basis, the new EECC will require participation by law enforcement and the intelligence community agencies. Staffing will be dedicated on a mandatory basis, but at various levels of participation consistent with the mission of each agency’s role in export enforcement.

CPI Centers

Faced with increasingly sophisticated global procurement networks, ICE has established and implemented the concept of operation for “CPI Centers” throughout the United States to more strategically utilize CPI resources in the field. The new CPI Center concept will allow for dedicated and experienced agents to be strategically placed in high-risk domestic areas to improve ICE’s ability to combat illegal exports and illicit procurement networks that pose a threat to the United States.

All CPI Centers will be staffed with seasoned criminal investigators with years of CPI experience, will maintain an ICE certified undercover operation unit specifically focused on

counter-proliferation investigations, and will be required to house a sensitive compartmented information facility to ensure the capability to receive and share classified information. The first CPI Center has been established at the ICE Special Agent in Charge office in Washington, D.C. ICE is in the process of identifying and acquiring funding for additional CPI Centers.

Case Example

In January 2007, ICE received information regarding the illegal export of U.S. technology to entities representing Iran, a violation of the U.S. trade embargo. A joint ICE, Defense Criminal Investigative Service, and Department of Commerce Office of Export Enforcement investigation conducted from January 2007 to March 2008 uncovered a vast network of companies and entities based in Iran, the United Arab Emirates, Malaysia, Canada, and Germany that were aggressively procuring sensitive U.S. technology and U.S. military commodities. Further investigation revealed that some of this technology was found in IEDs deployed against coalition forces in Iraq and Afghanistan.

The subjects identified during the course of the investigation purchased, and then illegally exported to buyers in Iran, numerous “dual use” commodities (goods and technologies that have a commercial application, but also could be used to further military or nuclear potential, and could be detrimental to the foreign policy or national security of the United States). The investigation revealed that as many as eight individuals and eight corporations caused the export of 120 field-programmable gate arrays, more than 5,000 integrated circuits of varying types, approximately 345 Global Positioning Systems, 12,000 Microchip brand micro-controllers, and a field communicator. All of these items have potential military applications, including components in IEDs. As a result of the investigation,

35 individuals and entities involved in procurement and movement of sensitive military and dual use goods to Iran were arrested, indicted or convicted.

CONCLUSION

ICE agents are working tirelessly to ensure that IED components and precursors do not reach the hands of terrorists and others who might wish to inflict harm, and to prosecute those that subvert the rule of law and threaten our national security. We look forward to continuing to work with this Subcommittee on this critical national security issue. Thank you once again for the opportunity to appear before you today. I would be pleased to answer any questions that you may have at this time.